

## **CHANEL LTD**

### **GENDER PAY GAP REPORT 2018/19**

#### **Introduction**

At CHANEL, we are committed to promoting the equality, empowerment and advancement of all our employees and gender equality in particular.

We want a diverse workforce that reflects the customers and communities we serve and we are committed to treating everyone with respect, fairness, and humanity. Empowering women, in particular, is at the heart of what we do, inside and outside of Chanel.

As a luxury company created by a woman and dedicated to the beauty and allure of women, we are proud to support women in fulfilling their careers and providing them with financial independence. We design products for women and, through our workforce, our supply chain and our Foundation, support their employment in all the different markets in which we operate. Because of the nature of our business and the products we sell, we naturally tend to attract more women than men to work for us.

We take a very long-term view in everything we do and this includes supporting all of our people. In return, we have a great track record of loyalty and long-term commitment.

We welcomed the introduction of Gender Pay Gap Reporting in 2017. Reviewing and reporting this information helps our understanding of and highlights the importance of acting on the root causes of the gap. We see the Gender Pay Gap Reporting as an opportunity to help us achieve our goal of creating an inclusive environment and providing equal opportunities for all.

The Gender Pay Gap Reporting looks at the average difference between men's and women's pay across all roles in a company. This should not be confused with equal pay for equal work, which considers the difference in pay between men and women who undertake the same or similar roles.

#### **Chanel Limited**

Since last year's report we have undergone a structural change at Chanel Limited, due to a multi-year, staged relocation of our Global Corporate functions from New York and Paris to London.

Consequently, Chanel Limited now comprises two very different populations within one single legal entity.

1. The UK operational activities which were the basis of the previous reports, and
2. The Global Corporate headquarter activities, exercised by a population which comprises our most senior executives whose roles have Global reach. In order to reflect the breadth, complexity and specialist nature of their roles, this cohort is structurally more condensed and highly paid than the historical population within the company

Therefore, our current Report is not directly comparable versus the previous years.

## What is the Chanel UK Gender Pay Gap?

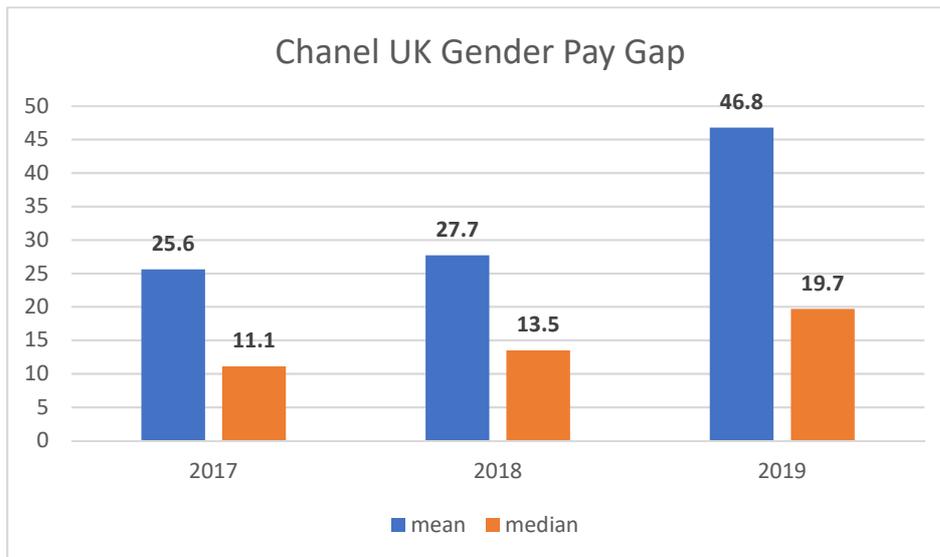


Chart 1: GPG 2017 to 2019

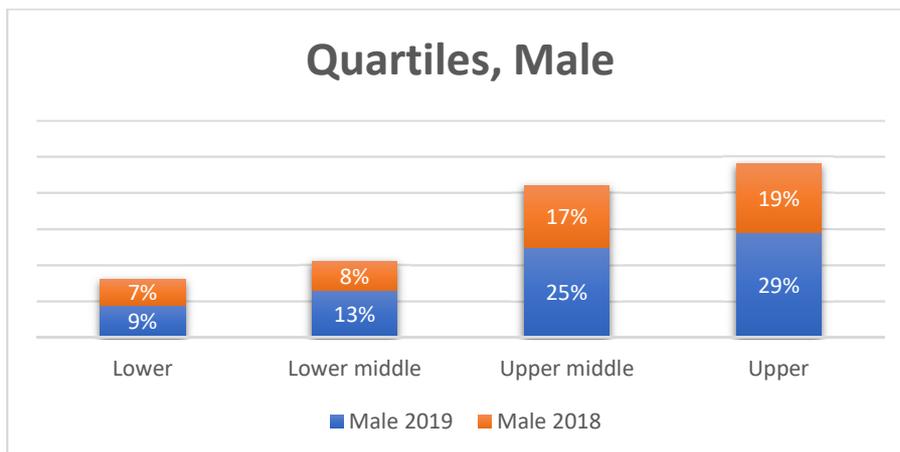


Chart 2: Quartiles, Male employee representation, 2018-2019

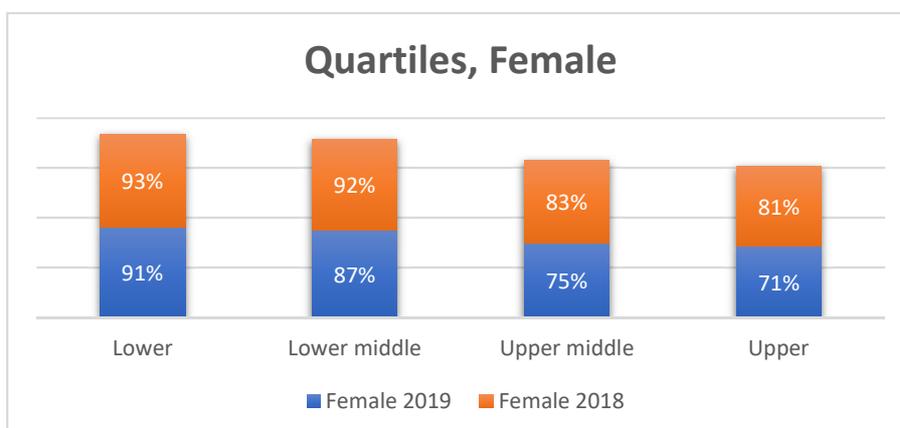


Chart 3: Quartiles, Female employee representation, 2018-2019

The main reasons for our gap are that we have more women than men in junior roles or retail positions because of the nature of our business and the products we sell, whereas we still have more men in more senior roles.

The structural changes we are currently undergoing which were highlighted above, led to our mean and median gender pay gap increasing in 2019. Whilst we do have a high number of female leaders in the relocated Global Corporate Functions, there was a higher concentration of men at the stage of this snapshot, which increased the percentage of men in our highest pay quartiles.

However, given the quartile composition by gender at the lower and middle employment ranges and the gender dynamic of the retail industry in general, the current imbalance is unlikely to materially change in the foreseeable future, notwithstanding all the initiatives we are driving to achieve our goal of creating an inclusive environment and providing equal opportunities for all.

### What is the Chanel Ltd Gender Bonus Gap?

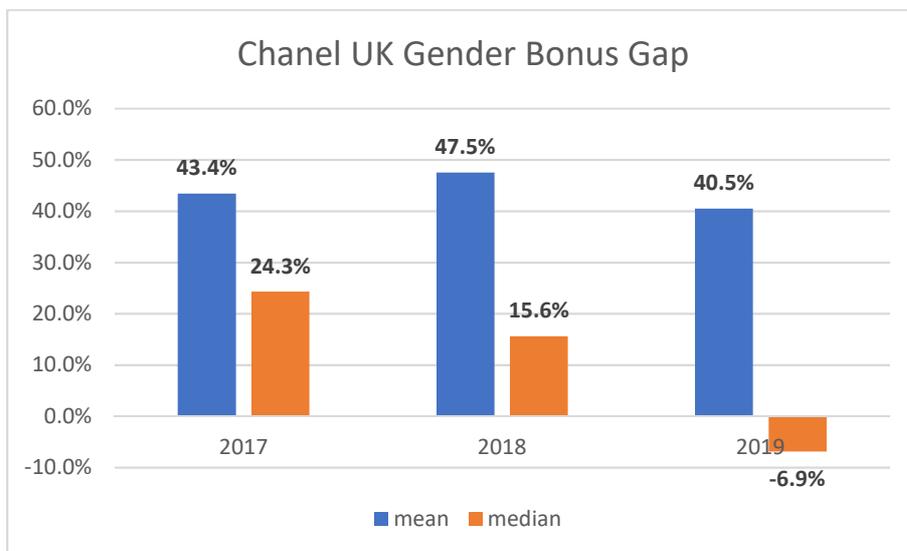


Chart 4: GFB 2017-2019

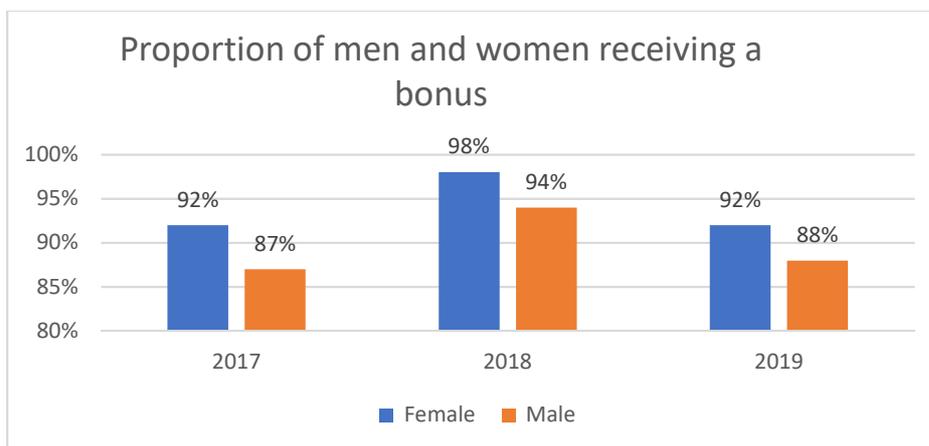


Chart 5: Proportion of men and women receiving a bonus, 2017-2019

On the other side, our Gender Bonus Gap has reduced against the previous two years. In line with the positive tendency of the previous years, more women than men received a bonus in 2019. While the reduction in Bonus Pay Gap is pleasing, we are mindful that executive compensation schemes for senior members of the team across Chanel Ltd have an impact on the overall result. Depending on when these schemes mature, we may expect further fluctuations in the future.

## **Commitment to Diversity and Inclusion**

At CHANEL, Diversity & Inclusion are integral to who we are as a responsible employer. We profoundly believe in fairness and equal opportunity for all and value the individual talents and unique perspectives of each employee. As a matter of principle, we pay the voluntary Living Wage as a minimum to all our people, in accordance with the Living Wage Foundation's guidelines.

We seek to ensure an environment in which we achieve full participation and optimum performance by empowering differences rather than suppressing them, allowing all our people to feel they can be fully themselves with all their differences, including gender.

Chanel is committed to addressing and reducing the Gender Pay Gap as part of its broader Diversity & Inclusion agenda, both globally and locally.

In 2019, we expanded the Diversity & Inclusion function, hired a Head of Diversity & Inclusion and established a Diversity & Inclusion Council, together with a governing framework to demonstrate our commitment and to further monitor and support our accountability.

In 2020 we will be undertaking a gender balance and equity certification through EDGE, the leading global assessment methodology and certification standard for gender equality which, once achieved, will provide us a robust workforce analytics approach to better understand and address the gender dynamics in our organisation.

## **Fair Pay and Progression**

In 2020, we will continue to reinforce our job classification structure to better align roles across the organisation, support career development and minimise the impact of unconscious bias, by ensuring that our pay and benefits are fair and equal and linked to the objective criteria which underpin the grading structure.

To facilitate this objective, we recently introduced a robust global annual compensation review process, which is consistent across our Global Corporate and local UK teams and offers greater transparency and accountability. Based on the same principles, we introduced earlier in 2019 a new Bonus scheme linked to job grades, aimed at ensuring fairness and consistency.

We also have a comprehensive talent review and succession planning process. We regularly monitor the career progression of our employees and actively develop our people so that we are building a robust leadership pipeline with a particular focus on diversity and gender balance, to ensure fairness of opportunities across the organization.

## **Focus on Recruitment**

We are reviewing our hiring practices in both our customer-facing and corporate roles to create a better balance of gender. In 2020 we have a number of initiatives planned to support this focus, including sensitivity/ unconscious bias training for recruiting managers and a deep-dive review of gender balance across all functions and roles to identify opportunities to increase representation where needed. Of note, in 2019 we conducted Diversity & Inclusion training sessions across the UK to further raise the awareness of fair and equitable practices and inclusive work environments.

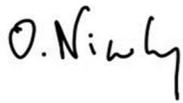
## Flexible Working

We continue to adopt an open approach to all formal and informal requests for flexible working wherever possible, which can take many forms, and we work with individuals to identify the best solution for the business and for them.

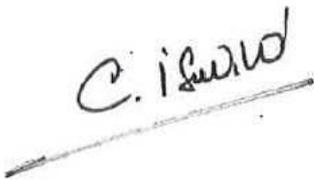
In addition to tracking and monitoring all flexible working requests across the UK business, we are also planning a programme for managers and employees to highlight the benefits of flexible working where feasible. and how best to implement

## DECLARATION

The calculations, data and assertions contained in this announcement are accurate and apply the methodology provided in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Olivier Nicolay  
Managing Director



Claire Isnard  
Global Chief People & Organisation Officer