

GENDER PAY GAP REPORT

2020 - 2021

CHANEL

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INTRODUCTION

Chanel is an independent company that believes in the freedom of creation, cultivates human potential and acts to have a positive impact in the world. We believe in promoting diversity and in creating an inclusive culture that nurtures personal growth, contributing to collective progress. The diversity of our talent provides us with different perspectives and diversity of thought, which is needed for effective decision-making, to help us remain relevant and current in a constantly changing world.

As a luxury company created by a woman and dedicated to the empowerment of women, we are committed to supporting 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 Fondation, support their employment in all the different markets in which we operate.

We have a globally harmonised Diversity & Inclusion (D&I) framework, encompassing three key pillars: Increasing Diversity; Fostering Inclusion; and Creating Accountability/ Demonstrating Commitment.

Through recent appointments, we are creating greater balanced representation of women and men at the senior levels of the company, both globally and locally. 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, particularly in customer facing roles in retail. This is a structural factor that impacts our Gender Pay Gap (compared to other companies with different gender demographic makeup) as further explained in this report and likely to be a medium and long-term trend.

In addition, we continue ensuring fair and equal opportunities for all, strengthening visibility on mobility. Recently we have designed and implemented inclusive sourcing and hiring guidelines and increased flexibility in work arrangements. We also drive annual pay equity reviews and animate our global parental leave benefit for all. As such, our programmes and practices are intended to create the conditions for greater gender parity whilst evolving social stereotypes.

FEMALE TALENT IN SENIOR ROLES

As a key illustration of our commitment to balanced gender representation at the highest levels of our organisation, in 2022, Chanel appointed a female leader, Leena Nair, as Global Chief Executive Officer.

In addition, over the last 3 years we have welcomed female leaders in our Global Head of Arts, Culture & Communications and Global Chief Sustainability Officer and President of Fondation, both members of the global executive team. We also welcomed in 2022 a new female Chief Financial Officer for our UK Region.

These appointments continue to demonstrate our commitment to hiring female talent at the very top of our organisation and we are confident this will reduce our Gender Pay Gap in the future, even though the impacts of these commitments are not immediately reflected in this year's figures.

Highlighted further below in this report are other initiatives and actions we have undertaken to further reinforce our commitment to ensuring balanced gender representation and to addressing the Gender Pay Gap.

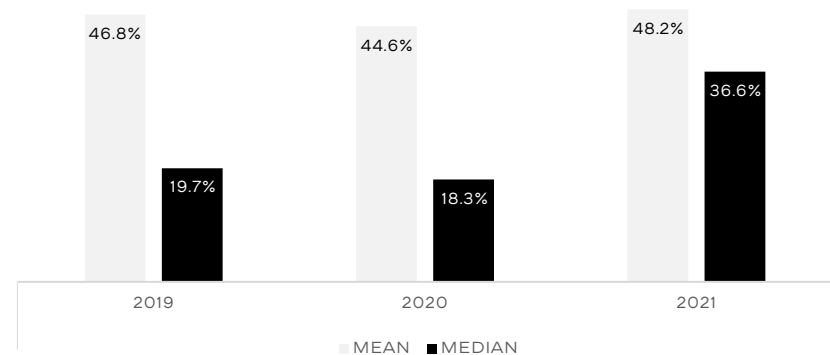
OUR GENDER PAY GAP - THE CONTEXT

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. On the latter point, men and women are paid equitably for the same or comparable roles, and we have a number of structures in place to ensure this remains the case.

As we have stated in previous years, the main reasons for our pay 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 the concentration of men (even though fewer in number) are in more senior roles. Despite strong representation of women in senior roles, the calculations of the pay gap are impacted by these structural factors.

Chanel UK's gender pay gap this year has increased from the previous year, largely due to the impact of the Covid-19 pandemic on our business. Notwithstanding the significant efforts as set out in this report to reduce our gender pay gap, we have not been immune to the shifting retail landscape, which saw a number of our retail partners close stores in which Chanel employees operated, and to needing to take some modest contingency measures including unpaid leave and reduced hours for certain periods whilst we assessed the impact of the pandemic on our UK business. We are pleased to have been able to repay in full lost earnings from these measures to affected staff in subsequent cycles but these measures impacted the calculations based on the snapshot in time that this report reflects.

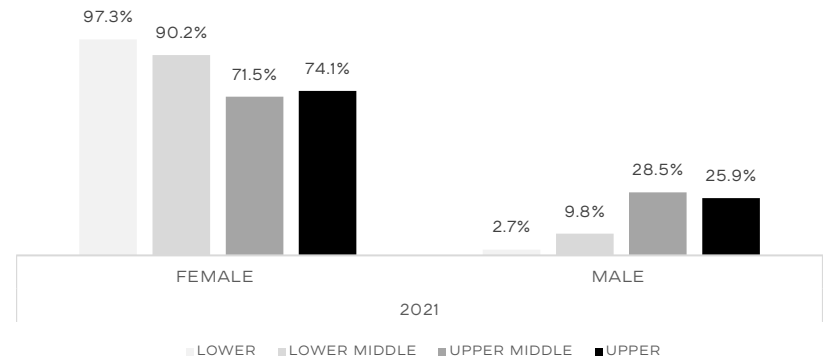
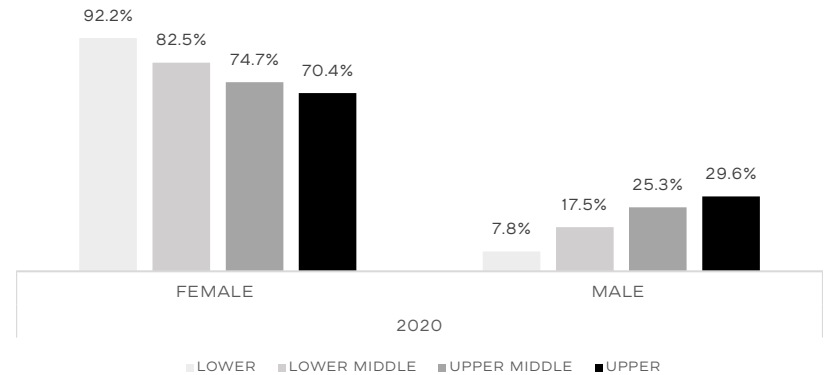
GENDER PAY GAP FIGURES 2019-2021



PAY QUARTILES

As can be seen from the table below, our pay quartiles reflect the shifting demographics affecting our Gender Pay Gap, but we are also showing positive progress in other areas, notably in the upper quartile.

GENDER PAY GAP QUARTILES 2020-2021



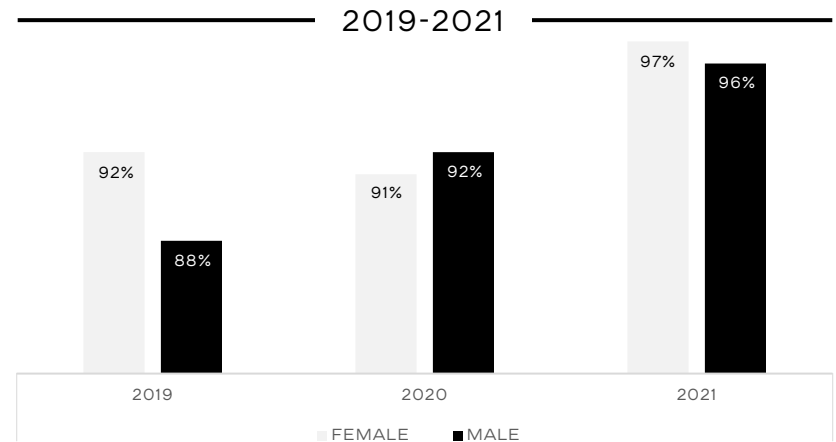
OUR GENDER BONUS GAP - THE CONTEXT

As was the case in previous years, the Gender Bonus Gap is affected by executive compensation schemes for senior members of the team across Chanel Limited that matured during the reporting year. Depending on when these schemes mature, we may expect further fluctuations that may increase or decrease the gap in the future.

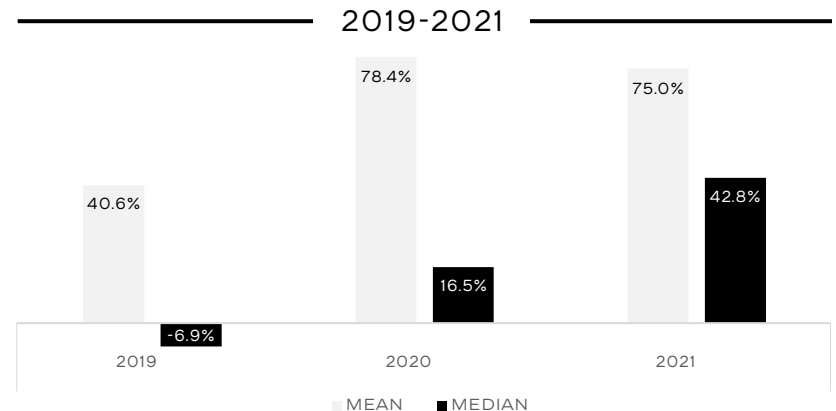
In terms of the increase in the Gender Bonus Gap this year, this was also driven by the macro-economic factors referred to above. A significant number of employees in our lower two pay quartiles are incentivised based on bonuses and commission based on sales performance. During the reporting period, sales were lower in the UK due to the impact of the COVID -19 pandemic and the Government's measures including numerous and lengthy lockdowns, and this has in turn affected the bonus pay gap for this reporting period.

However a bright spot is that the number of both females and males receiving a bonus in 2021 grew from 91% and 92% to 97% and 96% respectively.

% OF FEMALES AND MALES RECEIVING A BONUS



GENDER BONUS GAP FIGURES



COMMITMENT TO DIVERSITY & INCLUSION: OUR ACTIONS

GLOBAL FOCUS

As stated at the outset, we are deeply committed to Diversity & Inclusion at a global level, with leadership engagement and progress monitored at executive level through our Global Diversity & Inclusion Council.

During 2021, we continued to apply a D&I lens in our processes, including: Inclusive Recruitment; Gender Pay Equity Reviews, Talent Development and our Career Pipeline; and we continue to actively listen, through a variety of means, to our employees and act on their feedback.

We have created multi-level education tools and sessions continuing to build awareness and drive an inclusive culture for everyone at Chanel.

We undertake annual talent reviews which focus on our pipeline development to leadership which ensure we are supporting women in the progression to senior leadership roles. As stated above, our intentional focus is resulting in the increase of women in our leadership levels, including on our global executive team.

We carry out comprehensive annual pay equity reviews which ensure fairness and equity in the pay of women and men.

UK FOCUS

We have a number of specific UK focused initiatives including:

Working positively on the opportunities identified by the Inclusion Diagnostic Survey referred to in our previous report.

Further embedding and enhancing the contribution of the UK D&I working group, which works closely with our Global D&I structures and similar groups in other Chanel markets.

Introducing unconscious bias e-learning for people managers.

Revamping our Grooming policies for Retail staff to ensure these are more inclusive.

Working on ensuring our meeting practices are more inclusive.

A deeper dive into opportunities to enhance Psychological Safety across our business.

INCLUSIVE RECRUITMENT

Our focus on Recruitment continued in 2021, with a number of key strategic initiatives for 2022:

2021

Embedding recruitment commitments and tools around structured interview processes via our "Hiring@Our Best" training.

Building inclusive Job Description guidelines and launched our inclusive job advertisement statement.

Deploying our company narrative - bringing to life what we stand for as a house, with a particular focus on women.

2022

Deeper in-person training for our people managers and Organisation and People colleagues.

Increasing the visibility and accessibility of our existing tools through our internal "Heart" training programme.

Building in checks and balances through data monitoring in relation to hiring, talent management and internal mobility.

Increasing visibility of opportunities on job boards and chanel.com.

Deploying a Talent Acquisition dashboard to allow us to identify opportunities and celebrate progress.

Investigating job boards specifically targeting underrepresented demographic (e.g. Women in Tech, Diversifying).

Building case studies by métier to ensure consistent recruitment practices across the house.

FLEXIBLE WORKING & REWARD PHILOSOPHY

— FLEXIBLE WORKING —

In early 2022, we introduced globally our Flex@Chanel Flexibility Posture and Guidelines, launching at local levels throughout the year. Our Global commitment, to be interpreted according to appropriate local factors, is to embrace flexibility in all its dimensions as an enabler of business agility, personal performance and wellbeing allowing people to be at their best. Leveraging options around time—when people do work, place—where work is performed, and contract types, we can enable individuals to do their best work in a sustainable way. This posture reflects the culture of trust, empowerment and mutual responsibility that we believe in.

At a local UK level, the pandemic has continued to change the ways we work and communicate in the last 12 months. In our UK operational teams, we continued to adopt a flexible approach to our workforce, aligning this to the changing needs of our people caused by the Covid-19 pandemic and the various national lockdowns and working restrictions that were implemented as a result.

The number of formal flexible working requests received in 2021 increased again compared to the previous year. Despite the business challenges faced, we were able to accommodate the same number of flexible working requests in 2021 as we did in 2020. 83% of all requests which concluded in 2021 were accommodated either in full or in part, again demonstrating Chanel's commitment to flexible working wherever possible.

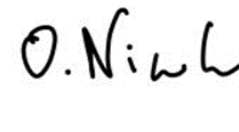
— REWARD PHILOSOPHY —

Despite the challenges of the pandemic, we continued to reinforce our Reward principles which are based around fairness and equal opportunity for all. For example, we continued to pay the voluntary Living Wage as a minimum to all our people, in accordance with the Living Wage Foundation's guidelines, meaning we were able to give salary increases to our people at the lower pay quartiles. We also recognised and rewarded the teams that drove the business forward during the pandemic and did not furlough our people when the lockdown started in March 2020, nor have we used the furlough scheme at any point subsequently.

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

Handwritten signature of Olivier Nicolay in black ink.

Claire Isnard
Global Chief People & Organisation Officer

Handwritten signature of Claire Isnard in black ink, underlined.

CHANEL