

# CHANEL

## GENDER PAY GAP REPORT 2016/17

### INTRODUCTION

At Chanel Limited we care deeply about our employees and are committed to treating everyone with respect, fairness, and humanity. We strive to foster an inclusive environment embracing diversity in all its dimensions and encourage our employees to bring their whole selves to work in order to fulfil their life's purpose. In particular, as a company founded by a woman and predominantly comprised of women, we are committed to promoting the equality, empowerment and advancement of our female employees.

### GENDER PAY GAP REPORTING

The Gender Pay Gap looks at the *average* difference between men 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.

All companies with 250 or more employees are required to report their Gender Pay Gap based on a snapshot of ordinary pay on 5 April 2017, and any variable pay received in the twelve months prior to this date. Bonuses include any bonus and incentives received during that period.

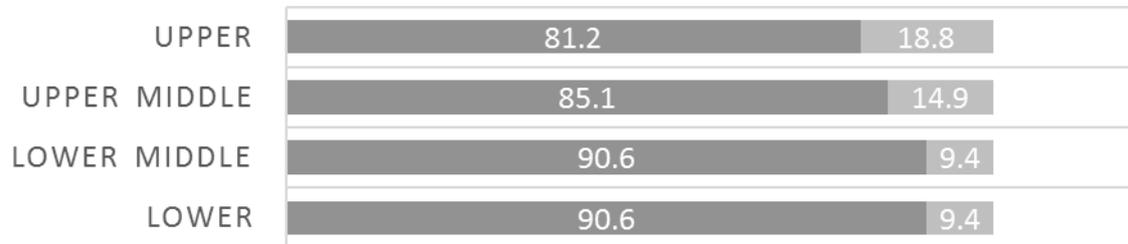
### OUR GENDER PAY GAP

	Mean	Median
Gender pay gap	25.6%	11.1%
Gender bonus gap	43.4%	24.3%

Based on the pay received by our employees in 2016/2017, there is an overall Gender Pay Gap in favour of men for both hourly pay and bonus payments. Our analysis to support the Gender Pay Gap has shown that, similar to many other companies in our industry, whilst our employee population is predominantly female, the majority of our female employees are in retail roles whereas men on average hold more senior positions thereby resulting in this *overall* gender pay gap.

## PROPORTION OF MALES AND FEMALES IN EACH QUARTILE BAND

■ Female ■ Male



## Understanding our Gender Pay Gap

Our gender pay gap calculation takes into account pay received by Chanel Limited employees across four business activities: the Corporate Office, Retail Fragrance & Beauty, Retail Fashion, and Retail Watches & Fine Jewellery.

Looking more specifically at our organisation by these business activities reveals the varying Gender Pay Gap dynamics for **hourly pay**:

- Our largest business activity is Fragrance & Beauty, with the most female employees in retail service roles. Here the hourly Gender Pay Gap is in favour of women.
- In Fashion activities, our hourly Gender Pay Gap for hourly pay is also in favour of women, as female average pay (including commission payments) is typically higher than male average pay.
- In our Corporate Office and Watches & Fine Jewellery departments the hourly Gender Pay Gap is in favour of men, due to a higher percentage of men in senior roles, which is influencing the overall gender pay numbers for the company.

## Bonus pay

In 2016/17 a high proportion of our employee population received bonuses (92% of women, 87% of men). Many of the same drivers influencing the level of hourly pay also impact the level of bonus pay.



Many of our retail employees are eligible to receive commission payments, which are included in both the hourly pay calculation and the bonus calculation. In both Fragrance & Beauty, and for Fashion, our Bonus Pay Gap is in favour of women, as the average bonus (formed of commission payments) earned by women was higher than the average bonus earned by men.

In our Corporate Office department, Chanel Limited operates a number of incentive schemes for our employees, including specific executive compensation schemes for senior members of the team which include a higher proportion of male employees than within the overall business. This has a significant impact on the bonus gap in this department, and again disproportionately impacts the overall average Bonus Pay Gap for Chanel Limited.

Importantly, while there are explainable reasons for the Gender Pay Gap in hourly pay and bonus pay, we are nonetheless committed to closing this gap.

## GROWING OUR OPPORTUNITIES AND THE CLOSING GAP

Empowering women is at the heart of what we do, inside and outside Chanel. A world in which women are confident, liberated and empowered is a better world for both men and women.

As such, we are committed to closing the gender pay gap and promoting an equal and inclusive environment for women and men through a number of initiatives:

- More Women at Senior Levels: We are focused on further developing our female leadership pipeline to support women reaching top executive roles throughout the Company.
  - In recent years we have implemented a robust talent review process through which we focus on our overall leadership pipeline development and identifying and growing key female talent.
  - In 2017, 46% of our Executive team are women and 92% of promotions to higher level roles were women.
  
- Development For All: Our development philosophy, focuses on supporting all employees equally in fulfilling their potential in their work and careers. Development occurs in many ways, including enhanced experiences and challenges in roles, as well as through mobility and new opportunities. In 2017, we conducted a full review of our job classification structure to better align roles across the organisation and support career development.
  
- Strengthening Equal Pay Practices and Policies: We are committed to providing equal pay for equal work. Our pay policies and practices are designed to ensure fair and equal treatment of women and men. To do so, we have a robust annual compensation review planning process. We follow four key principles in ensuring equality of treatment for all in our pay practices: Strong Governance; Quantitative and Qualitative Performance based Measurement; Competitive Benchmarking, Transparency and Accountability.

Furthermore, on 1 January 2018, Chanel implemented a new global parental leave benefit, providing 14 weeks of leave at full pay for all new parents - both women and men, who grow their families by birth, adoption or surrogacy. This enhanced benefit reflects our shared values on gender equality, empowerment and freedom of choice by giving women and men equal flexibility to focus on career and family, moving away from stereotypes that women, more than men, should manage family demands which often force them to trade-off career. Our global parental leave policy is an essential investment in supporting women's long-term personal and career ambitions, including reaching top executive positions, not just at Chanel but in society.

#### **LOOKING AHEAD:**

- We are committed to continuing to review and address the gender balance at the higher levels of our organisation and in enhancing our policies and practices which ensure equality of treatment in pay and access to opportunities and promotions.
- In 2017, we separately engaged EDGE, the leading global assessment methodology and certification standard for gender equality, to provide an initial assessment and guidance on achieving EDGE Certification in 2019-2020.

We are focused on and committed to gender equality and anticipate positive outcomes, which over time, will result in the closing of the identified gender pay gap.

## **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.

A handwritten signature in black ink that reads "O. Nicolay". The letters are cursive and fluid, with a small circle above the 'O' and a long, thin tail on the 'y'.

**Olivier Nicolay**  
**Managing Director**