

CHANEL

GENDER PAY GAP REPORT 2017/18

Gabrielle Chanel was an innovator who emancipated women via fashion from the societal restrictions of her time. Continuing this tradition, we are committed to promoting the equality, empowerment and advancement of our female employees. 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.

Chanel Limited welcomed the introduction of Gender Pay Gap Reporting last year. Reporting this information highlights the importance of understanding and acting on the root causes of the gap. To that extent, we see the Gender Pay Gap Reporting as an opportunity to help us achieve our goal of creating an inclusive environment and embracing diversity in all its dimensions.

Legislative Requirements

The Gender Pay Gap 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.

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 each year and any variable pay received in the twelve months prior to this date. Bonuses include any bonus and incentives received during that period.

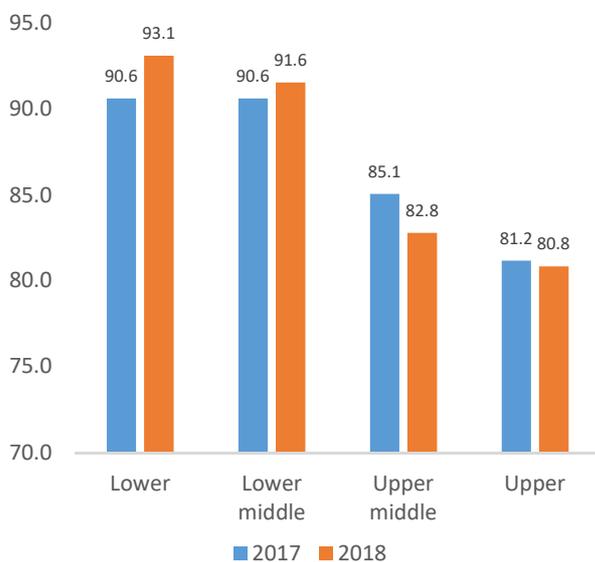
What is the Chanel Gender Pay Gap?

Gender Pay Gap 2018 Vs 2017 Data

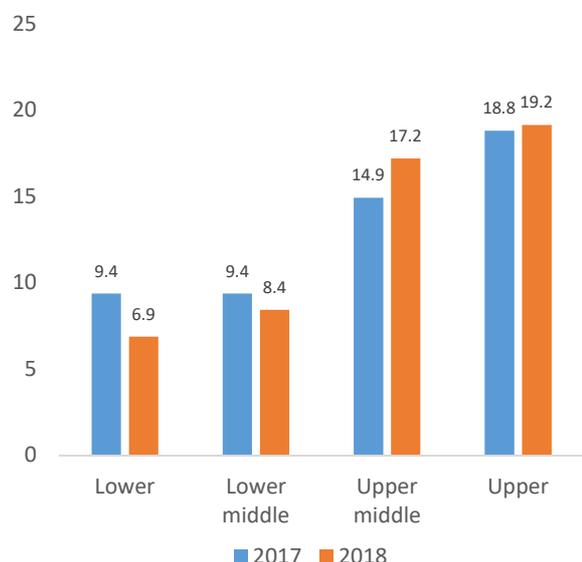
	2017	2018
Gender Pay Gap Mean	25.6%	27.7%
Gender Pay Gap Median	11.1%	13.4%

Please note that we have updated our 2017 figures following an internal review.

Proportion of women by pay quartile



Proportion of men by pay quartile



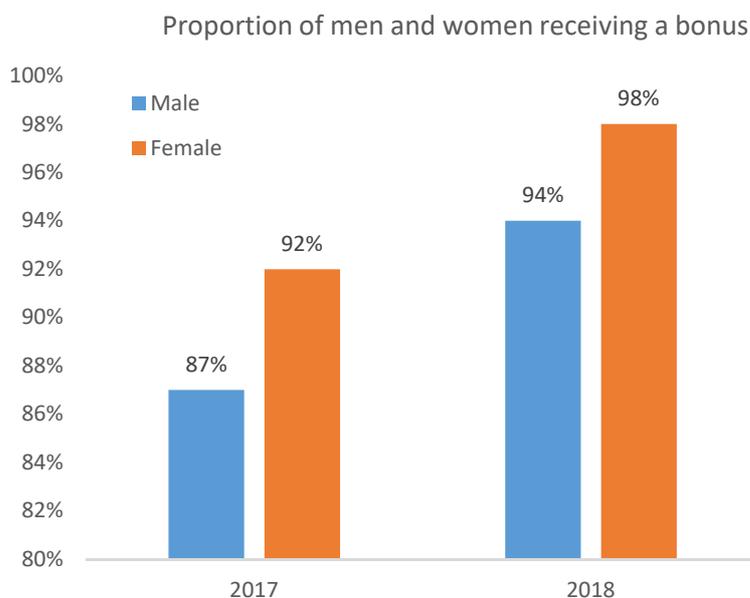
As with many other organisations, the main reasons for our gap are that we have more women than men in junior roles or retail positions whereas we have more men in higher paying roles.

Even though our pay gap median is below the national average of 17.9% (ONS October 2018), this does not mean we are satisfied with the current results especially with the small increase in our numbers since last year. The main reason for this increase was a rise in the number of women employed in the lower quartiles as well as a rise in the percentage of men in the upper quartiles.

Despite the small increase in our gender pay numbers, there are many things that we at Chanel can feel proud of, for example, the fact that women hold 40% of our executive positions. This is in contrast with an analysis of the FTSE 350 companies by Women in Retail/Elixir (March 2018) that reported that whilst 60% of people employed by the retail industry are women, only 20% of women occupy executive roles.

In addition to this, last year 87% of all promotions at all levels across Chanel were women (80% for more senior promotions).

What is the Chanel Gender Bonus Gap?



Overall, more men and women received a bonus in 2018 compared with the previous year and 98% of women across the business received a bonus.

Gender Bonus Gap 2018 Vs 2017 Data

	2017	2018
<i>GBG Mean</i>	43.4%	47.5%
<i>GBG Median</i>	24.3%	15.6%

In our Corporate Office department, Chanel Limited operates a number of incentive schemes for our people, 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 disproportionately affects the overall average Bonus Pay Gap for Chanel Limited.

Still, the Median Bonus Gap decreased significantly in 2018 as a result of fewer of these compensation schemes maturing in the period covered by the 2018 Gender Pay Gap Report, and overall more women at all grades across the business receiving a bonus in 2018.

Our Commitment to Close the Gap

Although many of the root causes of our Gender Pay Gap are long-standing and reflect wider societal norms, we are committed to do our best as a business to understand what is driving the gap and act to reduce it. Whilst the gender balance across our business is weighted towards women, with 85% of all team members at Chanel being female, we recognise that it may take a few years before we can expect a sizeable shift in our gender pay numbers, as we focus on opportunities and shifts at more senior levels.

At Chanel, our key focus to reduce the gap centres on greater inclusivity and providing opportunities for our female talent to rise to the more senior positions in the organisation.

Fair Pay for All

In a move to ensure that everyone at Chanel Limited is paid fairly and competitively, we awarded significant pay increases this year by adopting the Living Wage pay recommendations as our basis for minimum pay. In some cases, this resulted in increases that exceed 10% of salary in relation to last year.

These increases predominantly apply to our lower grades where more than 90% of the team are women, occupying retail positions in our Fragrance and Beauty Division that also includes Travel Retail.

With this pay increase and robust performance pay schemes in place (that resulted in 98% of women receiving a bonus in 2018), we are now confident that our retail employees in our biggest Division are amongst the best remunerated in a similar retail environment in the country, something we are particularly proud of.

More Women at Senior Levels

Equally, we want to see more women occupying more senior positions within the business. 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, by continuing to work on a number of initiatives.

Developing our Female Leadership Pipeline

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. This year we have extended this focus to our annual Salary Review process, so to ensure that our key talent is also remunerated accordingly.

Strengthening our Pay Practices and Policies

Our pay policies and practices are designed to ensure fair and equal treatment of women and men. To ensure this, 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.

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 role, as well as through mobility and new opportunities. In 2019, we will further refine our job classification structure to better align roles across the organisation and support career development.

Supporting Women's Rights around the World

It is also worth noting that on a Global level, Chanel is actively supporting the economic and social conditions of women around the World. This is enabled through our Global CSR programmes that are built on principles such as "Support empowerment of women as actors of change in the world" (by implementing for example the United Nations "Women Empowerment Principles"). It is also further supported by Global projects sponsored by Fondation CHANEL, that has donated more than \$20 million since 2011 in projects that promote women rights around the world.

As a company founded by a woman and predominantly comprised of women, we are focused and committed to gender equality and anticipate positive outcomes, which over time will help us create an inclusive ethos, which in turn should decrease our 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.



Olivier Nicolay

Managing Director