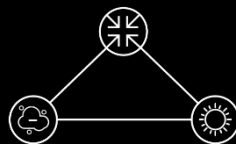


SUSTAINABILITY-LINKED  
BOND FRAMEWORK



CHANEL



22 SEPTEMBER 2020

# CHANEL'S CLIMATE STRATEGY

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CHANEL<sup>1</sup> is a private company and a world leader in creating, developing, manufacturing and distributing luxury products. Founded by Gabrielle Chanel at the beginning of the last century, CHANEL offers a broad range of high-end creations, including Ready-to-Wear, Leather Goods, Fashion Accessories, Eyewear, Fragrances, Makeup, Skincare, Jewellery and Watches. CHANEL is also renowned for its Haute Couture collections, presented twice yearly in Paris, and for having acquired a large number of specialised suppliers, collectively known as the Métiers d'Art. CHANEL is dedicated to ultimate luxury and to the highest level of craftsmanship. It is a brand whose core values remain historically grounded on exceptional creation. As such, CHANEL promotes culture, art, creativity and "savoir-faire" throughout the world, and invests significantly in people, R&D and innovation. At the end of 2019, CHANEL employed close to 28,000 people worldwide.

## Sustainability at CHANEL

CHANEL's products depend in their creation on precious natural resources and the finest craftsmanship. CHANEL's vision for sustainability and its long-term vision for the brand is a world in which it can continue to create outstanding products while respecting and restoring the natural resources upon which it depends, supporting local communities and harnessing the human skills and savoir faire that are at the heart of its creations.

In the world today, human activities are often out of alignment with nature, increasing the fragility of and disruption in our deeply interconnected ecosystem. This instability compromises the ability of humankind and nature to flourish in harmony.

This challenge requires leading companies and brands like CHANEL to find a new way forward. The relationship between business, nature and society needs to be rebalanced. Over the course of the next decade, businesses will need to evolve, establishing new operating models that strengthen the resilience of people and communities, help restore natural resources rather than exploit them, and enable nature to regenerate and replenish itself.

### **CHANEL's vision of how it seeks to operate in society is guided by two principles:**

- 1) **Restorative by design:** striving to be exemplary in environmental responsibility, helping to preserve, restore and regenerate the natural resources upon which it depends and doing so in harmony with the needs of people and communities; and
- 2) **Inclusive in approach:** striving to contribute to a resilient and just society, ensuring dignity and respect for all people and communities, while promoting savoir faire and creativity

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<sup>1</sup> For the avoidance of doubt, excluding any non-'Chanel' brand subsidiaries, including Château Canon, Domaine de l'Île, Eres, Orlebar Brown, Rauzan Segla and St. Supéry.

CHANEL recognises how intricately connected these issues are and has translated its vision into five areas of action in which it will seek to deliver both social and environmental impact:

#### 1. CURBING CLIMATE CHANGE

CHANEL Mission 1.5°, the Group's climate strategy, sets out science-based targets to reduce the Group's impact by 2030 (see below).

#### 2. HELPING NATURE TO RESTORE AND REPLENISH ITSELF

Regenerative agriculture lies at the heart of the Group's approach to help restore and replenish nature's resources and the communities that depend on them.

#### 3. ENSURING A RESPONSIBLE AND RESILIENT SUPPLY CHAIN

CHANEL seeks to strengthen the protection of human rights and supports the resilience of communities in its supply chain and their capacity to adapt to the effects of climate change.

#### 4. ENHANCING PRODUCT LIFECYCLE

New technologies and innovations are needed for the luxury sector to increase the use of renewable, recycled and sustainable materials in products, while maximising their durability and lifecycles.

#### 5. NURTURING SAVOIR FAIRE AND NEW THINKING

Deeper knowledge of specific sustainability challenges is needed to help advance solutions and CHANEL is investing in scientific research, as well as the advancement of artisanry and savoir-faire to adapt to the new environment.

Underpinning CHANEL's approach to sustainability is a recognition that collective action is needed to accelerate the transition to a more sustainable future and a more resilient society, both within its own sector and beyond. The Group is a member or supporter of a number of cross-sectoral and industry initiatives, such as the Science Based Targets initiative (SBTi), RE100, Fashion for Good, the International Insetting Platform and SPICE (Sustainable Packaging Initiative for Cosmetics).

In 2019, CHANEL signed the Fashion Pact, a coalition of leading companies in the fashion industry committed to tackling climate change and protecting biodiversity and the oceans.

As a leading brand in the luxury sector, CHANEL recognises that it has a voice and influence that reaches far beyond its immediate client base. The Group is committed to embracing this responsibility and striving to be a positive driving force in how it addresses sustainability challenges such as climate change.

## **Governance and risk management**

The sustainability strategy is led by a corporate team in the global headquarters in London and deployed by dedicated teams in the Group's three business divisions (Fashion, Fragrance & Beauty and Watches & Fine Jewellery) and regional offices. The sustainability committee of the Board of Chanel Limited, currently chaired by Martha Lane Fox (non-executive director), is responsible for setting and approving the Group's strategy.

## Supply chain engagement

The Group works closely with its suppliers to ensure a responsible supply chain. The main principles of supplier responsibility are shared through the Responsible Purchasing Charter. Based on texts of reference, including recommendations from the United Nations and the International Labour Organization (ILO), the charter sets out the Group's commitments, expectations and requirements for human rights and fundamental rights at work, respect for the environment and the fight against corruption. Deployed within each of CHANEL's three business divisions, this charter aims to take into account the specific requirements and specificities of each sector.

By signing the charter each supplier commits to social, environmental, ethical and transparency requirements, which include working hours, prohibition of child labour, management of hazardous substances, conflicts of interest and economic dependence.

The Group also runs the 'Sustainability Excellence Programme' (SEP), an internal audit programme with a team specialised in supply chain and third-party audits and assessments. The SEP audits were first developed in 2011. These are performed using a common methodology, which assesses the compliance of suppliers against four main pillars and over 40 themes, using social health and safety and environmental standards, such as SA8000, ISO 45001 or ISO 14001, as well as industry standards (including, for example, the Leather Working Group, the Responsible Jewellery Council (RJC) ethical framework and the SAC Higg Index). The SEP is reviewed annually to incorporate new themes identified during the audit carried out during the year, including:

- 1) **Ethics:** regulatory aspects, anti-corruption policies and intellectual rights compliance and other compliance issues;
- 2) **Health & safety:** employee well-being and safe working conditions;
- 3) **Social:** regulatory aspects such as wages and insurance, equality policies; and
- 4) **Environmental:** risk of pollution in the water, air or soil, waste management, biodiversity impacts.

During the SEP audit process, any non-compliance issues identified are raised in order to evaluate a supplier's performance and to obtain an overall score corresponding to the SEP performance. On a quarterly basis, divisional audit committees review all of the SEP audits performed and evaluate any follow-up action. A supplier which has been audited can be considered as (i) 'qualified', in which case it will be re-audited in the next cycle to keep this qualification, or (ii) 'in progress', in which case a corrective action plan will be requested as well as a follow-up audit within six months to two years. If the SEP performance of this supplier remains insufficient after this time, business can be stopped with the supplier. The divisional audit committees are also responsible for reviewing pending and on-going corrective action plans and taking decisions about specific actions.

Further information on the SEP audit process is available in our Modern Slavery Statement, which can be found [here](#).

## Climate strategy: CHANEL Mission 1.5°

CHANEL Mission 1.5° is the Group's commitment to mobilise and transform its business in line with the UN Climate Change Paris Agreement (the 'Paris Agreement'), with a view to decarbonising the business and value chain to help limit average global mean temperature increases to 1.5 degrees Celsius above pre-industrial levels. Scientists have made a clear and compelling case that failing to achieve this puts the planet at risk.

In keeping with the timeframe of the United Nations Sustainable Development Goals (SDGs), CHANEL Mission 1.5° is a plan of action for the next decade, setting out what CHANEL aims to achieve by 2030.

The ambition builds on the Group's existing progress to reduce its carbon impact. CHANEL signed up to the Science Based Targets initiative to ensure that the methodology set for its carbon targets is ambitious and externally validated to be in line with the Paris Agreement. CHANEL has been carbon neutral since 2019.

CHANEL is committed first and foremost to cutting its carbon footprint by reducing the emissions in its own operations and those generated in its global value chain. To do this, the Group is transforming its business and commits to help its partners do the same. At the same time, the Group seeks to help accelerate the transition to a lower carbon use and more resilient future in general by supporting initiatives beyond its operational footprint.

To this end, CHANEL has made four commitments for the decade ahead, joining leading companies in the world that are taking ambitious measures to tackle climate change.

### **1) Reducing CHANEL's carbon footprint across its own operations and its entire supply chain to meet Science Based Targets<sup>2</sup>**

CHANEL commits to reduce its carbon emissions across its operations by 50% and to reduce supply chain emissions by 40% per unit sold by 2030, compared with its emissions in 2018. To meet these reductions, CHANEL will further strengthen its long-standing approach to responsible sourcing and production of natural raw materials, while also continuously revisiting the way it designs, manufactures, transports and distributes its products. This journey will require close partnerships with CHANEL's suppliers. Further detail on its commitment is outlined in the KPI section below.

### **2) Shifting to 100% renewable electricity on a worldwide basis by 2025**

CHANEL pledges to transition to 100% renewable electricity in its own operations by 2025. Further detail on its commitment is outlined in the KPI section below.

### **3) Balancing its residual carbon emissions**

CHANEL is committed to taking action outside its own business activities in order to balance its residual carbon emissions. The Group is doing this by investing in nature-based solutions, such as projects to protect and restore forests, mangroves and peatlands. CHANEL only supports projects which follow the principles set by the International Carbon Reduction and Offset Alliance (ICROA), and those that are certified to the highest carbon, biodiversity and community standards (such as the Verified Carbon Standard (VCS) and the Climate Community and Biodiversity Alliance (CCBA)). The offset in carbon emissions that these initiatives achieve is at least equal to the Group's entire carbon footprint.

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<sup>2</sup> These targets have been approved by the Science Based Target initiative (SBTi).

#### **4) Financing climate change adaptation**

CHANEL is committed to financing projects that enable vulnerable communities to adapt to the impact of climate change with the objective of reducing smallholder farmers' and entrepreneurs' vulnerability while also building resilient raw material supply chains, both outside and within the Group's own value chain. As an example, CHANEL supports initiatives such as the Landscape Resilience Fund, one of the winners of the Global Environmental Facility (GEF) Challenge programme for adaptation innovation.

### **Rationale for issuing sustainability-linked bonds**

In order to demonstrate its sustainability commitments and to link concretely the objectives set in CHANEL Mission 1.5° with its funding strategy, CHANEL has chosen to create a sustainability-linked bond (Sustainability-Linked Bonds or SLB) framework in accordance with the ICMA's Sustainability-Linked Principles (SLBP) 2020.<sup>3</sup>

The following five components form the basis of CHANEL's SLB framework:

- 1) selection of key performance indicators (KPIs);
- 2) calibration of sustainability performance targets (SPTs);
- 3) specific bond characteristics;
- 4) reporting on the above, and
- 5) independent verification of the components listed in points 1-4.

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<sup>3</sup> SLB 2020 : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

# CHANEL'S SUSTAINABILITY-LINKED BOND FRAMEWORK

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## Key performance indicators

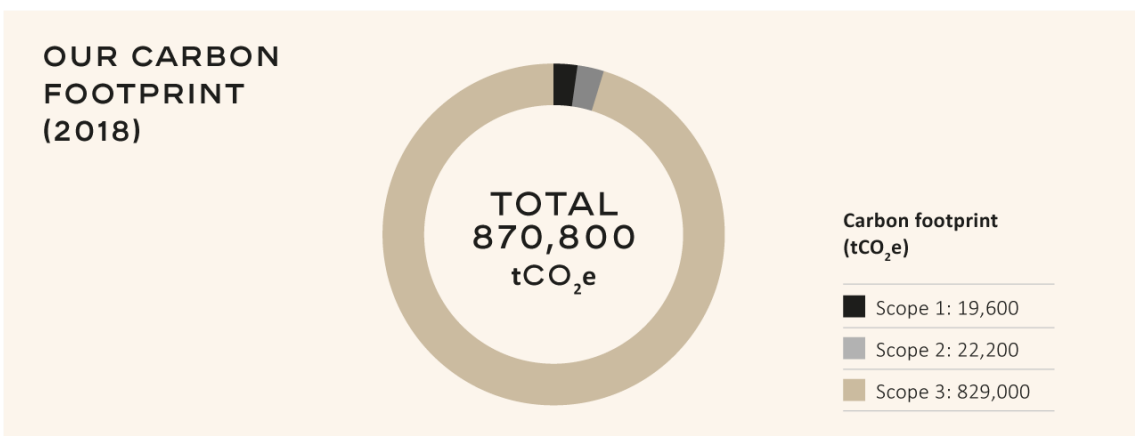
CHANEL has selected the following three KPIs, which are part of the CHANEL Mission 1.5° strategy, and which will measure the future sustainability improvements of the Group.

### 1. CARBON FOOTPRINT EMISSIONS (SCOPE 1 AND 2) AND VALUE CHAIN EMISSIONS (SCOPE 3)

- **KPI 1:** Scope 1 and 2 greenhouse gas (GHG) emissions (measured in tCO<sub>2</sub>e and tCO<sub>2</sub>e per unit sold)
- **KPI 2:** Scope 3 GHG emissions (measured in tCO<sub>2</sub>e and tCO<sub>2</sub>e per unit sold)

CHANEL's carbon footprint provides the business with a deep understanding of where it is generating carbon emissions and where the Group needs to focus its attention in order to make a material difference. Scope 3 emissions make up over 95% of its total footprint. 50% of its carbon footprint is generated by just two GHG protocol categories: (i) the production of raw materials and (ii) the transportation of finished goods.

CHANEL conducted its first corporate-wide carbon footprint exercise in 2015 and, in 2018, it extended the scope of the exercise so that it now includes the entire Group and all GHG protocol categories. CHANEL's 2018 carbon footprint exercise and results are further detailed in Appendix I.



2018 Carbon Footprint (Source: CHANEL Mission 1.5° report)

## 2. RENEWABLE ELECTRICITY IN ITS OPERATIONS

- **KPI 3:** percentage of renewable electricity in operations

CHANEL has joined RE100, a coalition of global companies that are committed to using 100% renewable energy. Globally, CHANEL already sourced 41% of its electricity from renewable sources in 2019. The Group aims to achieve 97% renewable electricity by 2021, with a target of 100% by 2025. CHANEL is investing in solar and other renewable energy technologies for its sites and will support its suppliers to increase their use of renewable electricity too. The Group's approach is also designed to stimulate the creation of additional generating capacity and provide access to clean and affordable energy for the communities that need it most.

### Sustainability Performance Target (SPT)

#### 1. CARBON FOOTPRINT SCOPE 1 AND 2 EMISSIONS AND VALUE CHAIN EMISSIONS (SCOPE 3)

- **SPT 1:** Decrease CHANEL's absolute scope 1 and 2 emissions by 50% by 2030 (compared with a 2018 base year) - equivalent to 66% per unit sold; and
- **SPT 2:** Decrease scope 3 absolute GHG emissions by 10% by 2030 (compared with a 2018 base year) – equivalent to 40% per unit sold.

By 2030, CHANEL aims to halve carbon emissions from its own operations (such as manufacturing sites, boutiques and offices) compared with the base year 2018, which is equivalent to a 66% reduction per unit sold.

In the same timeframe, CHANEL also commits to cutting the carbon emissions of its value chain by 40% (per unit sold, compared with 2018), meeting the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.

SPT 1 and SPT 2 are in line with CHANEL's Mission 1.5° and embedded into its business. In coupling both intensity and absolute targets, CHANEL has committed to an absolute reduction in line with climate science, as well as an ambitious business target to reduce its footprint per unit of output. These objectives have been approved by the SBTi in November 2019 as being consistent with reductions required to keep global mean temperature increases to 1.5 degrees Celsius, the most ambitious goal of the Paris Agreement.

The summary of the assessment of the SPTs from the SBTi is available at Appendix II.



In the first corporate-wide carbon footprint exercise in 2015, scopes 1 and 2 emissions amounted to 44,000 tCO<sub>2</sub>e and in the extended scope exercise in 2018 and 2019, scope 1 and 2 emissions amounted to 41,800 tCO<sub>2</sub>e and 43,169 tCO<sub>2</sub>e, respectively. Below is a table showing CHANEL's measurement track record of KPI 1 and KPI 2:

KPI	2018 (baseline year)	2019	2030 (target year)
KPI 1: Scopes 1 and 2 GHG emissions (tCO <sub>2</sub> e)	41,800	43,169	20,900
KPI 1: Scope 1 & 2 per unit sold (tCO <sub>2</sub> e)	0.000456	0.000447	0.000155
KPI 2: Scope 3 GHG emissions (tCO <sub>2</sub> e)	829,000	[Data available from 2020 onwards]	746,100
KPI 2: Scope 3 per unit sold (tCO <sub>2</sub> e)	0.009040	[Data available from 2020 onwards]	0.005424

2018 Carbon Footprint (Source: CHANEL Mission 1.5° report) and 2019 data from CHANEL's internal reporting tool the 'Total Value Tool'

## 2. RENEWABLE ELECTRICITY IN ITS OPERATIONS

- **SPT 3:** Shift to 100% renewable electricity in its operations by 2025

CHANEL has a three-step renewable electricity strategy:

- 1) Maximise capacity for on-site green power generation by installing renewable electricity sources, particularly solar voltaic panels, in all its new manufacturing and distribution sites, and retrofitting renewable technologies into existing estates, whenever possible.
- 2) Choose to purchase green tariffs when making a direct purchase of electricity, wherever readily available on the market. In France, for instance, 100% of electricity procured is via a green tariff.
- 3) Provide direct financial support (such as Power Purchasing Agreements – PPAs) for new renewable energy projects at a community level in key regions. CHANEL commits to creating additional renewable electricity equivalent to a minimum of 65% of its Global electricity consumption by 2025 by making strategy investments in key regions. CHANEL will continue to work on other regions as investment opportunities become feasible to increase this figure. This will add new, low-carbon and renewable electricity resources and supporting infrastructure to the energy grid, with an ambition to also generate positive impacts for local communities where CHANEL's businesses operate.

CHANEL will also start to integrate its tier 1 suppliers into its renewable electricity strategy from 2020 onwards in parallel with the collection of the supplier's key sustainability KPIs and the assessment of their performance.

Below is CHANEL’s measurement track record on the selected KPI:

KPI	2019	Target 2021	Target 2025
% Renewable energy in operations	41%	97%	100%

Source: CHANEL Mission 1.5° report

## Bond Characteristics

The bond issue will support CHANEL Mission 1.5°, including investing in sustainability projects. The perimeter of the KPI or calibration of the SPT may change if there is a material change to CHANEL’s business. Any such change will be communicated within the annual reporting.

### July 2031 Sustainability-Linked Bonds

On the notification date (which will occur 15 days after the publication of CHANEL’s annual financial statements for the financial year ending 31 December 2030, and no later than 30 June 2031), CHANEL’s external auditor will verify the amount of the scopes 1, 2 and 3 GHG emissions as per the reference date (31 December 2030).

If CHANEL is not able to achieve both SPT 1 and SPT 2 described in paragraph 2.1 above, it will pay a pre-determined cash payment (the “premium payment”) to investors on the payment date (31 July 2031) as stated in the legal documentation relating to the Sustainability-Linked Bonds.

### July 2026 Sustainability-Linked Bonds

On the notification date (which will occur 15 days after the publication of CHANEL’s annual financial statements for the year ending 31 December 2025, and no later than 30 June 2026), CHANEL’s external auditor will verify the percentage of renewable electricity used in CHANEL’s operations on the reference date (31 December 2025).

If CHANEL is not able to achieve SPT 3, it will pay a pre-determined cash payment (the “premium payment”) to investors on the payment date (31 July 2026) as stated in the legal documentation relating to the Sustainability-Linked Bonds.

## Reporting

CHANEL will provide information on its scopes 1, 2 and 3 emissions, measured regularly through the GHG protocol method. Scope 1 and 2 will be reported on an annual basis whereas scope 3 will be integrated category by category into the internal reporting tool starting with three of the most material categories of raw materials, transportation and business travel in 2020 (to be reported on in 2021). Full reporting on scope 3 emissions will be made available before 2025.

On an annual basis, CHANEL will also provide the percentage of renewable electricity that is used in its electricity mix globally as part of CHANEL’s commitment to RE100.

Progress on the KPIs will be available on CHANEL’s website as part of CHANEL’s reporting under CHANEL Mission 1.5°.

## Verification

CHANEL's performance of the KPIs defined in 1.1 and 1.2 at the relevant performance date will be verified by the Group's external auditor to a reasonable level of assurance prior to the relevant publication date of the KPIs.

In an effort to enhance the quality of CHANEL's sustainability disclosures and strengthen its credibility, CHANEL will also seek assurance over the performance against target, in the annual reporting periods leading up to 2025.

CHANEL's Sustainability-Linked Bond Framework has been reviewed by Vigeo-Eiris who provided a second party opinion, confirming the alignment with the ICMA's Sustainability-Linked Bond Principles (SLBP).

### *Amendments to this Framework*

CHANEL will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. CHANEL will also review this Framework in case of material changes in the perimeter, methodology, and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of CHANEL and Vigeo-Eiris. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on the Luxembourg Stock Exchange's website: [www.bourse.lu](http://www.bourse.lu) and will replace this Framework.

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# APPENDIX

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## Appendix I: CHANEL's 2018 carbon footprint exercise

### 1. SCOPE

CHANEL carried out its carbon footprint exercise in 2018, over all relevant GHG protocol categories, together with an environmental consultancy. This included all activities contributing to the CHANEL brand and included subsidiaries in the Group with financial control greater than 50%.

### 2. DATA COLLECTION AND DATA QUALITY

Three types of data were used to calculate CHANEL's carbon footprint:

- 1) Specific data: where possible, data specific to CHANEL's activities were collected. If available data did not cover all activities, extrapolations were made. Specific data covers about two thirds of the total impacts assessed and the most critical categories (raw materials, packaging, point of sales materials and transport).
- 2) Financial data: where specific data was not available, financial data (in euros) was collected and emission factors based on spend were used.
- 3) Generic data: for some categories where CHANEL has minimal control (such as product end of life, transportation of product to consumer), generic assumptions were made based on publicly available information or the expertise of the environmental consultancy.

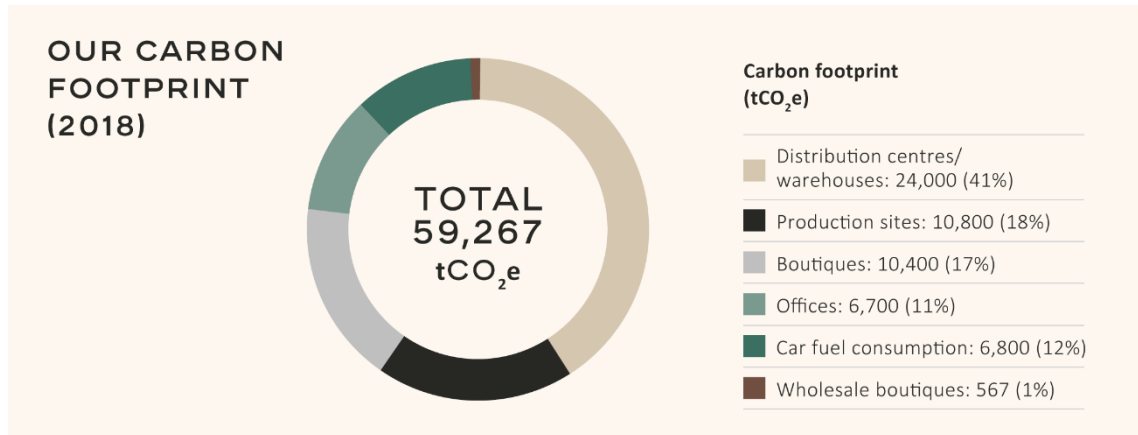
### 3. RESULTS OF THE CARBON FOOTPRINT

CHANEL's carbon footprint in 2018 amounted to 871,000 tons of CO<sub>2</sub> eq.

Purchased goods and services and transportation are the largest contributors to the global carbon footprint of CHANEL's value chain.

#### 4. FOCUS ON ENERGY (SCOPE 1, 2 & 3)

The total energy carbon footprint amounted to 60,000 tons CO<sub>2</sub> eq, which is split between the following categories:



#### 5. DETAIL OF SCOPE 3 EMISSIONS

Scope 3 emissions (829,000 tons CO<sub>2</sub> eq), which represented more than 95% of the total carbon footprint, are split between the following categories, listed below in order from the largest to the smallest contributors:

- Cat. 1 – Purchasing: 382,401 tCO<sub>2</sub> eq
- Cat. 4 – Transport (upstream): 212,348 tCO<sub>2</sub> eq
- Cat. 2 – Capital goods: 93,683 tCO<sub>2</sub> eq
- Cat. 6 – Business trip: 59,514 tCO<sub>2</sub> eq
- Cat. 11 – Use of Sold Products: 22,910 tCO<sub>2</sub> eq
- Cat. 3 – Energy: 17,770 tCO<sub>2</sub> eq
- Cat. 9 – Transport (downstream): 16,790 tCO<sub>2</sub> eq
- Cat. 7 – Employee transport: 13,499 tCO<sub>2</sub> eq
- Cat. 5 – Waste: 5,137 tCO<sub>2</sub> eq
- Cat. 12 – End of life: 4,944 tCO<sub>2</sub> eq
- Cat. 14 – Franchises: 2 tCO<sub>2</sub> eq

## Appendix II: SBTi assessment of the SPTs.

### 1. SPT 1

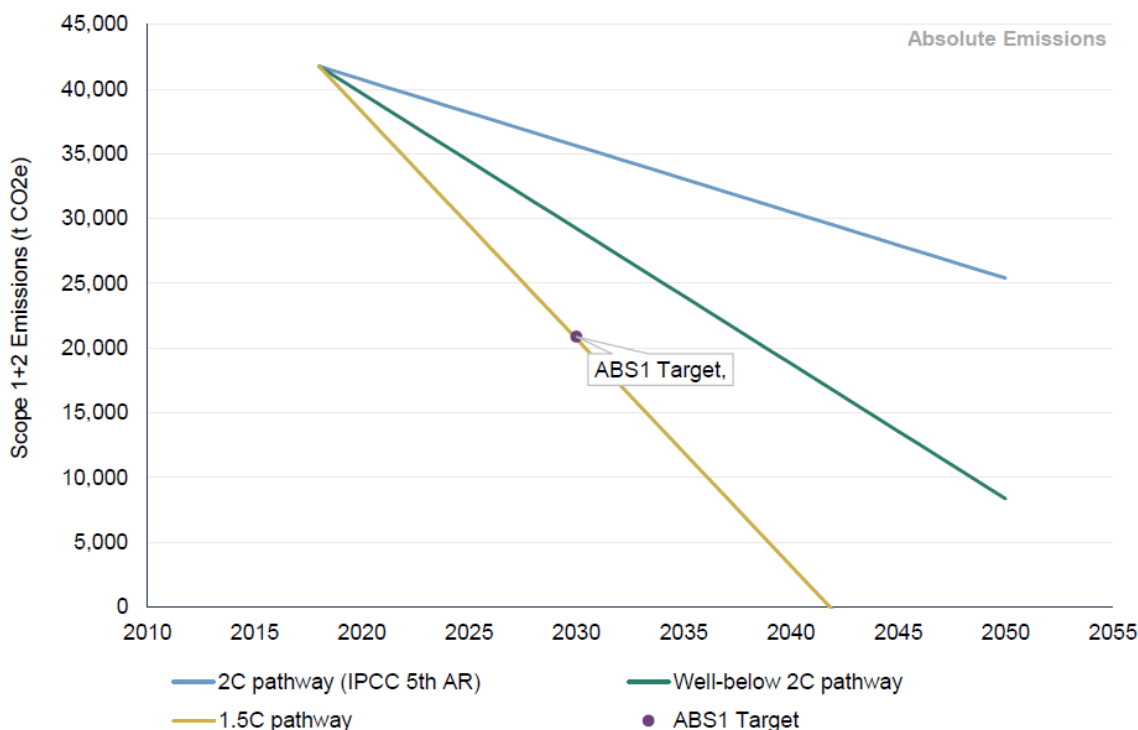
SPT 1 complies with the boundary set by SBTi as:

- It covers all scope 1 and 2 emissions in Group’s GHG inventory, developed in line with the GHG Protocol Corporate Standard
- Targets for scope 1 and 2 emissions cover 100% of the Group’s inventory
- The GHG inventory and scope 1 and 2 targets cover all relevant GHGs. The required reduction between the 2018 base year and the target year for the scope 1 and 2 targets is sufficiently ambitious to be consistent with the level of decarbonisation required to keep global temperature increase to a 1.5°C compared to preindustrial temperatures
- The target has been assessed against the Absolute Contraction Approach endorsed by the SBTi
- SPT 1 was set 11 years from the date of target submission and therefore complies with the minimum 5 years and maximum 15-year thresholds

The submitted targets do not include offsets nor avoided emission.

The required reduction between the most recent year that a GHG inventory is available and the scope 1 and 2 target year is sufficiently ambitious, as detailed below.

The graph below compares SPT 1 (ABS 1 Target) against three long term temperature pathways under the Absolute Contraction Approach:



The base year was set as the most recent year for which CHANEL inventory was available. Therefore, the forward-looking ambition (from most recent year to target year) and timeframe ambition (from base year to target year) of its proposed scope 1 and 2 target are the same and both meet the minimum ambition for the 1.5 C pathway under the Absolute Contraction approach. The target is therefore considered 1.5 C aligned.

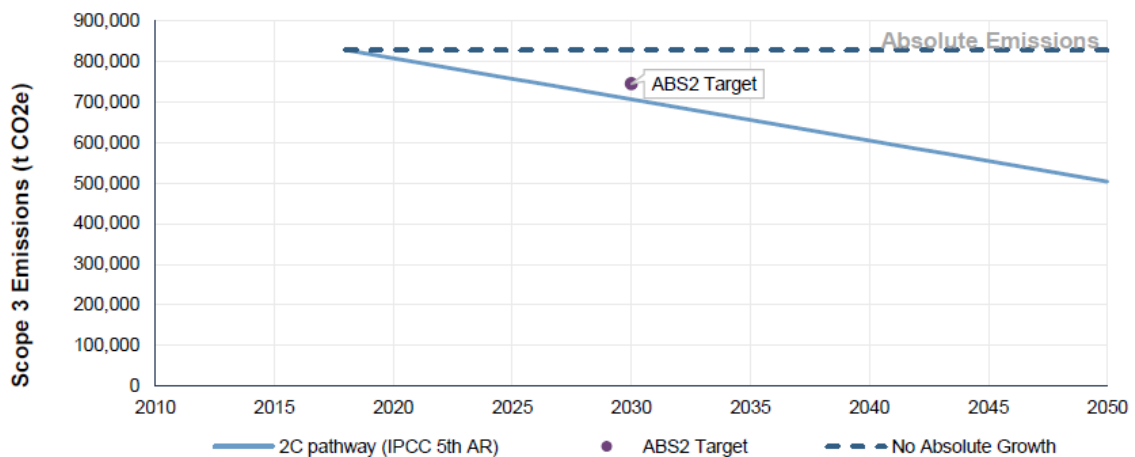
## 2. SPT 2

SPT 2 complies with the boundary set by the SBTi as it covers 100% scope 3 emissions and therefore goes well beyond the threshold set by the SBTi (cover at least two thirds of total scope 3 emissions in conformance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard).

Moreover, SPT 2 is 11 years from the date of target submission and therefore complies with the minimum 5 years and maximum 15-year thresholds.

SPT 2 is considered as ambitious as this is an absolute emission reduction target that is consistent with the level of decarbonisation required to keep global temperature increase below 2°C compared to preindustrial temperatures. The detailed quantitative analysis is detailed below.

Using the activity projection provided by CHANEL, the SBTi confirmed that with the intensity reduction proposed by SPT 2, the Group will reach a 10% reduction in absolute emission by 2030 from a 2018 base year:





The annual linear intensity reduction of SPT 2 is 3.33% per year:



Therefore, SPT 2 meets the scope 3 target ambition criterion for targets that do not lead to increases in absolute emissions and lead to a minimum of 2% reduction in physical emissions intensity.

**CHANEL**