INTRODUCTION

OUR GOALS

CHANEL Mission 1.5° is our climate action plan. We have set science-based targets to reduce the carbon footprint of our own operations and value chain, supporting the transition to a low carbon future.

We aim to decrease our own carbon footprint (scope 1 and 2) by 50% in absolute emissions by 2030 (equivalent to -66% per unit sold); and decrease emissions produced by our value chain (scope 3) by 40% per unit sold by 2030 (equivalent to -10% reduction in absolute emissions).

We also aim to shift to 100% renewable electricity in our own operations by 2025 and joined RE100 – a global initiative of influential businesses committed to achieving 100% renewable electricity – as part of this commitment.

We believe that the climate crisis requires urgent action and business transformation. As a result, we are currently evolving our targets and roadmaps to the SBTi Corporate Net Zero Standard.

These targets are independently validated by the Science Based Targets initiative (SBTi), in line with the targets set by the Paris Agreement on Climate Change, and use 2018 as a baseline year.

- **50%**
  - Decrease our own emissions (scope 1 and 2) by 2030
  - (equivalent to -66% per unit sold)

- **40%**
  - Decrease emissions from our value chain (scope 3) by 2030
  - (per unit sold, equivalent to -10% reduction in absolute emissions)

- **100%**
  - Shift to renewable electricity in our own operations by 2025
PERFORMANCE UPDATE

We recognise the urgent global need to halt climate change and the role that our business can play in protecting and restoring our climate.

This approach begins with addressing our Company’s carbon footprint, to reduce emissions in our own operations (scope 1 and 2) and our value chain (scope 3).

We strive for a deep level of rigour in our reporting to support a greater understanding of our impact, for example, by regularly updating our life cycle assessments (LCAs) to be closer to real world application. This accuracy serves to sharpen our focus on the areas where we can drive the biggest changes, within our own operations and those of our wider value chain. This is a highly complex process, especially when assessing our scope 3 emissions, which represented 98% of our carbon footprint in 2022.

We are developing and implementing roadmaps to address our impacts, including increasing efficiency in our operations, shifting to renewable electricity, expanding regenerative agricultural practices, decarbonising transportation and supply chain manufacturing and investing in circularity.

We continue to invest heavily in new resources and capabilities to accelerate this transition, including increasing the number of sustainability experts and investing in sustainability education for our employees across the House.

UNDERSTANDING OUR CARBON FOOTPRINT

Chanel’s total carbon footprint in 2022 was 1,029,120 tonnes CO₂e. Two percent of our footprint comes from scope 1 and 2 emissions, while 98% stems from scope 3.

SCOPE 3 VALUE CHAIN EMISSIONS (tonnes CO₂e, based on the GHG Protocol categories)

- Capital goods (including boutique renovation, furniture and IT hardware) 128,009
- Transportation and distribution (upstream and downstream) 117,820
- Employee commuting 16,606
- Waste 7,012
- Upstream fuel and energy use 15,353
- End of life of sold products 10,750
- Use of sold products 28,721
- Franchises (wholesale points of sale, e.g. in department stores, airports and hotels) 20,571
- Purchased goods and services (including water, raw materials for products and packaging, media, events) 629,607

CHANEL’S SCOPE 3 FOOTPRINT 1,003,909 tonnes CO₂e
In 2022, Chanel teams continued to advance decarbonisation initiatives in our operations. As a result, scope 1 and 2 emissions (from our owned and operated production sites, distribution centres, boutiques and offices) decreased by 40% against the 2018 baseline. This represents a 9% decrease in scope 1 and 2 emissions in comparison to 2021. We are on track to reach our target of a 50% decrease in our footprint (scope 1 and 2) by 2030.

The main driving force of reductions to operational emissions is our continued transition towards renewable electricity, which helped support a 55% reduction in scope 2 emissions from 2021 to 2022.

Teams across our boutiques, offices and manufacturing sites continue to work on reducing energy consumption and implementing low carbon solutions. Within our boutiques, sustainable achievements are celebrated annually through our internal Green Boutiques Awards.

We also continue to invest in building more sustainable boutiques, for example through LEED certification. LEED-certified buildings improve efficiency, have lower carbon emissions and reduce waste. In 2022 alone, Chanel certified 40 sites - and also reached the milestone of more than 200 LEED-certified sites globally.

We continue to focus on the long-term building blocks to advance our mission. For example, in 2022 the number of people in sustainability roles across our House increased by 60% in comparison to 2021, following a 40% increase the previous year. We believe true sustainable transformation is only possible with a collective understanding of the topic. To support this, in 2022, we launched our global Chanel Sustainability Academy, a learning programme for all employees across the House. The aim of the Sustainability Academy is that everyone within our House will have an opportunity to develop the knowledge and skills to become agents of change. A flagship initiative of the Sustainability Academy is Chanel’s partnership with the University of Cambridge, through which senior management teams participate in immersive programmes of learning, workshops and debates. These inspire collective action on key sustainability issues.

At Chanel, employees are mobilised to be agents of change through the emphasis we place on sustainability as one of our five key performance drivers, weighed equally with other factors such as financial performance.
Shift to renewable electricity

The transition to 100% renewable electricity supports progress against CHANEL Mission 1.5° goals and, in particular, promotes scope 2 emissions reductions.

Chanel favours the inclusion of onsite renewables or power purchase agreements (PPAs) where feasible, followed by green tariffs, and finally the purchasing of unbundled energy attribute certificates. Chanel obtains all renewable electricity from sources aligned with the RE100 technical criteria, aiming for innovative solutions to deliver additional positive environmental and social impacts where possible.

By the end of 2022, we shifted to 97% renewable electricity in our own operations – such as our manufacturing sites, offices and boutiques – in comparison to 41% in 2018. We are focussed on closing the gap to get to 100% renewable electricity in our own operations by 2025. Worldwide, we have 23 sites that are now currently able to generate their own renewable electricity.

2022 HIGHLIGHT

ENERGY FOCUSED PARTNERSHIP

In 2022, CHANEL Korea worked on agreeing a memorandum of understanding (MOU) with Korea East-West Power (EWP), the country’s primary green energy company. As the first action from the MOU, CHANEL Korea and EWP are expected to enter into a virtual Power Purchase Agreement (V-PPA), one of the first agreements of this nature in Korea, that will enable CHANEL Korea to secure 2MW – 3MW of renewable energy per year for the next 20 years.
2022 PERFORMANCE

Emissions from our value chain (scope 3)

In the past year, scope 3 emissions were impacted by continued recovery from the Covid-19 pandemic, as certain business operations - most notably events, employee commuting and business travel - returned. The year also saw an increase in manufacturing volume.

Throughout the year, we continued to transform, as well as reinforce the foundations for deeper business model transformation to address our carbon footprint; however, in 2022, scope 3 emissions increased by 21% in comparison to our 2018 baseline.

Examples of our ongoing transformation include continued shifts from air to sea and road transportation for our products and goods, reducing the footprint of our website, partnering to build sustainable supply chains and investing in circularity. In the case of chanel.com, we worked closely with partners to reduce the weight of webpages by 55%. This made them 30% faster to load, which helped drive a 16% reduction in emissions from 2021, despite an almost 28% increase in website traffic in 2022.

We continue to address raw materials within our supply chain, the largest part of our scope 3 footprint. From leather to vetiver to packaging and beyond, we aim to ensure transparent supply chains and implement strategies such as regenerative agriculture and technology partnerships to reduce these emissions.

DECREASE EMISSIONS FROM OUR VALUE CHAIN

SCOPE 3

We are focussed on driving progress both within and beyond our House, by partnering with internal and external experts on clear plans and roadmaps. We remain committed to real transformational change, in line with the longevity of our historic House, and acknowledge that true business model transformation takes time.

2022 HIGHLIGHT

OPEN SKY LABORATORIES

Chanel’s Open Sky Labs are research-focussed biodiversity exploration territories for the creation of our cosmetic ingredients. They are experimental fields for plant production as well as social and environmental innovation. One example of this is Chanel's Open Sky Lab in Gaujacq, in southwestern France, where 2,700 Camellia japonica ‘Alba Plena’, 24,000 Camellia oleifera and 5,000 gardenias have been planted according to environmentally friendly agricultural practices, without any chemical input. As a result of these practices, Chanel’s Fragrance and Beauty business is in the process of obtaining the Agriculture Biologique organic farming label and has obtained environmental certification, identifying environmentally friendly farming practices covering four key areas: biodiversity conservation, crop protection strategy, management of fertiliser and management of water sources.
Chanel is committed to accelerating climate adaptation through our support for nature-based solutions beyond our value chain, by building partnerships and investing in nature regeneration programmes. In 2022, we partnered on project rollouts in the following countries: Peru (agroforestry), Nepal (clean energy) and Indonesia (agroforestry).

We also continue to partner and collaborate with our suppliers, research institutions, organisations and the wider industry, through initiatives to accelerate the transition to a more sustainable future.

For example, in 2022, Chanel’s Watches and Fine Jewelry business joined the Watch & Jewellery Initiative 2030. This collaborative initiative, open to industry players, is focused on three key areas: building climate resilience, preserving resources and fostering inclusiveness.

Members of the Initiative have committed to challenging each other, exchanging learnings and best practices and moving together in partnership to transform the industry and deliver positive impact.

“It’s important for Chanel Watches and Fine Jewelry to have a seat at the table with the industry, to have a voice that carries and to be involved in projects relating to our sourcing issues, which are certainly complex but shared with many important players. Together we can be stronger and take impactful actions within both our environmental and social ecosystem. Together we can rely on a robust methodology and ensure consistency within the industry.”

Marianne Zani, CSR and Exceptional Sourcing Director, Chanel Watches and Fine Jewelry
LOOKING AHEAD

We recognise that accelerated, collective action – both within and beyond our House – over the next few years is critical to support the transition to a low carbon future. We will continue to drive progress, focussing on areas where we can have the greatest impact, accelerated by our shift towards net zero targets.

ACCELERATING THE PACE OF EMISSIONS REDUCTIONS

Through renewable electricity:
- Reducing our energy consumption and gas dependency in our operations through a shift towards electrification of processes.
- Achieving our 100% renewable electricity target with environmental and social additionality.

Through digital activities:
- Reducing the impact of our digital activities and services, whilst still maintaining the highest standards of experience and performance.

Through transportation:
- Changing our behaviours around business travel, to incorporate our carbon footprint into our booking and travelling choices.
- Continuing the transition to electric vehicles for our fleet and for employees (in select markets) to help make their commute more sustainable when alternative forms of public transportation are not available.
- Scaling up changes to our transportation methods and routes in high traffic markets and increasing efficiencies to reduce the number of shipments made.

COLLABORATING WITH PARTNERS TO DECARBONISE OUR VALUE CHAIN

- Continuing to advance regenerative agricultural programmes in our supply chains whilst delivering positive impacts to nature and the livelihoods of local communities.
- Growing the volume of raw materials coming from circular systems, such as recycled gold, whilst advocating for a responsible industry definition and the establishment of recycled gold supply chains.
- Expanding our circularity approach to an increasing number of events, visual merchandising and retail spaces, aiming to re-use and recirculate décor as well as source recycled materials.

MOBILISING EMPLOYEES AS AGENTS OF CHANGE

- Investing in talent and tools to continuously refine the accuracy of our carbon footprint knowledge - such as utilising LCAs and implementing Environmental Management Systems across our sites and points of sale - and making the information available to teams to integrate into decision making.
- Continuing to engage employees through the global Chanel Sustainability Academy on the transformation required to support our net zero ambition through our commitment to SBTi.
Reporting boundaries

For the financial year 2022, Chanel has reported on its GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (UK), also referred to as the Streamlined Energy and Carbon Reporting (SECR).

The boundary for the energy and carbon reporting includes all activities contributing to the CHANEL brand. Data is reported for sites where Chanel has operational control and the ability to influence the energy management.

Chanel uses the Greenhouse Gas Protocol Corporate Standard to estimate and calculate emissions. Where Chanel does not have visibility of the energy consumed within a site, consumption is estimated based on square metres and the known consumption of other similar sites within the same region. All renewable electricity is from sources aligned with the RE100 technical criteria and supported by energy attribute certificates.

Notes on the data

Chanel’s scope 1 GHG emissions arise from natural gas, fuel and refrigerant gases consumed at our sites. The calculations are based on specific energy data and are multiplied by the appropriate emission factors from ADEME and IEA. Scope 1 GHG emissions also include on-site landfill using a conversion factor from Ecoinvent.

Chanel’s indirect (market-based) scope 2 GHG emissions arise from heat, steam and cooling, and electricity used in all sites. The calculations are based on specific data and are multiplied by the appropriate emission factor from AIB and IEA.

Scope 3 emission factors have been sourced from: ADEME; Ecoinvent; EcoTransIT; EIO LCA; DEFRA; GLO; WALDB; WFLDB; SPICE; Trucost report on the Socioeconomic and Environmental Impact of Large-Scale Diamond Mining; US EPA; assessments conducted by IJO; and life cycle assessments conducted with consultants.

Further details on Chanel’s carbon performance can be found in the company’s annual report for the year ended 2022, which is publicly available at Companies House in the UK.

Setting Science Based Targets

Chanel’s targets were independently validated by the Science Based Targets initiative (SBTi) in November 2019, based on a 2018 baseline. SBTi champions science-based target setting as a powerful way of boosting companies’ competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC). The targets help manage our progress up until 2030. Chanel is also involved in the Science Based Targets Network (SBTN) Corporate Engagement programme. SBTN builds on the SBTi to empower companies and cities to set science-based targets for both climate and nature, given the interconnected role that climate change has on the natural world.

Shifting to renewable electricity

Chanel is a member of RE100, a global initiative bringing together the world’s most influential businesses committed to 100% renewable electricity. Led by Climate Group, in partnership with CDP, its mission is to drive change towards 100% renewable grids, both through the direct investments of its members, and by working with policymakers to accelerate the transition to a clean economy.

The initiative has over 360 members, ranging from household brands to critical infrastructure and heavy industry suppliers.

Governance

Senior leaders at Chanel are committed to CHANEL Mission 1.5° and to building a resilient and sustainable business. To ensure sustainability is truly embedded into its core business strategy, sustainability is frequently discussed at the Executive Committee and the board of directors’ meetings, including tracking climate performance.

Management within Chanel’s business areas and regions also have dedicated and clear responsibilities to assess and manage sustainability issues. There are sustainability personnel and teams embedded within each business to manage climate-related issues, relevant to their particular function, contributing to the overall sustainability strategy.
About Chanel

Chanel 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 specialized 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, sustainable development and innovation. At the end of 2022, Chanel employed more than 32,000 people worldwide.