

CALIFORNIA: TRANSPARENCY IN SUPPLY CHAINS

Chanel, Inc. and its affiliates (collectively “Chanel”) recognize the importance of fair labor practices within our company and our supply chain. Chanel condemns the evils of human trafficking and slavery and understands the importance of eradicating the practices worldwide. It is our goal that third party suppliers within our supply chain comply with all applicable laws regarding human trafficking and slavery. To this end:

Verification of Supply Chain. Chanel is in the process of verifying (with both internal and external auditors) its supply chains to address risks of human trafficking and slavery. Our policy is to work with suppliers that do not use forced labor of any kind. Chanel will not work with any supplier who it determines engages in human trafficking, slavery, or other forms of forced labor.

Audits. Chanel conducts selected overall audits of suppliers, including audits regarding conditions of work and notably the use of forced labor. Such audits have been conducted by both internal and external auditors and have been conducted on both an unannounced and announced basis. Some of these audits have been based on the International Standard: Social Accountability 8000. Chanel has also been certified by the Responsible Jewelry Council (“RJC”), which is an international not-for-profit whose mission is to advance responsible ethical, social and environmental practices with respect to human rights through the jewelry supply chain. RJC’s principles contain the following commitment: “We will not use forced, bonded, indentured or prison labor, nor restrict the movement of employees and dependents.”

Supplier Certification. Efforts are made to obtain from direct suppliers certification that the products they are producing for Chanel comply with applicable labor laws. Prohibitions against forced labor and human trafficking are part of our purchase order standard terms and conditions.

Accountability. Senior leadership at Chanel, Inc. supports our commitment to fair employment practices. Employees who are responsible for supply chain management shall be held accountable for ensuring that Chanel does not work with suppliers that use forced labor or who engage in human trafficking. In the event of a potential violation of this principle, we would take appropriate remedial action based on the circumstances, including, but not limited to, promptly addressing the issue with the supplier, conducting audits to confirm that the supplier has addressed and remedied any potential violations, and/or terminating our business relationship with the supplier.

Training. Chanel, Inc. provides training to its employees with direct responsibility for supply chain management regarding issues of human trafficking and slavery.

Conclusion: Chanel is committed to fair employment practices and the upholding of human rights. Chanel will continue to take all appropriate measures to prevent human rights violations (including slavery and human trafficking) in its supply chains.