

S U S T A I N A B I L I T Y -  
L I N K E D B O N D  
U P D A T E  
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CHANEL  
SUSTAINABILITY

# SUSTAINABILITY- LINKED BOND UPDATE 2024

In September 2020, Chanel Ceres plc, a subsidiary of Chanel Limited (the Company), issued sustainability-linked bonds (SLBs), in an aggregate amount of EUR 600 million with notes maturing in 2026 and 2031 respectively, in accordance with the ICMA's Sustainability-Linked Bond Principles (SLBP) on the Luxembourg Stock Exchange. The SLBs are guaranteed by the Company, and the terms of the SLBs are directly linked to the objectives of the Company's original climate action plan, CHANEL Mission 1.5° to:

- Decrease our own carbon footprint (scope 1 and 2) by 50% in absolute emissions by 2030 (equivalent to -66% per unit sold).
- Decrease emissions produced by our value chain (scope 3) by 40% per unit sold by 2030 (equivalent to -10% reduction in absolute emissions).
- Shift to 100% renewable electricity in our own operations by 2025.

Three key performance indicators were selected for the SLBs to measure sustainability improvements, which are:

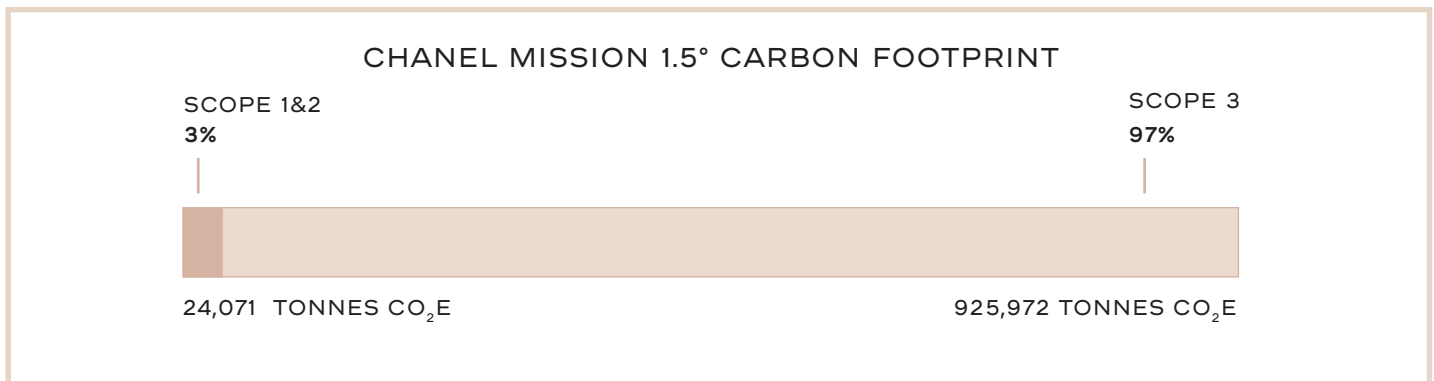
- Scope 1 and market-based scope 2 GHG emissions.
- Scope 3 GHG emissions.
- Percentage of renewable electricity in operations.

The boundary for the SLB performance indicators includes all activities contributing to the CHANEL brand<sup>1</sup> and scope 1 and 2 of our integrated suppliers.<sup>2</sup>

## 2024 CHANEL SUSTAINABILITY-LINKED BOND PERFORMANCE

In 2024, the CHANEL Mission 1.5° scope 1 and 2 market-based emissions amounted to 24,071 tonnes CO<sub>2</sub>e and scope 3 emissions amounted to 925,972 tonnes CO<sub>2</sub>e.

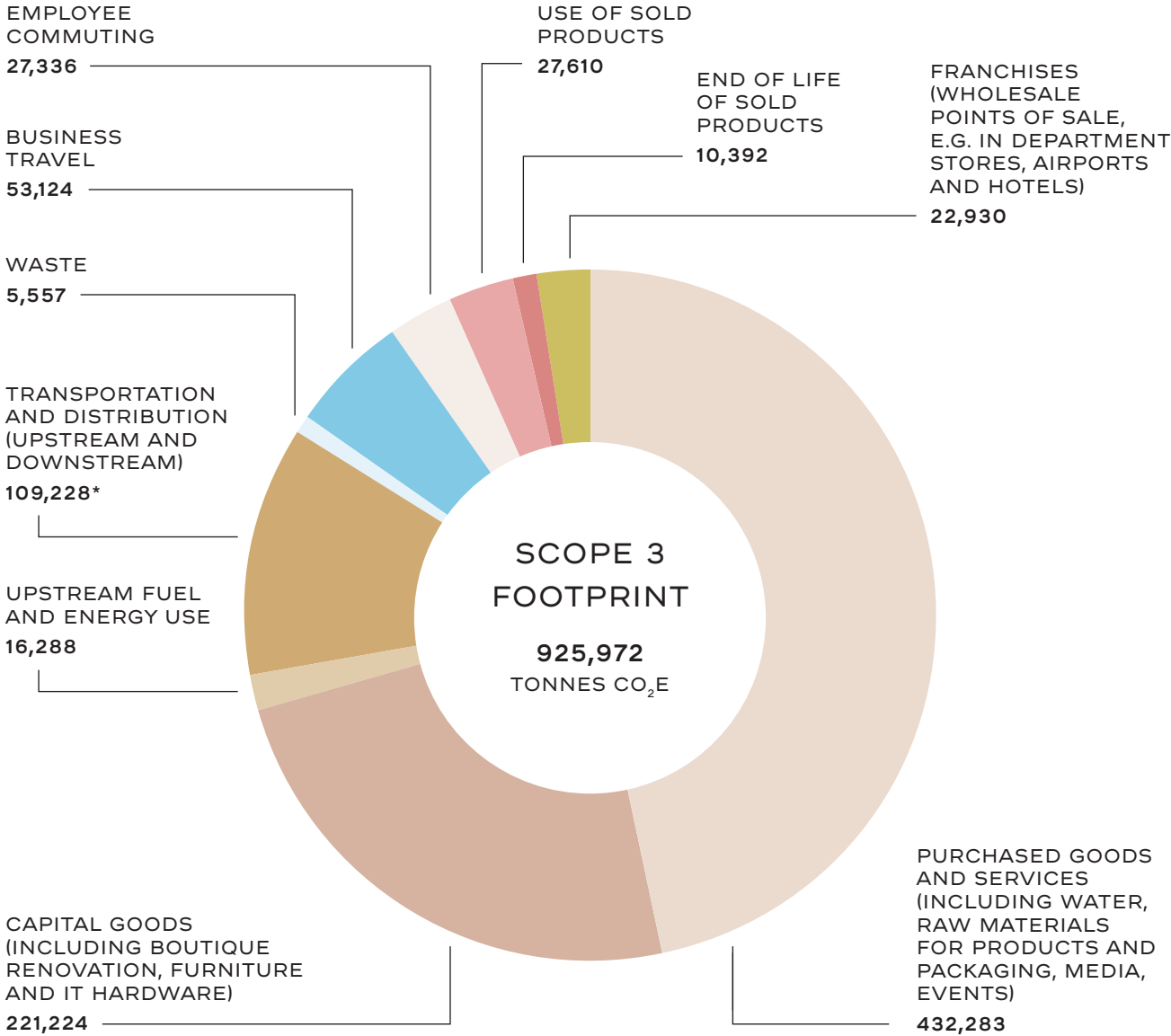
The CHANEL Mission 1.5° carbon footprint in 2024 was 950,043 tonnes CO<sub>2</sub>e. Three percent of this footprint comes from scope 1 and 2 emissions, while 97% stems from scope 3.



<sup>1</sup> Chanel Brand: the brand 'CHANEL' and its associated marks and images that are used in the provision of products and services (in particular the broad range of high-end creations including Haute Couture, Ready-to-Wear, Leather Goods, Fashion Accessories and Eyewear; Fragrances, Makeup and Skincare; as well as Watches and Fine Jewellery), sold worldwide through Chanel Group-owned boutiques and at wholesale through select channels of distribution.

<sup>2</sup> Integrated Suppliers: Chanel Group legal entities which are part of the supply chain for Chanel Brand products but do not carry on business under the Chanel Brand.

**SCOPE 3 EMISSIONS (TONNES CO<sub>2</sub>E)  
DISAGGREGATED BY GHG PROTOCOL CATEGORY**

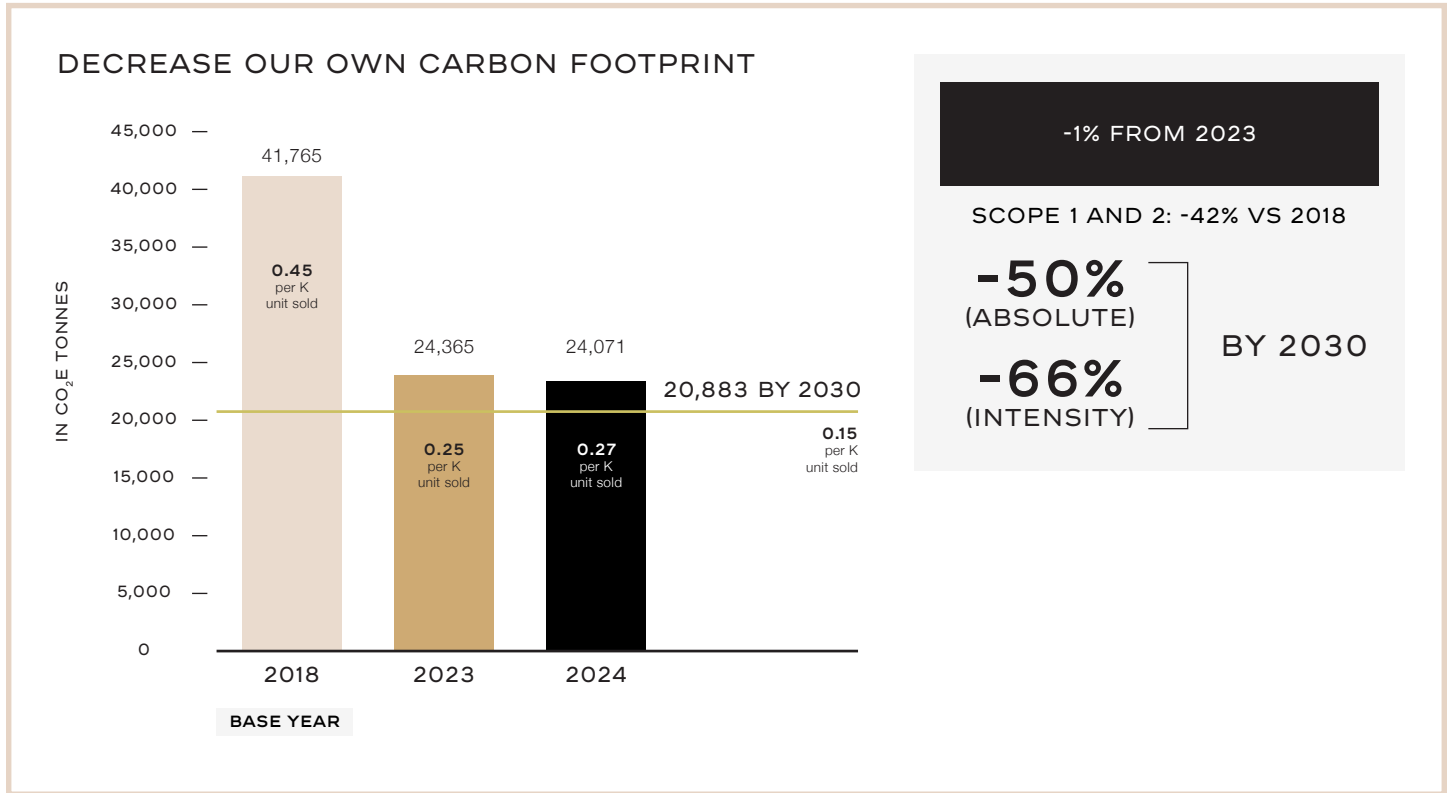


*\*Transportation and Distribution emissions exclusive of SAF are 110,820t CO<sub>2</sub>e, and total Scope 3 emissions excluding SAF are 927,564t CO<sub>2</sub>e.*

## SCOPE 1 AND 2

Due to our continued efforts to advance decarbonisation initiatives in our own operations, in 2024, scope 1 and 2 emissions have decreased by 42% in comparison to our 2018 base year and decreased by 1% in comparison to 2023.

The main driving force of the reduction is the continued transition towards renewable electricity. Scope 1 increased by 1% in comparison to 2023 due to the addition of new site openings, as well as streamlining some waste management on-site in one facility.

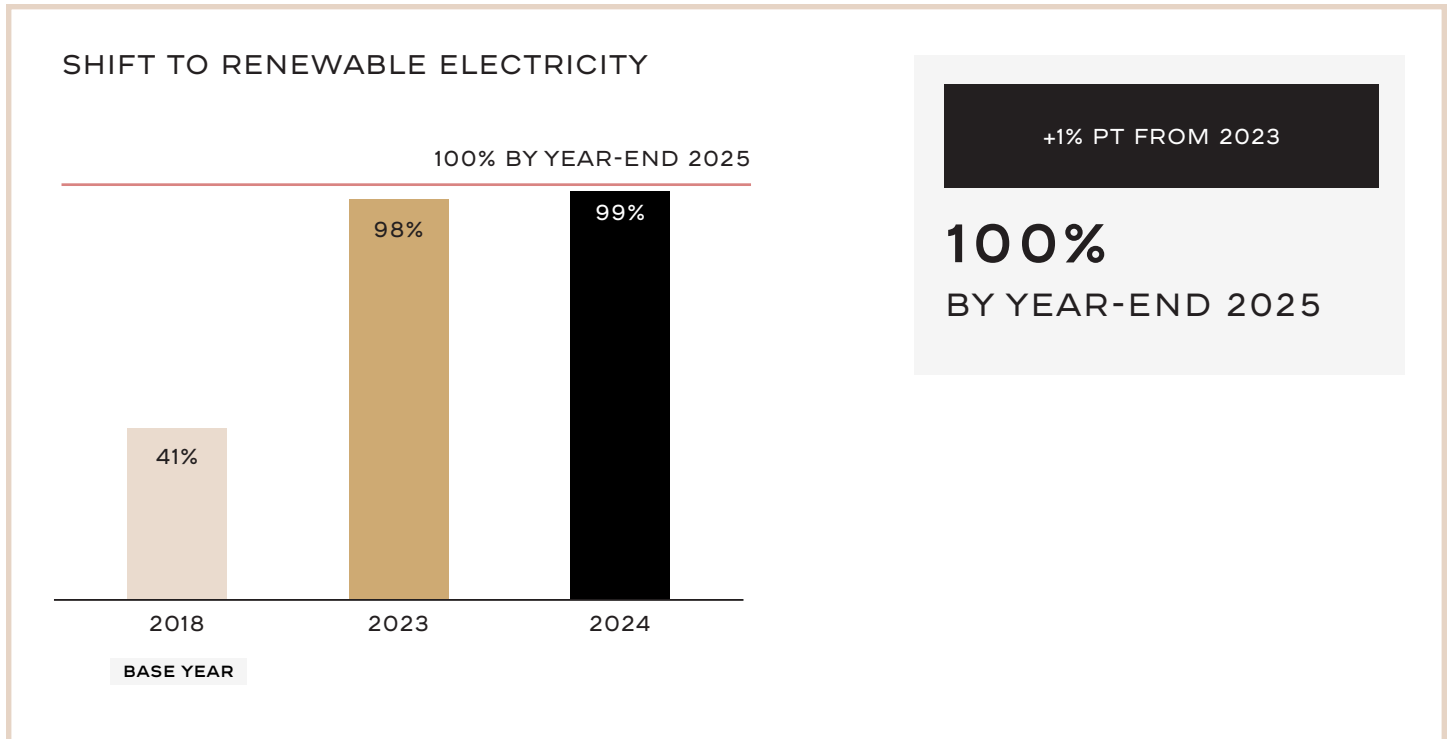


## RENEWABLE ELECTRICITY

By the end of 2024, we shifted to 99% renewable electricity in our own operations, in comparison to 41% in 2018. Worldwide, we now have 33 sites generating their own renewable electricity.

Chanel favours the inclusion of on-site renewables or power purchase agreements where feasible, followed by green tariffs, and finally the purchasing of unbundled energy attribute

certificates (such as the Renewable Energy Guarantee of Origin in the UK). Chanel obtains all renewable electricity from sources permitted under the RE100 technical criteria, aiming for innovative solutions to deliver additional positive environmental and social impacts where possible. We calculate our renewable electricity percentage in accordance with the RE100 technical criteria.



## SCOPE 3

Scope 3 emissions increased by 12% in comparison to our 2018 base year and decreased by 10% in comparison to 2023. We are continuing to advance our decarbonisation of scope 3 as well as improve calculation methodologies to help us better understand our impacts and areas for action.

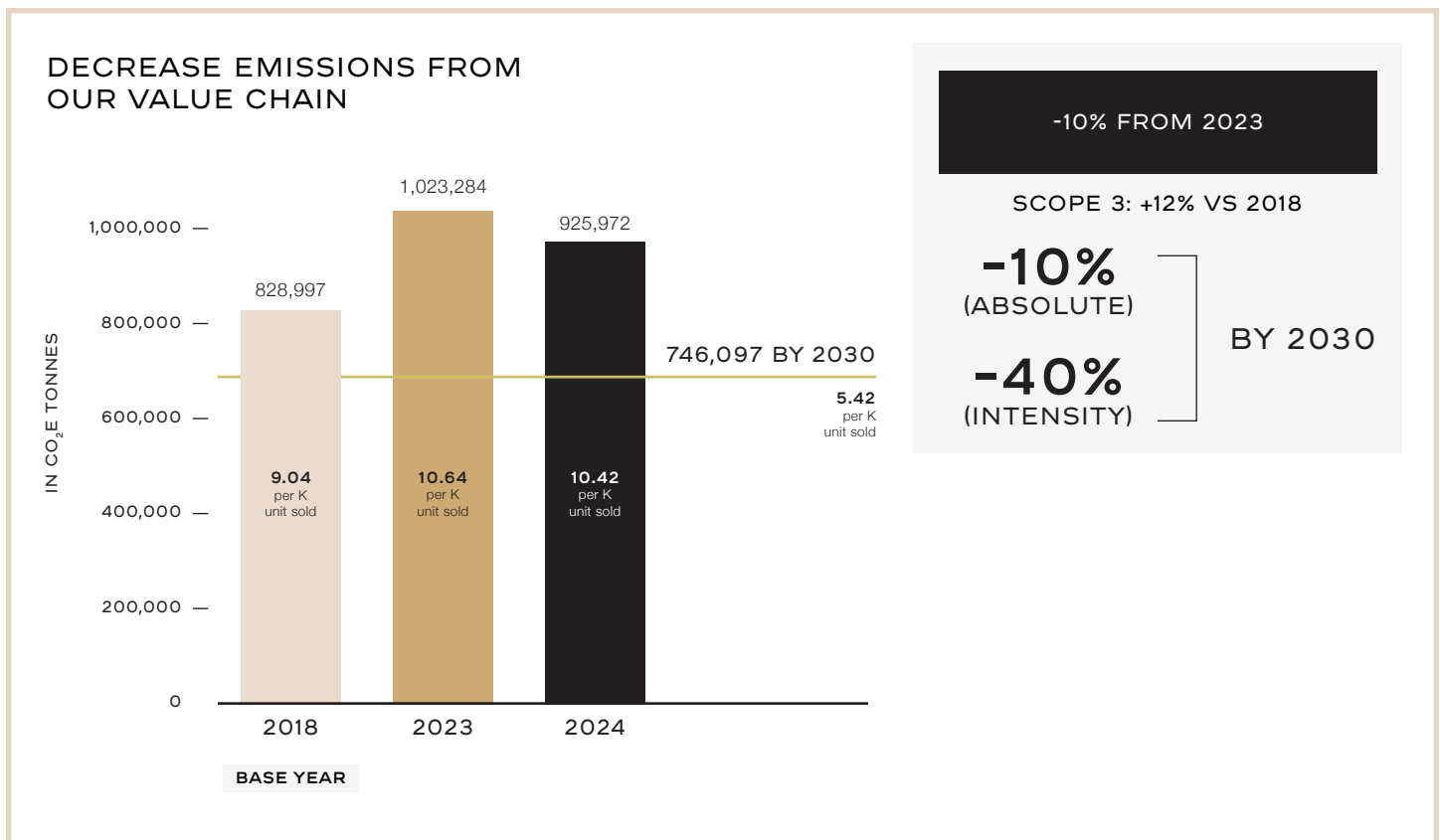
Raw materials within our supply chain remain an area of focus and are the largest part of our scope 3 GHG emissions footprint. The emissions from raw materials reduced by 20% in comparison to 2023, largely driven by cashmere, leather and gold, all of which have strategic transformation programmes underway.

We continued our work on capital goods and events to integrate more activity data. While both methodologies are using spend as a calculation basis, we integrated more boutique lifecycle assessments to gather more accurate footprint analysis, and continued to test circular design for events and include real data from our events. Our events footprint decreased by 27% in comparison to 2023, while spend on events decreased

by 13%. Capital goods increased by 17% in comparison to 2023, against a backdrop of a 24% increase in relevant capital goods expenditure.

Freight emissions fell by 7% in comparison to 2023, driven by factors such as the ongoing efforts of the Fragrance & Beauty business to transition to sea freight, particularly across the Americas and Asia. Emissions also declined in other business areas, supported by initiatives such as the improved use of regional warehouses for Watches & Fine Jewellery, and the switch to road transport for intra-European boutique shipments.

Other significant category movements include business travel, decreasing by 15% in comparison to 2023 following a reduction in travel. Employee commuting increased by 52% following updates to the emission factors and assumptions used, an increase in the number of employees and an increase in the number of employees working from our office spaces.



# ACCOUNTABILITY - SUSTAINABILITY-LINKED BOND

## REPORTING BOUNDARIES

For the financial year 2024, Chanel has reported on its GHG emissions and energy usage as required under the UK Companies Act and the Streamlined Energy and Carbon Reporting (SECR). Reporting against our Sustainability-Linked Bond KPIs is under a different reporting boundary to that of our SECR Reporting.

For the Sustainability-Linked Bond KPIs, Chanel applies an operational control approach to defining its organisational boundaries which includes all activities contributing to the CHANEL brand and Scope 1 and 2 of our integrated suppliers. 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 (using a market-based approach to reporting scope 2 emissions) 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

In 2024, Chanel continued to improve the completeness and precision of its data, increasing its use of activity-based data over spend for its scope 3 calculations. Furthermore, adjustments to several emission factors across all scopes have allowed for a more precise representation of Chanel's impact, with the most significant changes being made within raw materials.

Chanel's scope 1 GHG emissions arise primarily 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 IPCC. Scope 1 GHG emissions also include onsite landfill using a conversion factor from Ecoinvent.

Chanel's indirect (market-based) scope 2 GHG emissions arise from heat, steam and cooling, and electricity. The calculations are based on specific data and are multiplied by the appropriate emission factor from the Association of Issuing Bodies (AIB) and the International Energy Agency (IEA) and are supplier specific.

Chanel's scope 3 emissions arise from ten of the GHG protocol categories. Categories 8, 10, 13 and 15 are not deemed material to Chanel and, therefore, Chanel does not report on them. Category 8 - Upstream Leased Assets is not deemed material as Chanel includes leased assets over which it has operational control in its scope 1 and 2 footprints. Category 10 - Processing of Sold Products is not deemed material to Chanel as its products do not require intermediate processing. Category 13 - Downstream Leased Assets is not deemed material to Chanel as there are very few assets that Chanel leases out to other entities. Category 15 - Investments is not deemed material to Chanel as it is not primarily an 'investor', nor does it provide financial services.

Scope 3 emission factors have been sourced from: ADEME; Ecoinvent; EcoTransIT; EIO LCA; EXIOBASE; 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.

## 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).



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