

L Brands Inc.

TICKER
 NYSE:LB

MARKET CAPITALIZATION
 US\$14 billion

HEADQUARTERS
 United States

COMPLIANCE
UK Modern Slavery Act: [Yes](#)
California Transparency in Supply Chains Act: [Yes](#)
COMMITMENTS
[Yes](#)
OVERALL RANKING

14 out of 43

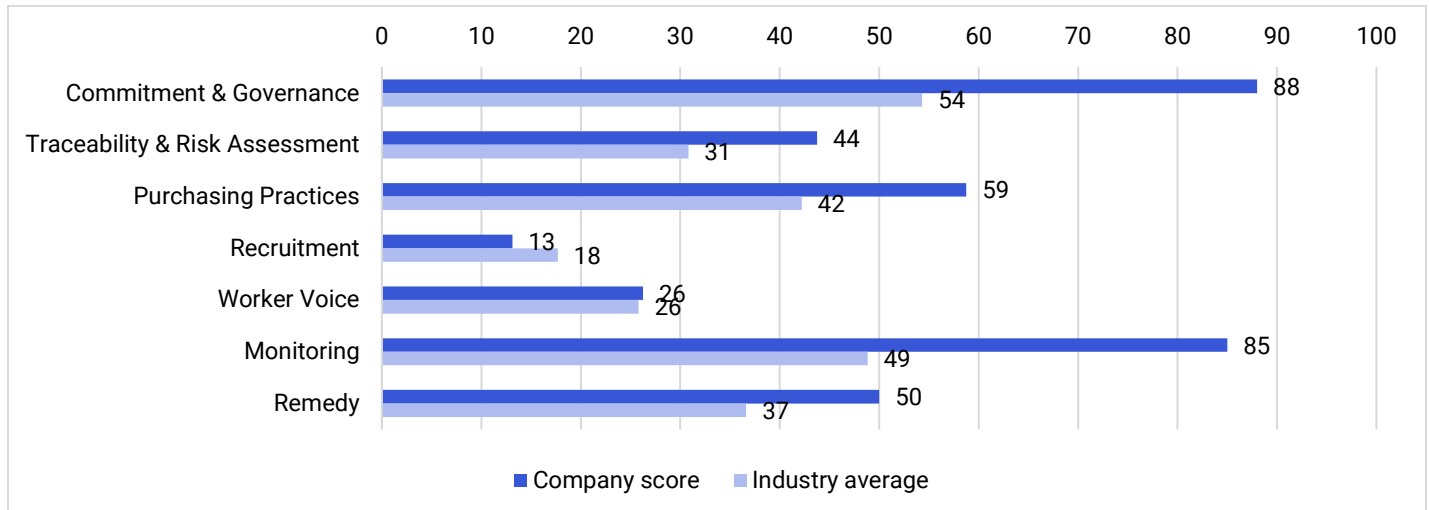
(2016: 11 out of 20)

OVERALL SCORE

52 out of 100

SUMMARY

L Brands Inc. (L Brands), a US-based retailer of women’s apparel and lingerie whose brands include Victoria’s Secret, ranks 14th out of 43 companies. It discloses more information on its forced labor policies and practices than its peers on all themes except Recruitment. Compared to 2016, the company improved its score by six points. The company has improved by disclosing more information on supplier training and stakeholder engagement on forced labor, a supplier list, and an example of its corrective action plan process in practice. Further, it provides some information on assessing forced labor risks and audit outcomes. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of Recruitment, Worker Voice, and Remedy.

THEME-LEVEL SCORES


LEADING PRACTICES

Training: L Brands discloses that it conducts annual awareness-raising and training sessions for its suppliers. It notes that, in 2017, the sessions focused on forced labor and human trafficking and were implemented in collaboration with experts from the NGO Pacific Links Foundation, U.S. Immigration and Customs Enforcement within the U.S. Department of Homeland Security, and the consultancy Control Risks Group. It specifies that, in 2018, the sessions were conducted for first- and some second- and third-tier suppliers in China, Vietnam, Hong Kong, and Sri Lanka.

Worker Voice: L Brands discloses that it engaged with the Pacific Links Foundation as part of its “Factory Awareness to Counter Trafficking” program and continues to support the program’s expansion. The program includes “awareness and prevention workshops about trafficking among workers, managers and factory owners throughout the supply chain, helping to establish ethical practices in worker recruitment and retention and serving as a source for information and resources.” The company states that, since the launch of the program in 2013, it has enabled more than 10,000 workers and managers to access the training.

Corrective Action Plans: L Brands discloses detailed information on its corrective action plan processes for suppliers, noting that progress is monitored daily by a dedicated corrective action management team. The company discloses an example of this process in practice involving two Chinese suppliers, which have been engaged over the course of one year by L Brands, and a third-party labor standards consultant. They are working to ensure their respective factories are appropriately managing working hours, overtime payment, and operating in a more transparent way. It states that the consultants have visited the factories monthly to check on progress and provide advice and training as needed. It reports that this engagement helped both suppliers improve their attendance and payroll systems, enabling them to assess working hours and overtime payments correctly.

NOTABLE FINDINGS

Supply Chain Standards: L Brands discloses that it distributes a compliance guidebook to its suppliers to “provide additional clarification to supplier partners and their factories regarding a broad range of compliance standards and requirements,” including its supplier code of conduct. This handbook also provides contacts for suppliers to engage with L Brands if they have questions or need assistance. It further notes that its supplier code is part of annual “communications sessions” between the company and its suppliers.

Purchasing Practices: L Brands states that it has adopted a policy which prohibits the sourcing of cotton from Uzbekistan and Turkmenistan, because of the high risk of forced labor. Until it is independently verified that such practices are no longer in place, the company states that it will “collaborate with other stakeholders to raise awareness of this very serious concern and advocate for its elimination.” In addition, L Brands discloses that its suppliers must sign a master sourcing agreement that requires suppliers to adhere to its supplier code of conduct. Its supplier code requires both suppliers and subcontractors to comply with the provisions of the code. L Brands further notes that it has established a capacity monitoring system through which it aims to detect risks of unauthorized subcontracting. L Brands discloses that “if a factory is found to be using an unauthorized subcontractor, they are immediately put on probation [and] issued a heavy penalty,” and, where suppliers are unable to demonstrate improvement in subsequent audits, it will end business with them.

Monitoring: L Brands states that it conducts audits on its approved supplier factories at least annually. It notes that it uses three types of audits: regular audits (which may be announced or unannounced), more rigorous unannounced audits for high-risk suppliers, and additional audits to undertake checks on unauthorized subcontracting. L Brands discloses that its audits cover at least 95% of its “in-scope” suppliers and that 30% of these supplier factories are selected to undergo the more rigorous unannounced audit. The company also discloses some information on the quality of auditors used and on audit outcomes.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: While the company notes that it checks that no fees are paid by migrant workers as part of its audits, the company is encouraged to develop a formal policy that requires that such fees be paid by the employer (Employer Pays Principle) and, where such fees have been paid by its suppliers' workers, to ensure that the fees are reimbursed to the workers. Further, it may consider providing details of how it supports ethical recruitment in its supply chains (for example by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

Worker Voice: To support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices regarding freedom of association and collective bargaining and to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of human trafficking and forced labor and disclosing details on this process, such as timeframes and engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)