

KnowTheChain Apparel & Footwear Benchmark - Additional Disclosure 2020/2021

Company Name: L Brands

Date: 02/26/2021

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

Indicator 1.4 Training

Element 2: The company trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained.

LB Response: In 2020, we hosted a virtual training session where various internal subject matter experts presented on the below current key topics:

- Emerging Forced Labor Legislation
- Supply Chain Mapping through Sourcemap
- COVID-19 Impact & Preparedness

The virtual training session was held over two days with **100%** of our core and strategic Lingerie & Apparel suppliers in attendance, and **63%** of our core Accessory & Gifting suppliers were in attendance. We will continue holding quarterly virtual training sessions and the next one will be in February 2021.

This has been updated on our website: [TRAINING](#)

Indicator 1.5 Stakeholder Engagement

Element 1: The company has engaged relevant stakeholders by providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate.

LB Response: L Brands engages with a broad range of non-governmental organizations, academics and other stakeholders to obtain perspectives and information necessary to manage risks in the countries from which we source. We are members of the Responsible Minerals Initiative (RMI), an industry group that assists member companies like L Brands to investigate and mitigate risks of conflict minerals that may be used in our supply chain. We are members of the United States Fashion Industry Association (USFIA), National Retail Federation (NRF) and the Mekong Club. The IPS team regularly attends industry events and trainings hosted by these organizations to ensure that the team stays updated on emerging risks regarding forced labor and human trafficking and industry initiatives focused on eradicating forced labor and human trafficking across the industry and best practices.

Since 2013, L Brands has supported a training project with the Pacific Links Foundation called Factory Awareness to Counter Trafficking (FACT). FACT reduces human trafficking risks by educating factory management and workers in Vietnam about the risks and prevention of human trafficking and

working with employers to implement good labor recruitment and retention practices. The Pacific Links Foundation has educated more than 38,000 factory workers and managers in Vietnam since 2013. L Brands continues to support the FACT program annually.

Through the Pacific Links Foundation, L Brands has also sponsored the Girls Empowerment Mekong Scholarships (GEMS) since 2007. This provides girls access to education and life skills development. The girls sponsored are among the most vulnerable: living in trafficking hotspots along the Vietnam-Cambodia border with high risk of dropping out of school.

Links: [FEATURED PARTNERSHIPS](#)

[AFFILIATIONS](#)

Element 2: The company actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

LB Response: In 2019, we evaluated our factory database which confirmed that no production of our finished goods occurs in the XUAR. Through this certification process, we learned that we obtained a de minimis amount of cotton yarn from one supplier who has ties to the XUAR. Out of an abundance of caution, we ended our relationship with that supplier in early 2020. We utilized a platform called Sourcemap to map tier 1, 2 and 3 of our core supply chain. Through this mapping process, we did not identify any sub-suppliers in the XUAR region, linked to the XUAR region or related to Xinjiang Production & Constructions Corps (XPCC).

We are also members of the United States Fashion Industry Association (USFIA), National Retail Federation (NRF) and the Mekong Club. We attend industry events and trainings hosted by these organizations to ensure that the team stays updated on emerging risks regarding reports of forced labor in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), industry initiatives focused on eradicating forced labor and human trafficking across the industry and best practices.

Indicator 2.1 Traceability and Supply Chain Transparency

Element 2: The company discloses the countries of its below-first-tie suppliers (this does not include raw material suppliers).

LB Response: Xinjiang Uyghur Autonomous Region (XUAR) Cotton Policy

L Brands is committed to ensuring that modern slavery of any kind is not used in the manufacturing of our products. Because of the reports documenting systemic use of forced labor in the Xinjiang Uyghur Autonomous Region, especially in the cotton industry, we adopted a policy that prohibits the use of cotton from the XUAR region for all products manufactured for our brands and affiliates. We expect our vendors to fully comply with this policy. Until the elimination of these practices is independently verified, we will maintain this commitment and will collaborate with other stakeholders to raise awareness of this very serious concern and advocate for its elimination.

This has been updated on our website: [TRACEABILITY AND RISK ASSESSMENT](#)

Indicator 2.2 Risk Assessment

Element 1&2: The company discloses: (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and (2) details on forced labor risks identified in different tiers of its supply chains.

LB Response: L Brands Sourcing Risk Council (SRC) is in place to help uphold the company's code of conduct and sourcing standards by helping avoid sourcing in high-risk countries and supporting the

development of risk mitigation tools where some level of risk does exist. The SRC is a collective body of senior leadership providing guidance for business growth strategies while sharing feedback on the risks of conducting business in all areas of production. The Sourcing Country Policy (SCP) is a primary tool established through the SRC used to ensure the necessary levels of due diligence are completed for all potential sourcing relationships, especially in areas where data advises risks associated with forced labor and human trafficking are higher. For areas where the inherent risks are too great, alternate strategies are adopted. In countries of lower risk, risk mitigation requirements are agreed upon, and production teams are authorized for manufacturing after all criteria have been met.

Vietnam is an example of where risks of forced labor and human trafficking are known to exist. As a risk mitigation tool, L Brands has supported a partnership with the Pacific Links Foundation. The Pacific Links Foundation leads counter-trafficking efforts in areas of highest risk in Vietnam, including industrial parks and along the bordering provinces of Cambodia, China and Laos, where victims are twice as likely to be trafficked than those in developed countries. L Brands established a partnership with the Pacific Links Foundation in 2007, focusing specifically on their scholarship and factory awareness programs. In addition to supporting the scholarship program, L Brands was the first partnering company to sponsor Pacific Links' Factory Awareness to Counter Trafficking program (FACT) and continues to actively support its expansion. The FACT program provides 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.

Indicator 3.1 Purchasing Practices

Element 2: The company is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting.

LB Response: L Brands realizes that responsible business practices start with partnering with suppliers and factories that have an excellent compliance track record and share our core values. To that end, all of our associates involved in the production and purchasing process must understand the critical role they play in that process. The company is committed to providing these associates with ongoing training and educational opportunities to keep teams vigilant and fully engaged. The company also has an Associate Code of Conduct that outlines our standards and expectations and addresses the consequences of noncompliance.

Associates who influence decisions in L Brands' supply chain take a course called "Preventing Modern Slavery in Our Global Supply Chain" to ensure that they are aware of the risks of modern slavery in our supply chain, can recognize the warning signs and know what tools are available to report any concerns of forced labor or human trafficking in the supply chain. The training was developed in alignment with the ILO Indicators of Forced Labour. In the sourcing periods following participation in the awareness training, fewer factories utilizing foreign migrant workers were requested for pre-production authorization. During the last calendar year, there were no sites with foreign migrant workers added for production. Foreign migrant workers continue to account for less than 1% of the overall worker population as a result of sourcing partners taking an active role in helping screen suppliers for potential indicators of forced labor.

In 2019, we made internal structural changes to target two specific improvements. Centralized demand planning was established to facilitate improved order flow and minimize the risk of scheduling suppliers beyond their available capacities. Raw material management was centralized with teams in region to help build a more vertical supply chain where our products are manufactured.

Element 4: The company discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

LB Response: L Brands realizes that responsible business practices start with partnering with suppliers and factories that have an excellent compliance track record and share our core values. To that end,

all of our associates involved in the production and purchasing process must understand the critical role they play in that process. The company is committed to providing these associates with ongoing training and educational opportunities to keep teams vigilant and fully engaged. The company also has an Associate Code of Conduct that outlines our standards and expectations and addresses the consequences of noncompliance.

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Indicator 3.2 Supplier Selection

Element 1&2: The company: (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process; and (2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.

LB Response: We have a detailed risk assessment process to ensure we are working with business partners that are willing and able to comply with our standards. In 2019, 141 pre-production audits were conducted, which resulted in nine factories being rejected because they did not meet our standards. The approval rate for pre-production audits in 2019 was 94%. In 2020, 80 pre-production audits were conducted, and one factory was rejected. The pre-production audit approval rate for 2020 was 99%.

This has been updated on our website: [TRACEABILITY AND RISK ASSESSMENT](#)

Indicator 3.3 Integration into Supplier Contracts

Element 1: The company integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts.

LB Response: We are committed to eliminating the practice of migrant workers paying recruitment fees to secure their employment. This requirement is noted in the IPS Compliance Guidebook. The Guidebook is a collection of policies and compliance standards that our suppliers are required to follow. The factory is audited against these policies and standards, and any non-compliance requires remediation.

IPS Compliance Guidebook. See section D.8

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No Forced Labor Standards Section

U.S. LAWS ON FORCED LABOR

The U.S. government passed a law in 2016 called the Trade Facilitation and Enforcement Act. As a result, U.S. companies are prohibited from importing goods made with convict, forced or indentured labor. In 2017, the U.S. government passed an additional law called the Countering America's Adversaries Through Sanctions Act. This law recognizes that North Korea has forced many of its citizens to migrate to China or other countries to work in certain factories; the U.S. government views this as forced labor. The law prohibits the importation of goods made wholly or in part by North Korean nationals or citizens working as convict, forced or indentured laborers.

It is critical that our suppliers do not use any kind of forced labor in the production of our goods or use raw materials or components made by or obtained with forced labor. The supplier must be able to demonstrate that L Brands products were not made using forced labor by providing documentation including but not limited to a factory profile, a description of production processes performed, support for raw materials purchases, daily production records, attendance and payroll records, worker contracts and documents to support the factory's hiring process and policies.

B.4 Deposit

- No deposit is held.
- Workers are not required to pay deposits as a provision of their employment.

B.5 Deductions or fines

- All deductions are legally allowed with workers' written agreement.
- *Do not* impose fines on workers.
- *Do not* require workers to pay for tools or other items required for their job.

B.6 Benefits

- All workers are provided benefits in accordance with local law including, but not limited to, Social Insurance, entitled leave and holidays.

SECTION C: MAXIMUM WORKING HOURS

Overtime shall be limited to a level consistent with humane and productive working conditions. Workers shall not be required, on a regular basis, to work in excess of 60 hours (or lower if prescribed by local laws or industry standards) per week; workers shall be provided with at least one day off in seven.

C.1 Overtime hours

- Overtime hours follow local law, and weekly working hours are no more than 60.

C.2 Consecutive days worked

- Workers are provided at least one day off in seven.

C.3 Time card/record

- Time card/record should be complete and accurate, reflecting the factory's actual working hours.
- All hours worked are tracked to ensure correct payment of the legal minimum wage and overtime.

SECTION D: NO FORCED LABOR

Prison, indentured, bonded, involuntary, slave labor or labor obtained through human trafficking shall not be used.

D.1 Freedom of movement

- Workers have freedom of movement at the factory and are not physically confined to the workplace.
- Workers have freedom of movement after work hours and are not confined to the dormitory.

D.2 Freedom of overtime

- Workers are free to refuse overtime without the threat of penalties.
- Mandatory overtime is not allowed.

D.3 Prison labor

- *Do not* allow prison labor.
- *Do not* subcontract work to prison facilities.

D.4 Freedom of employment

- Workers enter into employment voluntarily and freely, without threat.

D.5 Termination of employment

- Workers are free to legally terminate their contracts without penalty; this is supported with complete and accurate records.

D.6 Employment agents

- Registered employment agent contracts with the factory and workers individually, including short-term employments.
- Screening of employment agent is conducted to ensure the agent or agency is legal, evidenced by a business license, company registration or other relevant documentation.
- Complete official documents of employment agent and official contract with agent are maintained.

- The workers' recruiting, contract, payroll and transitioning processes are monitored.
- *Do not* allow employment agents to collect monetary deposits or unreasonable fees from workers.

D.7 Control over personal documents

- Workers have control of and access to their personal documents (i.e. birth certificates, passports, work permits, residence cards and identity cards, etc.).

D.8 Debt bondage and recruitment fees

- *Do not* use irregular, delayed, deferred or non-payment of wages as a means to bind workers to employment.
- *Do not* force workers to work in order to repay an incurred or inherited debt.
- *Do not* charge recruitment fees to workers.

Note: If the factory to be audited employs foreign migrant workers (excluding management and office staff), the supplier must notify IPS. Our policy requires a specialized audit in these cases.

SECTION E: NO CHILD LABOR

All workers shall be at least the local minimum legal working age or the minimum age specified by the ILO standard, whichever is higher.

E.1 Underage worker

- All workers must meet or exceed the minimum working age **prior to** their date of hire.

- *Do not* allow persons below the minimum legal working age to be in production areas for any reason at any time.

E.2 Screening procedure

- A process to verify the age of workers at the time of recruitment is fully implemented and documented.

E.3 Date of hire

- All workers' date-of-hire records are available.

E.4 Date of birth

- Birth records are available for all workers; a copy of each worker's I.D. certificate is maintained.

SECTION F: HEALTH & SAFETY

The work environment shall be safe and healthy.

F.1 Evacuation plan

- Evacuation plans are available in all workers' native language(s), legible, large enough and have clear direction to an exit.

F.2 Fire extinguisher/hydrant

- Fire extinguishers/hydrants are available, visible, unblocked, in correct position and properly maintained.
- Training is given to workers, where required by local law, with complete records.

F.3 Fire alarm system

- Fire alarm system is available, visible, unblocked and properly maintained.

**SUPPLIERS MUST INFORM IPS IF L BRANDS GOODS WILL BE
PRODUCED IN FACTORIES THAT USE FOREIGN MIGRANT WORKERS
SO THE REQUIRED SPECIALIZED AUDIT CAN BE CONDUCTED.**

Indicator 4.1 Recruitment Approach

Element 1: The company has a policy that requires direct employment in its supply chains.

LB Response: We are committed to eliminating the practice of migrant workers paying recruitment fees to secure their employment. L Brands follows the **Dhaka Principles for Migration with Dignity** to enhance respect for the rights of migrant workers. We continue to promote direct hiring and require due diligence of third-party recruitment agencies where direct hiring is not possible. If a factory must use a recruitment agency, they must disclose the name of the agency to our auditors. All relevant rights listed below must be given to all workers recruited through the agency: We reserve the right to audit recruitment agencies, if necessary.

- No worker should pay for their job or right to work and no recruitment fees or related costs should be charged to, or otherwise borne by, workers. The supplier must also cover the costs of the migrant workers' return home.
- Workers must retain control of their personal and travel documents such as passports and employment contracts.
- All workers must have freedom of movement.
- Recruitment should take place in a way that respects and protects human rights.
- Workers must be hired through ethically compliant recruitment agencies and must have a formal policy and due-diligence process in place for vetting recruitment agencies they use.
- The terms and conditions of employment should be through written contracts and should be clear, transparent, and in a language that the worker can understand.
- Workers should have access to grievance mechanisms.
- Workers should have access to information regarding their rights.
- Workers should have healthy and safe living and working conditions.

This has been updated on our website: [WORKER RECRUITMENT](#)

Indicator 4.2 Recruitment Fees

Element 1: The company requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle").

LB Response: We are committed to eliminating the practice of migrant workers paying recruitment fees to secure their employment. L Brands follows the **Dhaka Principles for Migration with Dignity** to enhance respect for the rights of migrant workers. We continue to promote direct hiring and require due diligence of third-party recruitment agencies where direct hiring is not possible. If a factory must use a recruitment agency, they must disclose the name of the agency to our auditors. All relevant rights listed below must be given to all workers recruited through the agency: We reserve the right to audit recruitment agencies, if necessary.

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- Workers should have healthy and safe living and working conditions.

This has been updated on our website: [WORKER RECRUITMENT](#)

Element 2: The company takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

LB Response: L Brands maintains policies and procedures for associates and suppliers that govern the consequences of noncompliance with L Brands' sourcing and labor standards. To protect the rights of migrant workers, we have implemented a strict policy to closely monitor any production location hiring migrant workers. We are committed to eliminating the practice of migrant workers paying recruitment fees to secure their employment. In these factories, audits are conducted to ensure no recruitment fees are charged to workers. If we find a supplier or factory is not in compliance with our Supplier Code of Conduct or supply chain standards, we will partner with them to bring their employment practices into compliance. L Brands has a robust remediation system where a corrective action plan (CAP) is automatically created for all non-compliance findings, and suppliers are automatically notified when they need to complete a CAP. It is the supplier's responsibility to submit all CAPs within 30 days. All corrective actions are expected to be completed within 90 days of receiving notification. All corrective action correspondence and support evidence is thoroughly documented in our system.

In 2019, IPS coordinated 15 unannounced foreign migrant workers risk assessments across Jordan, Korea, Malaysia, Taiwan and Thailand. Workers in all 15 facilities were in possession of their identity document, had freedom of movement and did not pay for their employment, consistent with L Brands' Employer Pays Principle. Workers were interviewed to ensure they accepted employment freely, were not indebted to the factory, agent or any person and that the employment terms they accepted were being carried out by the factory. Consistent with L Brands' detailed risk analysis of new factories, we will only engage with factories that are fully meeting our compliance standards and policies or are willing to immediately remediate to our standards prior to an order being placed.

Element 1&2: It does not disclose a formal policy requiring that any fees paid must be repaid to workers.

LB Response: We are committed to eliminating the practice of migrant workers paying recruitment fees to secure their employment. L Brands follows the **Dhaka Principles for Migration with Dignity** to enhance respect for the rights of migrant workers. We continue to promote direct hiring and require due diligence of third-party recruitment agencies where direct hiring is not possible. If a factory must use a recruitment agency, they must disclose the name of the agency to our auditors. All relevant rights listed below must be given to all workers recruited through the agency: We reserve the right to audit recruitment agencies, if necessary.

- No worker should pay for their job or right to work and no recruitment fees or related costs should be charged to, or otherwise borne by, workers. The supplier must also cover the costs of the migrant workers' return home.
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This has been updated on our website: [WORKER RECRUITMENT](#)

Indicator 4.4 Rights of Workers in Vulnerable Conditions

Element 1, 2 & 3: The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;
- (2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and
- (3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

LB Response: See response in section 3.3., section D.1 of the labor standards section of our IPS Compliance Guidebook (Guidebook) above.

Element 3: The company discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

LB Response: L Brands has a strict policy against the use of forced labor of any kind and will only work with suppliers that share our commitment to ethical and responsible business practices. We require all of our suppliers to certify that they have received, read and understand our no forced labor policy, including the prohibition on the use of cotton from the Xinjiang Uyghur Autonomous Region (XUAR), and any other form of forced labor, and we conduct regular re-certification processes. In 2019, we took immediate action to evaluate our factory database which confirmed that no production of our finished goods occurs in the XUAR. Through this certification process, we learned that we obtained a de minimis amount of cotton yarn from one supplier who has ties to the XUAR. Out of an abundance of caution, we ended our relationship with that supplier in early 2020. We utilized a platform called Sourcemap to map tier 1, 2 and 3 of our core supply chain. Through this mapping process, we did not identify any sub-suppliers in the XUAR region, linked to the XUAR region or related to Xinjiang Production & Constructions Corps (XPCC).

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Indicator 5.1 Worker Engagement

Element 2: The company takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education.

LB Response: We require all factories to communicate the Code of Conduct to their workers and ensure the training is documented. This requirement is noted in the IPS Compliance Guidebook (Guidebook). The Guidebook is a collection of policies and compliance standards our suppliers are required to follow. The factory is audited against these policies and standards, and any non-compliance requires remediation.

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Labor Standards Section on Requirement to Communicate Supplier Code of Conduct.

See Section A.2 below.

3 LABOR STANDARDS AND WORKPLACE CONDITIONS

3.1 OVERVIEW

As part of our corporate culture and values, L Brands strongly believes the quality of our merchandise begins with the treatment of the people who create our products. We are committed to following a Code of Conduct that specifies basic minimum policies, procedures and working conditions while leveraging industry best practices. We align ourselves only with suppliers that share this commitment.

3.2 PROGRAM STANDARDS

This section lists the compliance expectations for the Labor Standards program. Factories must meet each of the standards listed to receive the maximum score in an audit. If a factory meets some or none of the criteria, they will receive a partial score or a zero for the question.

The compliance expectations set forth in this section are derived from the L Brands Supplier Code of Conduct. The Code of Conduct represents our policy of working with suppliers and factories who share our commitment to ethical and responsible business practices. A copy of the Code of Conduct is included in Appendix A for reference.

SECTION A: COMPLIANCE WITH THE LAW

Suppliers must be in compliance with all laws, rules and regulations.

A.1 Code of Conduct poster

- A current L Brands Code of Conduct poster must be prominently posted in all workers' native language(s) and visible to all factory workers.
- L Brands Code of Conduct posters must be requested from IPS by completing a poster request form or through the factory set-up form for new factories in RizePoint.

A.2 Communication to workers

- The factory communicates the following information to all workers in their native language(s):
 - a. Updated labor law, factory regulations and relevant updates
 - b. L Brands Code of Conduct
 - c. Wage calculation and benefits
- Communication to workers must be documented, and records are maintained as evidence that communication has taken place on each topic.

SECTION B: MINIMUM WAGES AND BENEFITS

Payment to workers must be at least the minimum wage prescribed by local law or the prevailing local industry wage, whichever is higher, and provisions to workers of benefits that conform to the better of applicable local law or prevailing local industry standards; and payment to workers of overtime compensation in compliance with all applicable laws.

B.1 Basic pay

- All workers are paid legal minimum wages or higher.
- If an employee is paid by piece rate wage instead of hourly rate, the employee must receive a wage equal to or above the legal minimum wage.
- Trainees receive all legally mandated wages and benefits.
- All base pay records are complete, accurate and available upon request.

B.2 Overtime pay

- Overtime pay follows local law.
- Overtime wages are paid for all time legally defined to be over regular working hours.
- All overtime payment records are complete, accurate and available upon request.

B.3 Pay date

- Pay date follows local law.
- Payment records clearly indicate the date workers are paid.

Element 3 & 4: The company (3) provides evidence of the positive impact of worker engagement in its supply chains; and (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts. chain contexts.

LB Response:

[Pacific Links](#)

[HERhealth](#)

Indicator 6.2 Monitoring Disclosure

Element 4: The company discloses information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

LB Response: Our third-party audit firms have developed, and continue to develop, standard operating procedures for auditors that provide explanations for additional processes, including (but not limited to) how to handle certain situations or extenuating circumstances that may occur during an audit. Assessors must review and become familiar with all SOPs and are responsible for staying aware of any updates. Auditors are trained on labor standards and ILO forced labor indicators when they start working. They also receive video training focused on forced labor and foreign migrant workers with an online assessment test. Local offices hold regular meetings and trainings on labor standards and ILO forced labor indicators. All auditors are registered with APSCA (Association of Professional Social Compliance Auditors) which is an industry association whose members represent a substantial majority of the social compliance audit industry.

Our internal auditors are trained on labor standards and ILO forced labor indicators when they start working. Updates on labor standards and ILO forced labor indicators are also discussed during regular team meetings.

Indicator 7.2 Remedy Programs / Response to Allegations

Element 1: The company discloses a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking.

LB Response: L Brands' Supplier Code of Conduct, our Ethics Hotline, training and our compliance standards help to prevent modern slavery in our supply chain. However, when complaints and/or reported violations are raised, we take every complaint and reported violation seriously and initiate an investigation. We have different standard operating procedures that are followed depending on the type of incident identified.

For example, when the human rights abuses in the Xinjiang Uyghur Autonomous Region (XUAR) first came to our attention through the October 2019 Congressional-Executive Commission on China hearing, we immediately took action and began mapping our supply chain using the Sourcemap platform and formally mapped Tier 1, Tier 2 and Tier 3 suppliers in our apparel supply chain. With this information, we compared our list of suppliers and sub-suppliers against the list of Xinjiang Production and Construction Corps (XPCC) companies and affiliates and any other known and alleged companies operating in the XUAR or as a "pairing company" to XUAR. Based on this due diligence and to the best of our knowledge, we are not procuring finished goods, cotton fiber, cotton yarn, any inputs, packaging or store furnishing and fixtures from the XUAR. In early 2020, we ended our relationship with one supplier (Zhejiang Huafu Top Dyed Melange Yarn Co Ltd) out of an abundance of caution because they may have had links to XUAR. Previously, we obtained a de minimis amount of cotton yarn from Huafu but had stopped sourcing from them even prior to the 2020 Australian Strategic Policy Institute report being released. We also responded to an invitation to submit evidence to the U.K. Parliament (Business, Energy and Industrial Strategy Committee) which focused on the extent to which businesses based in the UK are making use of the forced labor of Uyghurs in the Xinjiang Uyghur Autonomous Region (XUAR) of China.

We have responded to other NGOs' inquiries about our alleged association with XUAR and have been transparent about our supply chain processes to ensure it is free of forced labor.

Element 2: The company discloses at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

LB Response: In 2020, we identified two cases where forced labor indicators, as identified by the International Labour Organization (ILO), were identified in our supply chain. In both cases, the issue was immediately escalated to IPS and L Brands leadership. An urgent meeting was scheduled with the respective supplier and the factory to immediately stop the practices observed as forced labor indicators.

Example 1: In November 2020, a third-party Labor Standards audit arranged by IPS was conducted at a factory in Thailand. During the audit, it was noted that workers were required to present a gate pass signed and approved by human resources or a supervisor before leaving the facility premises during lunch hours. IPS had call with the supplier, and they committed to immediately stop the practice, revise the procedure and conduct meetings with workers about the policy change.

Example 2: In November 2020, a third-party Labor Standards audit arranged by IPS was conducted at a factory in the Philippines. During the audit, it was noted that the factory had a practice of requiring a signed approval to restrict workers' movement and workers could not refuse overtime. IPS had a call with the supplier, and the supplier advised that the factory had immediately abandoned the practice on the day of the audit and made an announcement to workers about the policy change and that overtime would be on voluntary basis in accordance with ILO standards.

Both facilities provided evidence of the policy changes and unannounced follow-up audits are scheduled for early 2021.

Element 3: The company discloses a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

LB Response: We have formally mapped our apparel supply chain back to tier 3 using the [Sourcemap](#) platform, compared our list of suppliers and sub-suppliers against the list of XPCC companies and affiliates and any other known and alleged companies operating inside XUAR or as a "pairing company" to XUAR. For the minimal amount of sourcing that remains in China, we are closely monitoring the factory recruitment process and where there is use of migrant workers, determining the origin of those workers through worker interviews. Based on this due diligence and to the best of our knowledge, we are not procuring finished goods, cotton fiber, cotton yarn, any inputs, packaging or store furnishing and fixtures from XUAR.

NON-SCORED DISCLOSURE**Target Setting**

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

LB Response: Yes

MODERN SLAVERY TRANSPARENCY STATEMENT: COMMITMENTS FOR IMPROVEMENT

Link: [MODERN SLAVERY TRANSPARENCY STATEMENT](#)

The company reports on progress towards achieving previous targets on an annual basis.

LB Response: Yes

MODERN SLAVERY TRANSPARENCY STATEMENT: COMMITMENTS FOR IMPROVEMENT

Link: [MODERN SLAVERY TRANSPARENCY STATEMENT](#)

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

LB Response: Yes

MODERN SLAVERY TRANSPARENCY STATEMENT

Link: [MODERN SLAVERY TRANSPARENCY STATEMENT](#)

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

LB Response: Yes

MODERN SLAVERY TRANSPARENCY STATEMENT

Link: [MODERN SLAVERY TRANSPARENCY STATEMENT](#)