

L Brands Inc.

TICKER
 NYS:LB

MARKET CAPITALIZATION
 US\$7 billion

HEADQUARTERS
 United States

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

TARGETS

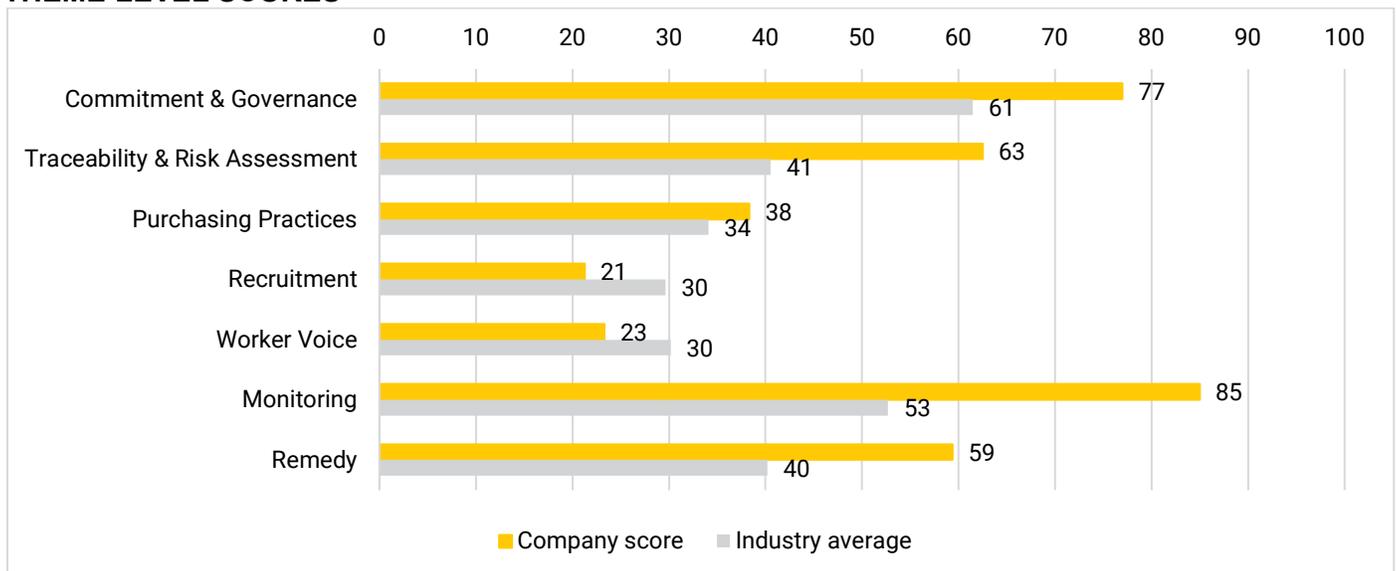
Yes

OVERALL RANKING
12 out of 37

(2018 Rank: 14 out of 43)

OVERALL SCORE
52 out of 100
SUMMARY

L Brands Inc. (L Brands), the parent company of Victoria's Secret, the largest lingerie brand in the US,¹ ranks 12th out of 37 companies and discloses more information on its forced labor policies and practices than its peers on all themes except Recruitment and Worker Voice. It maintained its 2018 score despite a strengthened methodology that makes it harder to achieve the same score. This is because it began disclosing a data point on its suppliers' workforce, carrying out migrant worker risk assessments and policies, outcomes of its supplier selection process, and examples of remedy outcomes for workers. The company discloses having taken limited steps to address the risks of alleged Uyghur forced labor. It states that it confirmed that none of its goods were produced in Xinjiang, and it ended a relationship with a cotton yarn supplier with ties to the region. It states that it mapped the first to third tiers of its "core supply chain" and that it did not identify sub-tier suppliers in or linked to the region. However, it does not disclose how it is addressing the alleged risks at the raw material level across commodities. L Brands has an opportunity to improve on the themes of Purchasing Practices, Recruitment, and Worker Voice.

THEME-LEVEL SCORES


KEY DATA POINTS
SUPPLIER LIST

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton and silk

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

Yes (Limited)

HIGH-RISK SOURCING COUNTRIES

China, India, Malaysia, and others

LEADING PRACTICES

None.

NOTABLE FINDINGS

Commitment & Governance: L Brands discloses internal responsibility for its sourcing and purchasing practices and the approval of its policies. It states that it has provided internal training on preventing forced labor in its supply chains and training for its first- to third-tier suppliers on forced labor risks and policies. It further discloses engaging on the topic of forced labor with the Factory Awareness to Counter Trafficking program, the Commercial Operations Advisory Committee (COAC), the Forced Labor Working Group, and the Mekong Club.

Traceability & Risk Assessment: L Brands discloses a list of its first-tier suppliers, including the factory names, addresses, and size range of the workforce, and a limited list of sourcing countries of its below-first-tier suppliers. The company reports that it has mapped its “core supply chain” from the first to the third tier. It also states that it carries out focused risk assessments on particular commodities, regions, or groups, such as migrant workers, and discloses a recent risk assessment for migrant workers in Jordan, Korea, Malaysia, Taiwan, and Thailand. The company also identifies risks associated with cotton sourcing.

Corrective Action Plans: The company discloses an example of its corrective action process in practice. It states that two suppliers located in China have been engaged in a 12-month project with L Brands and a third-party labor standards consultant to ensure their respective factories are appropriately managing their working hours, paying overtime wages to workers, and operating more transparently. It states that the consultants have made monthly visits to the factories to check progress and provide advice and training as needed—and that both suppliers have implemented appropriate overtime wage payments and are now able to correctly record working hours.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: L Brands may consider disclosing details (including quantitative data points) of its responsible purchasing practices, including planning and forecasting and prompt payment. It may also consider providing procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices. While the company discloses that it prohibits cotton sourcing from certain locations, it may consider taking steps to address forced labor risks across its raw material sourcing.

Recruitment: To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, L Brands may consider taking steps to ensure that recruitment fees are reimbursed to

workers and/or provide evidence of payment of recruitment-related fees by suppliers. It is encouraged to ensure that migrant workers understand both the terms and conditions of their recruitment and employment and their rights and to offer evidence that the steps taken to ensure that the rights of workers in vulnerable conditions are respected result in positive outcomes.

Worker Voice: To support collective worker empowerment, L Brands is encouraged 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. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

ENGAGED WITH KNOWTHECHAIN³

Yes ([Provided Additional Disclosure](#)).

¹ Business Insider (21 May 2020), "[The rise and fall of Victoria's Secret, America's biggest lingerie retailer.](#)"

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).