

# L Brands Inc.

**TICKER:**  
NYSE:LB

**MARKET CAPITALIZATION:**  
US\$ 25 billion

**HEADQUARTERS:**  
United States

**11 OUT OF 20**  
Company's Overall Ranking

**46 OUT OF 100**  
Company's Overall Score

L Brands Inc. (L Brands) ranks 11<sup>th</sup> in the benchmark, with an average score of 46 out of 100. The company's score is driven by its disclosure on the themes of commitment and governance and monitoring. Notably, the company reserves the right to audit recruitment agencies in its supply chain, a process only three of the 20 benchmarked companies have in place. L Brands has the opportunity to improve its policies and practices on the themes of traceability and risk assessment, recruitment, and worker voice.

## THEME LEVEL SCORE

Commitment and Governance	85 out of 100
Traceability and Risk Assessment	0 out of 100
Purchasing Practices	63 out of 100
Recruitment	25 out of 100
Worker Voice	6 out of 100
Monitoring	90 out of 100
Remedy	50 out of 100

## LEADING PRACTICES

None.

## NOTABLE FINDINGS

### Training

L Brands discloses that it trains employees and management on human trafficking and slavery. The company conducts online training for all employees responsible for supply chain management to further educate them on human trafficking and forced labor, on how to mitigate risks, and on how to report any potential concerns of human trafficking or forced labor in L Brands' supply chain.

In addition, the company organizes an annual awareness and training session on its compliance standards for its suppliers. The training is conducted in multiple countries around the world and covers steps to mitigate human trafficking and forced labor risks. Further, the company conducts one-on-one trainings in conjunction with compliance reviews and corrective action plans to train factories on how to prevent human trafficking and forced labor.



### **Purchasing practices and supplier selection**

L Brands discloses that it avoids purchasing practices that increase the risk of human trafficking and forced labor in its supply chain. L Brands discloses that it typically has a "narrow and stable [group of suppliers] with whom it has 10 to 30 year partnerships."

The company states that it conducts assessments of potential suppliers to determine if they are compliant with its code of conduct. The code prohibits unauthorized subcontracting. If subcontracting does occur, approved subcontractors must comply with the company's code. If a supplier passes the assessment, the supplier has to sign a sourcing agreement certifying strict adherence to L Brands' supplier code of conduct.

### **Audit process and outcome**

To ensure compliance with its codes, L Brands tasks third-party auditors to audit its suppliers at least once a year. In addition to company visits and worker interviews, audits include a review of documentation such as payroll records, timecards, worker contracts, age verification documents, etc. L Brands frequently conducts reviews of factories located in countries designated as high risk by the U.S State Department's Trafficking in Persons Report or identified through the company's annual risk assessment process. The company also monitors whether its code is efficiently communicated to suppliers' workers and whether suppliers have effective grievance mechanisms in place.

The company discloses that approximately 95% of its suppliers were audited annually, out of which approximately 10% were audited through unannounced audits. The company states that it works with its audit partner, Independent Production Services (IPS), to enable better working conditions in its supply chain through monitoring, remediation, capacity building, and training.

## **OPPORTUNITIES FOR IMPROVEMENT**

### **Traceability and risk assessment**

In order to reduce human trafficking and forced labor risks in its supply chain, L Brands is encouraged to develop and disclose a process to trace its supply chain and publicly disclose the names and locations of its first-tier suppliers and some information on suppliers beyond its first tier (e.g., name, location, source country). Further, the company may consider developing and disclosing a process through which it assesses forced labor risks associated with specific commodities, regions, and/or groups and disclose the risks identified.

### **Recruitment**

Currently L Brands prohibits recruitment agencies from holding workers' identification documents and suppliers must enter into direct contractual relationship with workers; however L Brands may consider encouraging direct recruitment to further reduce the risk of forced labor. In addition, the company is encouraged to develop and disclose a policy that requires recruitment agencies in its supply chain to uphold workers' rights and to require suppliers to disclose to them the recruiters that they use.

Further L Brands may consider requiring that no fees be charged during any recruitment processes conducted throughout its supply chain, and, in the event that it discovers that fees have been paid, ensure that such fees are reimbursed.

While L Brands reserves the right to audit recruitment agencies in its supply chain, it is encouraged to disclose evidence of undertaking such audits.

### **Worker voice**

While L Brands requires its suppliers to post its code of conduct in each factory in a manner that is visible to all workers and in the workers' native languages, the company is encouraged to directly communicate the code to workers (e.g., through training). The company is further encouraged to



engage with workers outside of the context of the factories in which they work, either directly or in partnership with stakeholders. Where there are regulatory constraints on freedom of association, the company may consider encouraging suppliers to ensure workplace environments in which workers are able to pursue alternative forms of organizing.

While the company discloses that it requires suppliers to implement efficient grievance mechanisms and to require the same from their own suppliers, L Brands may consider formalizing this requirement in a policy, such as its code of conduct for suppliers. Further, L Brands is encouraged to put in place its own grievance mechanisms, to demonstrate such a mechanism is made accessible and proactively communicated to suppliers' workers, and to ensure suppliers' workers trust the mechanism.

## COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)