



Company Engagement Questions:
KnowTheChain Apparel & Footwear benchmark

Name of company: L Brands Inc.

Name of respondent:

Position of respondent:

Respondent's contact information (email):communications@lb.com

Note: For companies with vertically integrated supply chains, any reference to 'suppliers' in the following questions includes manufacturing and production sites owned by the company.

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

Note: You may be aware that the [Corporate Human Rights Benchmark \(CHRB\)](#) is analyzing companies' broader human rights policies and performance. Where the KnowTheChain benchmark indicators are related to [indicators of the CHRB](#), this is indicated under each engagement question.

We welcome that some companies have disclosed information on their human rights policies and practices for the [Corporate Human Rights Benchmark \(CHRB\)](#). Where companies have disclosed information on specific CHRB indicators, as well as any links available from the company website, these will be considered in the KnowTheChain analysis. Third party information and links to third parties websites will not be considered.

Code of Conduct

<https://www.lb.com/responsibility/supply-chain/code-of-conduct-for-suppliers>

California Transparency in Supply Chains Act (SB657) Disclosure

<https://www.lb.com/responsibility/supply-chain/california-transparency-act>

Supply Chain Webpage

<https://www.lb.com/responsibility/supply-chain/overview>

Conflict Minerals Reports

2015: <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=94854&fid=14421510>

2014: <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=94854&fid=10155065>

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Related to indicator A.1.2 of the CHRB

Yes. As part of our corporate culture and values, we strongly believe the quality of our merchandise begins with the treatment of the people who create our products. L Brands only partners with suppliers that share our values and our commitment to ethical and responsible business practices. To ensure that our expectations are clear, our standards are specifically outlined in our L Brands Supplier Code of Conduct. In our Supplier Code of Conduct [link], we have a “No Forced Labor” provision specifically stating “prison, indentured, bonded, involuntary, slave labor or labor obtained through human trafficking shall not be used”. In addition, we have publicly noted the steps we are taking to eradicate slavery and human trafficking from our supply chain through our California Transparency in Supply Chains Act (SB657) disclosure [link to disclosure].

A Compliance Guidebook is given to all suppliers and their factories to provide additional details about our compliance standards and requirements (including those around labor).

Supply chain standards

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

Related to indicator A.1.2 of the CHRB

Yes. L Brands has supply chain standards that require suppliers to uphold workers' fundamental rights and freedoms including avoidance of forced labor. These standards are outlined in our L Brands Supplier Code of Conduct [link]. In addition, these standards and all relevant laws, regulations and conventions in all countries in which the supplier and factory operate must be met and must be communicated to all workers and posted prominently in the workplace in English and the native languages of all factory employees who work with our product as outlined in our IPS Compliance Guidebook which is provided to all suppliers and factories.

The Code of Conduct is reviewed periodically by our Sourcing Risk Committee. The Sourcing Risk Committee is comprised of senior executives from IPS, Mast Global (sourcing, logistics, quality assurance), procurement, legal and company affairs that meets at least quarterly to discuss core business, sourcing and purchasing practices and assess current risks, including geopolitical, social compliance and associated supply risks. The Sourcing Risk Committee operates under the guidance and oversight of the Audit Committee of the Board of Directors. The Sourcing Risk Committee reports to the Audit Committee on a regular basis, and the Audit Committee reports periodically on these issues to the full Board of Directors.

The Guidebook is reviewed annually by Independent Production Services (IPS) and all updates are communicated to each supplier during our annual awareness and training sessions in multiple countries around the world and through webinars. IPS is a function within L Brands that works with suppliers to ensure goods are sourced from factories that meet or exceed L Brands' compliance standards.

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe the scope of their responsibility and how they interact with other internal teams, groups or departments

Related to indicator B.1.1 of the CHRB

Mast Global, which reports to the company's chief operating officer, is the operations function of L Brands responsible for sourcing and production. The Sourcing and Production function within Mast Global is responsible for educating all new suppliers and conveying all company standards to them, including labor and workplace conditions standards. New suppliers are provided the IPS Compliance Guidebook outlining our Compliance policies, programs and expectations.

IPS is an independent function within L Brands that works with suppliers and Mast Global to ensure goods are sourced from factories that meet or exceed L Brands' compliance standards. IPS and Mast Global are in constant contact to discuss compliance standards, education and performance of suppliers and factories, as well as remediation plans when necessary.

IPS is part of the Global Trade Compliance team that reports directly into General Counsel. IPS leadership makes the final decision to stop doing business with a factory if one is unable or unwilling to comply with our compliance standards,

L Brands has a Sourcing Risk Committee comprised of senior executives from IPS, Mast Global (sourcing, logistics, quality assurance), procurement, legal and company affairs that meets at least quarterly to discuss core business, sourcing and purchasing practices and assess current risks, including geopolitical, social compliance and associated supply risks. The Sourcing Risk Committee operates under the guidance and oversight of the Audit Committee of the Board of Directors. The Sourcing Risk Committee reports to the Audit Committee on a regular basis, and the Audit Committee reports periodically on these issues to the full Board of Directors.

Training

5. Does your company conduct training programs for internal decision-makers and suppliers' management teams on risks, policies and standards related to human trafficking and forced labor (this may include training on elements such as passport retention, payment of wages, and vulnerable groups such as migrant workers)? Please describe.

Related to indicator B.1.5 (internal training) and B.1.7 (training of suppliers) of the CHRB

Yes. As L Brands continues to foster strategic relationships with suppliers, it maintains its commitment to supplier education. For suppliers, factory management and L Brands associates

who have direct responsibility for supply chain management, the company hosts annual awareness and training sessions on all compliance standards in multiple countries around the world. The training includes human trafficking and forced labor awareness as well as steps to take to mitigate the risk within the supply chain of our products.

In addition, we use one-on-one training in conjunction with compliance reviews and corrective action plans to continuously educate our factories on the prevention of human trafficking and forced labor, and to reinforce our Code of Conduct which explicitly states “prison, indentured, bonded, involuntary, slave labor or labor obtained through human trafficking shall not be used.” L Brands conducts online training to all associates responsible for supply chain management to further educate them on human trafficking and forced labor, how to mitigate risks and how to report any potential concerns of human trafficking or forced labor in L Brands supply chain.

Stakeholder engagement

6. In the last three years, has your company engaged on human trafficking and forced labor, especially as it relates to the supply chain a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives? Please describe with whom your company has engaged, the purpose of the engagement and how it relates to forced labor and human trafficking in the supply chain, and your company's role and level of engagement.

Related to indicator A.1.4 of the CHRB

Yes. As part of our commitment to be a source of good in the communities in which we live and work, L Brands has helped fund Pacific Links Foundation (PALS) – an NGO with more than 10 years of experience in human trafficking prevention. With our support, PALS conducts a series of workshops called Factory Awareness to Counter Trafficking (FACT) to educate factory managers and workers in Vietnam on the prevention of human trafficking and how to better comply with the labor laws. Since 2013, FACT has trained more than 9,000 workers and managers.

Given the risk that traffickers may attempt to lure workers away from factories and industrial zones with the false promise of better jobs, FACT seeks to do the following to help factories protect their workers and prevent trafficking:

1. Raise awareness and increase access to information about safe migration and safe labor migration to decrease trafficking risks among factory workers.
2. Raise awareness about trafficking among employers and managers in an industrial production setting.
3. Institute standards in labor recruiting and retention to reduce trafficking risks within the operations of participating companies.

PALS provides curriculum content and assembles local professional trainers with experience in group facilitation, leadership development and trafficking prevention. They also work with employers to create best practices in labor recruiting and retention to reduce trafficking risks. Once the factory completes the curriculum and reaches a minimum of 80% of workers and managers trained, it will be designated as “FACT-certified,” or actively educating its workforce to eliminate trafficking from the supply chain.

An Giang/Dong Thap Alliance for the Prevention of Trafficking (ADAPT) (another project of PALS) was established in an effort to prevent the sex trafficking of young Vietnamese girls and women by enhancing their education and by expanding and improving their vocational choices through a web of support services.

L Brands/Mast Global established a partnership with PALS and the ADAPT project in 2007. Since then we have financially supported nearly one-third of ADAPT's scholarship recipients.

The program is offered to the most vulnerable girls along the Vietnam-Cambodia border, including:

- Those from single-parent families
- Those from families with a member suffering from a long-term, serious illness
- Girls who are the first born in their family and who are in the high-risk age bracket of 12 to 19

The ADAPT scholarship program offers a rare chance for these girls to pursue an education that is a unique collaboration with school staff, local authorities and agencies. Through the program, tuition; uniforms; books and supplies; and after-school tutoring are provided to these young girls at no cost. Other components of the program include:

- Providing bicycles for getting to and from school — something that may ordinarily sound simple except public transportation is non-existent in these regions and therefore, a bicycle can mean the difference between getting an education or not.
- “Family Day” gatherings for the girls and their parents or guardians, teachers and other community members to learn about good parenting skills and the risks of human trafficking. In addition, these “Family Days” are an opportunity to individually check in with each scholarship recipient and her family, offering continued encouragement to the girls and an opportunity to reiterate to her parents the value of investing in their daughter's future.
- A four-week English language program is offered to scholarship recipients. Vietnamese-American volunteers teach the course. Transportation costs and other materials are covered by the program.

By providing these young girls in Vietnam with education, awareness and most importantly, empowerment, the goal is to guide them away from a life of danger and humiliation and instead, give them an opportunity, a sense of security and a renewed sense of self-confidence.

In addition, we have been actively engaged in the development and best practices that enhance the capacity of governments to improve compliance. We collaborate with our suppliers to comply with the L Brands Supplier Code of Conduct.

Additionally, we seek active and constructive engagement and cooperation with labor groups and NGOs focused on solving problems that may arise at our suppliers' facilities. Through these efforts, we strive to develop effective and sustainable models for addressing challenges throughout our supply chain.

L Brands engages with a broad range of NGOs, labor unions, academics and other stakeholders to obtain perspectives and information necessary to manage risk in the countries from which we source. This program includes regular in-person and telephone consultations, as well as written communication. L Brands engagement also includes participation in various sustainability working groups including the Retail Leaders Industry Association (RILA) and the Business Council for Global Development

(BCGD). We also collaborate with other leading companies, NGOs, labor groups, international organizations and multi-stakeholder initiatives.

Some of these stakeholders help us to manage risk through programs that enhance the rule of law (through training and capacity building) and other collaborative activities.

Traceability and risk assessment

Traceability

7. Please describe your company's supply chain tracing processes. Does your company publicly disclose a) the names and locations of first-tier suppliers, and b) some information on suppliers beyond the first tier? If yes, please provide a URL.

Related to indicator D.2.3 of the CHRB

For competitive reasons, we do not disclose the names of our suppliers publicly. However, we [always verify compliance with forced labor-related requirements in all supplier audits](#).

Risk assessment

8. Please describe your companies' risk assessment processes. Please include specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group (e.g. migrant workers in a specific context), as well as the forced labor risks identified through these risk assessment processes (e.g. high risk commodities or high risk sourcing countries).

For examples of commodities where forced labor risks have been identified - such as cotton from Brazil, silk from Uzbekistan or leather from the Bangladesh - see Verite (2016) – "[Strengthening protections Against Trafficking in Persons in Federal and Corporate Supply Chains Research on Risk in 43 Commodities Worldwide](#)".

Related to indicator B.2.1 of the CHRB

Per our policy, the company may choose to conduct more frequent 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. In order to both commend good behavior and to focus our resources on the least compliant factories, limited exemptions from annual audits may be granted to highly compliant factories based on the previous year's audit results. If factories operate in high risk areas specifically related to forced labor or human trafficking, IPS requires an audit through a third party auditing firm focused specifically on those areas of risks. The focused assessment for forced labor and human trafficking is in alignment with International Labor Organization's (ILO) Handbook on Combating Forced Labor.

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Related to indicator D.2.2 of the CHRB

Yes. L Brands avoids purchasing practices that increase our risk of human trafficking and forced labor in our supply chain. The majority of our core business is sourced through a narrow, stable group of suppliers with whom we have 10-to 30-year partnerships.

L Brands is committed to ensuring that forced labor of any kind is not used in the manufacturing of our products. Because of the reports documenting the systemic use of forced labor (including the worst forms of child labor) in the harvest of cotton in Uzbekistan, we have adopted a policy to avoid sourcing Uzbek cotton for the manufacturing of any of our products until the Government of Uzbekistan ends the practice of child labor in its cotton sector. Until the elimination of this practice 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.

L Brands also avoids and discourages the use of factories utilizing foreign migrant workers, which may be at risk for human trafficking. The company defines foreign migrant workers as workers hired directly or through a third-party, employed by the factory and whose nationality and country of origin are different than the country where the factory is located.

In addition, the Sourcing Risk Committee meets at least quarterly to discuss core business, sourcing and purchasing practices and assess current risks, including geopolitical, social compliance and associated supply risks. Contracting with a new factory in a country where we have not previously done business or that operates in a high-risk area requires a thorough risk assessment and executive management approval.

Supplier selection

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them (this may include aspects such as passport retention and payment of wages)? Please describe.

Related to indicator B.1.7 of the CHRB

Yes. A supplier verification and risk assessment is conducted to prevent involvement with high-risk suppliers.

Once a supplier has passed the risk assessment, the relationship between L Brands and a qualified supplier begins with a written master sourcing agreement wherein the supplier certifies that its factories will strictly adhere to L Brands Supplier Code of Conduct, including those pertaining to slavery and human trafficking.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands (to reduce the risk of undeclared subcontracting)?

The company uses a relatively small number of longer term suppliers which helps regulate a more steady flow of work to our factories.

Unauthorized subcontracting is a violation of L Brands Supplier Code of Conduct. No subcontracting is permitted unless written prior approval has been received and the factory has been audited by IPS.

All factories are subject to a trade compliance audit conducted by IPS annually in which the purpose of the audit is to determine whether unauthorized subcontracting has taken place.

In addition, IPS will conduct an unannounced capacity monitoring audit for factories suspected of subcontracting or who are identified as producing over capacity.

If any unauthorized subcontracting is identified, the factory is put on probation and receives a warning letter with a financial penalty.

Integration into supplier contracts

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Related to indicator B.1.4.b of the CHRB

Yes. Once a supplier has passed the risk assessment, the relationship between L Brands and a qualified supplier begins with a written master sourcing agreement wherein the supplier certifies that its factories will strictly adhere to L Brands Supplier Code of Conduct, including those pertaining to slavery and human trafficking.

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

Related to indicator A.1.2 of the CHRB

L Brands Code of Conduct is required to be posted in each active factory, visible and prominently posted in all workers' native languages. Monitoring is conducted annually to ensure the posters are appropriately posted and communication has been conveyed to the workers regarding the Code of Conduct, labor law and wage pay calculation. Training must also be communicated in the workers' native languages.

In addition, L Brands conducts an annual awareness and training sessions in multiple countries around the world where key training objectives are covered such as Human Trafficking Awareness and Avoiding Trafficked and Forced Labor.

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including a) whether your company requires recruitment agencies in its supply chain to uphold workers' rights (this may include aspects such as written contracts, access to passports, and regular payment of wages), b) whether it has a policy on direct employment (i.e. a policy prohibiting suppliers in its supply chain from using recruitment agencies), and c) whether it requires suppliers to disclose to the company the recruiters that they use.

Related to indicator D.2.5.b of the CHRB

Recruiters are typically not used by the majority of L Brands suppliers. In the rare cases when an agency is used, we require the following process:

a) Verification of the legal status of the recruitment agency, if for foreign workers, verification of the legal status of foreign agency is needed.

- b) Official contractual relationship with documents indicating the roles and responsibilities of the agency
- c) Verification of source of workers
- d) Direct contractual relationship with workers with documentation support
- e) No holding workers passport and ID documents

All related documents should be available for review anytime.

Recruitment fees

15. Please describe your company's approach to recruitment fees in the supply chain, including whether your company requires that no fees be charged to supply chain workers during recruitment processes, and whether and how your company ensures that fees paid by workers are reimbursed.

Related to indicator D.2.5.b of the CHRB

Recruiters are typically not used by the majority of L Brands suppliers because L Brands avoids and discourages the use of factories utilizing foreign migrant workers, which may be at risk for human trafficking. In rare situations where foreign migrant workers are used or risk of recruitment agencies are identified, we engage an independent third party auditor to conduct a more focused audit based on ILOs Handbook on Combating Forced Labor.

16. Does your company audit recruiters used in its supply chain, to assess risks of forced labor and human trafficking, and/or require suppliers to audit their recruiters?

For further information, see Verité – [Fair Hiring Toolkit. Conducting Interviews with Labor Recruiters](#).

Recruiters are typically not used by the majority of L Brands suppliers, therefore L Brands has not conducted audits of recruiters to date. In sourcing scenarios where recruiters are used or where any concerns are identified regarding recruiters, we reserve the right to conduct an audit to ensure the recruiters are not violating L Brands Code of Conduct and will additionally conduct due diligence.

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain, and whether your company makes its policies and standards available in the languages of suppliers' workers (including migrant workers).

Related to indicator B.1.4.b of the CHRB

L Brands Code of Conduct is required to be posted in each active factory, visible and prominently posted in all workers' native languages. Monitoring is conducted annually to ensure the posters are appropriately posted and communication has been conveyed to the workers regarding the Code of Conduct, labor law and wage pay calculation. Training must also be communicated in the workers' native languages.

L Brands also conducts annual supplier training hosts annual awareness and training sessions in multiple countries around the world where key training objectives are covered such as Human Trafficking Awareness and Avoiding Trafficked and Forced Labor.

In addition, L Brands supports Pacific Links Foundation (PALS) – an international NGO with more than 10 years of experience in human trafficking prevention – on a program called Factory Awareness to Counter Trafficking (FACT). See question #10.

Worker voice

18. Please describe how your company engages with workers in its supply chain on labor related issues and rights outside of the context of the factories/farms in which they work? (whether directly or in partnership with stakeholders).

[Example available here](#)

Related to indicator B.1.8 of the CHRB

Through L Brands/Mast Global, established in response to the 2004 Southeast Asian tsunami, our associates around the world have donated thousands of volunteer hours and more than \$3.3 million to international charitable initiatives.

The mission is simply to do good in the international communities where our associates live and work by effectively funding and volunteering for projects that make a difference in the lives of women and children. In doing so, we strive to strengthen and deepen the community partnerships that are so important to our business and our associates. The primary areas of emphasis include organizations that focus on providing practical and compassionate support for the health, welfare and education of women and children. Embedded in this focus is a commitment to inclusion.

Some of our Mast Global charitable efforts include:

1. Purchasing and delivering shelters, mattresses and hygiene kits to families impacted by an earthquake in Indonesia;
2. Renovating a training facility and providing vocational training to students in Indonesia;
3. Building of an emergency shelter for at-risk children in Israel;
4. Providing free medical, dental and optometric care to children and the elderly in Vietnam;
5. Building a library of "talking books" for the blind in Vietnam;
6. Creating programs to provide clean water to communities in Burkina Faso, Indonesia and Sri Lanka;
7. Building homes for orphaned children in Sri Lanka and providing ongoing support for the care of the girls and boys who live in them;
8. Supporting a child development program in India; and
9. Assisting with home improvements for elderly women in Hong Kong.

Mast Cares also supports the ADAPT and FACT programs through Pacific Links.

Worker empowerment

19. Please explain how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing, where there are regulatory constraints on freedom of association.

[For additional information on worker empowerment, see context in “Responding to Challenges of Freedom of Association” chapter of Ethical Trading Initiative’s practical guide on “Freedom of Association in Company Supply Chains”, and related company example on page 35](#)

Related to indicator D.2.6.b of the CHRB

L Brands requires all suppliers to follow our Supplier Code of Conduct [link], which includes Freedom of Association.

Grievance mechanism

20. Please describe your company's grievance mechanism, and clearly indicate whether it is available to workers in the supply chain, and how it is communicated to workers in the supply chain. Please also note whether you require your suppliers to establish a grievance mechanism, and to convey the same expectation to their suppliers.

Related to indicator C.1 and C.5 of the CHRB

L Brands does not have a singular grievance system mandated to all suppliers. However, we do require all suppliers to implement an effective grievance system in each factory that is appropriate for their region. If we find during our annual audits that the grievance mechanism is nonexistent or ineffective, the factory will be required to submit a corrective action plan and is expected to immediately remediate any noncompliance. We expect all suppliers to cascade all compliance requirements down through their supply chain.

Monitoring

Auditing process

21. Please describe your company’s supplier auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents (documents may include wage slips, information on labor recruiters, contracts, etc.)¹, and c) interviews with workers.

For further details on document reviews see Verite – [Fair Hiring Toolkit. Conducting a Review of Documentation](#).

Related to indicator B.1.6 of the CHRB

To ensure compliance with our standards, we have implemented an internal audit process and are committed to providing our suppliers opportunities for learning and development. To identify and evaluate the potential risks of human trafficking, slavery or violations of other local labor standards that may be unique to L Brands and its business, we conduct our own ongoing, internal verification of our product supply chain. The resulting information has helped to ensure that our suppliers are in compliance with L Brands Supplier Code of Conduct [link].

Our list of qualified suppliers is established and maintained in reliance on specific qualification standards and protocols developed by IPS. Independent Production Services (IPS) works with suppliers to ensure goods are sourced from factories that meet or exceed L Brands compliance standards.

About the process:

1. First, a supplier verification and risk assessment is conducted to prevent involvement with high-risk suppliers.
2. Once a supplier has passed the risk assessment, the relationship between L Brands and a qualified supplier begins with a written master sourcing agreement wherein the supplier certifies that its factories and any that it may contract with will strictly adhere to L Brands Supplier Code of Conduct, including those pertaining to slavery and human trafficking. No subcontracting is permitted without prior approval.
3. Each supplier must agree to allow L Brands, or an independent third-party hired by L Brands, to conduct an audit of the supplier's business without prior notice. IPS or a third party auditing firm conducts announced or unannounced audits of each of our approved factories at least annually to ensure compliance by reviewing all documentation such as payroll records, timecards, worker contracts, age verification documents, etc. The third party audits include worker interviews. The company may conduct more frequent 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. In order to both commend good behavior and to focus our resources on the least compliant factories, limited exemptions from annual audits may be granted to highly compliant factories based on the previous year's audit results.

If we find a supplier is not in compliance with the L Brands Supplier Code of Conduct, we will require immediate corrective action. L Brands will not partner with suppliers and factories that are unwilling or unable to work with us to achieve our compliance standards.

Audit disclosure

22. Does your company disclose

- a) the percentage of suppliers audited annually Approximately 95%
- b) the percentage of unannounced audits Approximately 10%
- c) information on who carried out the audits (this may include further information on the expertise of auditors such as relevant certifications, in cases where third-party audits are used, the names of the auditors, and in cases where internal auditors are used, details on department/team/group within which the auditor(s) sits), and

Our audits are conducted by IPS and respected third-party auditors . IPS is a function within L Brands that works with suppliers to ensure goods are sourced from factories that meet or exceed L Brands compliance standards. IPS enables improvement in working conditions, supply chain security, trade compliance and brand protection in our supply chain through monitoring, remediation, capacity building and training.

- d) a summary of findings, including details of any violations revealed?

During fiscal 2015, more than 33,000 audit observations were evaluated across our supplier base through our standard auditing process, which includes a rating protocol where critical questions are weighted higher. Approximately 15 percent of these findings

required corrective action, of which the majority was completed within 90 days. Those factories that did not remediate in a prompt and satisfactory manner were terminated.

Please provide a URL with the relevant information.

Related to indicator B.1.6 of the CHRB

Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans when violations are discovered through an auditing process? Please describe this process and the elements of a corrective action plan.

Related to indicator B.1.6 of the CHRB

Yes. After an audit is completed, suppliers are expected to submit a corrective action plan within 30 days* for any noncompliant findings and fully remediate the issue(s) within 90 days. A dedicated IPS team monitors the process and provides approval/feedback on corrective action plans. Once remediated, IPS may conduct unannounced follow-up audit(s) to ensure all factories have implemented the corrective actions accordingly.

**Please note: Findings of a critical nature such as forced labor or human trafficking require immediate action and all appropriate stakeholders are notified of the finding to collaborate on next steps in getting the supplier on a path to full compliance.*

If corrective actions are not completed within 90 days, IPS will meet with the supplier to discuss the outstanding non-compliances. If the corrective action plans are not resolved within 30 days of the meeting, a warning letter will be issued to the supplier. If the supplier does not remediate the remaining noncompliance within 30 days of receipt of the warning letter, Mast Global will be alerted and the factory will be dropped.

L Brands will not partner with suppliers and factories that are unwilling or unable to work with us to achieve our compliance standards.

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain in cases where violations are discovered, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes.

Related to indicator C.7 of the CHRB

IPS has never identified any cases of human trafficking in our supply chain.

In the few instances in our history where overtime hours did not seem voluntary, the issue was immediately escalated both internally and to the supplier. The supplier was then required to adopt a policy of voluntary overtime where the workers have the freedom to refuse the overtime work without retaliation or penalty. IPS adopted guidance from the International Labor

Organization's Handbook on Combating Forced Labor as the framework of our audit for each factory to ensure there is no form of forced or trafficked labor in the factories producing product on behalf of L Brands.