

MODERN SLAVERY TRANSPARENCY STATEMENT

MODERN SLAVERY TRANSPARENCY STATEMENT FOR THE FISCAL YEAR ENDED JANUARY 31, 2019

This statement is made pursuant to Section 54 of the U.K. Modern Slavery Act and the California Transparency in Supply Chains Act and outlines the efforts L Brands has taken and is continuing to take to ensure that modern slavery is not present in our supply chain.

L Brands has a zero-tolerance policy regarding modern slavery. Modern slavery includes forced, child, prison, indentured, bonded and slave labor as well as labor obtained through human trafficking. We are committed to operating ethically and with integrity and transparency in all our business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within our supply chain.

OUR BUSINESS

More than stores, more than products ... L Brands is a family of brands. Our brands are world-renowned; they are household names. Through Victoria's Secret, PINK and Bath & Body Works, L Brands is an international company that sells lingerie, personal care and beauty products, apparel and accessories. We operate company-owned specialty retail stores in the United States, Canada, the United Kingdom, Ireland and Greater China. Our brands are also sold through our websites and international franchise, license and wholesale partners worldwide.

We are committed to providing superior quality merchandise and services to customers. 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.

Through Mast Global, L Brands' supply chain organization with more than 40 years of production, sourcing and logistics experience, we currently source goods from approximately 430 factories around the world — the vast majority of which are produced in the United States, China, Sri Lanka, Vietnam and India. Suppliers are selected based on their ability and commitment to meet our safety and quality standards as well as follow our strict ethical, labor and environmental standards.

GOVERNANCE AND OVERSIGHT

L Brands is fully committed to ensuring our products are ethically sourced. This commitment starts with our executive leadership team and cascades throughout our organization.

Sourcing Risk Council

L Brands has a Sourcing Risk Council comprised of senior executives from various company divisions and functions including Operations, Legal, Production and Sourcing, Finance, Company Affairs, Government Affairs, External Communications, Global Trade Compliance, Logistics and Technical Services, among others. It meets at least quarterly to discuss core business, sourcing and purchasing practices and assess current geopolitical, social compliance and associated supply risks. The Sourcing Risk Council operates under the guidance and oversight of the Audit Committee of the Board of Directors. The Sourcing Risk Council reports to the Audit Committee on a regular basis, and the Audit Committee reports periodically on these issues to the full Board of Directors.

Independent Production Services

Independent Production Services (IPS) is a function within L Brands Global Trade Compliance that works with suppliers to ensure goods are sourced from factories that meet or exceed L Brands compliance standards. The IPS team has expertise in social compliance and is responsible for recommending modern slavery-related policies and procedures to the Sourcing Risk Council. The IPS team then implements those policies and procedures the Sourcing Risk Council approves.

OUR POLICIES

L Brands has several policies in place which have been approved by the Sourcing Risk Council to ensure that we conduct business in an ethical manner and modern slavery is not present in our supply chain. Our policies are developed in alignment with International Labour Organization (ILO) standards, industry best practices and relevant laws and regulations. These policies address identified risks in our supply chain and include:

1. Supplier Code of Conduct

To ensure that our expectations are clear, our standards are specifically outlined in the L Brands [Supplier Code of Conduct](#). These standards and all relevant laws, regulations and conventions in all countries in which the supplier and factory operate must be adhered to and must be communicated to all workers and posted prominently in the workplace in English and the native languages of factory employees who work with our products. IPS publishes the Supplier Code of Conduct in more than 20 languages and provides it to all in-scope factories.

2. Sourcing Country Policy

L Brands will not source product from any country prohibited or restricted by law as sanctioned by the U.S. Office of Foreign Assets Control. In addition, some countries with potential geo-political or social risks may pose a risk to our supply chain, and, as a result, require pre-approval from L Brands executive leadership with compliance oversight.

Any associate who violates this policy is subject to disciplinary action, including, but not limited to, termination of employment.

3. Foreign Migrant Worker Policy

The L Brands Supplier Code of Conduct clearly states that prison, indentured, bonded, involuntary or slave labor or labor obtained through human trafficking shall not be used. Experts report that foreign migrant workers who travel across country borders to obtain employment are most vulnerable to modern slavery. Therefore, we have established a policy to ensure that we minimize any risk of modern slavery in our supply chain. The policy requires an executive approval process to use a factory that employs foreign migrant workers, contingent on positive results found during a specialized audit developed in accordance with the International Labour Organization's handbook on Combatting Forced Labour. Factories that employ foreign migrant workers are closely monitored to ensure workers are treated in accordance with the law, no worker pays for their job, workers retain control of their travel documents, workers have full freedom of movement and workers are informed of the basic terms of their employment before leaving their home country.

Any associate who contracts a factory that uses foreign migrant workers without executive approval is subject to disciplinary action, including, but not limited to, termination of employment.

4. Uzbek and Turkmen 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 (including the worst forms of child labor) in the harvest of cotton in both Uzbekistan and Turkmenistan, we have adopted a policy that prohibits the sourcing of Uzbek and Turkmen cotton in the manufacturing of any of our products until their respective governments end the practice of forced labor, including child labor, in the cotton sector. 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.

5. Conflict Minerals Policy

L Brands prohibits its suppliers from using conflict minerals which may directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo and its adjoining countries in accordance with the Dodd-Frank Conflict Minerals Provisions. Conflict Minerals Reports filed by L Brands can be viewed as part of our [SEC filings](#).

6. Independent Production Services (IPS) Compliance Guidebook

The IPS Compliance Guidebook is the tool used to communicate policies to our supplier partners that they and their factories are expected and legally obligated to comply with. The IPS Compliance Guidebook lists relevant policies and provides clarification to supplier partners and their factories about the compliance standards and requirements we are committed to as an enterprise and expect our suppliers and their factories to follow. Included in the IPS Compliance Guidebook are the L Brands Supplier Code of Conduct, compliance standards related to modern slavery, our foreign migrant worker policy, our Uzbek and Turkmen cotton policy and our conflict minerals policy, among others.

CONTRACTUAL OBLIGATIONS

L Brands suppliers are required to sign a Master Sourcing Agreement that explicitly states that the supplier and their factories will comply with all applicable laws and L Brands policies, including but not limited to each of the policies listed above.

RISK ASSESSMENT

We recognize that there are elevated risks of modern slavery in certain countries, factories and product categories. Therefore, IPS conducts continuous risk assessments of all suppliers and factories to prevent involvement in high-risk business ventures. We use resources such as the U.S. State Department's Trafficking in Persons report and the U.S. Department of Labor's reports on international child labor and forced labor to determine countries and product categories with heightened risks of human trafficking and forced labor.

L Brands also uses audits to assess risk. All new factories are audited and approved by IPS before they begin L Brands production.

In 2018, IPS began requesting additional information during factory audits to further assess risk and for disclosure to external stakeholders through future modern slavery transparency statements and other public outlets.

DUE DILIGENCE

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

Monitoring

IPS has been supporting global compliance for more than two decades, enabling improvement in labor standards and workplace conditions, supply chain security, trade compliance and brand protection in our supply chain through monitoring, remediation, capacity building and training.

Our list of qualified suppliers is established and maintained in accordance with specific qualification standards and protocols developed by IPS. A list of tier 1 factories approved for apparel and intimate apparel production can be found [here](#).

Once a supplier has passed the risk assessment, the relationship with L Brands 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 our Supplier Code of Conduct, including those provisions pertaining to modern slavery, as well as all related laws and L Brands policies.

Each supplier must agree to allow L Brands, or an independent third party hired by L Brands, to conduct an annual audit of the supplier's business without prior notice. Certain exemptions from annual audits have been granted to factories with a record of consistent and rigorous compliance. We 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 our annual risk assessment process.

These audits may be announced or unannounced and cover all areas of the L Brands Code of Conduct, including our No Forced Labor code, as well as all related laws and L Brands policies. The International Labour Organization's Guiding Principles to Combat Forced Labor were used to develop the applicable L Brands standards.

In 2019, we plan to implement a new Supplier Ownership program. Under this framework, qualified low-risk suppliers will be exempt from routine audits. Instead, they will provide real-time factory operations reports on a periodic basis. IPS will monitor those reports and follow up on any "red flags" that may indicate a compliance opportunity.

A specialized assessment is conducted for factories that employ foreign migrant workers as experts believe those workers are most at risk for modern slavery.

All factories are required to have a grievance mechanism for workers to file questions or complaints without fear of punishment or reprisal. The factory must adequately demonstrate that a system is available and workers' complaints are responded to and recorded.

All audited factories are assigned a risk level, and additional follow-up actions are taken according to the level of risk.

Remediation

When audits are completed, an email notification is sent to the supplier to alert them that the audit report is available and corrective action may be required. Suppliers are required to submit corrective action plans within 30 days. All corrective actions are expected to be completed in 90 days. Corrective action plans must include supporting evidence including photos, policies, supporting documentation to demonstrate implementation of those policies, etc. When serious violations are identified, they are immediately escalated to senior leadership and must be remediated immediately. If a factory does not cooperate with L Brands to make improvements, L Brands has an escalation process in place which includes a warning letter, reduction of business and ultimately loss of business if they do not take appropriate action to remediate to meet our standards.

L Brands sources from a few hundred suppliers and factories. During fiscal 2018, IPS evaluated nearly 21,800 audit line items across our factory base. Approximately 10% of items evaluated resulted in findings that required corrective action. Third-party auditors evaluated approximately 7,900 audit line items, with almost 12% resulting in findings that required corrective action.

ACCOUNTABILITY

L Brands maintains policies and procedures that govern the consequences of noncompliance by associates and suppliers with our sourcing and labor standards. We only source from suppliers who share our values, our commitment to ethical and responsible business practices and adhere to our Supplier Code of Conduct.

As mentioned, we provide the IPS Compliance Guidebook to all suppliers and factories. The Guidebook provides clarification to supplier partners and their factories regarding our compliance standards and requirements, including consequences of noncompliance. If we find any supplier is not in compliance with the Supplier Code of Conduct, we will require corrective action as set forth above.

L Brands will not partner with suppliers or factories that are unwilling or unable to work with us to achieve our compliance standards. L Brands also has an Associate Code of

Conduct and a Guide that outline our standards and expectations and address the consequences of noncompliance.

TRAINING

As L Brands continues to foster strategic relationships with suppliers, we maintain a commitment to supplier education. We have extensive training programs that include annual global group supplier trainings, one-on-one trainings, online trainings and collaborative efforts to mitigate the risk of modern slavery in our supply chain.

For suppliers, factory management and associates who have direct responsibility for supply chain management, we host annual awareness and training sessions on all compliance standards in multiple countries around the world. The training includes modern slavery awareness as well as steps to mitigate that risk within our supply chain. In 2018, approximately 200 tier 1 supplier and factory representatives, 240 tier 2 and 3 supplier representatives and 115 associates attended these trainings.

We also use one-on-one training in conjunction with factory monitoring visits and corrective action plans to continuously educate our suppliers and factories on the prevention of modern slavery and reinforce our Supplier Code of Conduct.

L Brands also conducts online training for all associates responsible for supply chain management to further educate them on how to identify modern slavery, how to mitigate risks and how to immediately report any potential concerns of modern slavery in our supply chain. We updated our associate training in 2018 and will re-launch it in 2019. Additionally, IPS meets with key stakeholders from the Production and Sourcing teams regularly to discuss supply chain risks and supplier and factory compliance as well as to remind them about our policies and standards related to modern slavery.

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 28,000 factory workers and managers in Vietnam since 2013. L Brands continues to support the FACT program annually and directly supported training for more than 1,200 factory workers and managers in 2018.

In addition to the trainings that L Brands and IPS provide and support, the IPS team regularly attends industry events and trainings hosted by organizations such as Worldwide Responsible Accredited Production, Bureau Veritas, Responsible Sourcing Network, Elevate Global Limited, Retail Industry Leaders Association, the American Apparel and Footwear Association and the U.S. Fashion Industry Association to ensure that the team stays updated on new risks and industry best practices.

PARTNERING FOR IMPROVEMENT

About Our Sourcing and Labor: Building Capacity

We have been actively engaged in the development of initiatives and best practices that enhance the capacity of local governments to improve legal compliance and the capacity of our suppliers to comply with our [Supplier Code of Conduct](#). We have undertaken these initiatives in collaboration or consultation with other leading companies, non-governmental organizations, labor groups, international organizations and multi-stakeholder initiatives.

Collaborating with Non-Governmental Organizations

We seek active and constructive engagement and cooperation with labor groups and non-governmental organizations 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 non-governmental organizations, labor unions, academics and other stakeholders to obtain perspectives and information necessary to manage risk in the countries from which we source. L Brands' engagement includes participation with the [Business Council for Global Development](#) (BCGD). BCGD is a coalition of global businesses dedicated to advancing sustainable economic development and the rule of law through capacity building and a rules-based system for global trade and investment.

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

EFFECTIVENESS

L Brands' Supplier Code of Conduct, our Ethics Hotline, training and our compliance standards help to prevent the use of modern slavery in our supply chain. Our Master Sourcing Agreement, IPS Compliance Guidebook, due diligence, monitoring, remediation and training ensure that our suppliers are aware of our policies and have the tools to implement our standards in their processes to minimize the risk of modern slavery. We ask our suppliers to continuously make improvements in their compliance performance and educate their factories and subcontractors further up the supply chain.

L Brands is also committed to making continuous improvements in our own compliance standards. If we find deficiencies or gain new insights, we update our policies accordingly and update our training materials to reflect lessons learned and/or align with industry best practices.

COMMITMENTS FOR IMPROVEMENT

In 2019 and 2020, L Brands plans to take the following actions to improve our efforts to eliminate modern slavery in our supply chain. We caution that any forward-looking statements involve risks and uncertainties and are subject to change.

- L Brands continues to increase our focus on supply chain traceability further upstream to identify and mitigate modern slavery risks. We are currently reviewing partners to assist in formally mapping our supply chain.
- To support environmental, economic and social sustainability of our cotton supply chain, L Brands is partnering with the Better Cotton Initiative (BCI). In 2019, we will introduce some cotton that is fully traceable from the farm to the finished product into our supply chain.
- We updated our online modern slavery awareness training for associates in 2018 and will launch it to associates in 2019. We will also continue to hold in-person trainings for suppliers, factories and L Brands associates.
- We will require suppliers to certify compliance with our Supplier Code of Conduct, specifically highlighting relevant laws and L Brands policies related to modern slavery.
- L Brands will continue working to ensure that factories producing for us do not charge recruitment fees to workers or use debt bondage or irregular, delayed, deferred or non-payment of wages.
- We will continue collaborating with industry peers, non-governmental organizations and trade organizations to address systemic issues at the root of modern slavery.

APPROVAL FOR THIS STATEMENT

This disclosure statement covers the 2018 fiscal year, and the disclosure was approved by the L Brands Board of Directors on Aug. 9, 2019.



Leslie H. Wexner
Chairman & CEO