

L Brands Settles Derivative Suits

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On July 30, 2021, L Brands, the parent company behind Victoria's Secret and Bath & Body Works, [settled](#) a rash of derivatives actions which had alleged "toxic" workplace conditions and "a culture of misogyny" at the company. We previously detailed the allegations [in this space](#) as part of our ongoing review of shareholder attempts to hold companies liable for perceived [diversity failures](#) and [workplace discrimination](#). As we noted, a New York Times [report](#) detailing specific allegations of a former Chief Marketing Officer led to the filing of shareholder actions across the country, including in Ohio, Oregon, and Delaware.

Last week's settlement agreement occurred simultaneously this week with the separation of the two companies. Both entities agreed to separate \$45 million payments to the various plaintiffs, as well as five-year workplace and corporate culture reforms. Notably, those reforms include maintenance of a diversity council and an adjustment of corporate value statements to explicitly include diversity and equity.

The combined \$90 million sum and the now separate companies' corporate reforms suggest that the recent movement to assert shareholder derivative actions related to workplace conditions has gained at least some traction. It remains to be seen, however, whether the egregiousness of the facts in the L Brands case will cause it to be an outlier amongst the crowd of companies facing similar actions. Check back here for continued coverage.

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