

## **Bath & Body Works Climate Change Risks and Opportunities Summary**

### **Scope and Basis of Disclosure**

This document summarizes the climate-related risks and opportunities identified by Bath & Body Works (the Company) through our most recent work with a third party to define the future climate-related risks and opportunities most relevant to our company. Our methodology included physical risk screening, stakeholder engagement and scenario analysis in alignment with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). Physical risks were assessed across a "Business as Usual" scenario (SSP3-7.0) and a lower warming or "Sustainable" (SSP1- 2.6) scenario. Transition risks were assessed against the IEA Stated Policy (STEPS) and Net Zero (NZE) scenarios.

The time horizons we apply for our climate risk assessment reflect our strategic and financial planning:

- Short term: 0-3 years
- Medium-term 4-6 years
- Long-term 7 years and beyond

The disclosures found in this document focus exclusively on climate-related physical and transition risks and opportunities and are intended to supplement our Sustainability & Impact Report.

Assessments related to water, forests, plastics and other environmental topics were not identified as having a substantive effect on the Company at the time of reporting. Evaluations in these areas are ongoing and may be reflected in future disclosures as assessment processes continue to mature.

### **Relationship to the Sustainability & Impact Report and Annual Report**

This document should be read in conjunction with our Sustainability & Impact Report. Governance structures, enterprise risk management processes, emissions metrics and climate-related targets are described in our Sustainability & Impact Report and are not repeated here.

This standalone document is intended to provide a focused summary of climate-related risks and opportunities, including associated financial impacts and management responses, and to support alignment with the Task Force on Climate-related Financial Disclosures

(TCFD). Thus, the risks described in this summary are a voluntary disclosure to illustrate specific sustainability-related risks. For a list of the Company’s risk factors as determined in accordance with US securities laws, refer to the latest Annual Report on Form 10-K.

### Summary of Identified Climate Risks

Risk Type	Description	Value Chain Stage	Likelihood / Magnitude	Time Horizon	Max. Est. Exposure (\$M)
<b>Acute physical</b>					
Wildfires	Wildfires can disrupt business operations significantly, affecting dozens of stores, distribution and fulfillment centers or more simultaneously, depending on the severity and location of the event. While direct wildfire damage is rare due to most stores being in urbanized areas or protected mall environments, the smoke and ash from nearby fires can infiltrate stores, damaging sensitive products and creating an unappealing environment for customers. Air quality issues could also force store closures, even if the fire itself is not directly threatening the premises.	Direct operations	Likely / Low	Short-Long term	Up to 6
Hurricanes and severe storms	Hurricanes can disrupt business operations significantly, affecting dozens of stores, distribution and fulfillment centers or more simultaneously, depending on the severity and location of the event. Hurricanes can result in severe water damage due to flooding, as well as high winds that can damage storefronts and interior displays. In addition to physical damage to products and store infrastructure, hurricanes often force store closures that can last for several days, as communities recover from the storm’s impact. Products like soaps and candles are particularly sensitive to water and humidity, which can render large quantities of stock unsellable if the store suffers flooding or roof damage.	Direct operations	Very likely / Low	Short-Long term	Up to 6
Weather events affecting supply locations	Weather events at critical transportation or raw material supply locations could cause disruption to the Company’s supply chain, through product losses, business interruption and logistic delays.	Upstream	Unlikely / Medium-low	Short / Medium / Long-term	N/A
<b>Chronic physical</b>					
Changing temperature and extreme heat	Facilities are expected to face an increase in energy consumption and cumulative operational costs in response to the near-universal rise in extreme heat. As extreme heat conditions become more common, the Company may need to use more	Direct operations	Likely / Low	Medium-Long term	N/A

	electricity in stores to operate air conditioning, resulting in increases in electricity costs and air conditioning maintenance/repair/replacement costs. Additionally, in certain years, the Company has had an increase in the number of store closures due to HVAC issues.				
<b>Policy/Transition</b>					
Carbon pricing mechanisms	Carbon price mechanisms are expected to be an increasingly important regulatory tool for countries to meet their Paris Agreement targets. This risk quantifies the impact should carbon prices be put in place, assuming carbon prices are applied to the Company's Scope 1 and Scope 2 emissions.	Direct operations	Very likely / Medium-low	Medium-Long term	Up to 25
Changes to national legislation related to circular economy and packaging	Taxes may be applied to plastic packaging, which may include tracking of plastic items, recycling requirements and extended manufacturer or retailer requirements. Developing regulations might add additional requirements and complexity for compliance for the Company, including additional recordkeeping requirements and potential product and packaging redesign.	Downstream	Likely / Medium-low	Medium-Long term	N/A
<b>Market/Transition</b>					
Increased cost or reduced availability of raw materials	Certain raw materials that are critical to the composition of the Company's products may become more expensive due to climate- or market-related factors, including suppliers passing higher prices onto the Company. This may be particularly relevant for relatively carbon-intensive goods such as metals and plastics, which also may face climate-related cost pressures. The Company's products also depend on agricultural commodities, such as palm oil, soy and maize, which may be affected by changes in temperature and precipitation patterns.	Upstream	Very likely / Medium-low	Medium-Long term	Up to 23
<b>Reputation/Transition</b>					
Customer and stakeholder perception	Consumers may be sensitive to any quantity of carbon emissions associated with the Company's products, or may perceive products that contain large quantities of plastic, paper, or water to be inherently climate unfriendly. If a segment of the Company's customer base commits to consumption patterns that place a high priority on sustainability, some existing products may see a decrease in demand. The magnitude of this risk cannot be easily determined. Some products may see a decrease in demand from consumers. Relatively unsustainable products may be associated with higher costs (e.g. carbon and plastic taxes). Legislation may affect the pricing or availability of natural ingredients.	Direct operations	Unlikely / Medium	N/A	N/A

## Summary of Identified Climate Opportunities

Opportunity Type	Description	Value Chain Stage	Likelihood / Magnitude	Time Horizon	Max. Est. Financial Impact (\$M)
<b>Energy</b>					
Renewable electricity	Any progress toward decarbonization that BBW can achieve may be considered a climate-related opportunity in a scenario involving widespread adoption of mandatory carbon pricing schemes. The financial upside from adopting more carbon-efficient processes is the avoidance of carbon pricing, which is one of BBW's climate-related transition risks. Most of BBW's carbon pricing risk is related to electricity usage.	Direct operations	More likely than not / Medium-low	Medium/Long-term	Up to 25
<b>Products</b>					
Sustainable product	BBW has an opportunity to attract a more eco-conscious customer base by offering products that emphasize sustainability. Customers who prioritize environmental impact may be willing to pay more for products that offer meaningful eco-friendly benefits, such as less plastic use and recyclable materials.	Direct operations	Likely / Medium-low	Short/Medium/Long-term	N/A
Water-efficient product use	As the transition to a lower carbon economy accelerates, consumers may seek ways to reduce their energy and water consumption to manage costs. BBW has an opportunity to market products that work effectively with low energy or water requirements. Products that are relatively energy or water efficient, such as a powder-based soap or a laundry detergent that works well in cold water, may appeal to these consumers.	Downstream	Likely	Medium/Long-term	N/A

## Management Response to Risks and Opportunities

Informed by our understanding of our climate-related risks, Bath & Body Works monitors the effectiveness of our operational processes and sustainability strategies in regular intervals and adjusts course as necessary.

**Physical risks**, including wildfires, hurricanes, storms and other weather events, are typically mitigated by our insurance coverages, which we deem appropriate at this time. We have operational preparedness and business continuity plans in place and maintain a

certain level of supplier diversification and other proactive risk management measures to reduce the impact of supply chain disruptions.

**Transition risks**, such as those related to policy, market and reputation impacts, have the potential for higher financial exposure, but are subject to a wider range of uncertainty in timing and occurrence. Nevertheless, the Company is pursuing a comprehensive sustainability strategy that mitigates transition risks and seizes climate-related opportunities. For example:

- ***Carbon pricing risk response***: We committed to aggressive greenhouse gas reduction goals, which we are acting on by decarbonizing our own operations and partnering with our partners across the value chain.
- ***Circular economy and packaging risk response***: We take action to remove single-use plastic products/packaging and increase the use of sustainably sourced materials in our products and/or packaging while constantly evaluating the commercial viability of our actions.
- These and other ambitious environmental commitments and policies help us mitigate the risk of consumer concerns over the sustainability profiles of our products.

**Climate-related opportunities** are closely linked to the Company's transition risk responses. Investments in renewable energy and energy efficiency offer potential cost avoidance benefits in the event of widespread adoption of mandatory carbon pricing schemes, while sustainable product innovation may support long-term revenue resilience and customer engagement.

**Strategic outlook**: As regulatory and market conditions evolve, the Company expects climate risks and opportunities to increasingly converge. Proactive investments today are intended to reduce exposure to future policy and market risks while positioning the business to capture value from sustainability-driven demand shifts.