

# Gap Inc.

**TICKER**  
NYSE:GPS

**MARKET CAPITALIZATION**  
US\$13 billion

**HEADQUARTERS**  
United States

**COMPLIANCE**

UK Modern Slavery Act: [Yes](#)

California Transparency in Supply Chains Act: [Yes](#)

**COMMITMENTS**

[Yes](#)

**OVERALL RANKING**

**3 out of 43**

(2016: 2 out of 20)

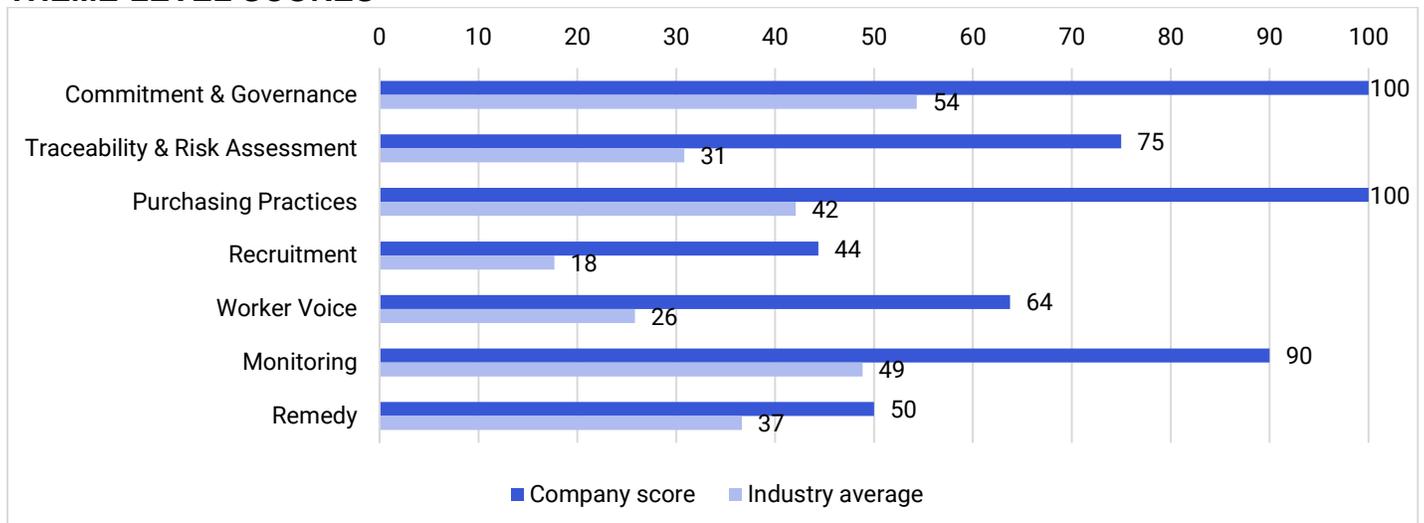
**OVERALL SCORE**

**75 out of 100**

**SUMMARY**

Gap Inc., a US-based fashion business operating in 90 countries, ranks third out of 43 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Since 2016, the company has improved by disclosing a supplier list, potential actions undertaken if suppliers do not implement corrective actions plans, and supplier training on recruitment. The company also continued to build on its involvement with the ILO's Better Work program with regards to freedom of association and worker engagement. Notably, Gap Inc. is among the companies achieving the highest score on the themes of Commitment & Governance and Purchasing Practices. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of Recruitment, Worker Voice, and Remedy.

**THEME-LEVEL SCORES**



Research conducted through June 2018, or through August 2018 where companies provided additional disclosure or links. For more information, see the full dataset [here](#).

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## LEADING PRACTICES

**Purchasing Practices:** Gap Inc. discloses that it offers specialized training for suppliers and facility management on the risks of unauthorized subcontracting. If subcontracting is found to have taken place, the company may impose financial chargebacks or terminate business with the supplier. If a high-risk incident is identified, the company will require the unauthorized facility to stop production immediately, ensure all goods are returned to an approved facility, lead an investigation into the unauthorized facility, and require the facility to register for management systems training to prevent it from happening again.

**Recruitment Fees:** Gap Inc. discloses that it requires and verifies that workers are reimbursed when it discovers that fees have been paid by workers. It states that it conducts outreach to foreign migrant workers “to get a better understanding of the costs incurred by them to attain employment,” in order to provide the supplier sustainability team with an estimate of the amount that it requires the employer to reimburse.

**Worker Voice:** Gap Inc. discloses that it has engaged with supply chain workers via surveys and learned that those partaking in its Workplace Cooperation Program, developed with the ILO's Better Work program and focused on improving worker-manager dialogue and relationships, feel more comfortable sharing issues and “describe the quality of worker-management relationships as positive.” The company states that workers also believe that the worker-management committees formed as part of this program are resolving workplace grievances more effectively than before the program was introduced. Further, Gap Inc. reports on the outcomes of its Workforce Engagement Program, which was launched in 2015 in collaboration with the labor consultancy Verité<sup>1</sup> to enable workers to provide anonymous feedback on supervisor relationships, grievance mechanisms, training, and development opportunities. The company discloses a detailed assessment on the positive impact of this program, such as an increase in workers' sense of value and engagement and satisfaction with management practices. Gap Inc. states that worker satisfaction scores improved the most in facilities where significant management improvements had been made on supervisor training, communication, and worker feedback.

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## NOTABLE FINDINGS

**Stakeholder Engagement:** Gap Inc. discloses that it is partnering with the Ethical Trade Initiative (ETI), an alliance of companies, trade unions, NGOs, and other brands which aims to ensure that refugee and migrant workers from Syria are not forced into precarious work. In addition, the company states that it is in regular communication with the US Department of State and Department of Labor, as well as with the Office of the United States Trade Representative, on labor standards and forced labor. Gap Inc. discloses that it has participated in BSR's Myanmar Responsible Sourcing Network Group, which focuses on critical challenges in the Myanmar garment sector, particularly forced labor. Gap Inc. further states that it helped to develop ETI's Tamil Nadu Multi-Stakeholder Program, alongside 15 other brands, local and international NGOs, and trade unions, to address exploitative labor practices including forced labor in southern India. The company also discloses that it originated a meeting for brands and the Tirupur Exporters Association that resulted in the formation of the Tirupur Stakeholders Forum, an initiative that includes companies, unions, and NGOs, and that has since established a “set of guidelines for factories to help eliminate unacceptable employment practices.”

**Migrant Worker Rights:** Gap Inc.'s supplier code of conduct provides a comprehensive list of provisions that employment contracts of migrant workers must cover, including passport details, address in home country, location and type of work to be performed, minimum wage and wage rates, contract duration, maximum allowable overtime hours, benefits, any deductions that may be made, living conditions, and terms of recourse for early contract termination. Additionally, it states that employment contracts must be legally enforceable in

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<sup>1</sup> Verité, a partner of KnowTheChain, is a global, independent, non-profit organization that provides consulting, training, research, and assessment services, with a mission to ensure that people worldwide work under safe, fair, and legal working conditions. Verité was not involved in ranking, researching, or evaluating company disclosures for the benchmark.

the worker's home country and applicants must have an opportunity to be guided through the provisions before signing.

**Monitoring:** Gap Inc. provides a breakdown of non-compliances with its supplier code of conduct. It discovered forced labor at 0.4% of the 855 factories supplying branded clothing to the company in 2017. The issues occurred at factories in China and India. The company also discloses some findings related to foreign contract labor. It notes that 0.7% of the findings related to foreign workers not having contracts, 0.8% to not having the required travel or work documents, and 0.1% to a lack of adequate orientation training. Of a total of 432 issues identified, 91% have been resolved as of 2018.

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## OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** The company may consider developing and disclosing a policy that requires direct employment in its supply chains and disclosing information on the recruitment agencies used by its suppliers. Further, the company is encouraged to provide evidence of reimbursement of fees, when such fees have been paid by its suppliers' workers. In addition, the company may consider providing details of how it supports ethical recruitment in its supply chains (for example by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

**Worker Voice:** To safeguard the scalability and effectiveness of its worker engagement initiatives, the company may consider ensuring that there are worker-to-worker education initiatives on labor rights in its supply chains. While the company's supplier code of conduct requires suppliers to have grievance channels in place for their workers and trains its suppliers' workers and managers on establishing and using grievance mechanisms, the company is encouraged to take steps to ensure that workers or an independent third party are involved in the design or performance of the mechanism. Further, the company may consider disclosing data about the practical operation of the mechanisms, such as the number of grievances filed by its suppliers' workers, and provide evidence that mechanisms are available and used by workers below the first tier in its supply chains.

**Remedy:** The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of human trafficking and forced labor and disclosing details on such a process, such as timeframes and engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers. Further, the company is encouraged to disclose a summary or an example of its corrective action process in practice.

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## COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#), including [information on the company's business model](#).