

## KnowTheChain 2023 Apparel & Footwear Benchmark

### Additional Disclosure

Company Name: Gap Inc.

Date: 7/31/2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices. Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.
- Column F in the Scored Research tab of your excel sheet highlights questions to your company where the KnowTheChain team is seeking clarification or further detail on particular points of your company's disclosure.
  - 1) Can you clarify what department/function within Gap has the responsibility for negotiating with suppliers and setting pricing? (as opposed to day-to-day management of relationships with suppliers)
    - Gap Response: Cost negotiations and price setting is a collaboration between different departments in the brands and GIS, specifically production, product development (PD), and mill management (MM).

#### INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Score: 75/100 - No further comments

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

Score: 50/100

Effectiveness of capacity building demonstrated in ESG Report: <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc-esg-report-2022.pdf>

Page 24 WCP: "At the start of the program, we conduct a baseline survey, and conclude with an endline survey as well as a graduation ceremony to recognize participants. The survey data shows that once functioning bipartite committees are in place, workers feel more empowered to raise

concerns, and that these concerns are more quickly addressed. A 2019 evaluation of the program<sup>18</sup> by York University and Better Work underscored our findings. Our quarterly data-collection tool for factories measures business performance indicators such as absenteeism, number of grievances, and productivity.”

Page 25 (SST): “As a result of training, supervisors are more respectful, treat workers better, and are well equipped to respond to workers’ grievances, which can improve workplace culture and working conditions. Our pre- and post-training data for lines managed by trained supervisors also shows improved production efficiency by an average of 7 percent.”

Effectiveness of training on Forced Labor issues also measured by annual change/decrease in COVC Violations: <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc.covc-findings-by-standard.pdf>

#### INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

Score 75/100 - No further comments

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

Score 75/100 - No further comments

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

Score 50/100 - No further comments

#### INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

Score 100/100 - No further comments

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

Score 0/100 - No further comments

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

Score 50/100

Disclosed cotton sourcing country in 2022 CDP Response: <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/gap-inc-cdp-climate-2022.pdf>

Page 16-17: “A high percentage of Gap Inc.’s products are made from cotton that is primarily grown in countries such as India and Pakistan, which face climate-related impacts to production such as extreme and prolonged weather patterns, drought, and flooding. In 2020, we saw a 60% year-over-year increase in direct costs from our cotton suppliers in the Indian states of Madhya Pradesh and Maharashtra due to drought and heat in these areas.”

#### INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

Score 75/100 - No further comment

4.2 details on forced labour risks identified in different tiers of its supply chains; and

Score 50/100 -

In our 2022 ESG Report we disclose key Human Rights issues, which includes “Human Trafficking and Forced Labor” - page 19

<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc-esg-report-2022.pdf>

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

Score 50/100 - Human Rights Policy page 2

<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc-human-rights-policy.pdf>

#### “WORKING CONDITIONS IN OUR SUPPLY CHAIN

We have a responsibility to respect the human rights of the people who make our clothes. Through our Supplier Sustainability program, we seek to ensure that they work in safe, healthy, and fair conditions and that they are treated with dignity and respect. We implement our human rights commitment through our Code of Vendor Conduct and enforce it through our assessment, remediation, capability building, and worker engagement programs at supplier facilities. Through our Code of Vendor Conduct, we expect all our suppliers to commit to respecting the human rights of their workers in the ILO’s Declaration on Fundamental Principles and Rights at Work, including the freedom of association, the right to collective bargaining, and the right of all individuals not to be subject to forced labor, child labor, or discrimination. Through these programs, we consult directly with workers to better understand and address their concerns and priorities.

We recognize our responsibility to engage with our business partners to address and remedy adverse impacts and seek to build their capacity to respect human rights through training and engagement. Workers have freedom to select their grievance redress system, and we commit to collaborating with all appropriate mechanisms to provide access to remedy. **To help address the most complex and pressing human rights challenges we also partner with our peers in**

**collaborative initiatives such as ILO’s Better Work Program, the Sustainable Apparel Coalition, and the UN Global Compact.”**

**INDICATOR 5: DATA ON SUPPLY CHAIN RISKS**

5.1 the percentage or number of supply chain workers who are women;

Score 0/100 -

ESG Report on 2020 page 8 states “the people who make our products, the majority of whom are women (80 percent).”

<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/2020/gap-inc-2020-report.pdf>

5.2 the percentage or number of supply chain workers who are migrant workers’ and

Score 0/100 - No further comment

5.3 the percentage or number of supply chain workers that are being paid a living wage.

Score 0/100 - No further comment

**INDICATOR 6: PURCHASING PRACTICES**

6.1 commits to responsible buying practices in its contracts with suppliers;

Score 0/100 - No further comment

<https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/purchasing-practices>

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

Score 50/100 - No further comment

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

Score 50/100 - Purchasing Practices goal is a quantitative data point

“100% of vendors comprising 90% of our business spend have been invited to participate in Better Buying. We continue working toward annual public reporting on purchasing practices improvements.”

<https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/purchasing-practices>

**INDICATOR 7: RECRUITMENT-RELATED FEES**

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

Score 75/100 - No further comments

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

Score 0/100 - We disclose our COVC Violations rate which assesses any recruitment fees paid. We also work to remedy and COVC Violations found through the process described in our Assessment & Remediation webpage

<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc.covc-findings-by-standard.pdf> (See Labor – Forced Contract Labor line)

<https://www.gapinc.com/en-us/values/sustainability/environmental,-social-and-governance-resources/human-rights-and-supply-chain/assessment-and-remediation>

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

Score 0/100 - Assessment & Remediation process outlined online – applies to forced labor issues

<https://www.gapinc.com/en-us/values/sustainability/environmental,-social-and-governance-resources/human-rights-and-supply-chain/assessment-and-remediation>

#### INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

Score 50/100 - No further comment

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

Score 0/100 - No further comment

#### INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

Score 0/100 - <https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/policies-and-approaches-for-human-rights/freedom-of-association>

Case study: <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/2022-gender-based-violence-prevention-program-case-study.pdf>

Pakistan accord - <https://www.businessoffashion.com/news/sustainability/gap-joins-pakistan-accord/>

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

Score 0/100 - <https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/policies-and-approaches-for-human-rights/freedom-of-association>

Pakistan accord - <https://www.businessoffashion.com/news/sustainability/gap-joins-pakistan-accord/>

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

Score 0/100 - No further comment

#### INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

Score 50/100 - <https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/policies-and-approaches-for-human-rights/grievance-mechanisms>

“Our Code of Business Conduct Hotline is available to employees of both Gap Inc. and our suppliers. It provides a secure and confidential, telephone and web-based reporting system—24 hours a day, seven days a week—and is managed by an independent, third-party vendor. Interpreters are available, and calls and web submissions are free, confidential, and may be made anonymously. This hotline is utilized by employees in our suppliers’ factories.”

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

Score 0/100 - No further comment

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

Score 0/100 - <https://www.gapinc.com/en-us/values/sustainability/esg-resources/human-rights-and-labor-issues/policies-and-approaches-for-human-rights/grievance-mechanisms>

“Each grievance channel is evaluated for its effectiveness differently, depending on which organization manages it. In every instance, Gap Inc. expects our suppliers and third parties providing grievance mechanisms for stakeholders potentially affected by our operations to consult potential or actual users of these channels on design, implementation, or performance of their channel/mechanism.”

See WCP program page 24 - <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc-esg-report-2022.pdf>

#### INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

Score 50/100- <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2023/gap-inc.covc-findings-by-standard.pdf>

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

Score 100/100 - No further comment

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

Score 0/100 - No further comment

#### INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

Score 75/100 - No further comment

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

Score 0/100 -

Case study: <https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/2022-gender-based-violence-prevention-program-case-study.pdf>

Case study: <https://www.gapinc.com/en-us/values/sustainability/esg-resources/foreign-contract-workers>

In addition, where an allegation is identified in a company's supply chains:

Headline: Sourcing linked to allegations of Uyghur forced labour

Suppliers: Texhong, Luthai, Lianfa, Huafu, Weiqiao and others

Summary: The **Australian Strategic Policy Institute (ASPI)** reports that between April 2017 and June 2018, 2,048 Uyghur workers were transferred from Xinjiang to 15 factories in Anhui Province including supplier, Youngor Textile Holdings Co. Ltd, a subsidiary of Youngor Group Co. Ltd. which produces textiles and textile machinery. The ASPI reports that "Youngor's Xinjiang company claims to supply [companies including] Gap."

It also states that Qingdao Jifa Huajin Garment Co. Ltd announced the opening of an industrial park in Xinjiang in May 2017 and that in May 2018, " it was reported that Qingdao Jifa was 'training' employees at the industrial park and set to employ 1,000 Xinjiang workers."

Research by **Sheffield Hallam University**, based on bills of lading, shipping records, and corporate disclosures of five textile companies in China identified routes through which cotton from the Xinjiang region of China, which is allegedly made using Uyghur forced labour, may reach international consumers. It alleges all five companies sourced cotton from the Uyghur region, and some have subsidiaries in the region or that have employed labour transfers. The research identifies

53 intermediary manufacturers that purchase unfinished cotton goods from the five Chinese textile companies and identified brands supplied by those intermediaries. The research alleges that Gap sources from intermediaries Ambattur Fashion, Andalan Mandiri Busana, Brandix Apparel, Cipta Dwi Busana, Dasan Pan Pacific, Eam Maliban Textiles, Eins Vina, Gokaldas, Lucky Textile Mills, MAS Intimates, Seshin Vietnam, Shahi Export, Tainan Enterprises, Win Textile and Zodiac Clothing, which source from Texhong, Luthai, Lianfa, Huafu and Weiqiao.

Sources: \*Sheffield Hallam University (2021), "Laundering cotton: how Xinjiang cotton is obscured in international supply chains," <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton>

\*Australian Strategic Policy Institute (March 2020), "Uyghurs for sale," [https://ad-aspi.s3.ap-southeast-2.amazonaws.com/2022-10/Uyghurs\\_for\\_sale-11OCT2022.pdf?VersionId=N2JQOako7S4OTiSb6L7kKE5nY2d\\_LD25](https://ad-aspi.s3.ap-southeast-2.amazonaws.com/2022-10/Uyghurs_for_sale-11OCT2022.pdf?VersionId=N2JQOako7S4OTiSb6L7kKE5nY2d_LD25)

**B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)**

Score 0/100

B.1.1 Not disclosed.

The company states it does not source garments from Xinjiang and that it is engaging with industry trade groups, expert stakeholders, and other partners, but does not provide more detail.

The company does not disclose engagement with groups representing impacted rightsholders, timebound targets to stop sourcing from the region, or sourcing countries of cotton (see 3.3). The company does not disclose enhanced due diligence programmes to address associated risks such as the presence of labour transfer programmes.

**B.1.2 outcomes of the remedy process in the case of the allegation(s); and**

Score 0/100

B.1.2 Not disclosed.

**B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.**

Score 0/100

B.1.3 Not disclosed.

--N/A--

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

**NON-SCORED RESEARCH – No further comments**

### **Reporting Legislations**

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.



Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

### **High Risk Sourcing**

*Please indicate whether your company sources any of the below high-risk raw materials. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

- Bamboo
- Cashmere
- Cotton
- Leather (cattle)
- Rubber (natural)
- Silk
- Viscose
- Wool

*Please indicate whether your company sources from any of the below high-risk locations.*

- Argentina
- Bangladesh
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam