CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT & UK MODERN SLAVERY ACT STATEMENT

DIRECTORS' INTRODUCTION

Gap Inc. is committed to supporting and improving labor rights and working conditions globally across the retail and apparel industries. As a business, we have a moral responsibility to protect and care for all those whose work goes into creating our products and bringing them to our customers.

Our commitment in this regard applies to all of our brands: Old Navy, Gap, Banana Republic, Athleta, Intermix, Janie and Jack, and Hill City. Styles, materials and prices may vary across the range of products we create and sell to our customers, but our core values do not change. Wherever we operate, and whoever we are operating with, we strive to do so in compliance with our overall Human Rights Policy.

This statement is made in compliance with the California Transparency in Supply Chains Act, as well as the UK Modern Slavery Act 2015. It is also made in accordance with the expectations that any reasonable consumer would place on a global retailer such as Gap Inc.

For more information on our commitment to ethical and sustainable sourcing of products please visit Gap’s Global Sustainability Webpage.

This statement has been approved by the boards of directors of Gap Inc., GPS (Great Britain) Limited, Gap (UK Holdings) Ltd and Gap Europe Limited and signed on behalf of those companies by Sonia Syngal, President and CEO of Gap Inc. This confirms that the boards of the UK companies and Gap Inc. have considered and approved the statement for fiscal year 2019.

Sonia Syngal
President and CEO, Gap Inc.
Gap Inc. is a leading global apparel retail company, founded in California, USA in 1969, offering apparel, accessories, and personal care products for men, women and children under the Old Navy, Gap, Banana Republic, Athleta, Intermix, Janie and Jack, and Hill City brands. Most of the products sold under our brand names are designed by Gap Inc. and manufactured by contracted vendors. We also sell products that are designed and manufactured by branded third parties, especially at our Intermix brand.

We purchase branded private label and non-private label merchandise from approximately 750 facilities in approximately 30 countries. The facilities that manufacture our branded apparel collectively employ approximately 1 million people worldwide, and we have a rigorous risk assessment framework, as well as locally implemented worker-related programs, seeking to ensure that forced labor and human trafficking risks are minimized within our supply chain. Under no circumstance is it acceptable for child, forced, or trafficked labor to be employed within our operations or used in the production of any Gap Inc. product.

We believe that no person should be subject to a situation where basic needs and fundamental rights are denied, which is why we have regularly partnered with governments, NGOs, consultants and trade unions to forge innovative solutions to systemic issues in the apparel and textile supply chain.

Our efforts to address human trafficking in the apparel industry are guided by our Human Rights Policy, which is founded on the principles outlined in the United Nations Universal Declaration of Human Rights (“UDHR”) and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (often referred to as the “ILO Core Conventions”). Our policy applies to both our wholly owned operations and our branded apparel supply chain. This policy establishes key principles that guide how we run our business, as well as the core issues that we work to address.

Gap Inc. has a Code of Vendor Conduct (COVC) that applies to all facilities that produce branded goods for Gap Inc. or any of its subsidiaries, divisions, affiliates or agents, which states that the company prohibits the use of “involuntary labor of any kind, including prison labor, debt bondage, slave labor or forced labor by governments.”

Our Code of Business Conduct (COBC) requires our employees to act ethically and with integrity at all times. It also includes provisions on salient human rights issues. All employees are required to complete the Principles of Integrity: Code of Business Conduct Overview training course to ensure their understanding of our commitments.

With a global workforce of approximately 129,000 employees, Gap Inc. has 3,345 Company-operated stores in the United States, Canada, the United Kingdom, France, Ireland, Japan, Italy, China, Hong Kong, Taiwan and Mexico as of February 1, 2020. Franchise agreements also exist with unaffiliated franchisees to operate Gap, Banana Republic, and Old Navy stores throughout Asia, Europe, Latin America, the Middle East and Africa. Products are also available to customers online through Company-owned websites and through third-party websites.
Wherever we employ people directly, we do so in accordance with our Human Rights Policy, Code of Business Conduct and in compliance with local labor laws. Members of the store management team visit our retail stores on a regular basis to ensure that our policies are put into practice, and our loss prevention and audit teams carry out annual assessments of our stores. Similar internal audit processes are carried out in respect to practices within our Distribution Centers. We also have a hotline available for employees to report any breaches of policies, as well as an anti-retaliation policy that protects them when doing so. Our employees are bound to comply with our COBC and a breach of the ethical principles contained therein could lead to disciplinary action up to and including dismissal.

Gap Inc. also carries out due diligence on a periodic basis with respect to our franchisees and third-party distributors. Such due diligence encompasses a variety of issues including research into franchisee supply chains and working conditions. For non-merchandise vendors, we typically reserve rights of assessment in our contracts and exercise such rights when appropriate so as to verify vendor compliance with applicable laws and contractual terms.

Prior to accepting any order for Gap Inc. branded product, our suppliers are required to sign our Vendor Compliance Agreement (VCA). Gap Inc. also has a vendor approval process that requires new suppliers for branded apparel product to undergo an assessment against our COVC prior to beginning production for Gap Inc. After the initial assessment of working conditions, the facility either earns approval or is placed in pending status while it addresses outstanding issues. The COVC that is used for the assessments contains provisions related to forced labor, child labor, foreign contract workers and identity document retention.

In signing Gap Inc.’s VCA, which incorporates our COVC, Gap Inc. suppliers agree to comply with the following:

“All applicable laws, rules and regulations ... these laws include, but are not limited to, laws relating to the employment conditions of their respective employees such as: (1) wage and hour, labor, child labor, and forced labor requirements; (2) health and safety; (3) immigration; (4) discrimination; (5) labor or workers’ rights in general; and (6) environmental laws and regulations.”

We recognize that policies and expectations alone are not a sufficient safeguard against forced labor within our supply chain. Our statements lay the foundation for a comprehensive approach to engaging and collaborating with our suppliers towards monitoring, remediating and continuous improvement. Gap Inc.’s Supplier Sustainability team within our Global Sustainability department is responsible for the implementation of our supply chain policies and standards relevant to human trafficking and forced labor, which are reflected within our COVC. Our Supplier Sustainability team members – who are locally hired in the countries from which we source and speak local languages – assess and validate that suppliers are meeting the expectations outlined in our COVC. We assess risks to especially vulnerable groups, including migrant labor and women in the workplace; our COVC specifies our management approach towards ensuring free and voluntary labor for these groups.
Our COVC also has stringent requirements around foreign contract workers, who are at risk of exploitation by indentured servitude. We monitor how foreign contract labor is used at facilities producing Gap Inc. branded apparel to help ensure that people are free to work as they choose. For over a decade, we have had a “no fees” policy that applies to foreign contract workers, which requires that any fees and costs payable to host governments for the documentation of foreign contract workers be covered by the facility, and have requirements that cover the entire employment cycle of foreign contract workers. These requirements span recruitment, employment, up to termination of employment, and provide the lens through which our assessors look at policies, practices and conditions in the facility to find indications of forced labor. More information on our policies and procedures on foreign contract workers is available online.

Our COVC further states that facilities must allow “Gap Inc. and/or any of its representatives or agents unrestricted access to its facilities and to all relevant records at all times, whether or not notice is provided in advance.” Gap Inc. conducts both announced and unannounced audits in the facilities we monitor, that are primarily conducted by Gap Inc. staff. Initial assessments for new facilities are generally coordinated with the requested vendor or facility, and with subsequent full assessments we aim for more than 50% to be unannounced or semi-announced.

Gap Inc. monitors all Tier 1 branded apparel suppliers from which we directly source for forced labor and human trafficking. Facilities from Tier 1 suppliers include cut-and-sew production, sub-contractors, and supporting units such as dyeing, embroidery, and wash units. In 2017, we defined and communicated social criteria to Tier 2 fabric vendors, including textile production facilities and subcontractors. These social criteria include provisions involving forced and child labor. We have expanded an augmented version of our Assessment and Remediation program into our Tier 2 strategic textile mills, enabling us to directly evaluate working conditions at the mill level. Over the longer term, we anticipate enrolling our strategic Tier 2 mill vendors into industry initiatives such as the Social Labor Convergence Program, which includes assessments on the risk of forced labor.

An increasing number of facilities producing our branded apparel participate in the Better Work program, a collaborative facility monitoring and capability building initiative led by the International Labour Organization (ILO). Facilities participating in Better Work are assessed by specialists employed by the ILO. These assessments are 100% unannounced and assessed against national labor laws and ILO Conventions, which includes instruments that directly cover forced labor.

Gap Inc.’s Supplier Sustainability team is trained to recognize situations where a facility may be using forced or involuntary labor, and is also trained to assess compliance with our company’s Foreign Contract Worker requirements. Our expectations for Foreign Contract workers and recruitment are available online. We publicly report aggregate findings of assessment results at the facilities that make our branded apparel on our company website.

We consider the following within our Forced Labor standards: forced labor, free egress, restrictions to voluntarily ending employment and restrictions on worker movement. In 2019, our assessments revealed in one facility that we work with, a handful of workers that had contracts that required repayment of training fees which made it financially difficult for the workers to end
their employment. In 2018, findings for forced labor included three facilities where we found restrictions on worker movement. These instances involved restrictions within the facility where workers were unable to freely access washrooms and utilize their complete meal breaks. Activity like this violates our COVC and our response to these findings involved corrective action plans and follow-up visits to validate that the remediation occurred. These issues have been remediated by the factories or in some cases the factory no longer manufacture our product. Our policies and action plans in the event we find forced labor are described further online.

We also monitor Unauthorised Subcontracting (UAS), which has high risk for forced labor. We take extra precautions in countries with a high risk of UAS by offering specialized awareness training for suppliers and facility management, and by conducting site visits to ensure our product is being manufactured in the appropriate designated facility. We found three cases of UAS in 2019. In 2018 we also found three cases of UAS, down from 10 cases in 2017. We believe this shows that the enforcement of our policies, which can involve financial chargebacks or business termination, are continuing to have a positive effect. More information on our policies and procedures are available online.

Three members of Gap Inc.’s Board of Directors sit on the Governance and Sustainability Committee, which oversees the company’s programs, policies, and practices related to social and environmental issues and impacts. Gap Inc.’s Global Sustainability department collaborates with key departments across the company including Supply Chain, Corporate Affairs, Human Resources, Legal, Compliance, and Gap Foundation.

Failure of vendors to abide by Gap Inc.’s COVC and/or VCA can result in corrective action up to and including the termination of all existing and future business.

Gap Inc. continually strives to become more effective at identifying and correcting issues in our supply chain, which can be hard to detect even for a well-trained and experienced eye. Gap Inc.’s Supplier Sustainability team works directly with facility management and workers in the facilities we monitor. New employees within Gap Inc’s sourcing organization receive training on our COVC, as they are another important touchpoint for our relationships with our sourcing facilities.

In addition to providing ongoing training, our Supplier Sustainability team convenes regularly to discuss program effectiveness and improvements. In 2015, based on a thorough risk assessment, we strengthened our foreign contract worker requirements and updated them by providing additional detailed guidance on recruitment, fees, employment contracts, and onsite policies and practices, including equal treatment and non-discrimination. Foreign Contract Worker requirements are a sub-section of our Assessment Manual and are subject to regular review and annual revision, whenever we feel enhancement and updates are needed. Additionally, we added a requirement for our vendors to conduct due diligence and regular assessments of employment agencies.

In 2018, we joined the American Apparel & Footwear Association’s and Fair Labor Association’s Commitment to Responsible Recruitment, a proactive industry effort to address potential forced labor risks for migrant workers in the global supply chain. Per the commitment:
“As an industry and as individual companies, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One important part of this ongoing effort is working together to eliminate conditions that can lead to forced labor in the countries from which we source products.

We commit to work with our global supply chain partners to create conditions so that:

- No workers pay for their job;
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed of the basic terms of their employment before leaving home.

Therefore, companies who sign the Commitment to Responsible Recruitment agree to do the following:

1. Incorporate the Commitment to Responsible Recruitment into their company social compliance standards, such as their code of conduct, before December 31, 2019; and

2. Periodically report on their actions to imbed elements of the Commitment to Responsible Recruitment in company’s policies and processes through their sustainability reporting and/or modern slavery legal disclosures.”

We have satisfied these requirements of the Commitment to Responsible Recruitment in our Tier 1 branded apparel supplier facilities.

To supplement our own staff, Gap Inc. works to build the capabilities of our suppliers by conducting worker trainings, participating in multi-stakeholder initiatives and forging partnerships with expert stakeholders and suppliers to address specific human rights issues. Gap Inc. has helped suppliers improve their capabilities for more than a decade, and created field teams for social and labor capability building that are dedicated to helping suppliers manage and improve the sustainability of their own operations. As part of our Global Sustainability long-range strategic plan, we have committed to further invest in both internal and external labor standards trainings for our business partners, of which forced labor will be one component.

In 2018, we continued investing in trainings for our Supplier Sustainability team, largely focused on building their capacity to work with and train bi-partite committees in our strategic suppliers’ facilities. We believe that by equipping bi-partite committees with the knowledge and expertise to identify and surface unacceptable labor practices in their places of work, we will see significant improvements in working conditions and labor standards.

Gap Inc. works with governments, NGOs, and trade unions, and monitors resources – such as the U.S. Department of State’s Trafficking in Persons Annual Report and the Global Slavery Index – to identify high risk areas in our supply chain. We adopt a comprehensive view of the industry and areas of risk and focus our efforts where we do business and where our programs can have the greatest impact. Further, we have built a map of our suppliers’ Tier 2 textile mill locations and will be pursuing further due diligence in textile mills that are located in areas that are deemed high risk. We have communicated responsible recruitment requirements to Tier 2 mills
in Taiwan and South Korea where there is elevated risk to foreign contract workers and expect suppliers in those countries to comply with our requirements by the end of 2020.

While subcontracting is a common practice in the apparel industry, used by suppliers to manage production capacity and fulfill large orders, it can pose a risk. UAS is problematic because suppliers may outsource production to facilities that we have not approved and that do not uphold our requirements for safe, fair labor practices and working conditions. Smaller, unauthorized units may have labor practices that put workers at risk, and are beyond the view of our assessment and remediation team. Expanding the collaboration between our sustainability and sourcing teams can help us address UAS issues since incidents can be difficult to detect through the periodic facility assessments conducted by our sustainability field team. We take extra precautionary measures in countries with high risk of UAS, such as specialized training for suppliers and facility management.

Our Supplier Sustainability, Quality Assurance and Merchandising teams seek to prevent and detect UAS. If a UAS case is found, we investigate, require remediation, and may impose financial chargebacks, or, in severe or repeat cases, we will terminate our business with the supplier.

Unauthorized Subcontracting incidents are immediately escalated, and the following specific steps are taken to:

- Require the unauthorized facility to immediately stop production of any Gap Inc. branded apparel.
- Require all goods (finished or unfinished) be returned to a facility approved by Gap Inc., segregated and held until the issue is resolved.
- Lead an investigation to look for and address any critical issues in the unauthorized facility.
- Require the approved facility to register for management systems training as a preventative measure, and ensure that the facility invests in systems to prevent future violation.

Risk mapping has identified, in addition to UAS and foreign contract workers, the particular risks that refugee workers may face. For example, we know that certain countries from which we source are absorbing Syrian refugees into their formal economies. We are committed to partnering with a broad set of stakeholders to confirm that our vendors have the appropriate capabilities and infrastructure in place so that opportunities for employment and fair, decent working conditions are made available to them.

Beyond our Tier 1 and 2 facilities, we have also engaged stakeholders to address the risk of forced labor deeper in the supply chain. Looking to the raw materials used for our products, we recognize that forced and child labor is a risk, particularly within cotton cultivation. Considering the evidence on forced labor in Uzbekistan’s cotton industry, we have signed the Cotton Pledge led by the Responsible Sourcing Network and have worked to educate and influence our
suppliers and facilities on this issue. In 2018, based on evidence of forced child labor and/or forced labor within the cotton fields of Turkmenistan, we have expanded our policy to make it clear that we will not accept any clothing manufactured with fabrics that were knowingly made from Uzbek or Turkmen cotton.

We also recognize that a significant amount of the world’s cotton supply is grown and spun in the XUAR region. We are therefore taking steps to better understand how our global supply chain may be indirectly impacted, including working with our suppliers and actively engaging with industry trade groups, expert stakeholders, and other partners to learn more and advance our shared commitment to respecting human rights. We can confirm that we do not source any garments from the XUAR region.

As always, we will continue to actively collaborate with other brands and key stakeholders to explore and implement solutions. For more information on how the U.S. apparel industry is seeking to address this issue, please see the industry association statement published on March 10, 2020.

More information on our commitment to transparency through disclosures such as Know The Chain and the Corporate Human Rights Benchmark is available online.

More than 20 years since we began our journey to improve working conditions, we are still learning – and facing new challenges.

We use a color-coded system to rate facilities’ performance based on assessments. High-performing facilities with no critical or few violations receive a green rating. Average performers are rated yellow, while facilities that need improvement on one or more serious issues are assigned a red rating. Critical, severe and key violations have a greater negative impact on a facilities’ rating than more technical “non-compliance” violations. We decreased our share of red rated facilities from 16% in 2016 to 5% in 2017, improving further to 1% by end of 2018. In 2019, the percentage of red rated facilities varied between 1% to 2%.

We have set a goal to have all of our strategic suppliers be rated yellow or green by 2020. To help reach that goal, we continue to operate our Workforce Engagement Program, which by opening communication channels for workers to safely and anonymously share feedback with management, contributes to an enabling environment for improved worker-management relationships and drives facility improvements. The program also allows us to assess facility performance based on the data we receive directly from workers through surveys and interviews. Our Workforce Engagement Program was developed in partnership with Verite, and consisted of written worker and management surveys, focus group discussions, and individual interviews with over 80 facilities from 2015 to 2017. In 2018, we transitioned the program to a vendor-owned approach that puts technology-based grievance mechanisms at its center; this new approach has been implemented in over 45 factories to date.

For more information on how we are working to improve the lives of those who work in our facilities, and on specific programs we are undertaking across the supply chain, please visit our online sustainability report.
Gap Inc. is an equal-opportunity employer and is committed to providing a workplace free from harassment and discrimination. We are committed to recruiting, hiring, training and promoting qualified people of all backgrounds, and make all employment decisions without regard to any protected status.