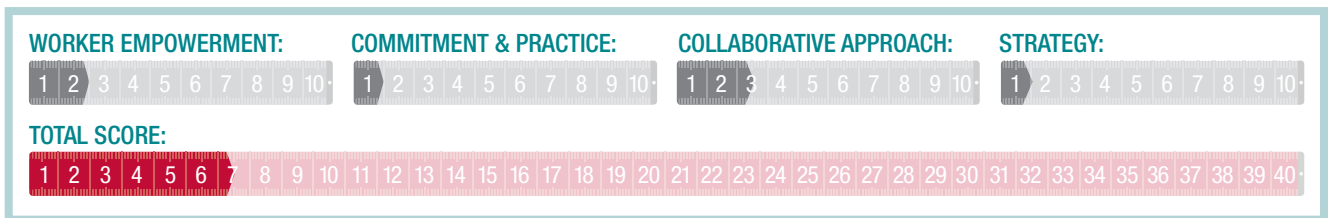


GAP INC

Brands: Gap, Banana Republic, Old Navy, Piperlime, Athleta, Intermix



COMPANY POSITION ON THE LIVING WAGE:

“We remain committed to the principle that wages for a standard working week should meet the basic needs of factory workers and provide them with discretionary income. We want to do our part to help ensure workers are being treated fairly and that their compensation reflects that ... While there is no universally agreed-upon calculation for a living wage, we have made it a priority to ensure that our suppliers comply with legal wage and benefits laws, the violation of which is an ongoing problem in the apparel industry.”

WHAT WE SAY:

Gap’s submission, although containing many fine words and sentiments, shows little proof of real work that will improve wages for workers making its clothes. This is disappointing. Gap’s proposals to look into productivity projects and ensure it is paying the minimum wage are also sadly insufficient.

IN MORE DETAIL:

Has living-wage benchmarks?

No.

Worker empowerment:

Gap says: “We use a wide range of approaches to ensure that FOA [freedom of association] rights are respected and communicated clearly with both management and workers. These range from supporting open dialogue between factory workers and managers to partnering with workers’ rights groups and trade unions when appropriate. We believe that helping ensure FOA in both principle and practice is important to laying a foundation for increased wages.”

Gap says factory managers are obliged to inform workers of unions operating in the factory, provide their contact details and display or distribute a copy of any collective bargaining agreement.

Commitment and practices:

Gap has no system for monitoring its ‘living wage’ commitment as it has not developed internal benchmarks. Some work was mentioned about meeting with strategic vendors to develop “tailored programs to address the needs of individual factories.” This included discussion of timing and planning of orders to minimise the negative impact of buying practices on workers.



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Collaborative approach:

Gap is a member of the Ethical Trading Initiative (ETI). It is part of an ETI working group – with other companies, NGOs and unions – looking into the Sumangali forced-labour scheme in India.

It also cited work as part of the “Americas Group”, addressing precarious labour problems in Central America and Mexico in partnership with unions and NGOs. A partnership with IndustriALL to provide FOA trainings to 14 suppliers in Sri Lanka and India was also mentioned.

Strategy:

Gap gave information about its P.A.C.E. (Personal Advancement & Career Enhancement) programme, which “provides female garment workers with the foundational life skills and enhanced technical skills needed to advance in their personal lives and in the workplace.” Anticipated outcomes include wage increase as a result of career progression. To date, 20,000 women have participated in the programme in seven countries.

COMMENTS:

For more than 10 years, Gap has been a member of the ETI, with the commitment to a living wage written in its code of conduct, but it still has yet to define what this means in terms of real wage figures and check if this is being paid to the workers making its clothes. It is very disappointing, if not shocking, that a brand of this size and influence can avoid its responsibility for so long and continue to endorse global poverty pay.

The P.A.C.E programme seems to have trained a significant number of workers. However, not everyone can become a supervisor. It isn't clear how this scheme helps the majority of workers to move up the pay scale. We suspect that this sort of training may focus on teaching workers to manage their very limited personal finances better – a bit patronising as the main problem isn't workers massively overspending on Big Macs, but rather the fact that they aren't paid enough to buy enough rice for their families.

On the productivity programmes strategy, Gap is pursuing the wrong project. Productivity, although helpful as part of a package of measures to boost wages, will never increase profits enough to cover the quite significant gap between the minimum wage and living wage in most countries where Gap sources. Countless researches show this (including the figures from some pilot projects highlighted in this report). There is also the risk that

Gap also says that it is considering productivity improvement programmes as a strategy: “We see particular promise in pilots focused on enhancing productivity with an aim to share some of the gains with workers in the form of improved wages. This approach holds the potential to help secure workers' human rights in a way that can be economically stable over the long-term.” The company added that it has developed a “framework for laying the foundation to increase wages”. This framework has three aims: ensuring compliance with the minimum wage, ensuring freedom of association and promoting effective management systems.

Production overview:

Number of suppliers: Gap says: “We purchase private label and non-private label merchandise from over 1,000 vendors. Our vendors have facilities in about 40 countries.”

Main production countries listed as: China (26%), US (2%), Other (72%)

Gap does not publish a full public list of the names and addresses of its supplier factories.

workers, who are already working hard enough, are set ever-higher targets and see only a fraction of the financial gains. Another way to achieve “economically stable” wage increases is for Gap to agree to pay more and find a system that ensures this dividend gets to the workers. Just a thought.

Gap says that while there is no universally agreed living-wage figure, it has focused on ensuring the minimum wage is paid. For us, this is no longer a valid excuse for not engaging. The Asia Floor Wage Alliance set out a figure to define what a living wage means in terms of purchasing power in 2009, and since then a number of nuanced systems have emerged which allow companies to compare the wages paid by their suppliers to a ladder of benchmarks and thus measure progress. Many companies in this report are now doing this. Gap could do a lot worse than to join this trend.

We hope to see Gap re-engage in the living-wage debate in the coming year. We challenge the company to develop its “framework for laying the foundation to increase wages” in order to take its next steps and commit to how the wages will increase. More needs to be done than ensuring the company is obeying the law and paying the minimum wage. A buyer of this size and influence has the potential to make a difference and lead the way in improving the lives of workers around the world.