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# GAP SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:91; Data

## 1. Login/Password Action

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## 2. Introduction

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### 1. Company name:

Gap Inc.

### 2. Brands owned by company:

Gap, Banana Republic, Old Navy, Piperlime, Athleta, Intermix  
<http://www.gapinc.com/content/gapinc/html/aboutus/ourbrands.html>

### 3. Main contact person:

Name: : Kindley Walsh Lawlor  
Email: : kindley\_walsh-lawlor@gap.com  
Contact phone number: : 4154272640

## 3. The living wage standard

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### 4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

As a member of the Ethical Trading Initiative (ETI) and Social Accountability International (SAI), 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.

### 5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

[http://www.gapinc.com/content/attachments/sersite/COVC\\_070909.pdf](http://www.gapinc.com/content/attachments/sersite/COVC_070909.pdf)

### Upload option.

### 6. 1.3 Does your company agree with the definition of a living wage as given [here](#)?

No, our definition differs from the definition given.

### If no, please provide details of how your definition of a living wage is different and give justification.

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. Our approach to wages is aligned with international legal standards set by the ILO and in accordance with the ETI's Base Code, as well as with SAI's principles.

## 4. Respect for freedom of association and collective bargaining, a precondition for a living wage

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### 7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?

As stated in our Human Rights Policy, Gap Inc. supports the principles contained in the United Nation's Universal Declaration of Human Rights, which include Freedom of Association (FOA) and the Right to Collective Bargaining. Our Code of Vendor Conduct explicitly supports FOA rights. It states, "Workers are free to join associations of their own choosing. Factories shall not interfere with workers who wish to lawfully and peacefully associate, organize, or bargain collectively. The decision whether or not to do so should be made solely by the workers."

We use a wide range of approaches to ensure that FOA 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.

We have taken a number of steps to help ensure clear communication with workers. One example centers on our work to improve factory-level human resources management systems to empower factories to proactively improve their work environments. Our approach to management systems encourages suppliers to have their own FOA policy that is shared with workers; moreover, some factories already have their own Code of Conduct in which FOA is included.

We also seek to verify that workers are provided with the full name and contact information for the union or individual holding title to the collective bargaining agreement. In addition to the commitments outlined above, we communicate to suppliers and vendors that:

- Management and HR personnel should inform workers of the name of any union operating in the factory during new staff orientation
- The name of their local union representative and how can he/she be reached should be clearly communicated to all workers
- A copy of the Collective Bargaining Agreement (CBA) should be posted in an area visible to all workers
- Facilities must provide a copy of the CBA to those workers who are union members

Some of these commitments are particularly important in certain geographies. For example, the four bullets above emerged from a multi-stakeholder working group we help co-chair that is focused on Mexico and that includes the participation of international trade unions (IndustriAll & the AFL-CIO/Solidarity Center), labor NGOs and global brands and retailers. The group spent over a year focusing on FOA in Mexico, and labor organizations felt these measures were particularly important to addressing some of the institutional obstacles to freedom of association there. Although these practices may seem basic, they were actually rather controversial. Gap Inc. took this input on-board and ensured our practices were in line with the working group's key recommendations.

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#### Percentage of supplier factories and subcontractors reached by these measures:

999999999%

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#### Please supply an example of materials used:

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### 8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:

Yes. We have supported worker training about FOA in a variety of locations and contexts. For example, in 2012, we conducted training on our Code of Vendor Conduct in select factories in Indonesia which included FOA training. In addition:

- Worldwide, Gap Inc. has supported training on FOA as part of multi-stakeholder efforts to train management and workers on their fundamental labor rights. Examples include the Continuous Improvement in the Central American Workplace (CIMCAW) and the Better Work Program.
- As part of our effort to work with suppliers to improve their management systems, we have encouraged them to create their own FOA policies and share these with workers.
- We are members of the Mexico Committee Working Group and we co-chair its coordinating committee together with the Maquila Solidarity Network, a respected labor rights NGO. As part of this work, our staff has contributed to creating a Freedom of Association Training pilot. This pilot is a FLA-MSN-COVERCO training for management, supervisors and workers in Mexico. This Working group also identified recommended practices to improve FOA in Mexico, some of which are discussed in our answer to the previous question.
- Our Social and Environmental Responsibility team actively engaged with IndustriALL (formerly the International Textile, Garment & Leather Workers Federation, or ITGLWF) and local Indonesian trade unions to discuss issues around FOA, contract workers, and collective bargaining agreements (CBA) in the areas surrounding Jakarta.

Percentage of supplier factories reached by these measures: : %

**9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?**

We have detailed numerous training programs for management and workers on FOA in our past social responsibility reports and in previous submissions to Labor Behind the Label. Without repeating those now, we would like to highlight the following more recent efforts here:

As noted above, our Social and Environmental Responsibility team actively engaged with IndustriALL and local Indonesian trade unions to discuss issues around FOA, contract workers, and collective bargaining agreements (CBA) in the areas surrounding Jakarta.

Following this initial meeting, we organized a “Human Resource Management System” training for our key suppliers in the region to ensure they were fully educated about workers’ FOA and collective bargaining rights. We also sought to train management on how they can effectively and positively communicate with union representatives. We continued to hold regular meetings with local unions throughout 2009, and in 2010, we began working with newly formed unions in Sukabumi, a booming garment production region. In 2011, we delivered training on FOA and effective negotiation for management, workers and unions. The first event was attended by about 20 factories with a total of 50 participants. The second event was attended by 47 people from 27 factories.

In addition, some Gap Inc. vendors participated in the “Improving Competitiveness Through Labor Standards Compliance” training provided by SAI and local labor experts, in which FOA in Mexico was discussed with a number of vendors serving different brands, including Gap Inc. This multi-stakeholder training was organized by the MFA Forum Mexico Group, in which Gap Inc. participates along with the global trade union IndustriAll, the AFL-CIO, Better Work, the ILO and other labor NGOs.

Finally, as part of our global approach working with suppliers to improve their management systems, we have encouraged them to create their own FOA policies and share these with workers.

**Percentage of supplier factories and subcontractors reached by these measures:**

**10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?**

|  | Country: | Number of suppliers: | Details:  |
|--|----------|----------------------|---|
|  |          |                      | All of our suppliers and subcontractors are bound by our Code of Vendor Conduct |

|    |  |  |  |
|----|--|--|--|
| 1: |  |  | to respect workers' rights to organize. In addition, our work with factories to improve their management systems calls for suppliers to implement their own FOA policy and to communicate that policy clearly to workers in their local language. If it comes to our attention that worker rights to organize are being interfered with, we take swift and decisive action with our suppliers to help ensure that those rights are respected. As we continue to work with factories to improve their management systems, we will seek to collect data on such metrics as how many have implemented their own FOA policies. We are currently building a data insights team to help us analyze data on a multitude of issues so that we can make more informed decisions, drive progress and better assess our impact. |
| 2: |  |  |  |
| 3: |  |  |  |
| 4: |  |  |  |

**Please provide a sample of materials used in specific countries:**

**11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.**

It is important that workers' understand their right of FOA and have a meaningful ability to exercise those rights. We generally enforce national laws, as covered in our Code of Vendor Conduct, concerning access to workers by unions. Regardless of national law and as noted above, if it comes to our attention that workers' rights to organize are being interfered with, we take swift and decisive action with our suppliers to help ensure that those rights are respected.

**Number of supplier factories with agreements:**

**Please provide a sample of agreements signed:**

**12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:**

We maintain a number of channels to ensure that workers can file and follow up on complaints about violations of FOA. These take into account the fact that workers may be more comfortable talking outside the context of an audit. In addition, as we work with factories to help them improve their management systems, we encourage them to develop effective grievance mechanisms that are trusted by workers. Means for conveying complaints include:

- Our team of Social Responsibility Specialists cultivate a rapport with workers to build trust and elicit open disclosure
- Independent third parties such as Verité
- Grassroots labor-focused non-government organizations, such as COVERCO in Guatemala, which help relay workers' grievances
- An extensive network of local trade union representatives, with whom we also maintain open lines of communication
- Better Work, which provides a secondary channel for information, and has representation from both trade unions and governments in its governance

**13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?**

Please provide details of your policy and its impacts in relevant countries: : Gap Inc's Code of Vendor Conduct states: "The factory shall not modify or terminate workers' contracts for the sole purpose of avoiding the provision of benefits." [http://www.gapinc.com/content/attachments/gapinc/COVC\\_070909.pdf](http://www.gapinc.com/content/attachments/gapinc/COVC_070909.pdf) We believe that

short-term contracts are sometimes necessary, due to spikes in demand that are common in the apparel industry. We believe, however, that such contracts must not be misused by doing either of the following:

- Providing lesser benefits than a full-time employee would receive
- Creating a more vulnerable workforce

We are collaborating with others to better understand this issue in practice and to find common ground. For example, as part of the Americas Group, we have been working with the Precarious Employment Working Group, which focuses on the nature and scope of precarious work arrangements as well as approaches to addressing the issue. The group's priority focus areas are Mexico, Central America, and Peru. We are working alongside IndustriaALL, the AFL-CIO and AFL-CIO Solidarity Center, Maquila Solidarity Network, and other brands. Note: The Americas Group (AG) is a multi-stakeholder forum of brands, multi-stakeholder initiatives, the Global Union for the garment sector (formerly the ITGLWF; now IndustriALL), and civil society organizations working together to promote and support globally competitive and social responsible apparel and footwear industries in the Americas. Gap Inc. is part of the AG Coordinating Committee.

#### **14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?**

We believe that progress on wages must be made on top of a strong foundation – and ensuring the rights of FOA is an essential element. Our work in this area dates back over the past decade-plus and spans a range of countries and contexts. Because workers around the world face such diverse challenges depending on their location and circumstances, we use a wide range of approaches to help ensure that their rights are respected. We support open and productive dialogue between factory workers and managers – two groups with a history of mistrust and poor communication in many developing countries. When appropriate, we seek to help bridge this divide while ensuring that freedom of association is respected both in principle and in practice. In some cases, we also partner with workers' rights groups and trade unions on cases of FOA remediation and the topic of FOA more generally.

We find that dialogue among factory management, labor groups, and workers can help in addressing issues when challenges arise. It can also lead to improvements in other aspects of factory conditions. While our approach may sound simple in theory, it is often difficult to initiate a constructive labor relations dialogue among groups with conflicting points of view. In many cases, it is an achievement even to foster an environment in which a productive dialogue can take place.

Our work on FOA has developed over time, and we are including examples that date back several years to illustrate the breadth of projects we have taken on. Many have built on each other and continue to inform our thinking. While not exhaustive, these examples include:

- In Sri Lanka, we held a two-day workshop in 2008 that focused on productive ways to reduce workplace issues among factory management and trade unions. Previously, conflicts had hindered progress on improving working conditions and building a healthy business. The resulting dialogue among such a large number of factory managers and trade union representatives was a first for the industry.
- In Vietnam, also in 2008, we held four workshops that included the ILO, the Industrial Relations Advisory Service Centers and the local resource centers established under ILO's Industrial Relations Project. These sessions, held in Hanoi and Ho Chi Minh City, involved 200 representatives from Gap Inc.'s supplier base in the country. We worked alongside the ILO with select factories in Vietnam to promote an ongoing dialogue between the trade union workers and factory management.
- In Central America, we took a similar approach to working with factory managers and union leaders, some of whom had suffered targeted violence. Over the years, the region's lack of progress in both working conditions and freedom of association was affecting its economic health. In our work to address these issues, we became a founding partner of the Continuous Improvement in the Central American Workplace project (CIMCAW), an innovative program dedicated to improving working conditions that ran from 2004-2008. Distrust ran high, but through CIMCAW, we launched an open, ongoing discussion. This work led to breakthroughs such as joint training sessions for factory managers and workers.
- In El Salvador In 2010, our Social and Environmental Responsibility team learned of several Freedom of Association (FOA) violation complaints at a factory which made Old Navy products. We immediately flew a team to El Salvador to conduct an on-the-ground investigation, and after concluding that many allegations held merit, we convinced management to hire a third-party auditing firm to assess the situation. As a result, management agreed to reinstate the dismissed workers and adopted FOA policies and procedures, as well as

training for management about the rights of workers to collectively bargain. Presently, the factory has three different unions representing workers.

## 5. Dialogue and negotiation with labour rights organisations

### 15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:

Many of our most important projects involve collaboration with multiple stakeholders, including trade unions or labor rights organizations. Some of these have focused on FOA, as described above. Others have tackled a range of issues to help ensure that the people who make our products are treated with respect and work in safe, fair conditions. (Note that the following partnerships have occurred at different times, but together illustrate our approach.) Highlights include:

- Building on our earlier work in Indonesia, in 2011 and 2012 we conducted trainings to help unions and workers effectively communicate with factory management. Training topics included how to negotiate in a collective bargaining agreement processes and how to promote harmonious labor-management relations through ongoing constructive dialogue.
- As part of the Americas Group, we are participating in a multi-stakeholder forum that is looking at a range of issues, from wages to audit practices to protecting vulnerable workers. Partners include major brands, the U.S. government, ILRF, MSN, IndustriALL, and the AFL-CIO.
- We engaged in a public/private partnership project in India from 2010 - 2012 focused on improving factory management systems and internal audits. Most of our vendors in India participated, as did a number of organizations at different stages in the project, including the German Development Organization, SAI, and the ILO.
- In China, we have supported numerous trainings for factory workers to help them understand their rights and more effectively communicate grievances. In 2011 alone, these trainings benefited 8,750 workers.
- We have also partnered with IndustriALL and other trade union organizations to provide workers' right trainings to workers, as well as trainings on FOA for 14 suppliers in Sri Lanka and India.

### 16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?

Through our efforts, we have seen workers making the choice to organize and bargain collectively; unfortunately we do not share supplier-specific information. It is also difficult to trace this choice to any one intervention. In practice, it is usually a convergence of events that leads workers to make this choice.

## 6. 4. Benchmarks for a minimum living wage

### 17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?

No

If yes, please provide details of how these were developed and how they are used:

### 18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.

|    | Country/region | Living wage benchmark |
|----|----------------|-----------------------|
| 1. |                |                       |
| 2. |                |                       |
| 3. |                |                       |

**19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.**

|    | Country/region | Number of supplier factories paying Asia Floor Wage  |
|----|----------------|--|
| 1. |                | <p>We believe it is important to collect and analyze data on wages so that we have a clearer picture of what workers are earning in different part of the world. While to date we have not had the proper infrastructure to achieve this goal, we are now building a data insights team (as noted above) to help us analyze data on a multitude of issues so that we can make more informed decisions to drive progress. Part of the need for this data is the fact that wages are far more complex than they might appear. For example, workers at the same factory might not earn the same amount. In Bangladesh, for example, a tiered wage structure means that there are several different minimum wages. In 2010, when the minimum wage in Bangladesh was raised by 80%, we shared a concern that suppliers might increase the bottom-tier wage but minimize this impact by reclassifying workers to avoid paying out higher-tiered wages. We were proactive about preventing this unintended result among our suppliers. We issued a directive to factories making our products aimed at preventing them from reclassifying workers. We then monitored to ensure that workers were, indeed, not being reclassified. In addition to this type of complexity, wages can also elude straightforward analysis because workers may seek non-wage benefits as part of their compensation. Unions in Cambodia, for example, have made it a priority to seek a multitude of financial benefits over and above the minimum wage, such as a transportation allowance. The many layers in understanding wages makes us believe even more strongly that we need to develop data to gain greater visibility into current circumstances so that we can work more effectively toward improvements.</p> |
| 2. |                |  |
| 3. |                |  |
| 4. |                |  |
| 5. |                |  |

**7. Purchasing practices that make living wages possible**

**20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:**

As a company, we are increasingly focused on developing deeper relationships with fewer vendors. Our new consolidated sourcing strategy, which we began implementing in 2012, supports our efforts to improve working conditions in a number of ways. It helps us foster deeper relationships with factories, which is central to our case management approach to capacity building. Under this approach, we will be implementing tailored programs to address the needs of individual factories.

We address the issue of sub-contractors by enforcing our Code of Vendor Conduct and taking a planful approach to subcontracting, which our suppliers may find necessary from time to time. Any subcontractor that makes Gap Inc. branded products must go through the same approval process as any of the factories that make Gap Inc. branded products. This means that our monitoring program extends to all authorized sub-contractors at the cut-and-sew level. If issues surface, sub-contracting facilities must address them through our remediation program.

**21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?**

We have worked to integrate consideration of factory working conditions into our sourcing decisions. This starts with our factory approval process. Before any factory can manufacture apparel branded by Gap Inc., it



must undergo an initial audit assessing its working conditions. Based on this audit, the factory remains in pending status while it addresses all identified issues. In select cases, a factory that has resolved all identified major issues may be granted a one-time, conditional approval, even though it may still have a few minor issues to resolve.

Our factory ratings assess factory performance against our Code of Vendor Conduct. Our Monitoring and Vendor Engagement team assesses factory performance during its audits, reviewing more than 700 indicators in the process. Because the legal payment of wages is strictly enforced by our Code of Vendor Conduct, a factory's record in regard to wages is factored into its rating.

Ratings are taken into account in Gap Inc.'s sourcing decisions. We have worked over the past several years to help our company better leverage this data to drive business decisions, including order placement. Ultimately, the goal we're working toward is for social responsibility to continue to be integrated into these decisions, along with cost, quality and other business considerations.

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22.

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**23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?**

No.

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**24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?**

We recognize the right workers have to organize by their own choosing and require our suppliers not to interfere with their legitimate efforts to bargain collectively. The rights of FOA are enforced by our Code of Vendor Conduct, and a supplier's performance against our Code translates into a rating (as noted above). These ratings are then factored into our sourcing decisions.

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**25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.**

We recognize that decisions made by production and sourcing teams at Gap Inc. can have significant impacts on workers in our supply chain. For this reason, we continue to deepen our understanding of these impacts and work to incorporate this knowledge into our decision-making. Our Social & Environmental Responsibility team is pursuing several initiatives, which include:

- Meeting regularly with strategic vendors and vendors not performing well against our Code of Vendor Conduct and discuss how the timing and planning of our orders are affecting their workers
- Meeting with leaders in the Gap Inc. Sourcing department to examine any issues related to working conditions that may have stemmed from our decisions at headquarters
- Developing a virtual training tool that can be used by select employees globally to understand our company's social and environmental responsibility efforts
- Training new hires in inventory management, merchandising, production, and sourcing on the importance of responsible purchasing practices, as well as highlighting case studies and tools to ensure that factory orders are made with a full understanding of their potential impact on workers.

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## 8. Living wage projects

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**26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:**

|  |  |  |         |         |         |
|--|--|--|---------|---------|---------|
|  |  |  | Project | Project | Project |
|--|--|--|---------|---------|---------|

|   | Project 1   | 2 | 3 | 4 |
|---|---|---|---|---|
| Location:                                 |   |   |   |   |
| Number of factories and workers involved: |   |   |   |   |
| Living wage benchmark used:               |   |   |   |   |
| Partnerships:                             |   |   |   |   |
| Wage increase achieved:                   |   |   |   |   |
| Details of process:                       | <p>Over the past several years, we have devoted many of our resources to addressing the urgent issues that have arisen in Bangladesh. Because of these urgent priorities, we have not recently embarked on wage-focused projects. However, we still consider this issue important and are monitoring projects undertaken by others to help identify strategies that hold the greatest potential for change. 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.</p> <p>Technically, productivity measures how much dollar output a worker can create in a given amount of time. Productivity gains might result from improved management practices, greater investment in machinery to help the workers, a more highly skilled and engaged workforce, or other factory-level productivity drivers. As workers are able to increase productivity by producing greater quantities of more complex garments that command a premium, those gains enable wage increases that are sustainable for the business and keep countries competitive in the global market.</p> <p>Over time, countries may improve their overall productivity as they build more sophisticated management and production skills and invest in physical infrastructure, rule of law, a well-educated workforce and other drivers of country-level productivity improvements. These country-level productivity gains may in turn enable them to build a more diversified industry base that creates more well-paying jobs for their workforce. In addition to monitoring the evolution of thinking and actions focused on this topic, we have also developed a framework for laying the foundation to increase wages. This framework includes three major areas of focus. The first is a continued focus on ensuring that factories comply with national wage laws. While this alone is insufficient, it is a necessary step that the apparel industry as a whole has not yet achieved. As mentioned in our cover letter, we find that a high percentage of new factories we are evaluating as partners have not been paying these wages and benefits while working with other global buyers, and we believe our strict requirements that our suppliers do so are making a difference for workers. We continue to go beyond monitoring to address this issue through our extensive remediation program that holds factories accountable for taking corrective action if any wage violations are found. We also ran a financial literacy course that served 900 women in Bangladesh, a component of which helped workers to better understand their paystubs to help ensure proper payment of wages. The second foundational element is ensuring Freedom of Association, in both principle and practice. While not the only pathway to better wages, well-functioning trade unions can play an</p> |   |   |   |

important role in helping to improve wages for workers. We recognize FOA as one of the fundamental and most important rights for workers, and have partnered with both NGOs and trade unions to advance this right (please see question 2, above, for specific examples of our work in this area). The third area we are focused on is promoting effective management systems. Factories that are not optimally run are far less able to implement improved wages. In addition, capacity building encourages factory owners to understand the benefits of improved working conditions, such as heightened productivity, so that they take ownership of issues. As a result, they are more likely to invest in workers, making increased wages more sustainable. Since our last submission, we have invested further in capacity building, establishing a dedicated team to work closely with individual factories. Beyond this foundation, we believe that a long-term focus on increasing opportunities for workers will help bring about progress. A prime example is Gap Inc.'s P.A.C.E. (Personal Advancement & Career Enhancement) program, 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. As women leaving the program move into higher positions, one anticipated benefit is that their wages will increase as a result. P.A.C.E. is currently operational with 22 vendors in more than 60 factories in seven countries (Bangladesh, Cambodia, China, India, Indonesia, Sri Lanka, and Vietnam). To date, more than 20,000 women have participated in the program. While not all workers will participate, it is an example of how we can contribute to innovative, long-term solutions. We are open to exploring additional options in the future, especially those which take an innovative approach to creating long-term, sustainable change.

**27. Please upload any useful supporting documentation here:**

9. New Page

**28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?**

We have voiced our support for reviews and increases of the minimum wage. One example came in Bangladesh in 2006, a time when the country had not had a minimum wage increase for 14 years. We again voiced our support for a wage review in Bangladesh in 2010 and again in 2012. Alongside other brands and retailers, we sent a letter to the Bangladeshi Prime Minister, noting increased cost-of-living levels and urging it to reconvene the tri-partate (government, management and unions) wage commission to review wage levels. These actions can have an impact. After our 2010 letter, the minimum wage was increased by just over 80% and seven wage "grades" were established.

**29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?**

No.

10. Transparency

**30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?**

Gap Inc. brands do not disclose the list of factories that manufacture our branded products due to competitive reasons. Finding suppliers that meet our cost, quality, speed, and Code of Vendor Conduct expectations, is a time and resource-intensive task. We work closely with factory management, workers, trade unions, NGOs, and multi-stakeholder initiatives to improve working conditions in factories producing our branded apparel. If it is necessary to bring about a sustainable solution to a social compliance issue, we may elect to disclose select facilities where we place production.

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**Do you have plans to publish a full list in the future?**

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**31. 8.2 Does your company publish impact reports on projects related to wages?**

No.

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## 11. Collaborative working

**32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:**

In our 2003 Social Responsibility Report, the first ever published by Gap Inc., we stated: “We are convinced that collaborative, multi-stakeholder engagement is the only way to create sustainable change industry-wide.”

We continue to hold this view. Our partnerships – with non-governmental organizations, multi-stakeholder initiatives, trade unions, and others – are a key driver of our progress on social and environmental responsibility. Working with others is critical to ensuring we are focused on the right issues, in the right places, with the right approach. Partnership is also a primary source of innovation for addressing social and environmental issues.

While our collaborations are not necessarily focused solely on wages, many support broader improvements or help lay a foundation that will support increased wages in the future. Examples of multi-stakeholder initiatives we have participated in include:

- International Labor Organization-International Finance Corporation Better Work Program
- Ethical Trading Initiative (ETI): wages program and sharing learnings on improved productivity
- ETI: Purchasing practices
- ETI: Ethical Trading Initiative- China Corporate Caucus quarterly meetings to discuss and collaborate on key topics of interest, including wages
- ITGLWF (now IndustriAll): Addressing issues on FOA. Helping workers exercise their right to collective bargaining. (Countries focused on include Peru, El Salvador, Nicaragua, Indonesia).
- ITGLWF (now IndustriAll): Joint trainings for workers in Sri-Lanka.
- Verité: Developing Management Systems with Vendors in China.
- Social Accountability International (SAI): Introducing the “Social Fingerprint” program to help vendors develop their internal systems.
- SAI: Encouraged 50 “Cut-and-Sew” factories to obtain an SA8000 certification.
- Gap Inc. P.A.C.E. (Personal Advancement and Career Enhancement) program: Empowering women workers through improved life and work skills.

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**33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:**

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**34. Supporting documents:**

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## 12. 10. A clear route map for implementing a living wage for all workers

**35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?**

As noted above, we have developed a framework that lays the foundation for supporting increased wages in the future. We believe that progress must be made on top of a strong foundation – otherwise, even good ideas will not lead to lasting change. In addition, we are addressing systemic issues in ways that we believe will impact wages, with a prime example being Gap Inc.'s P.A.C.E. (Personal Advancement and Career Enhancement) program. You can learn more about both our framework and P.A.C.E. in response to question 6.

**36. 10.2 Does this strategy have a time scale? If yes, please state.**

No.

**37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?**

We are in ongoing dialogue with our stakeholders, both internally and externally, regarding creation of our framework to support increased wages, as well as Gap Inc.'s P.A.C.E. program.

**38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?**

We take additional steps to protect vulnerable and contract workers through both policies and practices. While these are not focused on increasing wages per se, they reflect our overall approach to ensure that all those who make our products work in safe, fair conditions. Highlights include:

- Our Code of Vendor Conduct states explicitly that contract workers must be treated on an equally fair basis as local workers. It also includes an additional section of “contract labor requirements” that protect contract or migrant workers by reducing impediments to their right to work voluntarily and with the freedom to cease employment at any time.
- Likewise, our Code states that factories producing Gap Inc. branded product must “not use involuntary labor of any kind,” of which human trafficking is one kind. To help enforce such provisions, our Social Responsibility Specialists closely track foreign contract labor. They also bring a deep knowledge to the issue through the trust they have gained with workers and experience in assessing which agents and factories have good or bad reputations.
- We have a zero-tolerance policy when it comes to child labor and maintain a thorough remediation process in case of the rare instance when underage workers are identified in a factory producing apparel for one of our brands. On such a rare occasion, any underage worker must be immediately removed from the workplace, given access to schooling, paid an ongoing wage, and guaranteed a job at the factory upon reaching the appropriate age. The vendor responsible for this violation pays for remediation, incentivizing our suppliers to ensure effective age-verification systems.
- Because we recognize that child labor is often driven by systemic issues related to poverty, we have also embarked on long-term solutions, partnering with local organizations and development experts. Our partnership with groups in India, such as Bachpan Bachao Andolan (BBA), Society for Promotion of Youth and Masses (SPYM), and National Homeworkers’ Group (NHG), are recent examples.
- We have also collaborated with others to implement programs protecting the needs of vulnerable workers. For example, we have focused on the Sumangali scheme in Southern India, in which women have faced abuses in fabric mills and apparel factories after being promised a lump-sum payment at the end of a three-year contract. Knowing that addressing systemic issues requires an industry-wide, locally inclusive approach, we took a leadership role in establishing an industry working group through the Ethical Trading Initiative. For more detail, please see <http://www.gapinc.com/content/csr/html/human-rights/forced-labor.html>.
- Female workers remain a vulnerable category in many parts of the world and constitute a large proportion of garment workers in our supply chain. Among other provisions, our Code of Vendor Conduct protects these workers from abuse and discrimination in pay and otherwise. In addition to our extensive program to enforce and remediate our Code, as described above, we are addressing systemic issues in ways that we believe will impact wages and improve women’s lives, with a prime example being Gap Inc.'s P.A.C.E. (Personal

Advancement and Career Enhancement) program. You can learn more about our P.A.C.E. program in our response to question 6.

**39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?**

**13. Further questions about your supply base**

**40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.**

|    | Country   | Percentage of production | Number of suppliers |
|----|---|--------------------------|---------------------|
| 1  | From 2012 10-k, Page 6: "We purchase private label and non-private label merchandise from over 1,000 vendors. Our vendors have facilities in about 40 countries. No vendor accounted for more than 5 percent of the dollar amount of our total fiscal 2012 purchases. Of our merchandise purchased during fiscal 2012, approximately 98 percent of all units were produced outside the United States, while the remaining 2 percent of all units were produced domestically. Approximately 26 percent of our merchandise units were produced in China."<br>Country 1: China: Approximately 26% Country 2: United State: Approximately 2%<br>Country 3: Other countries: Approximately 72% |                          |                     |
| 2  |   |                          |                     |
| 3  |   |                          |                     |
| 4  |   |                          |                     |
| 5  |   |                          |                     |
| 6  |   |                          |                     |
| 7  |   |                          |                     |
| 8  |   |                          |                     |
| 9  |   |                          |                     |
| 10 |   |                          |                     |

**41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:**

Production at factories owned by your company: : %  
 Orders placed directly to supplier factories: : %  
 Orders placed through agencies or intermediates: : %  
 Other: : %

**42. If other, please specify.**

**43. 3. What is the length of time that you have been working with your current suppliers?**

|                    | % of suppliers |
|--------------------|----------------|
| More than 5 years: | 999999999      |
| 2-5 years:         | 999999999      |
| Less than 2 years: | 999999999      |

**44. 4. How many sites did you use to produce your goods in 2012?**

First tier suppliers: : From 2012 10-k, Page 6: "We purchase private label and non-private label merchandise from over 1,000 vendors. Our vendors have facilities in about 40 countries. No vendor accounted for more than 5 percent of the dollar amount of our total fiscal 2012 purchases. Of our merchandise purchased during fiscal 2012, approximately 98 percent of all units were produced outside the United States, while the remaining 2 percent of all units were produced domestically. Approximately 26 percent of our merchandise units were produced in China."

**45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?**

Number of suppliers: : 999999999

Please list suppliers, country and % of product share at the factory: : 999999999

Response Location

|                        |                                  |
|------------------------|----------------------------------|
| <b>Country:</b>        | United States                    |
| <b>Region:</b>         | CA                               |
| <b>City:</b>           | Pleasanton                       |
| <b>Postal Code:</b>    |                                  |
| <b>Long &amp; Lat:</b> | Lat: 37.662399, Long:-121.874702 |

Dear Anna,

Thank you for the opportunity to participate in Labour Behind the Label's wage survey. We believe it is important both in terms of being transparent about our practices and taking a step back to assess our efforts.

Since our last submission, urgent issues have demanded our attention in our global supply chain. While there are many important issues for workers, communities and the environment, including wages, the challenges in Bangladesh affected us deeply and changed the landscape for the apparel industry. We believe that all brands that source from Bangladesh have a role to play in bringing about real and lasting change for workers in the country's garment sector. As momentum for change is accelerated, we seek to "raise the bar" for factory working conditions and help move the industry toward greater progress.

Gap Inc. is committed to supporting a Bangladesh worker safety program that directly supports comprehensive factory inspections, safety training and readiness, worker empowerment initiatives and financial assistance to affected workers. In October 2012, Gap Inc. launched a robust Building and Fire Safety Plan, and we have completed fire and building safety inspections at the approved factories in Bangladesh that produce our branded apparel.

We want and expect our impact to be broader than these factories, which is why Gap Inc. is a founding member of [the Alliance for Bangladesh Worker Safety](#). In addition to our focus on Bangladesh, we have continued to work in a range of ways to evolve our human rights strategy and improve working conditions. For example, we now have a dedicated team focused on capacity building to complement the monitoring program that we have had in place for well over a decade. Based on a model of continuous improvement, our vision for this program is to empower suppliers to have a positive impact on working conditions by addressing the root cause of problems.

We also continue to do work to help ensure that unions have the freedom to operate. Our Code of Vendor Conduct explicitly supports freedom of association and the rights of workers to "lawfully and peacefully associate, organize or bargain collectively". We use a wide range of approaches to ensure that the rights of freedom of association are respected, from supporting open dialogue between factory workers and managers to partnering with workers' rights groups and trade unions when appropriate.

#### **Affirming our commitment**

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. Given the urgent issues that have commanded our attention over the past several years, we recognize that we, along with others, have more to do to accelerate progress toward this vision.

We have developed a framework that lays the foundation for supporting increased wages in the future. In addition, 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 in general. And we are addressing systemic issues in ways that we believe will impact wages. A prime example is Gap Inc.'s P.A.C.E. (Personal Advancement & Career Enhancement) program, which is focused on helping female garment workers (FGWs) build the foundational life skills



and enhanced technical skills needed to advance in their personal lives and in the workplace. As women leaving the program move into higher positions, one anticipated benefit is that their wages will increase as a result. You can read more about Gap Inc.'s P.A.C.E. program at <http://www.gapinc.com/content/csr/html/community/advancing-women.html>.

### **Laying the groundwork for future progress**

Our working framework on wages recognizes that progress must be made on top of a strong foundation – otherwise, even good ideas will not lead to lasting change. We see three critical elements to this foundation. The first is a continued focus on ensuring that factories comply with national wage and benefits laws. While this alone is insufficient, it is a necessary step that the apparel industry as a whole has not yet achieved. As mentioned in our last submission, we find that a high percentage of new factories we are evaluating as partners have not been paying these wages and benefits while working with other global buyers, and we believe our strict requirements that our suppliers do so are making a difference for workers.

Before any factory can manufacture apparel branded by Gap Inc., it must undergo an initial audit assessing its working conditions. In 2011 we conducted 212 audits for new factories, out of which we found 87 factories with non-compliance around minimum wage payment to workers. In 2012 that number was 79 out of 190. Based on their initial audit, the factory is placed in a pending status while it addresses all identified issues, including those related to wages. In select cases, a factory that has resolved all identified major issues may be granted a one-time, conditional approval, even though it may still have a few minor issues to resolve.

The second foundational element is ensuring Freedom of Association in both principle and practice. While not the only pathway to better wages, well-functioning trade unions can play an important role in helping improve wages for workers. Freedom of Association (FOA) and Collective Bargaining rights are a core part of our Code of Vendor Conduct and our Human Rights Policy. We recognize FOA as one of the fundamental rights of workers, and have partnered with both NGOs and trade unions to advance respect for this right. We discuss many of these examples in our submission. We are also mindful of the fact that FOA remains a right outside of many workers' grasp.

The third piece of a strong foundation is promoting effective management systems. As noted above, we have further invested in capacity building since our last submission, creating a dedicated team to work closely with factories. There are several links between capacity building and increased wages. First, factories that are not optimally run are far less able to implement improved wages. Second, capacity building frames both problems and solutions in new ways. It encourages factory owners to understand the benefits they stand to gain through improvements in working conditions, such as heightened productivity, so that they take ownership of issues. As a result, they are more likely to invest in workers and communities, making increased wages more sustainable.

### **Advancing women through Gap Inc.'s P.A.C.E. program**

Beyond this foundation, we believe that a long-term focus on increasing opportunities for workers will help bring about progress. Gap Inc.'s P.A.C.E. program, as mentioned above, provides a sustainable pathway for FGWs to advance in their personal and professional lives. Launched in 2007, the program is a comprehensive learning experience focused on helping

FGWs develop life skills and enhanced technical skills. It also creates a supportive environment where participants can put these new skills to use at work, at home, and in their communities. Participation in the program is completely voluntary for both factories and workers, so participation is a clear commitment to advancing the roles and lives of women. Management and other key influencers also receive sensitivity training regarding the program.

We are committed to the evaluation of Gap Inc.'s P.A.C.E. program – our vendors and partners collect data before and after each learning module so we can measure changes in participants' knowledge and the program's impact. In a recent end-line evaluation of the program's first year at a facility in Bangladesh, the proportion of women who held leadership roles on committees or groups in the previous six months increased by more than four times – from 6 percent to 25 percent. Our data also shows that after participating in the program, 81.3% of FGWs had money which they could decide on their own how to use, compared to 74.4% among those who did not participate. We are including, as an attachment to this letter, a multi-country report prepared by the International Center for Research on Women on the impact of Gap Inc.'s P.A.C.E. program.

While we do not have direct data on the impact that the program has had on wages, we believe that over time, the program is positioned to help women increase their earnings. Gap Inc.'s P.A.C.E. program is currently operational with 22 vendors in more than 60 factories in seven countries (Bangladesh, Cambodia, China, India, Indonesia, Sri Lanka, and Vietnam). To date, more than 20,000 women have participated in the program. While not all workers will participate in the program, it is an example of how we can contribute to innovative, long-term solutions.

#### **Looking ahead: Continuing to make progress and exploring options**

We recognize that we still have more to do to make progress. We are participating in this survey not just because we are committed to transparency, but because we see great value in examining an issue that continues to present challenges. It is especially instructive for us to re-assess our efforts over time.

One of the principles that we have embraced is that we must set priorities to make the greatest possible impact. Over the past several years, the urgent issues in Bangladesh have been a top priority, and we realize that we need to also stay focused on the wage issue. We know the issue is important and we plan to continue assessing how we can support progress.

Our own efforts to build the capacity of workers and management should assist in increasing wages. For example, women in Gap Inc.'s P.A.C.E. program are more likely to move into higher paid positions. P.A.C.E. and our other capacity building efforts with vendors, mentioned above, aim to help factory management use more advanced planning and operating skills and to help workers work smarter. Improvements in worker and management practices can help them produce more complex garments that command a premium and lead to higher wages that are sustainable for the business and keep countries competitive in the global market. This capacity building can also help countries build a more diversified industry base that creates more well-paying jobs for the workforce as they learn more sophisticated management and production skills.

We will stay open to exploring options as we move forward. For example, we will monitor actions taken by others to consider which solutions seem most promising. We are especially

interested in pilots with a focus on enhancing productivity, thereby supporting higher wages that help secure workers' human rights in a way that is economically sustainable over the long term.

Finally, we will remain a voice for the goal that we believe you and many others share – to help ensure that factory workers around the world are paid fairly, treated with respect, and work in safe and fair conditions.

Kindley Walsh Lawlor  
VP, Social and Environmental Responsibility  
Gap Inc.

From : Kindley Walsh-Lawlor <Kindley\_Walsh-Lawlor@gap.com>  
To : "anna@labourbehindthelabel.org" <anna@labourbehindthelabel.org>  
Cc : "Jose Arguedas" <Jose\_Arguedas@gap.com>  
Subject : Re: Gap Profile  
Date : Fri, 31 Jan 2014 20:39:30 +0000

Dear Anna,

Thank you for sharing the profile created for Gap Inc. based on our survey submission. We believe it is important to reiterate that Gap Inc. remains 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. 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.

While we are disappointed with the assessment of our efforts and projects, we know that there is still work to be done. We will continue to evaluate the viability and effectiveness of pilot projects around the world to consider which solutions seem most promising.

Ultimately, we believe that our goal to help ensure that factory workers around the world are paid equitably, treated with respect, and work in safe and fair conditions is one we share with LBL and other Labour Rights Groups.

Best,

Kindley

**Kindley Walsh Lawlor |Vice President Social & Environmental Responsibility |415.427.2640 tel |**

**415.427.6620 fax |Kindley\_Walsh-Lawlor@gap.com email**

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**From:** anna [mailto:anna@labourbehindthelabel.org]  
**Sent:** 12 January 2014 11:09  
**To:** Kindley Walsh-Lawlor  
**Cc:** Jose Arguedas  
**Subject:** Gap Profile

Dear Kindley,

Please find attached the first draft of your company's profile, which has been put together based on information you submitted to the Clean Clothes Campaign Wage Survey (also attached).

If you would like to correct any factual inaccuracies, or provide CCC with further information to support your submission

which clarifies anything we have mentioned, then please send it to us by close of play on 30th January. Please note this profile is subject to change prior to publication, although it will mostly remain the same.

The report timeline going forward from this is that we will need a few more weeks to incorporate comments and finalise details, before the report is published towards the end of March - final date TBC. A finished copy of the report will be sent to you a few days before launch.

Do get in touch if you have questions or concerns. I look forward to receiving any additional concise information or factual corrections you wish to make to the text.

Best wishes,  
Anna

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Anna McMullen | Campaigns Director | Labour Behind the Label

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E: [anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org) | W: [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)

Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

Join the LBL Facebook group | Follow us on Twitter: [@labourlabel](https://twitter.com/labourlabel)

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other times.