

Written evidence submitted by Gap Inc. (FL0013)

Dear Ms. Ghani MP and Mr. Jones MP,

Thank you for the invitation to provide written testimony to the Business, Energy and Industrial Strategy Committee. Gap Inc. is keen to assist you in your consideration of this urgent issue to the fullest possible extent. To that end we are attaching a detailed response, with links to relevant accompanying material, to your five specific questions.

Gap Inc. is deeply committed to maintaining responsible and ethical practices across our business and seeks to uphold and advocate for the fundamental values and human rights of individuals and ethnic groups of all origins. We have strict policies, which we do not hesitate to enforce, against the use of involuntary labor of any kind in our supply chain. Any instance of forced detention and labor or suppression of an individual's human rights is unacceptable and violates not only our Code of Vendor Conduct (see here – https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/docs/codeofvendorconduct_final.pdf) and Human Rights Policy (see here – <https://www.gapincustainability.com/sites/default/files/Human%20Rights%20Policy.pdf>), but also stands against our fundamental beliefs as a company.

We can confirm that we do not source any garments from Xinjiang. Recognizing, however, that a significant amount of the world's cotton supply is grown and spun there, we have taken 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. Specifically, we are piloting a traceability technology to give us deeper visibility into our supply chain, and have also begun utilizing a survey for all of our garment and mill suppliers that asks them to declare country of origin for the yarn and cotton inputs that are being used in our branded apparel. Further, we have communicated to our vendors that Gap Inc. prohibits the direct or indirect sourcing of any products, components, or materials from Xinjiang in the process of manufacturing any orders for Gap Inc.

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 U.S. industry multi-association statement published on March 10, 2020, here – <https://www.rila.org/focus-areas/public-policy/statement-on-reports-of-forced-labor-in-xinjiang>.

Regarding attendance at the November 5th meeting of the Committee, we would be grateful if our attendance could be excused. We do not consider that there is anything that we can usefully add to our very detailed response. Furthermore Gap Inc.'s experts on this subject are based in San Francisco and attendance at 10:30am GMT/2:30am PST of the Committee meeting is impractical due to the time difference between London and San Francisco. Providing an individual from the UK to attend would not in our view assist the Committee in its work given that any such individual would not be an expert in the subject matter or be able to speak to the detailed content of our response. In the circumstances, and absolutely no discourtesy is intended, we would be grateful if our attendance could be excused. Should any further input be required from us following the Committee meeting we shall be pleased to assist to the fullest extent we usefully can.

Regarding your specific questions, please see below.

Sincerely,

Julie Gruber
Chief Legal, Compliance and
Sustainability Officer, Gap Inc.

Do any of your organization's value chains link directly or indirectly to the Xinjiang Uyghur Autonomous Region (XUAR) of China, and what steps are you taking to ensure that you have visibility of your entire value chain?

We can confirm that we do not source any garments from the XUAR region. However, recognizing that a significant amount of the world's cotton supply is grown and spun there, we have taken 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. Further, we have communicated to our vendors that Gap Inc. prohibits the direct or

indirect sourcing of any products, components, or materials from Xinjiang in the process of manufacturing any orders for Gap Inc.

Do you identify sourcing geographies for the delivery of services or the manufacturing of goods where there is a high risk of human rights abuse?

We support the principles outlined in the Universal Declaration of Human Rights (UDHR), the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO's core conventions. These principles form the foundation for our Human Rights Policy, which defines our approach and activities to respect human rights and prohibit human rights abuses. Our Code of Vendor Conduct (COVC)—which lays out our standards for labor, working conditions, management systems and environmental management—forms the core of our commitment to ensuring our vendors respect the human rights of the people who make our branded apparel. In addition to our policies, we recognize that transparency has become an essential expectation of global companies. Twice a year, we publish our approved list of facilities, which includes cut-and-sew facilities, embroideries and laundries. Our Supplier Sustainability team monitors each of the facilities disclosed on our list, and publishes detailed data on our assessments, findings and resolution processes here.

What actions are you taking to prevent modern slavery and human rights abuses within your organization and its value chains?

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. Unauthorized subcontracting (UAS) is problematic because suppliers may outsource production to facilities that we have not approved, that do not uphold our requirements for safe and fair labor practices and working conditions, and that are beyond the view of our assessment and remediation team. Expanding the collaboration between our sustainability and sourcing teams has helped us more effectively address UAS risks. We take extra precautionary measures in countries with high risk of UAS, such as specialized training for suppliers and facility management.

We take a proactive approach. 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, terminate our business with the supplier.

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

- 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; and
- 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.

In addition to UAS and foreign contract workers, our risk mapping has identified 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 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 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 have therefore taken 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.

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 above-mentioned U.S. industry association statement published on March 10, 2020.

More information on our commitment to transparency can be found in our public disclosures via Know The Chain (see here – <https://knowthechain.org/company/gap-inc/>) and the Corporate Human Rights Benchmark (see here – <https://www.corporatebenchmark.org/sites/default/files/2018-11/Gap%20CHR%202018%20Results%20on%2020181026%20at%20171953.pdf>).

What evidence can you supply of compliance with all applicable labor, procurement and anti-slavery laws?

Please see our UK Modern Slavery Act statement, available (see here – <https://www.gapinc.com/en-us/policy/uk-modern-slavery-act>). For more information on specific data on our suppliers' factories social and labor performance (see here – <https://www.gapincustainability.com/measuring-our-progress>).

What are your human rights due diligence processes in respect of your workers and value chains?

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 (see here – <https://www.gapincustainability.com/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.

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 manufactures our product. Our policies and action plans in the event we find forced labor are described further on our website.

Further, as discussed above, we monitor for 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 both 2019 and 2018, 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.

What action does your organization take - beyond publishing a Modern Slavery Statement and including contractual obligations with suppliers - to ensure modern slavery compliance in your value chain?

Our COVC and Vendor Compliance Agreements explicitly prohibit the use of forced labor in any stage of our products’ production, and we actively work to combat this violation of fundamental human rights.

While assessing facilities, our field teams interview both workers and managers and review records to help ensure that workers:

- Have voluntarily agreed to all employment terms;
- Are free to end their employment if and when they choose; and
- Can freely enter and exit their work spaces and living quarters

We believe legislation is an important lever in the global fight against human trafficking. We welcomed the 2012 California Transparency in Supply Chains Act, which requires companies of a certain size to publicly communicate their efforts to identify and eliminate forced labor in their supply chains. We combine this disclosure with our response to the UK Modern Slavery Act of 2015, which also requires eligible businesses over a certain size to disclose annually the actions they have taken to ensure there is no modern slavery in their business or supply chains. (Our response to that statement can be found here – <https://www.gapinc.com/en-us/policy/uk-modern-slavery-act>.)

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