



GAP Inc.

Banners: GAP, Banana Republic, Old Navy, Forth & Towne
 Type of company: Public, NYSE: GAP

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -There is a "Governance, nominating and social responsibility" sub-committee in charge of ethical issues in supply chain <i>p.8, 2004 CSR report</i>	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	40	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a list of "Standards of Engagement" -It is not consistent with ILO core conventions with respect to child labour, "at least 14 years of age" -It also limits the company's commitment to: -Freedom of association: "Workers are free to choose whether or not to lawfully organize and join associations." -It does not include a living wage requirement -It does not meet ILO hours of work standards	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.gapinc.com/public/SocialResponsibility/socialres.shtml	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production (but not their own procurement) "The Code of Vendor Conduct applies to all factories that produce goods for GAP inc..." <i>GAP code of vendor conduct, see above link</i>	66.7	20
Section total score / section weighting	33.34	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of Ethical Trading Initiative (ETI) and Social Accountability International (SAI) www.ethicaltrade.org , 2004 CSR report	100	50
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -CSR report mentions several examples of GAP's engagement with local NGOs and other stakeholders, both in importing countries and countries of manufacture. There is sufficient reported evidence of engagement over time, for example with local unions in Lesotho, labour and human rights groups in Cambodia, and local NGO monitoring organizations in Central America. <i>p. 6, 33, 39, 40 2004 CSR report</i>	100	50
Section total score / section weighting	100	X 20%

4. Management

4.1 Resource Commitment -There is a VP of Social Responsibility -This person is the head of the global compliance office -The stated mandate is the improvement of factory working conditions and labour standards -This person is two or fewer reporting levels from the board <i>p. 9, 2004 CSR report.</i>	100	30
4.2 Training for Buying agents -No reported evidence of training for buying agents -A pilot project is currently underway to conduct training sessions with merchandising and design teams <i>p. 33 of 2004 CSR report</i>	0	25
4.3 Training for factory management personnel and workers -There are many mentions of training projects for factory management personnel and factory workers. -Although it's probably ongoing, there is no sense of it being a regularly scheduled part of the operation, across the supply chain; most are specific pilot programs or in specific countries. <i>2003 CSR report: training sessions in Lesotho, Cambodia, China</i> <i>2004 CSR report: p. 10, 12, 19</i>	66.7	25
4.4 Rewards and Incentives -No reported evidence	0	20
Section total score / section weighting		46.67 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing across the entire breadth of the supply chain -In 2004, audits were conducted in 99% of supply chain factories <i>p. 4, 2004 CSR report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Once approved a factory will be inspected at least once a year <i>p. 18, 2004 CSR report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices -2004 report makes reference to the audit process outlined in the 2003 report -2003 report is still available through their website <i>p. 17, 2004 CSR report</i>	100	15
5.5 External verification of labour standard audits -There are several reports of instances in which GAP partners with local NGOs to conduct third party audits. -i.e. COVERCO in Guatemala, EMIH in Honduras and GMIES in el Salvador <i>http://www.gapinc.com/public/SocialResponsibility/sr_projects_indep.shtml</i>	100	20
5.6 Reporting the results of audits of labour standards in the supply chain -Aggregate reporting on audit findings with analysis of results in annual CSR reports -There is some disclosure and analysis of audit findings at the factory or supplier level -Factory level findings are public through reports published by EMIH and COVERCO of audits conducted in factories in Honduras and Guatemala <i>p. 22 CSR report, COVERCO website</i>	75	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p. 21, 2004 CSR report</i>	100	15
Section total score / section weighting		85 X 35%

Total Score 68 /100