

## Gap Inc. COVC Findings (2021-2023)

This summary of [Code of Vendor Conduct](#) (COVC) assessment findings depicts the percent of factories with one or more findings within a COVC Standard category (representing the scope of impact for each of these issues). We review this metric annually to assess trends in our progress. All issues found result in an assigned factory improvement plan; we partner with suppliers to confirm corrective actions are taken. Please explore our website for information on our [Assessment and Remediation](#) process, [Grievance Mechanisms](#), [Supplier Capability Building programs](#), and [Stakeholder Engagement](#).

COVC Standard	Description of Sub-Standards Assessed (This text represents a summary of the issues monitored and is not representative of every COVC detail or issue found)	Percent of factories with one or more findings		
		FY2021*	FY2022	FY2023
<b>Compliance with Laws</b>				
Apprentice and Vocational Programs	Facility uses apprenticeship/training to avoid obligations, does not comply with local laws, and/or keep accurate records of trainees	0%	0%	0%
Bribery and US Foreign Corrupt Practices Act	Facility does not operate in full compliance with U.S. Foreign Corrupt Practices Act (FCPA) and/or accepts bribes from workers	0%	0%	0%
Child Care Facilities	Facility does not provide childcare facility, adequately trained attendant, sufficient space, adequate maintenance, or proper records	2%	4%	5%
Coaching Answers	Facility coached workers on interviews, does not provide privacy for interview, or retaliates against workers bringing up issues	0%	0%	0%
Compliance with Laws	Facility does not operate in full compliance with all applicable laws, rules and regulations, and/or does not post local laws visibly	13%	26%	24%
Employment Contracts	Facility employment contracts are not available, outdated, lack wage information, violate labor law, and/or not provided to workers	3%	5%	6%
Factory Expansion	Facility did not notify or receive approval from Gap Inc. to make expansions or to shift production to expanded part of facility	0%	0%	0%
Gap Inc COVC posting	Facility does not post Gap Inc.'s COVC poster at all, in the language of workers, or the most up-to-date version	0%	0%	0%
Subcontractor Monitoring	Facility does not adequately monitor, document, or share information on the subcontractors used for Gap Inc. production	0%	1%	1%
Transparency	Facility records do not accurately reflect conditions	1%	2%	2%
Unauthorized Subcontracting	Facility is placed Gap Inc. production in unauthorized sub-contractor	0%	0%	0%
Unrestricted Access	Facility prevents/limits access to factory, factory records, and/or workers	0%	0%	0%
Unrestricted Access - Documentation	Employment eligibility forms and/or employment contracts are unavailable onsite/incorrect/outdated/lack wages/violate labor law	8%	15%	18%
Worker-management Communication	Worker-management council is not formed, council composition or election is not in accordance with law, and/or lacks records	5%	11%	10%
<b>Environment</b>				
Chemical Disposal	Facility does not have and/or effectively implement appropriate procedures/records for waste classification, collection, and disposal	3%	6%	4%
Chemical Handling Procedures	Facility does not have and/or effectively implement appropriate procedures and/or training for chemical handling, storage, and spills	9%	16%	18%
Chemicals Inventory	Facility does not maintain a Chemical Inventory and Usage log with all required details and/or make log available to workers	3%	5%	5%
Chemicals Storage	Facility does not have adequate, safe, marked, separated, and/or ventilated storage area for chemicals or hazardous substances	15%	30%	29%
Environmental Emergency Plan (EEP)	Facility does not have adequate processes documented or record-keeping in response to accidental spills, discharges, exposures	1%	1%	1%
Environmental Management System (EMS)	Facility does not have an EMS, and/or the EMS is not effective, lacks policy, lacks workers training, or lacks required legal permits	7%	12%	10%
Restricted Substances List	Facility is using banned chemicals/substances	0%	0%	0%
SAC Higg Index FMEAF	Facility has not completed the Higg Index FEM (Facility Environmental Module)	0%	0%	0%
Wastewater Treatment Policy and Procedure	Facility does not have adequate procedures, wastewater treatment plant, and/or does not meet Central Treatment Plant standards	1%	1%	0%
Water Quality Program	Wastewater discharge is not in compliance with Water Quality Guidelines/local law requirements	0%	1%	0%
<b>Labor</b>				
Child Labor	Workers below legal minimum, schooling, or 15 years of age; Age verification documents unavailable or incomplete; Facility does not enforce special working conditions for young workers (hours, breaks, wages); Facility lacks complete record of young workers	2%	3%	6%
Discrimination	Facility engages in or supports discrimination during hiring, compensation, access to training, promotion, termination or retirement based on race/color/gender/nationality/religion/age/maternity/marital status/indigenous status or ethnicity/social origin/ disability/sexual orientation/HIV/AIDS status/membership in workers organizations including unions or political affiliation	1%	3%	2%
Forced Labor	Facility uses involuntary labor, restricts movement, violates free egress, and/or restricts/penalizes workers ending their employment	0%	1%	0%
Foreign Contract Labor (Foreign Contract Workers = FCWs)	Facility does not provide adequate employment contract and/or orientation for FCWs, does not pay all host country/recruitment/ return fees, restricts passports, does not have adequate record of FCWs, discriminatory practices to FCWs	0%	1%	1%
Freedom of Association (FOA)	Facility does not comply with national laws and regulations concerning FOA and Collective Bargaining	2%	8%	5%
Humane Treatment and Disciplinary Practices	Facility permits physical/verbal abuse, threats, harassment, restricts privileges, lacks disciplinary procedure/grievance mechanism	4%	12%	14%
Wages, Benefits, and Terms of Employment	Violations: minimum/local industry wages, wage statements, overtime payment, benefits, leave procedures, severance	22%	42%	38%
Working Hours	Working hours exceed national law or regular 48-hour workweek; Overtime is not voluntary, or retaliation is found; Timekeeping or voluntary hours system has violations; Facility does not provide 1 day off in 7; Facility does not provide mandated rest periods	26%	49%	44%
<b>Management Systems</b>				
Company Statement & Management Oversight	Facility does not have a statement from management with sustainability commitment and/or it is not communicated to workers	1%	5%	6%
Management & Worker Trainings	Facility does not have a mechanism to assess training needs and/or does not have available, implemented training materials	2%	6%	8%
Management Responsibility & Worker Feedback	Facility does not have defined worker roles or mechanisms to obtain feedback from workers on sustainability management systems	2%	4%	4%
Performance Objectives & Targets	Facility does not have sufficient records, targets, or management review process related to COVC and sustainability systems	2%	6%	6%
Risk Assessment Process	Facility does not have a risk assessment process for legal and sustainability risks, and/or process is not functional or updated	3%	6%	6%
<b>Working Conditions</b>				
Dormitory	Violations: sleeping/eating areas, fire alarms/extinguisher, electrical/mechanical safety, exits, first-aid, plumbing, lighting, ventilation	3%	9%	7%
Occupational Health and Safety (OHS)	Violations: health/safety laws, training, procedures, committee & meetings, ventilation, chemical safety, lighting, stairways, toilets, eating and drinking, first aid, machinery, PPE, fire alarms/extinguisher, exits, doors, electrical/mechanical safety, hot spots, etc.	46%	84%	84%

\*Throughout and following the COVID-19 pandemic, our approach to assessments adapted or paused. In 2021, Better Work started to conduct assessments by using VCC (Virtual Compliance Check) which has less questions compared to the normal assessment tool. Additionally in 2021, we expanded use of the SCLP tool in countries that do not use BetterWork; the SCLP verification also has less issues than our standard assessments. For this reason, there were a smaller percent of factories found with the issues across the hundreds of COVC standards. From 2022 onward, Better Work is back to full scale of physical assessment and we are looking into the issues that are not clearly identified by SCLP.