

www.materialitytracker.net RESULTS

Company:	GAP
Sector:	Apparel / Clothing and Accessories Retailer
Report Year:	2005-2006
Headquarters:	San Francisco, USA
Standard Application:	GRI G3
Format:	Listing

Supply Chain
A Holistic Approach to Improve Garment Factory Working Conditions
Measuring Factory Performance
Product Safety
Evaluating Our Business Practices
Building Partnerships at the Industry and Multi-Stakeholder Levels
Progress in Key Countries and Regions
Promoting Action and Dialogue at the Global Level
Employees
Creating an Open, Inclusive Workplace
Employee Recognition
Providing Competitive Compensation and Benefits
Investing in Our Growth and Development
Supporting Our Employees
Workplace Safety and Health
Environment
Energy Conservation
Cotton/Sustainable Design
Output/Waste Reduction

Through a careful analysis conducted with environmental consultancy CH2M HILL, and our **materiality** analysis with SustainAbility (see page 14), we examined the environmental challenges that our company faces and analyzed the potential impact to our business. We considered the areas over which we have the most control and influence, and assessed the level of societal concern for each. Our environmental strategy is focused on three key areas where we believe our work can have the greatest positive impact: Energy conservation, Cotton/sustainable design, and Output/waste reduction (ECO).

SustainAbility Materiality Assessment

We face a broad range of social responsibility issues in our operations. Given our global scope and the complexity of our business model, we must constantly assess our work to ensure that we are allocating resources in the areas where we can have the greatest positive impact. In 2006, we engaged SustainAbility, an international management consultancy and think tank specializing in corporate responsibility, to help us conduct a "materiality assessment." Our goal was two-fold: to strategically prioritize our efforts and to focus the scope of this report on the social responsibility issues most relevant to our company.

We asked SustainAbility to assess how various social responsibility issues could impact our business performance, how external stakeholders viewed these issues, and how much control or influence we have over the issues. SustainAbility consultants interviewed Gap Inc. executives and employees, conducted secondary research and convened a group of stakeholders for a half-day session to solicit feedback on preliminary assessment results. This feedback session took place in January 2007 in New York, and included participants from trade unions, non-governmental organizations (NGOs), civil society organizations, multi-stakeholder organizations and academia.

Several major themes and opportunities emerged from this assessment and stakeholder feedback session:

Themes

Interconnectedness: It is clear that the issues we face are inherently interconnected and not easy to disaggregate. We should continue working to understand how they fit together, and how we can best have a positive impact as a company.

Impact: Assessing the impact of our efforts may be one way to "take stock" of our efforts. Impact may or may not be measurable, but that shouldn't stop us from examining indirect connections.

Integration into the Business: We must recognize the connection between our business decisions and the impact they can have on factories, the environment and local communities. We should continue working to assess our own business processes.

Business Value: We should look for opportunities to create value for the business through our social responsibility efforts.

Opportunities

Supply Chain Labor Conditions: Ethical sourcing remains our most material social responsibility issue and we should not waver in our commitment to ensure fair working conditions at factories that make the clothing we sell.

Employee Development: The success of our business and our social responsibility efforts absolutely depends on developing the best talent in the industry.

Environmental Issues: Climate change and sustainable materials, in particular, present opportunities for us to innovate, engage with customers and energize employees.

Governance and Ethics: How we manage our business is increasingly important to the company and our stakeholders.

Public Policy: It is increasingly important that we examine our public policy positions—from lobbying activities to trade agreements to industry associations.

Throughout this Report, we have sought to address the key issues raised in SustainAbility's findings and by our stakeholders. For the first time, we have clearly discussed the ways in which social responsibility creates business value for us. We have also provided insight into how these efforts are increasingly connected to our core business operations. We have addressed the five opportunities outlined head-on: public policy, governance and ethics are discussed throughout the narrative, while discussions of environmental issues, employee development and supply chain labor conditions appear in the relevant sections. Finally, we have approached the overall design of this Report with the themes of interconnectedness and impact in mind. We aim to show that each area of our social responsibility work is part of a greater integrated strategy to help us fulfill our potential as a successful, profitable company and as a responsible global citizen.

As our industry changes and our business evolves, we will continue to consider the issue of "materiality" to ensure that our work and our reporting remains as relevant and credible as possible.