

**Gap Inc. and Levi Strauss & Co.
Joint Action Plan for contracted factories in Lesotho
September 18, 2009**

As companies that source products from Lesotho, each with a long history of doing business in Africa, Gap Inc. and Levi Strauss & Co. were deeply disturbed by recently published news stories regarding working conditions and environmental issues related to our contracted factories. Both companies dispatched executives immediately following the reports to supplement their local staff based in the region.

As a follow up to our immediate actions and investigations into the situation, this fact sheet was developed to provide additional information about our joint action plan to address these concerns. Our teams worked closely with factory management, third-party experts, and local and national government officials to create an initial plan of action.

Background

Working to address the complex and challenging issues in developing countries like Lesotho is a part of each of our companies' ongoing social responsibility efforts. When the Multi-Fiber Arrangement (MFA) expired in 2005, there was great concern brands would view the new quota-free global regime as an opportunity to move production out of Lesotho. Both Gap Inc. and Levi Strauss & Co. continued to source from the country and advocate for its continued duty-free market access to the United States through which related job creation and skills development would continue. We remain committed to building capacity in the region to help the country develop its economy further.

Progress to Date

While there is much yet to be done, together we have made strides, in particular to understand more comprehensively the issues facing garment factories in the area, and which improvements are most necessary.

Following our immediate actions in this situation, we have:

- Completed our internal investigations and independent assessments;
- Ensured that a broken municipal waste water pipe was repaired;
- Confirmed that a broken pipe at the local fabric mill's waste water treatment plant had been repaired, and the plant is fully operational;
- Verified, through an independent assessment, that our contracted garment factories' waste water treatment plants are in proper working order;
- Held supplier meetings to review the state of affairs, identify opportunities for improvement and outlined next steps relevant to the manufacturing facilities producing garments for our companies;
- Requested and participated in meetings with Lesotho government officials to discuss waste disposal and waste water treatment concerns and gained commitment for improvement;
- Both companies researched the allegations of verbal abuse at the named facility. An independent investigation was also conducted, including interviews with workers and trade union representatives, which uncovered sporadic instances of such abuse. In light of this, we are enhancing our work and training with factory management to ensure clear understanding of and compliance with our respective supplier codes of conduct related to the fair and respectful treatment of workers, including the effective implementation and use of grievance procedures.

The Government of Lesotho has also committed to address the broader water and waste infrastructural challenges. We refer interested parties to the Government of Lesotho's website to view their statement: http://www.lesotho.gov.ls/documents/press/Gol_statement_to_media1.pdf.

On-going Efforts / Next Steps

We fully recognize the importance of improved infrastructure development for countries such as Lesotho. We also know that while we can contribute to these efforts, we cannot solve such complex issues alone, and believe that a collaborative approach with multiple stakeholders, including civil society and multi-national institutions, industry and government, will yield the most sustainable outcome.

Based on our investigations, as well as initial reviews of independent audits, we will:

- Continue to work with the Ministry of Trade and other key government agencies to encourage more effective management and oversight of the local waste dumps and municipal waste water treatment plant;
- Continue to improve working conditions and education in the factories we contract to ensure workers are treated fairly in a healthy and safe environment in accordance with local legal requirements and our respective codes.
- Support the development of processes and procedures to avoid direct discharge of untreated effluent should the on-site waste water treatment systems malfunction, and to notify authorities/community if such discharges occur;
- Further our work with the MFA (Multi-Fiber Arrangement) Forum Working Group for Lesotho to address the most pressing complex economic, social and environmental challenges;
- Support and engage with the International Labour Organization (ILO) Better Work Program that plans to launch in Lesotho in the coming year ;
- Identify appropriate additional social and/or environmental investment opportunities in which our companies could engage.

Over the past decade, we've seen steady progress in our suppliers' overall factory working conditions, but we realize that there is more work to do. We are committed to doing what's right and making continued progress working together with governments and other concerned stakeholders.

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