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JOHN C. LIU  
COMPTROLLER

June 26, 2013

Glenn K. Murphy  
Chairman and Chief Executive Officer  
Gap, Incorporated  
2 Folsom Street  
San Francisco, CA 94105

Dear Mr. Murphy:

Gap is facing a critical juncture as it seeks to mitigate risks posed by unsafe conditions at apparel suppliers in Bangladesh, where recent factory tragedies highlight the failure of industry efforts to date. Having participated in a global effort to forge an effective response, Gap has apparently decided to reject the resulting Accord on Fire and Building Safety in Bangladesh (“Accord”) and instead embrace a vaguely-defined, non-binding alternative being developed by a group of North American retail trade associations.

On behalf of the New York City Pension Funds (“NYC Funds”), I urge Gap to sign the Accord, a binding, multi-stakeholder collaboration supported by more than 50 global brands and retailers. The NYC Funds have \$138 billion in assets and are long-term Gap shareowners, with 766,297 shares and a recent history of productive engagement with the company in response to our shareowner proposal on supply chain risks and transparency.

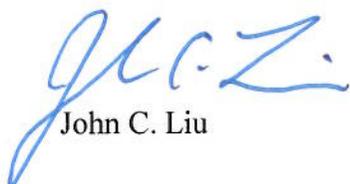
The horrific tragedies in Bangladesh are a stark manifestation of these risks and have prompted an unprecedented, multi-stakeholder response. Like other signatories to the recent Joint Investor Statement Regarding Recent Events in Bangladesh, a copy of which was sent to you, we believe the resulting Accord has the potential to meaningfully strengthen worker safety in Bangladesh’s garment factories and protect long-term shareowner value for the brands that source from them.

Gap has said its refusal to sign the Accord is due to unspecified legal concerns the binding terms of the Accord create for U.S. companies. We are unable to assess these concerns, but note that other major US retailers, including Abercrombie & Fitch and PVH (Tommy Hilfiger, Calvin Klein), have signed the Accord. Moreover, we question how a voluntary agreement that is not legally enforceable and lacks meaningful participation by unions and civil society will adequately protect the long-term interests of Gap and its shareowners, particularly given the failure of past voluntary efforts.

The trade associations developing the competing agreement defend their effort by asserting that “there is no simple ‘one-size-fits-all’ solution” to “the complex problems in Bangladesh.” Their posture strikes us as disingenuous and counterproductive. In fact, it is the complexity of the problems that necessitates a unified, global response and is the impetus for the Accord. By supporting the trade associations’ competing, voluntary agreement, Gap, and the other U.S. retailers that follow its lead, risk diluting the effectiveness of the Accord.

Consistent with Gap’s interest in managing supply chain risks and its record for constructive industry leadership on these issues, we urge the company to promptly sign the Accord.

Sincerely,



John C. Liu