New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU, FUNDS CALL ON GAP AND TARGET TO SIGN BANGLADESH FACTORY SAFETY ACCORD

Both Companies Recently Agreed To NYC Pension Funds' Request for More Transparency on Global Suppliers

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NEW YORK, N.Y. – City Comptroller John C. Liu, on behalf of the NYC Pension Funds, today announced that he has called on Gap Inc. (NYSE: GPS) and Target Corporation (NYSE: TGT) to help protect garment workers by signing the Accord on Fire and Building Safety in Bangladesh. The request comes on the heels of recent agreements between the Funds and the companies to increase the sustainability and transparency of their global suppliers.

"These companies have acknowledged the need for real solutions to the tragic deaths and violations of human and worker rights plaguing the apparel industry in Bangladesh," Comptroller Liu said. "Signing the Accord is a critical step toward safeguarding their supply chains and their investors."

The Dhaka Fire on Nov. 24 and the Rana Plaza building collapse April 24 claimed the lives of more than 1,200 men, women, and children in Bangladesh.

Comptroller Liu, on behalf of the NYC Pension Funds, signed the Joint Investor Statement Regarding Recent Events in Bangladesh released on May 16, 2013. Signed by global investors with a combined $1.35 trillion in assets, the Statement cites the Accord, which has now been signed by more than 50 global brands and retailers, as an example of the crucial collaboration needed to both promote worker safety standards and protect shareowner value.

The Accord on Fire and Building Safety in Bangladesh

The Accord is a binding, five-year commitment to conduct fire and building inspections and enact other safety measures; it is aimed both at strengthening worker safety in Bangladesh *and* safeguarding investors. More than 50 leading global brands have signed the Accord, including Abercrombie & Fitch and PVH (Tommy Hilfiger, Calvin Klein). The full text of the Accord is available here:
http://www.workersrights.org/linkeddocs/Accord%20on%20Fire%20and%20Building%20Safety%20in%20Bangladesh%205.12.2013.pdf

New Supply Chain Agreements

Following productive discussions, Comptroller Liu and the NYC Funds have withdrawn five shareowner proposals requesting that companies require independently verifiable sustainability

reports on workers and human rights' practices. As a result of these discussions, Gap, Target, Nike (NYSE: NKE), EMC (NYSE: EMC), and Texas Instruments (NASDAQ: TXN) agreed to encourage significant suppliers to prepare sustainability reports based on the Global Reporting Initiative framework and to show preference to those that do. The specific agreements vary among the companies.

The new policies represent tangible progress toward stronger, more transparent supply chains. They are intended to complement other necessary actions to mitigate the legal, reputational, and operational risks that the companies and their shareowners face as a result of poor worker rights and workplace safety practices in their supply chains. These include independent supplier audits and, for companies like Gap and Target that source a significant amount of apparel from Bangladesh, signing the Accord.

Comptroller Liu's letters to Target and Gap can be downloaded here:
http://comptroller.nyc.gov/press/pdfs/Comptroller-Liu-letter-to-Target.pdf
http://comptroller.nyc.gov/press/pdfs/Comptroller-Liu-letter-to-Gap.pdf

FULL TEXT OF COMPTROLLER LIU'S LETTER TO GAP INC.

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

New York City Comptroller John C. Liu serves as the investment advisor to, custodian, and trustee of the New York City Pension Funds. The New York City Pension Funds are composed of the New York City Employees' Retirement System, Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund, and the Board of Education Retirement System. As of June 29, 2013, the New York City Pension Funds held a combined 13,028,143 shares in the five companies valued at $507,179,127.10, including: 761,956 shares in Gap valued at $31,964,054.20; 1,774,516 shares in Target valued at $122,068,955.64; 1,938,961 shares in Nike valued at $120,836,049.52; 5,829,067 shares in EMC valued at $137,391,109.19; and 2,723,643 shares in Texas Instruments valued at $94,918,958.55.

In addition to Comptroller Liu, the New York City Pension Funds trustees are:

New York City Employees' Retirement System: Janice Emery, Mayor's Representative (Chair); New York City Public Advocate Bill de Blasio; Borough Presidents: Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers' Retirement System: Janice Emery, Mayor's Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; and Sandra March, Melvyn Aaronson (Chair) and Mona Romain, all of the United Federation of Teachers.

New York City Police Pension Fund: Janice Emery, Mayor's Representative; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen's Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Louis Turco, Lieutenants Benevolent Association; and, Roy T. Richter, Captains Endowment Association.

New York City Fire Department Pension Fund: Janice Emery, Mayor's Representative; New York City Fire Commissioner Salvatore Cassano (Chair); New York City Finance Commissioner David Frankel; Stephen Cassidy, President, James Slevin, Vice President, Robert Straub, Treasurer, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; Patrick Reynolds, Captains' Rep.; James Lemonda, Chiefs' Rep., and James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, Sean O'Connor, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Dennis Walcott; Mayoral: Joseph Lewis, Jeanette Moy, Ian Shapiro, Tino Hernandez, Judy Bergtraum, Allison Rogovin, and Milton Williams; Patrick Sullivan (Manhattan BP), Kelvin Diamond (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Robert Powell (Bronx BP) and Diane Peruggia (Staten Island BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

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