

**Transcript**  
**Gap Shareholder Meeting**  
**May 15, 2012**  
**San Francisco, California**  
**Question from The National Center for Public Policy Research**

**GAP CHIEF EXECUTIVE OFFICER GLENN MURPHY:** I'd like to open the meeting up for any questions from shareholders.

**NATIONAL CENTER FOR PUBLIC POLICY RESEARCH GENERAL COUNSEL DANHOF:** Hi. Good morning. My name is Justin Danhof and I am here representing the National Center for Public Policy Research. We're a free-market think-tank and a shareholder. I appreciate the opportunity to speak with you this morning.

Mr. Murphy, your company is a member of the Retail Industry Leaders Association, also known as "RILA". It's one of the country's largest trade organizations. Recently, RILA launched a massive sustainability campaign and they lobby for, and mandate, among other things, reductions in greenhouse gas emissions, reducing environmental footprint of consumer products, and sustainability labeling for consumer products.

As a shareholder, our basic concern is that RILA's push for so-called "sustainability" will negatively affect Gap's small suppliers and consumers; those who will ultimately bear the costs of this self-imposed green regulation that Gap and other RILA members are advancing. It appears that retailers are trying to cleanse their guilt over selling consumer products by advancing this initiative. However, the cost will be borne by your smallest suppliers and customers.

So, my question is: Mr. Murphy, why should your small suppliers and consumers have to pay more so you can feel better about the perceived impact your company has on the environment?

Thank you.

**MURPHY:** Thank you. We are a member of RILA; a member in good standing, as far as I know. And, here's what I would say: that, while RILA does some work with us, when appropriate, on common goals that retailers may have, whether that's bringing us together to make sure that we have a common voice where appropriate – that could be government or other working groups – what I can say about RILA is, we don't need RILA working on any document or doctrine to get us to be committed to the environment.

Well before this ever came forward, this company, through its corporate social responsibility, has been a huge supporter and has taken really strong actions on environmental, whether it's on the global footprint, or carbon footprint, that you talked about, which we have a goal of reducing our carbon footprint by 20% by 2015; or whether it's clean water. When it comes to the business in

which we're in, at times, in some of these factories – that we don't own – the water that actually gets distributed post-production needs to be cleaned, and we are working alongside our suppliers.

One thing I know about suppliers – I've been in this business a long time – is, you can't tell them what to do; you have to work with them. And you have to go side-by-side with them, explain to them the benefit of certain environmental investments that we're willing to make, and they're willing to make alongside of us. It's not only right for the environment, but I think it's right, overall, in the direction that our suppliers want to take as we, as somebody pointed out earlier, have manufacturing relationships in 50 countries around the world. So, as far as I know, and I spend a lot of time – I just [unintelligible] in March, meeting with all of our suppliers around the world, which I do, annually, – with Colin Funnell, who's here today; runs our supply chain business – and, while this is not the top topic that we have in our discussions with our vendors, they know we are hugely committed to improving the environmental investments that they can make and we can support them in, particularly, the clean water area.

So, I've not heard anything from our vendors and we certainly would never force them into anything that they weren't comfortable doing.