

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Gap Inc. was founded in San Francisco in 1969. Today, Gap Inc. is a leading global retailer offering clothing, accessories and personal care products for me, women and children under the Old Navy, Gap, Banana Republic and Athleta brands, with approximately 135,000 employees, including part-time and full-time employees. Our products are available for purchase in more than 90 countries worldwide through about 3,165 Company-operated stores, 429 franchise stores and e-commerce sites (as of FY'17).

As our business evolves, we continue to work on further integrating sustainability into our core business and interactions with all stakeholders, including the suppliers that make our branded products. We believe sustainability promotes innovation and improves employee engagement, operational efficiency, productivity, and ultimately, our profitability.

Building off our submission in 2017, in 2018 our Athleta brand has been certified as a benefit corporation ("B Corp"), furthering its commitment to using business as a force for good to drive social and environmental impact by meeting rigorous standards across social and environmental performance, accountability and transparency. Additionally, we have amended Athleta's legal charter to become a Delaware Public Benefit Corporation in order to further uphold Athleta's commitments to people and the planet. With this accreditation, Gap Inc. has become one of the largest publicly traded retail companies with a B Corp certified subsidiary apparel brand. We plan to leverage the learnings from Athleta as a case study for Gap Inc., providing a benchmark and roadmap of potential opportunities for greater social and environmental impact across the enterprise.

We purchase private label and non-private label merchandise from about 800 vendors. Our vendors have factories in about 50 countries. Our two largest vendors each accounted for about 5 percent of the dollar amount of our total fiscal 2017 purchases. Of our merchandise purchased during fiscal 2017, substantially all purchases, by dollar value, were from factories outside the United States. Approximately 25 percent and 22 percent of our fiscal 2017 purchases, by dollar value, were from factories in Vietnam and China, respectively.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 31 2017	February 1 2018	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Bangladesh
Canada
China
China, Hong Kong Special Administrative Region
Egypt
France
India
Indonesia
Ireland
Italy
Japan
Mexico
Pakistan
Puerto Rico
Republic of Korea
Sri Lanka
Taiwan (Province of China)
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	The Gap Inc. Governance and Sustainability Committee of the board of directors assists the board in fulfilling its oversight responsibilities relating to the Company's corporate governance matters, including the development of corporate governance guidelines, periodic evaluation of the board, oversight of the Company's programs, policies and practices relating to social and environmental issues and impacts, and such other duties as directed by the board of directors. Specifically related to sustainability, the Committee's responsibilities mandates that they review and evaluate Company programs, policies and practices relating to social and environmental issues and impacts to support the sustainable growth of the Company's businesses.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Gap Inc.'s Board of Directors, particularly the Board's Governance and Sustainability Committee, oversees the Company's Global Sustainability program and receives regular updates directly from the Senior Vice President of Global Sustainability and President, Gap Foundation. The Committee oversees and approves strategy, goals and progress related to climate change and other environmental issues. The Board of Directors approved our enterprise goals for addressing Climate Change, with our 50% Scope 1 & 2 targets and commitment to set a Scope 3 Science Based Target.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

Our Senior Vice President of Global Sustainability is the manager responsible for assessing and managing climate-related risks and opportunities. This individual also meets quarterly with Gap Inc. CEO to discuss social and environmental responsibility issues, and also meets regularly with our Executive Vice President of Global Supply Chain. Our environmental/sustainability executive reports to Executive Vice President and Chief People Officer, who reports directly to our CEO. Our environmental/sustainability executive is responsible for guiding strategy, setting of management approach and priorities and achieving climate-related goals. As the individual primarily responsible for the Sustainability function, they directly oversee the teams that develop and carry out the workstreams identified to address our environmental risks.

Our organizational structure requires particularly close collaboration across key departments at Gap Inc., which is why our Global Sustainability department works closely with our Supply Chain, Government Affairs, Public Affairs, Legal, and Gap Foundation teams, among others. Our Environmental Council, which includes business leaders from across the Company, also plays an active role in overseeing our environmental initiatives and performance. This Council is responsible for assessing and reviewing strategy related to climate change and other environmental issues, as well as implementing initiatives and policies throughout business functions. By including individuals with subject matter expertise and responsibilities from throughout Gap Inc.'s operations, the Council enables cross-functional collaboration and achievement of sustainability activities.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Management group

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

We empower our employees to drive change and support our efforts to improve environmental sustainability. Many of our best ideas come from our employees, and we actively encourage and support sustainable innovation in each of our brands. The incentives we provide for innovation across the company, while not solely dedicated to climate change or the environment, may be awarded for work on reducing emissions, meeting targets, leading emissions reduction initiatives and piloting innovative programs which actively respond to environmental issues. For example, Annual Performance Bonus plans provide financial incentives to reward our employees for achieving company and/or individual performance goals, including environmental initiatives or programs. The objectives of our bonus plans are: To reward financial performance, achievement of organization and individual goals and to support the company's pay-for-performance philosophy.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Efficiency project

Comment

The Exceed Award is Gap Inc.'s company-wide spot bonus program. The cash award is designed as a tool to reward team members in real-time who demonstrate superior performance and generate results above and beyond the expected job scope. The Exceed Award may be given to an individual or a team for outstanding performance in a variety of areas, including environmental sustainability initiatives such as work on reducing emissions, meeting set targets, leading emissions reduction initiatives and piloting innovative programs which actively respond to environmental issues.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	3	
Medium-term	3	5	
Long-term	5	10	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Risks assessments encompass potential impacts to the operations of Gap Inc.'s global business and supply chain.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

At the enterprise level, our Internal Audit team conducts annual risk assessment interviews with more than 60 of the Company's top executives and board members. A subset of these executives (~20) is interviewed quarterly to track changes in the Company's risk profile.

Our Global Sustainability team works with outside experts and stakeholders, business partners across the organization and Gap Inc.'s Environment Council to assess and take action on environmental and social risks and opportunities. We use a variety of approaches and tools to identify and evaluate risks and opportunities, including a sustainability materiality assessment, country and region-specific risk assessments and stakeholder maps, rankings and profiles.

We conduct Company-wide enterprise risk assessments and asset level business continuity planning that encompass sustainability-related risks, including the risks that climate and environmental impacts could pose to our business. Within our supply chain, we request Tier 1 suppliers of branded products, and strategic Tier 2 suppliers, to use the SAC's Higg index to perform environmental self-assessments. In 2016, our Internal Audit team undertook a comprehensive risk assessment of Tier 2 facilities, with the goal of identifying risks impacting our business and evaluating the response in place to mitigate these risks.

Our Global Sustainability team works with business partners and experts to assess the importance of potential environmental and social risks and opportunities to our business and external stakeholders, including suppliers and the people who make our products. The tools we use to help prioritize risks and opportunities include a sustainability materiality assessment, life cycle assessment of representative products, country and region-specific risk assessments and a stakeholder perception index. For our materiality and other risk assessments, we consider such factors as the magnitude, likelihood and time horizon of potential impacts on stakeholders and our business.

At the asset level, our Business Continuity Planning (BCP) team analyzes, prioritizes and helps to mitigate asset risks resulting from extreme weather, natural hazards and other external events. The BCP team uses predictive and actual models from the National Oceanic and Atmospheric Administration (NOAA) and other national and international agencies as well as integrated GoogleEarth tracking tools that are overlaid against all of Gap Inc.'s facilities for tracking potential and actual impacts. The team uses a Risk Assessment Tool ("RAT") to determine the event and Company risk and the residual risk remaining after preparedness plans are developed.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation directly impacts our operations, manufacturing and sourcing, and is considered within our risk assessments. Current regulation on climate change can impact energy prices, compliance costs, sourcing availability and costs as well as ability to operate in markets. Specifically, to our supply chain, current regulations, such as regional caps on GHG emissions within China have affected textile mills from which we source, requiring shifts in sourcing location or causing delays in production. We consider regulations in where we source and how we aim for compliance.
Emerging regulation	Relevant, always included	Emerging regulation potentially impacts our operations, manufacturing and sourcing, and is considered within our risk assessments. Emerging regulation on climate change can impact energy prices, compliance costs, sourcing availability and costs as well as ability to operate in markets. For example, as China has introduced climate regulation, textile mills are being monitored for compliance to absolute caps on emissions, with the potential of halting production when caps are reached. This can adversely impact our supply chain and lead to product delays.
Technology	Not relevant, explanation provided	We have not identified technological impacts from climate-related risks in our industry.
Legal	Not relevant, explanation provided	We have not identified legal risks from climate-related impacts.
Market	Relevant, sometimes included	Market shifts have implications for our sourcing, production and business. As climate impacts may cause shifts in raw materials, especially cotton due to extreme weather, drought or flooding, we may face sourcing risk or costs. As a result, apparel and textile industries have shifted to build resiliency around cotton, such as BCI, which is captured in our goals to source more sustainable cotton. Awareness of the competitive landscape demonstrates that many retail and apparel companies have begun to address market risk from climate-related impacts.
Reputation	Relevant, sometimes included	We anticipate that doing our part to address the global issue of climate change may also affect our reputation with customers, employees and investors, as well as environmental and human rights organizations and other stakeholders. We have actively leveraged our membership in BICEP to advocate for progressive policy action on climate and energy issues at the local, state and federal level, and have also publicly affirmed our commitment to the Paris Climate Agreement and the #wearestillin movement.
Acute physical	Relevant, sometimes included	The supply and cost of certain agricultural commodities, particularly cotton, is critical to our business. Cotton is used in the majority of our products, and Gap Inc. is a major buyer of cotton in the apparel industry. Droughts, extreme heat or other chronic physical impacts causing changes in agricultural production, precipitation or weather in key cotton-producing countries (e.g., China, India, Pakistan, U.S.) related to climate change could impact the availability and cost of the cotton that is used to make many of our apparel products.
Chronic physical	Relevant, sometimes included	Flooding, drought or another extreme precipitation event that affects a substantial share of the global cotton supply could lead to a significant increase in the cost of sourcing our products. In 2011, a severe drought in a major cotton producing country contributed to lowering our gross profit margin by several percentage points, which could be seen again, as evidenced by growing cotton prices over the last few years.
Upstream	Relevant, sometimes included	We also recognize the need to adapt our supply chain, sourcing practices and product design to regulatory developments and issues of water scarcity and other agricultural impacts in key sourcing countries that are influenced by climate change. The supply and cost of certain agricultural commodities, particularly cotton, is critical to our business. Cotton is used in the majority of our products, and Gap Inc. is a major buyer of cotton in the apparel industry. Droughts, extreme heat or other chronic physical impacts causing changes in agricultural production, precipitation or weather in key cotton-producing countries (e.g., China, India, Pakistan, U.S.) related to climate change could impact the availability and cost of the cotton that is used to make many of our apparel products.
Downstream	Relevant, sometimes included	We anticipate that doing our part to address the global issue of climate change may also affect our reputation with customers, employees and investors, as well as environmental and human rights organizations and other stakeholders.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

We believe that addressing climate change benefits our business, making us more efficient and enhancing our connection with customers, employees and other stakeholders. We focus primarily on energy and waste when it comes to the environmental impacts of our own operations. Taking action in one area, like waste, can also reduce greenhouse gas (GHG) emissions. We believe it is vitally important that we address the urgent challenge of climate change—and that integrating climate change into our business strategy contributes to a competitive advantage in several ways, as it:

- Reduces our operating costs by increasing energy efficiency and reducing consumption
- Positions us well to adapt to a fast-changing regulatory environment affecting energy use, product marketing and labeling and store construction
- Helps us improve our reputation and build support from a range of stakeholders, including customers, employees, investors and environmental organizations

We aim to manage our climate-related risks and opportunities through our management approach below:

- 1. Integrate Sustainability into Our Business:** By integrating sustainability into our business as a core driver, we create wider accountability for sustainability goals. This allows us to leverage our talent across all of Gap Inc. to achieve our ambitious sustainability goals. For example, our GHG target is a Company-owned goal that is governed by key business leaders within Company operations, such as energy procurement, who have oversight over our progress.
- 2. Set Ambitious Goals:** By setting ambitious goals, we establish focus on key indicators across our Company so that we can measure our progress on delivering real benefits to the people and communities we serve. Our Global Sustainability team, alongside business partners and external stakeholders, manages climate related risks and opportunities.
- 3. Deliver on Our Commitments:** By delivering on our commitments, we contribute in a meaningful way to the people and places we rely on for our business—which also helps our Company succeed.
- 4. Form Partnerships with Civil Society, Governments and Other Sectors to Increase Collective Impact** By partnering with organizations from the local to the global level, we can deliver impact on a bigger scale and create long-term, sustainable progress. As an example, our transportation team also works to achieve emission reductions while streamlining our logistics, contributing to reducing our Scope 3 emissions through programs such as EPA's SmartWay in partnership with our transportation providers.

After setting our 2020 goal and developing our climate strategy in 2016, we focused our efforts in 2017 on defining a concrete plan to meet that goal. One of our core focus areas is optimizing energy efficiency in our retail stores, which represent more than 85% of our operational emissions. As we have continued to improve the energy efficiency of our stores, we have come to understand that we cannot achieve our 2020 goal through these efforts alone. Because our stores are often housed in buildings and malls owned by landlords, we have limited ability to implement efficiency improvements and building upgrades. We are exploring ways to purchase cleaner energy through various renewable energy initiatives that will help us meet our goal.

In 2017, we worked closely with internal teams—including Strategic Sourcing, Legal, Accounting, Treasury, and Finance—to educate decision-makers on how large-scale renewable energy works, to explore different solutions that will work best for Gap Inc. We believe our investments in renewable energy will not only help us meet our goal and address the energy impacts of our more than 3,000 sites, it will provide business benefits by reducing our operating costs.

Science-based target: In 2017, Gap Inc. signed on to the Science-Based Target initiative to align our climate goals with the scientific consensus and core commitment of the Paris Agreement to limit global warming below 2°C. The initiative, a partnership between CDP, WRI, WWF, and the UN Global Compact, includes more than 400 companies.

Our 2020 Scope 1 and 2 GHG emissions-reduction goal was based on science-based methodology. To meet the standards of the Science-Based Target protocol, we are also establishing a Scope 3 emissions goal to reduce upstream and downstream emissions, including in transportation and our supply chain.

Through our participation in this initiative, we joined the Apparel and Footwear Sector Guidance Working Group to help define how our industry should determine Scope 3 emissions and set science-based goals. Together with Eileen Fisher, Guess, Levi Strauss & Co., Nike, and VF Corporation, we are researching and aligning on best practices and approaches to calculating Scope 3 emissions. Using this methodology, we plan to submit Gap Inc.'s science-based target for Scope 3 emissions in 2019.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Technology: Costs to transition to lower emissions technology

Type of financial impact driver

Market: Abrupt and unexpected shifts in energy costs

Company- specific description

Climate and energy regulations are expected to contribute to an increase in the costs of procuring the energy that is needed to run our 3,000+ stores, office locations, and distribution centers (DCs) in the U.S. and international markets. Our stores and DCs account for the majority of the Scope 2 climate emissions and energy consumption for Gap Inc.'s owned and operated facilities.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Potential financial impact

10000000

Explanation of financial impact

The risk of abrupt and unpredictable energy price fluctuations could cause variation in our energy procurement costs. The industry's projections suggest that we are at a moderate risk of an increase of \$10,000,000 annually, given our current energy load and spend.

Management method

We set a goal to achieve a 50% absolute reduction in GHG emissions at our owned and operated facilities globally by 2020 against a 2015 baseline. We have a number of initiatives in place to improve energy efficiency and reduce energy consumption at our owned and operated facilities. We have installed LED and other energy-efficient lighting in most of our U.S. stores and stores in a number of international markets, including China, Japan and France. We continue to scale LED retrofits and Energy Management Systems in our retail fleet, across approximately 500 of our US based stores, with a focus on our Gap and Banana Republic brands.

Cost of management

4500000

Comment

Management costs include employee resources and time as well as the cost to make investments in increasing energy efficiency and reducing energy consumption, such as the installation of energy management systems and LED lighting in our stores and distribution centers. The installation of efficiency improvements at our retail stores and distribution centers has a payback period of 2-3 years.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact driver

Market: Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

A high percentage of Gap Inc.'s product is made from cotton, primarily grown in countries such as China, India and Pakistan, all of which face climate-related impacts to production. As climate impacts may cause shifts in raw materials that we use in our products, especially cotton due to extreme weather, drought or flooding, we may face sourcing risk or costs.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

6

Explanation of financial impact

Raw material costs are expected to increase due to climate related risks in our global supply chain. Currently raw material costs are stable but we anticipate variability in raw material costs in the future. In 2017, the commodity cost of cotton increased about 6% due to a variety of factors.

Management method

We have worked to build resiliency into our supply chains to climate related impacts, especially cotton. With the risk of increased raw material prices, we have set goals to source more sustainable cotton, such as our Gap brand's goal for 100% more sustainable cotton by 2021, which includes purchasing of BCI cotton, and our Athleta brand's goal to have 80% of their materials come from sustainable sources by 2020.

Cost of management

52000

Comment

Our management approach of favoring more sustainable sources of raw materials may incur direct and indirect costs. Our main raw materials are commodities, and systemic management of climate change impact requires coordinated effort across the industry. We partner with organizations such as BCI to reduce our risk and to promote broader change. This initiative comes with a membership cost, as well as a cost that is variable with our sourcing volumes. The number provided is the membership fee cost for large companies as defined by BCI, however our total costs may vary depending on a number of factors, Retailers and Brand members pay a Membership Fee and a variable Volume Based Fee (VBF). The membership fee is calculated on total cotton lint footprint, and the VBF is calculated on how much Better Cotton is sourced.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism)

Company- specific description

With over 3000 stores and other owned & operated facilities globally, Gap Inc.'s operations are at physical risk to the changing climate including floods, droughts and other extreme weather events that damage facilities and make them unable to operate their normal business functions. For example, in response to Hurricanes Maria, Irma and Harvey, Gap Inc. stores were evacuated due to flood and damage risk and employees provided with support during recovery periods.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

0.1

Explanation of financial impact

Risk of natural disasters caused by extreme weather events related to climate change are increasing. For example, during Q3 of 2017, Hurricanes Harvey, Irma and Maria caused a small impact on our retail footprint for a limited duration, which included the closure of a combined total of 277 of our stores, for an average of approximately 6 days, representing 0.1% of our total store days lost considering our approximately 3,600 owned and operated and franchise stores.

Management method

To manage the cost of extreme weather events, we purchase insurance where advisable. Additionally, we maintain business continuity plans for potential impacts, including the continuation of pay for affected workers.

Cost of management

0

Comment

Management costs are built into our overall business continuity planning, human resources and internal risk management controls. Specific management costs for climate-related risks have not been isolated.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact driver

Returns on investment in low-emission technology

Company- specific description

We have identified an opportunity to install an additional onsite solar array at our Fresno, California, distribution center that will reduce the site's emissions by the equivalent of removing 254 passenger cars from the road annually. This facility will begin generating power in 2019.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Potential financial impact

80000

Explanation of financial impact

We estimate a cost savings annually from our solar installation of approximately \$80,000.

Strategy to realize opportunity

We are installing solar production capability that will generate the majority of the electricity used by our distribution facility.

Cost to realize opportunity

100000

Comment

We incurred one-time management costs of this opportunity that included external consultants and employee time.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Supply Chain

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

We request all Tier 1 suppliers of branded products, and our identified strategic Tier 2 mills, to report on energy consumption, emissions and other environment indicators using the Sustainable Apparel Coalition's (SAC) Higg Index Facility Environment Module (FEM)... Our Environmental Capability Building and Supplier Sustainability field team actively engages suppliers to encourage and assist them with reporting. We are also working on integrating environmental data, including water use, into our sourcing scorecards and decisions for first tier suppliers.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

1000000

Explanation of financial impact

For one example, Gap has implemented a program called Washwell that promotes denim wash technologies that incorporates 20% water-savings. We see an opportunity for supplier-based water savings, which may present reduced operating costs to our suppliers. We expect the savings to be substantial, up to \$1M, but estimate a limited amount of cost savings will be passed along to us as a portion of our sourcing spend.

Strategy to realize opportunity

We are working with our suppliers to reduce the amount of water used in the production of our products.

Cost to realize opportunity

500000

Comment

We work with partners to reduce their resource consumption. Our management is through many initiatives – among them, the RTTT, IWP, SAC Higg, and our own environmental capability building program. Costs of management include of partnerships, training partners, and salary internal staff dedicated to managing this opportunity.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Our brands are committed to integrating sustainability into everything from the materials they source, to the suppliers they work with while communicating directly with our customers, through our product and our stores, about our efforts to produce responsibly. We have committed to goals around sourcing more sustainable fibers, including Better Cotton and recycled polyester, as well as cellulosic fiber that is not from high carbon value forests, all of which have opportunities to realize reduced carbon emissions through the supply chain.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

1

Explanation of financial impact

We are in the process of evaluating the full opportunity of shifting consumer preferences. We see potential shifts in consumer purchasing of more sustainable products due to efforts such as our shift to more sustainable cotton. For example, we've launched a platform for our Gap brand called Gap for Good, and are increasing the percentage of our product which falls under this platform.

Strategy to realize opportunity

We have built a comprehensive evaluation of cotton sourcing risks, as it is especially vulnerable to water-related impacts, being mostly grown in areas of high water stress such as India, China and Pakistan. We joined the Better Cotton Initiative in 2016 as part of our ongoing efforts to build resiliency by integrating more sustainable materials into our product design and sourcing practices, and have set a goal for Gap brand of using 100% more sustainable cotton by 2021. Cotton sourcing for our other brands incorporates an increasing amount of more sustainable cotton, especially BCI cotton. By 2020, 80% of Athleta materials will be made with sustainable fibers. Over the past two years, the brand has been working to increase its use of recycled synthetics and organic cotton, and it has been using more efficient fabric dyeing and finishing techniques. These materials, as demonstrated by Life Cycle Assessments, conserve water resources, use less energy, emit less greenhouse gases and hazardous chemicals than their conventional counterparts.

Cost to realize opportunity

52000

Comment

Our management approach of favoring more sustainable sources of raw materials may incur direct and indirect costs. Our main raw materials are commodities, and systemic management of climate change impact requires coordinated effort across the industry. We partner with organizations such as BCI to reduce our risk and to promote broader change. This initiative comes with a membership cost, as well as a cost that is variable with our sourcing volumes. The number provided is the membership fee cost for

large companies as defined by BCI, however our total costs may vary depending a number of factors, Retailers and Brand members pay a Membership Fee and a variable Volume Based Fee (VBF). The membership fee is calculated on total cotton lint footprint, and the VBF is calculated on how much Better Cotton is sourced.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	Climate change risks and opportunities have relatively large impacts on our products primarily through our raw materials sourcing. We have worked to build resiliency into our supply chains to climate related impacts, especially cotton. With the risk of increased raw material prices, we have set goals to source more sustainable cotton, such as our Gap brand's goal for 100% more sustainable cotton by 2021, which includes purchasing of BCI cotton, and our Athleta brand's goal to have 80% of their materials come from sustainable sources by 2020.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	The operations of Gap Inc.'s Global Supply Chain department has been somewhat impacted by climate-change related risks and opportunities, such as increasing environmental regulatory enforcement in China impacting product supply. For example, in China, regulatory caps on carbon emissions have resulted in the halt of production within identified preferred mill facilities that manufacture our product, occasionally abruptly, which has impacted their ability to provide finished apparel goods in a timely manner. Additionally, supply chain impacts could affect all of our raw material sourcing including cotton and polyester, if commodity prices rise in response to climate-related impacts.
Adaptation and mitigation activities	Impacted	In the long-term, we see a potentially large impact due to adaptation and mitigation activities, highlighting the importance of building a more resilient supply chain, beginning with raw materials. We joined the Better Cotton Initiative in 2016 as part of our ongoing efforts to integrate more sustainable materials into our product design and sourcing practices, and have set a goal for Gap brand of 100% sustainable cotton by 2021, alongside Athleta's goal to source sustainable fibers for 80% of their materials by 2020. Cotton sourcing for our other brands incorporates an increasing amount of more sustainable cotton, especially BCI cotton. As we continue to evolve our sourcing practices, we are also developing an understanding of the regions from where we source, to understand risk from water-sensitive areas alongside other impacts arising from climate change.
Investment in R&D	Impacted for some suppliers, facilities, or product lines	In 2017, we opened our innovation lab which incorporates sustainability, such as water efficiency and climate change impacts into research and development. We see a moderate impact with potential for significant innovation from our investments. Additionally, within our supply chain, we have incorporated improved dyeing technology alongside operational efficiencies, such as Gap's WashWell denim program, and partnered with mill groups on piloting and implementing new technology. Additionally, we developed and in 2018 will distribute a Preferred Fiber Toolkits for our designers and developers to educate them on sustainable fiber choices. These toolkits account for climate change related impacts, as well as water resource risk, among other impacts, to assist our teams in developing more sustainable products.
Operations	Impacted for some suppliers, facilities, or product lines	Climate change related impacts have had small effects on our direct operations, including stores, distribution centers and offices. Identified risks of transition costs to lower emissions technology involve financial outlay to directly source renewable energy or purchase Renewable Energy Credits. As we explore transitioning to lower emissions technology, some facilities are impacted. With over 3,000 stores and other owned & operated facilities globally, Gap Inc.'s operations are at physical risk to the changing climate including floods, droughts and other extreme weather events that damage facilities and make them unable to operate their normal business functions. For example, in response to Hurricanes Maria, Irma and Harvey, Gap Inc. stores were evacuated due to flood and damage risk and employees provided with support during recovery periods.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	
Operating costs	Impacted for some suppliers, facilities, or product lines	<ul style="list-style-type: none"> • Forecasting raw materials and securing further in advance • Locking in renewable energy deals to secure future pricing on electricity
Capital expenditures / capital allocation	Not evaluated	
Acquisitions and divestments	Not evaluated	
Access to capital	Not evaluated	
Assets	Not evaluated	
Liabilities	Not evaluated	
Other	Not evaluated	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, and we do not anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Our business strategy to address climate change and our materiality assessment have been influenced by our analysis of and reporting on various climate- and energy-related risks and opportunities across our value chain, from water scarcity in sourcing regions to energy costs in our stores. We have conducted product lifecycle assessments that measured outputs such as water use and GHG impacts of some of our signature products including denim and tee shirts, which represent a significant portion of Gap Inc.'s product assortment. These LCAs inform our understanding of where environmental impacts occur along our value chain, as well as conducted a sustainability materiality assessment that identified Energy & Climate Stewardship as one of the most important environmental issues and opportunities for our business and stakeholders. Building on this assessment, we developed the business case for integrating climate change and energy into our Company-wide business strategy. Our Climate Policy, available online, guides our commitment and informs our strategy. We determined that implementing an enterprise-level strategy to address these climate and energy issues would contribute to business priorities related to increasing innovation, greater resource efficiency across our value chain and increased brand value for employees and consumers. In 2017, we committed to setting a Science Based Target as the next generation of our climate goal, building on our historic reductions in operational greenhouse gas emissions. This target will be due in 2019, and we are working with industry groups to develop a robust methodology for scope 3 emissions, which includes our value chain. As part of our strategy, we leveraged third party assessments and certifications such as our 2017 application for and 2018 receipt of for B-Corp certification for our Athleta brand, which incorporates social responsibility, including climate management into their charter.

Gap Inc.'s Environmental Council has played a key role in embedding sustainability into our business by considering new initiatives and reviewing progress on existing goals and programs. The Council is sponsored by an Executive Vice President and includes other functional leaders and subject matter experts across the Company. We have also assembled a cross-divisional team of business

partners in our Sustainable Buildings and Operations working group to reduce Gap Inc.'s environmental impact and expenses related to building construction and operations.

Our strategy has been influenced by several ways that we expect climate change to affect our business in the coming years. These include risks and opportunities related to anticipated regulatory changes related to energy use, product marketing and labelling, and store construction. For example, we see the need to adapt to country-specific regulatory changes that are expected to contribute to higher energy costs. We also recognize the need to adapt our supply chain, sourcing practices and product design to regulatory developments and issues of water scarcity and other agricultural impacts in key sourcing countries that are influenced by climate change. In addition, we anticipate that doing our part to address the global issue of climate change may also affect our reputation with customers, employees and investors, as well as environmental and human rights organizations and other stakeholders. We have actively leveraged our membership in BICEP to advocate for progressive policy action on climate and energy issues, and publicly affirmed our commitment to the Paris Climate Agreement by signing the We Are Still In pledge in 2017.

We have taken a number of measures to reduce our climate emissions and energy use. We are constantly evaluating other opportunities to reduce energy consumption but are primarily looking at sourcing low emissions energy for our direct operations to meet our 50% absolute GHG reduction goal by 2020. We have also reduced GHG emissions and energy consumption in our supply chain by participating in the SmartWay shipper programs in the U.S. and Canada. Part of our significant efforts in 2017 was enhancing frameworks to source, design and market more sustainable products such as our Gap for Good product line. We built, and will deliver in 2018, an educational Preferred Fibers Toolkit for our designers and developers with that empowers them to make best-choice decisions on more sustainable fibers. Recognizing the impacts of climate change on our supply chain, we are working to integrate sustainability into product design and have invested in incorporating sustainable cotton through the Better Cotton Initiative (BCI) as well as recycled polyester, which has lower life cycle GHG emissions than virgin material. We have set goals to source more sustainable cotton, such as Gap's goal for 100% more sustainable cotton by 2021, which includes purchasing of BCI cotton, and Athleta's goal to have 80% of their materials come from sustainable sources by 2020. For example, within our supply chain, we have incorporated improved dyeing technology alongside operational efficiencies, such as Gap's WashWell denim program, and partnered with mill groups on piloting new technology. Within manufacturing, we have expanded our Mill Sustainability to engage the majority of our strategic mills and laundries in 2017 with the goal of helping them to identify opportunities to improve environmental indicators. In addition, we requested for all monitored factories that produce our products, as well as an expanding selection of mills to report their environmental impacts through the Higg Index in 2017. This is to reduce the emission intensity of Gap Inc.'s products and therefore, reduce climate risk from potential sourcing impacts.

In the longer term, we are taking steps to adapt to climate change and regulatory changes by piloting and expanding energy management solutions for our retail operations, efficiency innovations for HVAC systems and exploring both onsite and offsite renewable energy. We are also addressing the impacts of climate change on water access in our supply chain to ensure the workers who make our clothes have reliable access to safe, clean sources of water.

Some specific examples of how our business strategy has been influenced by climate change are the new environment goals we set that integrate climate and sustainability into our core business strategy. Those goals are: 1) to achieve a 50% absolute reduction in the GHG emissions of our owned and operated facilities globally by 2020 (from a 2015 baseline); 2) to set a Science Based Target for GHG emissions; 3) to divert 80% of waste from our U.S. owned and operated facilities by 2020; and 4) to partner with our suppliers to reduce our water consumption, through product design improvements and facility improvements, by 10 billion liters by 2020 (announced 2018)

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We are currently leveraging multiple data sources and touchpoints to understand the full scope of risks that climate change presents to our business. We have a strong understanding of the impacts that our business generates, both directly and indirectly, on the environment. This information is leveraged to drive meaningful impact reductions and environmental performance improvement in our facilities and our supply chain. While our understanding of climate risks is growing internally, there are other large drivers to our overall business strategy. Apparel retail, including our Gap, Banana Republic, Old Navy and Athleta brands, is an extremely competitive industry, and brick and mortar retail is in the midst of a dynamic period of change. We are focused as a Company on adapting to evolving competitor pressure and customer expectations, including speed to market and growing online orders. Our business strategy is primarily focused on remaining competitive and growing our business, while reducing our overall footprint and contribution to climate change.

While we understand the need to future proof our business and supply chain through climate-related scenario analysis, we have not yet allocated the internal resources necessary to move this work forward at a meaningful level.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

50

Base year

2015

Start year

2015

Base year emissions covered by target (metric tons CO₂e)

470649

Target year

2020

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

28

Target status

Underway

Please explain

13.8% reduction from baseline year, 28% of the way complete.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	188490
To be implemented*	2	15223
Implementation commenced*	0	0
Implemented*	0	0
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Low-carbon energy installation

Description of activity

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

2571

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

84000

Investment required (unit currency – as specified in CC0.4)

100000

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

15223

Scope

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

2153318

Investment required (unit currency – as specified in CC0.4)

3190677

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	Return on Investment (ROI) calculations are a key method for driving investments in emission reduction activities, especially as a selling point to upper management and leaders within the business groups. Investments which have a 1-3 year ROI are the types of activities we have typically engaged in the past.
Employee engagement	In surveys across the Company, a significant majority of our employees are proud of Gap's Inc. reputation within the community, believe in our values and feel that our leadership demonstrates a high degree of integrity in the communities we live and work in. Engaging our employees on environmental and social issues like climate change issues allows us to reflect on a common set of values, promote healthy and sustainable living and working and contributes to recruitment and retention rates within the Company. To that end, we have communicated our GHG goal to the entire Company to give visibility to the goal and help drive engagement on environmental initiatives. Employees play a key role in meeting our goals and integrating sustainability further into our business.
Lower return on investment (ROI) specification	Setting public goals has helped drive investment toward emission reduction activities. We have also begun comparing the ROI and Internal Rate of Return (IRR) on the various paths of investment necessary to achieve our 2020 GHG emissions reduction goal to help drive investment in energy related projects earlier in the goal term.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

27447

Comment

Scope 2 (location-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

463840

Comment

Scope 2 (market-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

443202

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

26320

End-year of reporting period

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

382822

Scope 2, market-based (if applicable)

379183

End-year of reporting period

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

17094962

Emissions calculation methodology

Uses the Sustainable Apparel Coalition's Higg Index questionnaire for the collection and calculation of emissions from our Tier 1 and Tier 2 suppliers. The emissions are calculated using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), IPCC'S Fourth Assessment Report (AR4-100 year) and the International Energy Agency (IEA)'s CO2 Emissions from Fuel Combustion 2016 guidelines and emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

This figure represents a basic estimate of the GHG emissions for a portion of the strategic Tier 1 suppliers that manufacture our branded products. This figure also includes emissions data from a selection of our Tier 2 suppliers who produce the fabric for our finished goods and generally have higher energy consumption when compared to our Tier 1 facilities. This estimate is based on self-reported data that we have requested suppliers to provide using the Sustainable Apparel Coalition's (SAC) Higg Index. We have been working with the SAC's Higg index to capture this information since 2013. We had increased scope and participation from our suppliers during this reporting cycle.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We rely on third-party suppliers to manufacture the products that are sold by our brands. Therefore, other than store assets that are included in Scope 2 emissions, we do not purchase or own capital goods that have a significant impact on our GHG emissions.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We have determined that fuel and energy-related activities that are not included in Scope 1 or 2 or other Scope 3 categories do not account for a significant portion of climate emissions or impacts related to Gap Inc.'s business.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

495157

Emissions calculation methodology

Emissions are calculated using transactional level data that includes weight and distance shipped for all air, rail, ocean and truck movement of product. Emission factors from the 2015 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting were used per mode and (where applicable) fuel type. Air freight includes updated assumptions that account for radiative forcing. GWPs are from the IPCC Fourth Assessment Report.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

20800

Emissions calculation methodology

This number is calculated using the EPA WARM tool and our calculated current United States operational landfill waste volume for Mixed MSW Please note that this is offset by mixed recycling.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

We set a new goal in fiscal 2015 to achieve 80% waste diversion from landfill for our U.S. facilities by 2020. We estimated the waste generated and diverted from our U.S. operations, which accounted for the majority of our business in 2017. As we are modifying our waste generation measurement methodology in 2017, we have estimated our volume generated based on our previous year's emissions/store intensity, and used the most recent store count to scale to current estimated emissions.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

40240

Emissions calculation methodology

Business travel includes emissions for air travel and rental cars. Data for air travel, including flight mileage and class of service, were provided by the company's travel agency. Emissions were calculated using emission factors and methodologies from the 2016 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting (Version 1.0 July 2015). Data for rental cars were provided by the company's travel agency. For each car class description, data for the mileage driven, average miles per gallon, and total gallons consumed were provided. Emissions were calculated using emission factors for mobile sources from EPA EF Hub 2015. GWPs are from the IPCC Fourth Assessment Report.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Employee commuting does not account for a significant share of the climate impacts of Gap Inc.'s business. Most of Gap Inc.'s stores and many offices are located in urban areas that enable a large share of employees to commute by public transportation.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We rely on third-party suppliers to manufacture the products that are sold by our brands. Therefore, Gap Inc. does not have significant upstream leased assets.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

41706

Emissions calculation methodology

Emissions are calculated using transactional level data that includes weight and distance shipped for all air, rail, ocean and truck movement of product. Emission factors from the 2016 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting were used per mode and (where applicable) fuel type. Air freight includes updated assumptions that account for radiative forcing. GWPs are from the IPCC Fourth Assessment Report.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Gap Inc.'s apparel and other products are worn or used directly by customers. They are generally do not undergo further processing after the purchased for consumer use.

Use of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We understand that the way consumers care for our products accounts for a significant share of the overall climate impacts of our business. Much of this occurs through the energy that consumers use to wash and dry our clothes. We are conducting a product lifecycle assessment that considers the direct and indirect impacts of our business across our value chain, including customers' use of our products. We are working on integrating sustainability more into product design and materials, which we hope will contribute to reducing the carbon footprint from using our products. We have also done consumer messaging to educate consumers about not needing to wash their jeans as often.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We are working on integrating sustainability more into product design and materials, which we hope will contribute to greater recycling and reuse of our products. We have committed to address product end-of-life and create circular design systems that reduce waste and increase recycling, upcycling and reuse to address the impact of apparel products throughout their life cycle. There are opportunities for industry-wide collaboration to find innovative solutions to many outstanding issues. We are partnering with leaders in the circular economy, including the Ellen MacArthur Foundation, the Global Fashion Agenda, and Fashion Positive, to explore circularity solutions. In 2017 we attended the Ellen MacArthur Circular Fibers Initiative workshop and contributed to their report, addressing circularity and solutions for product life extension and end-of-life solutions.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We do not have significant downstream leased assets that are not part of our Scope 1 or 2 GHG emissions. The main GHG emissions from our downstream leased assets occur at our stores and distribution centers, which are included in our reporting on our Scope 1 and 2 GHG emissions and energy consumption.

Franchises

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

40652

Emissions calculation methodology

Estimation methodology for franchise stores is the same as for our owned and operated stores.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Investments

Evaluation status

Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00002558

Metric numerator (Gross global combined Scope 1 and 2 emissions)

405503

Metric denominator

unit total revenue

Metric denominator: Unit total

15855000000

Scope 2 figure used

Market-based

% change from previous year

11.1

Direction of change

Decreased

Reason for change

Emissions reduced by 9.1% while revenue increased by 2.2%, leading to an 11.1% reduction.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	26287	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	12	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	21	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Canada	3600
Japan	1565
United Kingdom of Great Britain and Northern Ireland	965
United States of America	20190

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Distribution Centers	6688
Corporate Headquarters	1797
Retail Locations	17835

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Bangladesh	42	42	73	0
Canada	9582	9587	69118	0
China	32565	32565	49339	0
Egypt	12	12	26	0
France	351	349	7524	0
China, Hong Kong Special Administrative Region	647	647	877	0
India	1214	1214	1565	0
Indonesia	48	48	65	0
Ireland	360	684	860	0
Italy	1197	1618	3478	0
Japan	38560	38560	72888	0
Mexico	2009	2009	4356	0
Pakistan	5	5	12	0
Puerto Rico	2031	2031	4458	0
South Korea	371	371	703	0
Sri Lanka	101	101	196	0
Taiwan (Province of China)	2557	2557	4364	0
Turkey	134	134	302	0
United Kingdom of Great Britain and Northern Ireland	9531	10607	27151	0
United States of America	281330	275959	705202	0
Viet Nam	175	175	364	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Distribution Center	34669	32033
Corporate Headquarters	16803	15857
Retail Locations	331350	331294

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	
Other emissions reduction activities	0	No change	0	
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	4770	Decreased	1	Emissions representing store closures represented a net 4770 emission reduction, representing a 1% of the 9% total decrease (4770/446274)
Change in methodology	0	No change	0	
Change in boundary	0	No change	0	
Change in physical operating conditions	9170	Decreased	2	Weather contributed to approximately 9,170 lower emissions based on baseline weatherization values representing approximately 2% of the 9% reduction (9170/446274)
Unidentified	26831	Decreased	6	Emissions reduced by 40,771 metric tons CO2e since 2016, or 9%. When subtracting emission reductions from store closures and weather normalization, approximately 6% is unidentified (26831/40771)
Other	0	No change	0	

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	143357	143357
Consumption of purchased or acquired electricity	<Not Applicable>	0	946882	946882
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	5478	5478
Consumption of purchased or acquired cooling	<Not Applicable>	0	562	562
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	0	1096279	1096279

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Aviation Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

4472

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

137704

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1181

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Aviation Gasoline

Emission factor

0.00025

Unit

kg CO2e per MWh

Emission factor source

Comment

Natural Gas

Emission factor

0.00018

Unit

kg CO2e per MWh

Emission factor source

US EPA Mandatory Reporting Rule, 2013

Comment

Propane Gas

Emission factor

0.00022

Unit

kg CO2e per million Btu

Emission factor source

US EPA Mandatory Reporting Rule, 2013

Comment

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling

<Not Applicable>

Emission factor (in units of metric tons CO₂e per MWh)

<Not Applicable>

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2017_Gap_Assurance_GHG_Energy.pdf

Page/ section reference

P, 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2017_Gap_Assurance_GHG_Energy.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2017_Gap_Assurance_GHG_Energy.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

2017_Gap_Assurance_GHG_Energy.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

96

Rationale for the coverage of your engagement

In 2016, we began working closely with our suppliers to share important benchmarking data so our suppliers can see how their environmental performance compares to competitors and peers. With a dashboard, we provide details, by country and factory, on water consumption and energy use—so that we can help our suppliers identify opportunities for improvements. In 2017, we began translating this to facility-level information.

Impact of engagement, including measures of success

We have engaged all of our strategic Tier 1 cut-sew garment suppliers by providing training and support with using the SAC's Higg index tool to assess their GHG emissions, energy and water use. Our field team of specialists has worked closely with suppliers to provide support and encourage them to use the Higg tool and report their environmental data to the SAC. The purpose of our new Mill Engagement Program is to drive transparency, reduce compliance risks, and contribute to corporate sustainability goals. By 2020, we expect all Gap Inc. mill facilities to participate in and report for Higg FEM 3.0, ZDHC MRSL and Wastewater Guidelines Testing Program, and SLCP social and labor assessment. To meet these goals, we are collaborating closely with our tier 2 suppliers, as well as local NGO partners. We have also further integrated these programs into our business through internal partnerships with our global sourcing team. The program is centered around five key objectives: Establish clear sustainability roadmap for mill engagement that is measurable, innovative and integrated into business decision-making. Assess internal and external needs to build capacity for this program. Develop and conduct training and education with our mill partners. Continuously monitor mills' social and environmental performance. Create a mills scorecard to integrate the program's impact into our overall business portfolio.

Comment

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Through our memberships with both CERES and BICEP, we have engaged with state and federal policy makers to support and influence policy decisions related to existing and proposed legislation that supports clean energy generation. We are members of the Rocky Mountain Institute Business Renewables Center and the multi-stakeholder Renewable Energy Buyers Alliance.	Supportive of the Clean Power Plan, CA Cap and Trade legislation, Renewable Portfolio Standards

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

BICEP (Ceres Initiative)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

We are actively engaged members of Ceres' Business for Innovative Climate and Energy Policy (BICEP) coalition, a group of over 365 public and private companies seeking to help support meaningful energy and climate change legislation. The goal of the coalition is to work directly with key allies in the business community — and members of Congress — to pass meaningful energy and climate change legislation consistent with BICEP's core principles. As an active member of BICEP, we are helping to stress the urgency of finding solutions to climate issues.

How have you, or are you attempting to, influence the position?

We have actively leveraged our membership in BICEP to advocate for progressive policy action on climate and energy issues. We signed onto BICEP/CERES' Climate Declaration SB32 and SB350 in California, supporting renewable power, energy efficiency in buildings and vehicles, and climate goals. We have actively leveraged our membership in BICEP to advocate for progressive policy action on climate and energy issues, and publicly affirmed our commitment to the Paris Climate Agreement.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

We have a corporate Climate Policy that outlines our position as it relates to climate change. This policy serves to structure internal decision making, prioritization, and policy advocacy to ensure alignment on all activities related to climate change.

Additionally, Gap Inc.'s Environmental Council, which includes business leaders from across the Company, evaluates and helps build alignment on new initiatives and reviews progress on our existing environmental goals and programs. The Council is sponsored by a member of Gap Inc.'s senior leadership team and includes other functional leaders and subject matter experts across our business and brands. The close collaboration and organized communication within our Environmental Council helps to ensure that all environmental goals and programs are consistent with Gap Inc.'s overall climate change strategy.

Our policy advocacy on climate change issues is also aligned cross-functionally through close collaboration between our Communications and Global Sustainability departments.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

GPS2017AR.pdf

Content elements

Governance

Risks & opportunities

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Gap Inc. 2015 - 16 Report.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

For 2017 reporting year, we are reporting our emissions in alignment with our Fiscal Year, which runs from January 28, 2017 to February 3, 2018. In previous years, we reported on a calendar year basis.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Senior Vice President of Global Sustainability and President, Gap Foundation	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms