

Welcome to your CDP Climate Change Questionnaire 2021

C0. Introduction

C0.1

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

The Gap, Inc. (Gap Inc., the "Company", "we", and "our") was founded in San Francisco in 1969. Today, Gap Inc. is a leading global retailer offering clothing, accessories and personal care products for men, women and children under the Old Navy, Gap, Banana Republic, Athleta, Intermix, Janie and Jack, and Hill City (closed in January 2021) brands, with approximately 117,000 employees, including part-time and full-time employees. Gap Inc. products are available for purchase worldwide through company-operated stores, franchise stores, and e-commerce sites. (as of FY'20).

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.

Our Athleta brand is 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, to further uphold Athleta's commitments to people and the planet, Athleta, Inc. amended its legal charter to become a Delaware Public Benefit Corporation. 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.

The inclusion of information contained in the responses below to this questionnaire are being made in good faith based on information that is available to the Company as of January 30, 2021 and should not be construed as a characterization regarding the materiality or financial impact of that information to investors in Gap, Inc. For a discussion of risks that are material to investors in Gap, Inc., please see our Annual Report on Form 10-K for the year ended January 30, 2021 filed with the Securities and Exchange Commission, our subsequent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Given the inherent uncertainty in predicting and modelling future conditions, caution should be exercised when interpreting the information provided. In addition, the controls, processes, practices and infrastructures



described in the responses below are not intended to constitute any representation, warranty or other assurance that such controls, processes, practices and infrastructures will result in any specific outcome, result or achievement of a stated target.

FORWARD LOOKING STATEMENTS

The responses to this questionnaire contain forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Words such as “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “project,” and similar expressions also identify forward-looking statements. Forward-looking statements include, among others, statements regarding the extent to which our investments in recycled fibers and solar energy will further our ability to achieve our climate-related targets and goals, and the extent to which achievement of our science-based climate targets will further our long-term enterprise-wide strategic objectives.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, costs and supply chain risks associated with global sourcing and manufacturing, the risk that changes in the regulatory or administrative landscape could adversely affect our ability to source raw materials consistent with our climate and sustainability strategies, and risks associated with the impact of COVID-related store closures and stay-at-home restrictions globally. Additional information regarding factors that could cause results to differ can be found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2021, as well as our subsequent filings with the Securities and Exchange Commission. These forward-looking statements are based on information as of January 31, 2021. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

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
Reporting year	February 1, 2020	January 31, 2021	No

C0.3

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

- Bangladesh
- Cambodia
- Canada
- China
- China, Hong Kong Special Administrative Region
- France
- India

- Indonesia
- Ireland
- Italy
- Japan
- Mexico
- Puerto Rico
- Sri Lanka
- Taiwan, Greater 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 chosen approach for consolidating your GHG 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) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Gap Inc. Governance and Sustainability Committee (the "Committee") of its Board of Directors (the "Board") 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

	<p>social and environmental issues and impacts, and such other duties as directed by the Board.</p> <p>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. The Committee executed the review of enterprise goals for addressing climate change, which included our 50% Scope 1 and 2 reductions targets, new science-based targets that aim to reduce absolute Scope 1 and 2 GHG emissions by 90%, and Scope 3 GHG emissions from purchased goods and services by 30% by 2030, respectively, compared to the Company's 2017 levels. As part of this science-based target, the Company has committed to increase its annual sourcing of renewable electricity from 0% in 2017 to 100% by 2030 for our owned and operated facilities globally.</p>
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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	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures 	<p>Gap Inc.'s Board, and particularly the Board's Governance and Sustainability Committee, oversees the Company's Global Sustainability Program and receives regular updates directly from its Chief Growth Transformation Officer, who is accountable for enterprise-wide strategy and, in collaboration with the Company's Chief Legal Officer, all of the Company's Environmental, Social and Governance ("ESG") strategies. The Committee oversees and approves strategy, goals and progress related to climate change and other environmental issues. The full Board receives written updates quarterly. This includes reviewing our Scope 1 and 2 science-based target and our Scope 3 target. The Committee also oversees major capital expenditures related to our Global Sustainability Program, such as our Fern and Fresno distribution solar projects that became operational in 2020.</p>

	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	
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C1.2

(C1.2) Provide the highest management-level 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
Other C-Suite Officer, please specify Chief Growth Transformation Officer 1	Both assessing and managing climate-related risks and opportunities	Quarterly

1 Board of Directors - Sustainability & Governance Committee

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 (do not include the names of individuals).

The Chief Growth Transformation Officer is a member of the Senior Leadership Team and reports to the Chief Growth Officer. As head of the Strategic Growth Office, this role oversees the Company’s long-term strategic planning and new business development and operations in support of growth initiatives. The Chief Growth Transformation Officer leads the Company’s corporate development, strategy, new business operations, Gap foundation, government affairs organizations, and sustainability functions, As the head of sustainability, the Chief Growth Transformation Officer has oversight over climate-related decisions, such as reviewing the Company’s progress towards their science-based targets (aligned to SBTi guidance) and renewable energy goals, approving budgets, as well as strategic engagements with suppliers to encourage energy and water efficiency practices.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Management group	Monetary reward	Emissions reduction project	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.
All employees	Monetary reward	Efficiency target	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 targets, leading emissions reduction initiatives and piloting innovative programs which actively respond to environmental issues.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

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

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

In 2020, we defined substantive strategic impact from climate-related risks to be one that has a high likelihood to (a) adversely impact the Company's annual consolidated revenues by at least \$500 million and/or annual operating income by at least \$10 million and/or (b) have a materially adverse impact on our business operations.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

We utilize multiple avenues for identifying, assessing and responding to climate change risks and opportunities.

At the enterprise level, the Risk Management and Internal Audit teams across various business departments (operations, supply chain, and etc.) conduct annual climate assessments to identify and assess climate-related risks across our upstream,

downstream, and direct operations. Risk identification is conducted through methods such as interviews with the Company's top executives and Board members, benchmarking, supply chain risk mapping, and engagement with sustainability experts and stakeholders. On an annual basis, the Risk Management and Internal Audit teams communicate the risk assessment findings to our Global Sustainability team and other company executives. The Global Sustainability team, reporting into our Chief Growth Transformation Officer, regularly evaluates the climate-related risks with the Risk Management and Internal Audit teams to develop recommendations and mitigate potential risks. The process we use to evaluate these risks includes climate resiliency strategy work, goal-setting and coordination with our brands and business functions (store audits, logistics, sourcing) to ensure that we are appropriately assessing the risk, possible interventions and associated investments prior to making a decision. Specifically, within our supply chain, we require Tier 1 suppliers of branded products, and strategic Tier 2 suppliers, to use the SAC's Higg index to perform environmental self-assessments that are then verified by third-party verifiers.

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 Google Earth 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, Company risk and the residual risk remaining after preparedness plans are developed.

Physical Risk Case Study

Through our Supply Chain Risk Management team, it was identified through supply chain risk mapping and research from sustainability experts that there was a potential for extreme weather events, such as flooding or drought, in countries in which we source cotton. This was assessed as a likely risk, with a medium magnitude of impact. Through engagement with the sustainability department, it was determined that in order to mitigate cotton-related sourcing risks, we must refocus our textile fiber strategy to be more diversified. As such, we took steps to source fibers that are more sustainable (i.e. have a lower carbon footprint, reduced impact on biodiversity or lower water footprint compared to conventional materials), such as recycled polyester, recycled nylon, organic, recycled, Better Cotton Initiative (BCI) cotton, and man-made cellulosic materials (Lenzing). In 2020, 35% of our fibers were sourced from these more sustainable sources.

Transitional Risk Case Study

Through benchmarking, the Risk Management team has identified the transitional risks of current and emerging regulations as it relates to climate change and the GHG emissions of Gap Inc. This was assessed as a likely risk, with a large magnitude of impact as non-compliance to these mandates can follow extreme fines. Through the Global Sustainability team leveraging benchmarking and current research on climate scenarios, we were able to make a decision to push for 100% renewables for our owned and operated facilities globally to reduce our dependence on fossil fuels and mitigate

potential impacts resulting from use of fossil fuels. In addition, we incorporated climate impacts in our evaluation of preferred fibers within our raw materials sourcing strategy with a goal to reduce Scope 3 emissions related to purchased goods and services to minimize both the climate and water impacts of our raw materials. This process was also incorporated in setting our science-based target, which used the science-based target initiative’s tool to assess overall ambition in line with the Absolute Contraction Method, which had a range of 16% (2-degree scenario) to 32.5% (WB2C).

C2.2a

(C2.2a) Which 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, in our supply chain, China has implemented the Chinese Environmental Law, which sets regional caps on GHG emissions. This has affected the textile mills and cut-sew facilities from which we source, thus requiring shifts in sourcing location or causing delays in production. We consider existing regulations in where we source and how we aim for compliance. We use our supplier selection process, combined with monitoring of regulatory landscapes to monitor potential impacts.
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 material costs as well as ability to operate in markets. For example, California has an emerging Senate Bill 260 (Climate Corporation Accountability Act), which seeks to mandate corporations operating in California and generating over \$1 billion in revenue to disclose annual Scope 1, 2 and 3 emissions starting in 2025. The passing of this Bill has the potential to lead to increased compliance costs for Gap Inc.
Technology	Relevant, always included	Technological improvements and innovations in materials and textiles for our products can impact our ability to achieve our climate change goals. For example, we are currently collaborating with the Hong Kong Research Institute of Textiles and Apparel (“HKRITA”) to foster the development of recycled polyester fibres, specifically, to identify a separation method of spandex from used garments and denim decolourisation for recycling. Recycled polyester fibres require less energy to produce than traditional polyester, and by enabling the

		development of this process, we believe it will help to achieve our climate change goals and further our mission to develop eco-friendly production processes and technology solutions throughout the industry.
Legal	Relevant, always included	We may face legal risks from claims made on our products in connection with our marketing and communication efforts associated with the climate impact of our products. An example of this are risks related to greenwashing, which can potentially damage our brand reputation. To counteract the possibilities of greenwashing, we train our product and marketing teams to adhere to the U.S. Federal Trade Commission's ("FTC") "Green Guides" to ensure that product climate change-related information is accurate and. Further, our Global Sustainability and Legal team regularly conduct risk assessments by reviewing public-facing language in accordance with the FTC "Green Guides."
Market	Relevant, sometimes included	<p>Market shifts have implications for our sourcing, production and business. As climate impacts such as extreme weather, drought, or flooding, may cause shifts in raw materials, we may face transportation, sourcing availability risk or increased costs. An example is one of our most reliant raw materials, cotton. As a result of our cotton sources facing high risk from climate impacts, 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 based on the Company's benchmarking efforts demonstrates that many retail and apparel companies have begun to address market risk from climate-related impacts.</p> <p>In 2018, we completed and rolled out our Preferred Fiber & Materials Toolkit. The tool empowers product teams to select the best fibers based on sustainability impacts such as emissions / energy, alongside water, chemicals, land use, biodiversity, social conditions, animal welfare, potential for circularity, improved conditions for women, and commercial and performance considerations. We updated this toolkit periodically as industry research becomes available and our product teams continue to be trained on how to use this resource. This toolkit was gifted to Textile Exchange in 2020 with the hope of open-sourcing this information to guide the industry towards meaningful change.</p>
Reputation	Relevant, always included	We believe 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. In 2020, we conducted a sustainability customer insights study to better understand the reactions and motivations of customers towards sustainability – the results of this

		<p>survey were used to guide investment and programmatic resources into our brands sustainability initiatives. We have also actively leveraged our membership in Ceres' BICEP initiative and our membership in the Retail Industry Leaders Association ("RILA") 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. We assess our reputation through monitoring media inquiries and stories, performing customer insight evaluations and scoring of investor-facing disclosures and rankings, such as CDP, DJSI, IPE CITI Report, MSCI, ISS, and others.</p>
Acute physical	Relevant, always included	<p>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. Acute physical climate-related events such as droughts or extreme heat can cause changes in agricultural production, precipitation or weather in key cotton-producing countries (e.g., China, India, Pakistan, U.S.). This could impact the availability and cost of the cotton that is used to make many of our apparel products. We use forecasting to predict risks, and use tools such as our Preferred Fiber Toolkit to shift our sourcing choices to those that have lower climate change risks and impacts. We also work with suppliers, such as BCI, to evaluate how to build resilient supply chains.</p>
Chronic physical	Relevant, sometimes included	<p>Chronic physical climate-related events such as flooding, droughts or another extreme precipitation events that affect 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 occur again given that cotton prices have risen over the last few years.</p> <p>Chronic physical risks are assessed by our Business Continuity Planning team at the asset level, using predictive and actual models from the NOAA and other national and international agencies. When impacted from events such as hurricanes, we evaluate financial and physical impacts and build those risks into future planning processes.</p>

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 & Primary climate-related risk driver

Current regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The Company is mandated by Building Energy Compliance Services in several states across the country including California, New York, Maine, Colorado, Texas and Ontario, CA to benchmark and disclose energy and water consumption and GHG emissions for some of its operations. For example, per California Assembly Bill 802 (CA AB 802), businesses are required to report energy data for buildings in California that are larger than 50,000 square feet. Since 2017, the Company has been reporting requested data for the EPA's EnergyStar program (24 sites were included in 2020). Additional emissions reporting regulations, such as these are expected to contribute to an increase in indirect operational costs related to reporting and 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 a majority of the Scope 2 climate emissions and energy consumption for the Company's owned and operated facilities. Inability to comply with additional emissions reporting obligations may result in fines.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

168,000

Potential financial impact figure – maximum (currency)

672,000

Explanation of financial impact figure

Failure to comply with CA AB 802 can result in fines from \$500 to \$2,000 per day from when data is due to the day data is provided. The figure is calculated using the \$500 as the lower range and \$2,000 as the higher range, multiplied by the 24 facilities required to comply with the assembly bill, CA AB 802. Assuming that it would take 14 days to comply with the regulation, this would result in a potential financial impact of \$168,000 for the lower range and \$672,000 for the higher range.

Lower range: $\$500 * 24 \text{ sites} * 14 \text{ days} = \$168,000$

Higher range: $\$2,000 * 24 \text{ sites} * 14 \text{ days} = \$672,000$

Cost of response to risk

200,000

Description of response and explanation of cost calculation

In response to the mandates, the Company is currently working on developing an Energy Management System (EMS) and has assigned a dedicated team member to monitor climate-related regulations.

Costs to respond to the risk is the sum of the \$50,000 for the internal government affairs employee to monitor climate-related regulations and \$150,000 to develop the EMS. $\$50,000 + \$150,000 = \$200,000$.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Increased direct costs

Company-specific description

A high percentage of Gap Inc.'s product is made from cotton, primarily grown in countries such as China, United States, India and Pakistan, all of which face climate-related impacts to production. As climate impacts may cause shifts in availability for raw materials that we use in our products, especially cotton due to extreme weather, drought or flooding, we may face sourcing risk or costs. For 2020, we saw a 60% year-over-year increase in direct costs from our cotton suppliers in the Indian states of Madhya Pradesh and Maharashtra due drought and heat in these areas.

We focus our cotton strategy around building fiber security and maintaining a comprehensive evaluation of cotton sourcing risks, as well as building a more sustainable source of cotton that is better for people and the planet.

We are working closely with our top suppliers to support our company-wide policy to eliminate our use of wood-derived fibers from ancient and endangered forests.. This commitment helps protect critical forests and also supports our efforts to tackle climate change, as forest ecosystems are vital natural resources that promote biodiversity, protect watersheds and help mitigate the release of carbon dioxide into the atmosphere.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,600,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

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. Commodity prices of cotton or recycled polyester are variable and fluctuate based on market forces and external impacts such as drought, flooding and consumer sentiment. The figure is based on the average increase of transitioning towards organic cotton in India over the next ten years.

Cost of response to risk

105,050,000

Description of response and explanation of cost calculation

We continue to focus our risk mitigation strategy on fibers that account for approximately 97% of our fiber consumption: cotton, polyester, nylon and man-made cellulose, such as rayon and modal. In addition, we are taking steps to source more sustainable synthetic fibers, including recycled polyester and nylon, as part of our work to lower our scope 3 emissions.

To demonstrate our focus on sustainable fibers, Gap Inc. is committed to sourcing more sustainable cotton by 2025. Our individual brands, Gap, Banana Republic, and Old Navy have all committed to an earlier timeframe by which to achieve this goal to sourcing 100% of their cotton from more sustainable sources. This includes organic, recycled and BCI cotton. Recycled cotton has now grown to be our second-largest source of sustainable fiber after BCI Cotton.

We are also in the process of identifying our raw-material suppliers in order to eliminate sourcing of wood-derived fibers from ancient and endangered forests. At this time, we have identified wood-derived fiber sources for over 80% of the Company's cellulosic fiber volume, and none source wood-derived fibers from ancient and endangered forests.

Our management approach of favouring 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. 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 (\$50,000) and Retailers and Brand members pay as a variable Volume Based Fee (\$105,000,000).
\$50,000+\$105,000,000=\$105,050,000

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

With over 3,900 stores (in 2020) and other owned & operated facilities globally, Gap Inc.'s operations are at physical risk to the changing climate including fires, 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

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17,439,366

Potential financial impact figure – minimum (currency)**Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

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 impacted 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. We believe that the average loss in sales for one store closed is about \$10,493 per day. Therefore, the estimation is based on the calculation of the 2017 hurricane events.

$277 \text{ stores} \times 6 \text{ days} \times \$10,493 \text{ loss in sales/store/day} = \$17,439,366$

Cost of response to risk

0

Description of response and explanation of cost calculation

To manage the cost of extreme weather events, we purchase insurance where advisable and, in many cases, especially in the case of flood insurance, this is built into our insurance premiums, therefore equating to \$0 costs to the response to this risk. Additionally, we maintain business continuity plans for potential impacts, including the continuation of pay for affected workers. During Q3 of 2017, Hurricanes Harvey, Irma and Maria impacted our retail footprint for a limited duration, including the closure of a combined total of 277 of our stores. When impacted from events such as hurricanes, we evaluate financial and physical impacts and build those risks into future planning processes. We implemented our business continuity plans, for example, at some of our stores following these severe storms and continued pay of employees affected by the

event.

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. As such, the cost of response to risk is 0.

Comment

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

Primary potential financial impact

Reduced direct costs

Company-specific description

In June 2018, we finalized an agreement to develop an additional 3-megawatt solar array at our Fresno, California distribution center. The project, which we believe will result in the equivalent of removing 254 passenger cars from the road, annually, is anticipated to offset more than half of the energy load at our Fresno facility and is projected to reduce energy expenses. Construction of this array is now complete and is generating power. We are continuing to explore the possibility of combined renewable energy and storage opportunities in our distribution center network.

In 2019, together with four other companies—Bloomberg, Cox Enterprises, Salesforce, and Workday—we formed a first-of-its-kind Virtual Power Purchasing Agreement (a “VPPA”) partnership that is enabling us to procure a total of 42.5 megawatts of a 100-

megawatt solar project in North Carolina. Historically, it has been difficult for individual companies with smaller energy needs to procure solar from large projects due to high transaction costs and complicated contract processes. By joining forces, however, we have expanded our buying power, and we will be able to share best practices with other companies that wish to replicate this innovative model. Each company is projected to receive approximately the same amount of energy from the project. Gap Inc. has contracted for 7.5 megawatts of solar energy, which we believe will offset 100 percent of the energy load for our Athleta brand's retail stores. The project began generating energy in Dec 2020.

In August 2019, we signed a 90 Megawatt (MW) VPPA for the Aurora Wind Project with Enel Green Power North America, marking one of the largest offsite renewable energy contracts by an apparel retailer. We believe that the 12-year agreement will enable us to reach our 2020 goal to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions for owned and operated facilities by 50 percent compared to 2015 by providing us an estimated 374-gigawatt hours of renewable energy (GWh) each year. The project came online in late 2020 due to COVID related construction delays.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

502,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We estimate a cost savings annually from our onsite solar installation of approximately \$502,000. The \$502,000 was derived from the assumed energy priced around 8c/kWh with the project yielding about 6.3 million kWh annually (6.3 million kWh X \$0.08/kWh = \$502,000) for the Fresno solar project. We estimate these costs through our agreement to purchase this energy at a fixed price over a period of time.

We forecasted earnings from our two VPPA projects of roughly \$3 million annually based on a number of financial scenarios. However, this is highly dependent on monthly solar and wind energy pricing and due to the varied weather events earlier this year, we

have seen that these forecasts are extremely unreliable and thus we are not including a financial impact figure from these above.

Our two additional renewable energy projects are contract for difference structured PPAs in which we have committed to paying a fixed price for the clean power generated. That fixed price will be settled against the fluctuating market prices for the two separate projects, with the potential for significant incremental cost to Gap Inc. or cost savings depending on future energy prices. The decision to engage in these two VPPA contracts was done by looking at numerous forward looking financial scenarios, and agreeing to take on the increased financial risk of these transactions in order to achieve our 50% emissions reduction goal, bring additional renewable energy generation onto the U.S. electrical grid, and hedge against the potential increase in brown power prices.

Cost to realize opportunity

720,000

Strategy to realize opportunity and explanation of cost calculation

We are installing solar production capability that is projected to generate the majority of the electricity used by our distribution facility and are purchasing renewable energy capacity that we believe will offset the power consumption of the majority of our operations – all three renewable energy projects were operational in 2020/early 2021, bringing new renewable energy to the grid and helping accelerate the transition to a cleaner economy. The costs to realize this opportunity is based on the costs for the Fresno solar installation project. (\$420,000) plus the legal fees incurred for the two VPPA projects (\$300,000). The VPPA projects did not incur any installation costs (\$420,000 + \$300,000=\$720,000).

In 2017, Gap Inc. signed on to the Science Based Targets initiative (“SBTi”) to align its climate goals with the scientific consensus and core commitment of the Paris Agreement to limit global warming to less than 1.5 degrees Celsius. In December 2018, Gap Inc. joined with other leading fashion brands to deepen its climate commitment by signing onto the new UN Fashion Industry Charter for Climate Action and committing to carbon neutrality by 2050. We followed up on these commitments by setting our science-based targets which include sourcing 100% clean energy for owned and operated facilities globally by 2030, working to reduce absolute scope 1 and 2 GHG emissions by 90% and scope 3 GHG emissions from purchased goods and services by 30% by 2030 from a 2017 base.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

We require 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 teams actively engage 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 suppliers.

In 2020, 89 percent of our cut and sew manufacturers and 80 percent of strategic fabric mills and dyehouses suppliers completed the Higg FEM questionnaire. Since 2017, we have expanded our use of the FEM 3.0 to collect data from mills' self-assessments. Increasingly, these self-assessments are verified by third parties. We use this data to help understand our impact and identify specific opportunities to work with our suppliers to achieve better resource efficiency.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We do not have a financial impact figure.

Cost to realize opportunity

225,000

Strategy to realize opportunity and explanation of cost calculation

We have worked with various suppliers on projects to improve their environmental performance. As an example, we developed our own Mill Efficiency Program in China in 2017, in which we partnered with a Chinese environmental engineering firm in a year-long assessment of energy and water savings opportunities at 6 textile mill facilities. We expanded the program to 18 additional facilities in 2019. Together, these facilities achieved more than 3.76 billion liters of water savings and more than 37,000 tons of carbon dioxide equivalent per year. Another example is with our partnership with Apparel Impact Institute, Clean by Design and PaCT in Bangladesh where we reduced emissions across our Tier 1 and Tier 2 facilities. This has resulted in a reduction of 56,368 in CO₂ since 2017. Through our projects with suppliers, we see the opportunity to implement the Higgs to understand our supplier's environmental performance and help to reduce their impacts.

Our management and participation in these projects is performed through many initiatives – among them: Race to the Top in Vietnam, India Water Partnership, SAC, the Apparel Impact Institute (“Aii”) and our own environmental capability building program.

Our total costs include the costs of the membership programs that Gap Inc. is associated with (\$150,000) and the average funds to help vendors with energy efficiency projects (\$75,000). $\$150,000 + \$75,000 = \$225,000$.

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Our brands are committed to integrating sustainability into their end-to-end process: from the materials they source, to the suppliers they work with, while educating and communicating sustainability directly with our customers, through our products, on our

e-commerce sites and in our stores about our efforts to produce responsibly. We have committed to sustainability goals & targets that reduce the impact of the fibers we use in our product. We have done this, by committing to sourcing more sustainable fibers, including Better Cotton , recycled cotton and recycled polyester, as well as cellulosic fiber that is not from High Carbon Stock or High Conservation 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

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We are continuing to evaluate the full financial impact / opportunity related to shifting consumer preferences on sustainability. Estimating financial impact / opportunity is challenging, as customer choices and sales depend on a wide variety of factors, to which sustainability is but one contributing factor. Some of our more prominent sustainable product offerings to our customer base include: Gap's "Gap for Good"; Old Navy "Heart Earth", Banana Republic "Better Republic", and Athleta's B-Corp Certification. Gap, Old Navy, Athleta and Banana Republic have all committed to sustainability goals and are communicating their progress to their customers.

Cost to realize opportunity

105,050,000

Strategy to realize opportunity and explanation of cost calculation

All our brands have established executive sustainability steering committees, defined their own priorities and goals, and led strategy workshops on sustainability with cross-functional product teams. Our Gap, Banana Republic, Old Navy, and Athleta brands have announced public sustainability goals to reduce the environmental impact of their products.

Over the past three years, brands have been working to increase use of more sustainable raw materials, guided by Gap Inc.'s preferred fibers toolkit, and 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.

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 (\$50,000) and Retailers and Brand members pay as a variable Volume Based Fee (\$105,000,000). $\$50,000 + \$105,000,000 = \$105,050,000$

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, but we intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

We have just engaged advisors to assist in mapping our fiber security and future supply chain. As part of this engagement we plan to employ climate scenarios to inform the fiber security and future geographic and technology required to operate our global supply chain sustainably.

In 2017, Gap Inc. signed with SBTi to develop our targets for Scope 3 emissions and create a baseline by analyzing environmental data collected from our finished product (Tier 1) and textile manufacturing (Tier 2) suppliers using the SAC's Higg Index. In the next two years, we plan to use this data to implement into the climate-related scenario analysis and to work closely with our top facilities to improve their energy efficiency. We also plan to explore investments and partnerships in renewable energy where the policy landscape enables those opportunities.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Climate change risks and opportunities from droughts and floods have large impacts on our product strategy in the short (1-3 year) and medium (3-5 year) time horizon. Our raw materials are subject to climate change risks. This is particularly true of cotton, which is an extremely important input for Gap. The most substantial strategic decision that has been made was to set a goal to source 100% sustainable cotton across all our brands by 2025, which lowers the climate change and water impact of our products and builds resiliency into our supply chain. Additionally, Gap Inc. joined the US Cotton Trust Protocol in 2020 and is currently in the pilot phase of implementing the protocol with results looking to mitigate cotton risks and diversifying sources.</p> <p>In addition, in response to the climate change risks and opportunities to cotton, our Athleta, Gap and Banana Republic businesses are taking steps to source more sustainable synthetic fibres, including recycled polyester and recycled nylon, and have joined the Textile Exchange's 2025 Recycled Polyester Challenge which is committed to increasing recycled polyester in the fashion industry from 14% to 45% by 2025, which also reduces greenhouse gases.</p>
Supply chain and/or value chain	Yes	Climate change risks and opportunities from increasing environmental regulatory enforcements have impacted our supply chain/value chain strategy in the short-term (1-3 year) time horizon. The most substantial strategic decision we made was the implementation of the Higg Index to

		<p>gather environmental performance of our suppliers, and to identify and address violations. For example, our fabric mills in China are subjected to an annual evaluation by the Institute of Public and Environmental Affairs (“IPE”) where they measure the pollutants released and transferred in real time. This data gets sent through the Higg platform where we can identify climate-related and water-related violations and work with the mills to implement corrective actions.</p> <p>In 2020, we completed a full evaluation of our Tier 1 and 2 suppliers against the monthly IPE database to check and update the system and monitored each new factory in China. We found that 7 Tier 1 and 7 Tier 2 mills were found with climate-related violation records in the IPE database. We sent out a public explanation and delisting audit requests immediately once the violation records were identified. We were able to remove 9 facilities from the violation records successfully by the end of the year.</p>
<p>Investment in R&D</p>	<p>Yes</p>	<p>Climate change risks and opportunities from the shift towards textile circularity have impacted our strategy investments in R&D in the short-term (1-3 year) time horizon. We have partnered with the Hong Kong Research Institute of Textiles and Apparel (HKRITA) to move from a linear to a circular process across the life-cycle of textiles to reduce the environmental impact of apparel and build resilience towards climate change risks and opportunities. The research conducted with HKRITA consists of finding solutions to separate spandex from used garments and denim decolorization.</p> <p>Over 2020, we also worked with our packaging supplier to introduce more recycled content into our mailer used for shipping online orders. We were able to grow the recycled content to 50% of the mailer without compromising on quality and performance. We also partnered with How2Recycle to better indicate to customers on how to reuse the mailer if needed and how to recycle the mailer.</p> <p>The most substantial strategic decision we made was to distribute Preferred Fiber Toolkits to our designers and developers to educate them on sustainable fibre choices, starting in 2018. The toolkits were built using data sourced from the SAC Material Sustainability Index and developed in partnership with the Made-By and Textile Exchange. The toolkits account for climate change related impacts, as well as water resource risk, among other impacts, to assist our</p>

		teams in developing more sustainable products.
Operations	Yes	<p>Climate change risks and opportunities from greenhouse gas emissions and physical risks have impacted our operations strategy, on a facility-level, in the long-term (5-10 year) time horizon. To manage these risks and opportunities, Gap Inc. is transitioning and investing in lower emissions technology and developing protocols to face those physical risks. Gap is currently exploring the transition to lower emissions technology by financially laying out the comparisons to directly source renewable energy or purchase Renewable Energy Credits. The most substantial strategic decision we made was to sign with The Fashion Pact to invest in solar and wind-based renewables to help achieve our SBT to source 100% renewable energy in our operations by 2030.</p> <p>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.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Indirect costs	In response to unpredictable indirect costs in the form of energy spend, we have invested in both onsite and offsite renewable energy. The long-term contracts provide a combination of price stability and hedging against future volatility in power prices. Our investment in renewable energy is predominately in the form of forward-looking financial risk tolerance (rather than CapEx) that we believe will hedge against future price increases. For example, it is anticipated that future price increases in deregulated energy markets will increase indirect costs to procure utility power for our store fleet, but we believe that our 'contract-for-

		<p>difference' renewable energy projects will allow us to earn revenue from those same market price increases.</p> <p>One of the renewable energy investments was the Aurora Wind Project which has begun to generate power in 2020. We project that this 90-megawatt off-site, North Dakota wind farm – one of the largest utility-scale installations ever contracted by a retail company – will generate enough clean power to cover nearly 50% of our North American energy use across Gap Inc. We also anticipate that the project, made possible through Gap Inc.'s commitment to purchase power from it for the next 12 years, will also green the electricity grid, supporting our nation's transition to a low-carbon economy.</p>
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C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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

Year target was set

2015

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2015

Covered emissions in base year (metric tons CO₂e)

481,670

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

50

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

240,835

Covered emissions in reporting year (metric tons CO₂e)

240,724

% of target achieved [auto-calculated]

100.0460896464

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Please explain (including target coverage)

This target covers our owned and operated facilities. We have revised this baseline from previously reported numbers to account for our acquisition of Janie and Jack which occurred in March of 2019.

Target reference number

Abs 2

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2017

Covered emissions in base year (metric tons CO₂e)

391,671

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

90

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

39,167.1

Covered emissions in reporting year (metric tons CO₂e)

240,724

% of target achieved [auto-calculated]

42.8213702033

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

This target covers our Scope 1 + 2 emissions (market-based). In 2021, we announced the divestitures of Janie and Jack and Intermix. We will revise the baseline in next year's response to account for this change.

Target reference number

Abs 3

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3: Purchased goods & services

Base year

2017

Covered emissions in base year (metric tons CO₂e)

5,182,808

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

30

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

3,627,965.6

Covered emissions in reporting year (metric tons CO₂e)

0

% of target achieved [auto-calculated]

333.3333333333

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

Our Scope 3 emission reduction target focuses on purchased goods & services. Our purchased goods & services impacts include emissions from our Tier 1 & 2 suppliers (i.e., cut & sew facilities, dying facilities, fabric mills etc) as well as the embodied carbon of our products (the upstream impact of the cotton, wool, leather, polyester, etc. supply chains). Our target is intended to address the main sources of these GHG emissions by reducing our supply chain's energy and emission footprint, shifting to renewable sources of energy, encouraging our suppliers to set their own SBTs when feasible, and using less carbon-intensive materials in the design phase (such as organic cotton or recycled inputs).

While the consumer use of sold products can comprise as much as 26% of emissions, our influence is low (i.e., consumer behaviour drives how clothes are washed and at what frequency) and policies to reduce this may increase emissions from a systems basis (for example, making a garment less durable reduces its use phase emissions but increases other categories). The Apparel and Footwear Sector Science-based Target Guidance (November 2018 V2.0) has the provision to exclude use of sold products from scope 3 calculations for these reasons. In accordance with this sector guidance, we are excluding this scope 3 category from the overall calculations to derive the 66% criteria

for setting a Science-based target. Purchased goods & services comprises 81% of all scopes when product use phase is excluded and meets the criteria for scope 3 targets (>66% of all scope 3 categories).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Base year

2017

Figure or percentage in base year

0

Target year

2030

Figure or percentage in target year

100

Figure or percentage in reporting year

16

% of target achieved [auto-calculated]

16

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, this target contributes to emission reduction targets Abs1 and Abs2

Is this target part of an overarching initiative?

Science-based targets initiative

Please explain (including target coverage)

This target contributes to Gap Inc.'s emission reduction targets Abs1 and Abs2, which are company-wide.

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 initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	127,125
To be implemented*	0	0
Implementation commenced*	2	217,742
Implemented*	4	352,902
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Low-carbon energy generation
Solar PV

Estimated annual CO₂e savings (metric tonnes CO₂e)

21,420

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

55,277

Investment required (unit currency – as specified in C0.4)

0

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

This is a virtual power purchase agreement for the Fern Solar Farm in North Carolina. All information provided on the payback period and savings is estimated based on market rate projections for solar energy pricing. Thus, these can change drastically month-over-month due to any un-forecasted climate hazards or transmission issues. In 2020, we estimated a total annual CO₂e savings of 21,420. RECS have not currently been realized due to open accounting questions, however the project is fully operational and has been generating energy since December 2020.

Initiative category & Initiative type

Low-carbon energy generation
Wind

Estimated annual CO₂e savings (metric tonnes CO₂e)

189,440

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2,000,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

The 90 MW Aurora Wind Farm in North Dakota has been generating energy in January 2020. The VPPA contract structure requires no upfront cost, and the payback is dependent on future market prices for energy which will dictate potential revenue or cost to the organization. Due to COVID, there were construction delays for the project. As a result, the developer provided us with RECS from another wind project, which have been applied to our GHG inventory to fulfill their contractual obligations. Thus, the numbers provided here will not match with the figures provided in C7.9a. Additionally, the \$2 million number is based on Base financial forecasts. However, due to the adverse weather events earlier this year, we are realizing that revenue from these projects is highly unpredictable and that these estimates are not reliable.

Initiative category & Initiative type

Low-carbon energy generation

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

1,764

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

82,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

16-20 years

Comment

Fresno Solar PPA (3 MW install – projected annual generation 6,300 MWh). In June 2018, we signed a 20 year power purchase agreement for 3 megawatts of onsite solar at our Fresno DC with the developer SunPower. Construction was completed in February 2020 and the project is expected to offset 51% of the facility’s energy needs annually. When we signed the PPA, we forecasted an \$82k annual energy savings for the facility.

Initiative category & Initiative type

Energy efficiency in buildings
Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

140,278

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

We are working with our suppliers and partners Aii and PaCT to review and install energy efficiency measures that would be beneficial at our supplier facilities.

C4.3c

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

Method	Comment
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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 2030 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

February 1, 2015

Base year end

January 31, 2016

Base year emissions (metric tons CO2e)

27,475

Comment

Scope 2 (location-based)

Base year start

February 1, 2015

Base year end

January 31, 2016

Base year emissions (metric tons CO₂e)

465,411

Comment

This applies to our Abs1 target. Our market-based Scope 2 emissions for our 2015 target which expired in 2020 (50% reduction in Scope 1+2 emissions by 2020) were 454,196 metric tons of CO₂e

Scope 2 (market-based)

Base year start

February 1, 2017

Base year end

January 31, 2018

Base year emissions (metric tons CO₂e)

364,334

Comment

This applies to our Abs2 science-based target to reduce emissions by 90% by 2030. The number provided above is Scope 2 market-based for 2017.

Scope 1, 2017: 27,337

Scope 2, location-based, 2017: 382,448

C5.2

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

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

25,352

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?

Reporting year

Scope 2, location-based

244,823

Scope 2, market-based (if applicable)

215,372

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?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Refrigerants

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

The percentage from this source is less than 4% of our total Scope 1 and 2 emissions, which is considered di minimus and therefore not relevant to our Scope 1 emissions.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5,408,993

Emissions calculation methodology

Data includes Tier 1 & 2 suppliers as well as upstream embodied carbon of materials. Tier 1 & 2 is based on partially verified Higg FEM data from suppliers reporting in 2020, representing 2019 data, and contains GHG calculations of their scope 1 & 2 based on energy data and allocations of impact to Gap, Inc. Embodied carbon is calculated based on material quantity and emission factors per type of material using fiber specific inputs from the Higg Materials Sustainability Index (Higg MSI).

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

42

Please explain

Tier 1 & 2 is based on Higg data representing 75% of information for Tier 1 & 2; embodied carbon is based on actual material quantities purchased but estimated emission factors. These two factors combine to 42% of the emissions calculated from actual supplier data. We are currently working with the SAC and Higg organization to develop a better methodology that allows us to have better visibility into our Scope 3 purchased goods and services via their Higg FEM and Higg MSI products.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

Capital goods are incorporated into purchased goods & services.

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

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

83,144

Emissions calculation methodology

Emission data is calculated with Quantis Scope 3 Evaluator tool, using 2020 data inputs.

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

0

Please explain

Based on SBTi criteria of relevancy, purchased goods & services represents 0% of impact of all scope 3 categories. All other categories are considered not relevant.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

527,081

Emissions calculation methodology

Emissions calculated using primary tonne.km information at a haul level from Gap internal systems, multiplied by Defra product transportation emission factors. This represents emissions from our suppliers to our distribution centers.

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

100

Please explain

Waste generated in operations

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

20,857

Emissions calculation methodology

Emission data is calculated with Quantis Scope 3 Evaluator tool, using 2020 data inputs.

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

0

Please explain

Business travel

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

619

Emissions calculation methodology

Includes air travel and car rentals, with air travel provided at a haul level per passenger. Emissions calculated using Defra 2019 factors based, assuming radiative forcing.

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

100

Please explain

Employee commuting

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

20,400

Emissions calculation methodology

Emission data is calculated with Quantis Scope 3 Evaluator tool, using 2020 data inputs.

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

0

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Gap doesn't have upstream leased assets.

Downstream transportation and distribution

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

130,604

Emissions calculation methodology

Emissions calculated using primary tonne.km information at a haul level from Gap internal systems, multiplied by Defra product transportation emission factors. We also receive emissions information from UPS, which represents emissions from online shipments from DCs to customers or from Ship-From-Store methods. The UPS data is verified by SGS.

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

100

Please explain

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Based on industry guidance, processing of sold products is not relevant to Gap's business model.

Use of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

2,095,886

Emissions calculation methodology

Calculations are based on average assumed life of products per product category and average consumer use / wash behaviour. Emission data is calculated with Quantis Scope 3 Evaluator tool, using 2020 data inputs.

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

Please explain

Based on industry guidance issued from the SBTi apparel working group, this category is optional and does not meet the criteria of relevancy for scope 3 (low level of influence)

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

369

Emissions calculation methodology

Data is based on Quantis Scope 3 Evaluator tool, using 2020 data inputs.

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

Please explain

Representing <1% of all scope 3 impacts, this category is not considered relevant based on a 2020 Scope 3 screening assessment.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Gap doesn't have downstream leased assets.

Franchises

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

15,911

Emissions calculation methodology

Based on square footage data, using a standard brand energy intensity factors and International Energy Agency emission factors.

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

0

Please explain

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Gap doesn't have investments that meet the Scope 3 criteria of relevancy.

Other (upstream)

Evaluation status

Please explain

Other (downstream)

Evaluation status

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic 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

0.00001744

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

240,724

Metric denominator

unit total revenue

Metric denominator: Unit total

13,800,000,000

Scope 2 figure used

Market-based

% change from previous year

21.4

Direction of change

Decreased

Reason for change

We have seen a decrease due to the solar and wind projects initiatives. and due to store closures as a result of change in business strategy and COVID-related changes in operating hours for stores and HQs.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

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 CO ₂ e)	GWP Reference
CO ₂	25,318	IPCC Fifth Assessment Report (AR5 – 100 year)
CH ₄	13	IPCC Fifth Assessment Report (AR5 – 100 year)
N ₂ O	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 CO ₂ e)
Canada	3,060
Japan	1,163
United Kingdom of Great Britain and Northern Ireland	729
United States of America	20,400

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 CO ₂ e)
Distribution Centers	6,291
Corporate Headquarters	1,629
Retail Locations	17,432

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Bangladesh	29	29	58	0
Canada	7,461	6,840	57,313	0
China	11,945	11,945	19,377	0
France	103	96	1,871	0
China, Hong Kong Special Administrative Region	582	582	788	0
India	930	930	1,238	0
Indonesia	15	15	20	0
Ireland	139	176	420	0
Italy	791	1,176	2,567	0
Japan	16,560	16,560	33,373	0
Mexico	2,371	2,371	5,197	0
Puerto Rico	1,643	1,643	2,347	0
Sri Lanka	3	3	5	0

Taiwan, Greater China	993	993	1,777	0
Turkey	26	26	57	0
United Kingdom of Great Britain and Northern Ireland	3,758	5,679	16,386	0
United States of America	197,399	166,232	557,878	84,528
Viet Nam	74	74	162	0
Cambodia	1	1	2	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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Distribution Center	31,496	28,810
Corporate Headquarters	8,476	6,675
Retail Locations	204,851	179,887

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
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Change in renewable energy consumption	39,872	Decreased	10.97	This is representative of the following renewable energy projects: Aurora wind VPPA (39,803 MT CO ₂ e) and Fresno Solar PPA (69 MT CO ₂ e). Total change in renewable energy consumption: 39,872; Last year's Scope 1 & 2 emissions: 363,586 (39,872/363,586 * 100=10.97%)
Other emissions reduction activities	0	No change	0	We have energy efficiency programs (LED and HVAC upgrades) implemented, however, none of which can be clearly identified and quantified at this time.
Divestment				
Acquisitions				
Mergers				
Change in output	92,765	Decreased	25.51	This is most likely due to COVID restrictions and reduced operating hours that affected a large portion of our real estate portfolio. Total change in output: 92,765; Last year's Scope 1 & 2 emissions: 363,586 (92,765/363,586 * 100=25.51%)
Change in methodology	9,775	Increased	2.69	This was due to changes in emission factors and new information regarding energy data within our Asia portfolio. Total change in methodology: 9,775; Last year's Scope 1 & 2 emissions: 363,586 (9,775/363,586 * 100=2.69%)
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

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 undertook this energy-related activity in the reporting year
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	138,191	138,191

Consumption of purchased or acquired electricity		84,528	699,859	784,387
Consumption of purchased or acquired steam		0	3,158	3,158
Consumption of purchased or acquired cooling		0	565	565
Total energy consumption		84,528	841,773	926,301

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 heat	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)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

133,153

Emission factor

0.00018

Unit

kg CO2e per MWh

Emissions factor source

US EPA Mandatory Reporting Rule, 2013

Comment

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

956

Emission factor

0.00021

Unit

kg CO2e per MWh

Emissions factor source

US EPA Mandatory Reporting Rule, 2013

Comment

Fuels (excluding feedstocks)

Other, please specify

Jet Fuel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

4,082

Emission factor

0.00024

Unit

kg CO2e per MWh

Emissions factor source

The Climate Registry, 2020

Comment

C8.2e

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

Sourcing method

Power purchase agreement (PPA) with on-site/off-site generator owned by a third party with no grid transfers (direct line)

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

80,182

Comment

Aurora wind VPPA

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator without energy attribute certificates

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

4,345.57

Comment

Fresno on-site PPA

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 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

 cy20-assurance-statement-gap-inc_tr-approved.pdf

Page/ section reference

Pg 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 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

 cy20-assurance-statement-gap-inc_tr-approved.pdf

Page/ section reference

Pg 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

 cy20-assurance-statement-gap-inc_tr-approved.pdf

Page/ section reference

Pg 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Third party verification/ assurance underway

Attach the statement

 cy20-assurance-statement-gap-inc_tr-approved.pdf

Page/section reference

Pg 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

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, we are waiting for more mature verification standards and/or processes

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

Yes, our customers

Yes, other partners in the value chain

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

% of supplier-related Scope 3 emissions as reported in C6.5

65

Rationale for the coverage of your engagement

We ask 100% of our Tier 1 suppliers of branded products and our strategic Tier 2 suppliers to respond to the Higg Facility Environmental Module (FEM) questionnaire on an annual basis to help us better understand their environmental footprint. This includes collection information on their carbon emissions, water, and waste data. Our Tier 1 vendors are those that we have direct procurement spend with and are the first line of engagement into our supply chain. We choose this high level of engagement because it allows us to have a clear understanding of our supply chain operations and understand where and which types of engagement are needed. We are then able to work with our suppliers on a number of initiatives specific to their operations that are aimed to lower emissions in accordance with our Scope 3 goal – reducing our emissions from purchased goods and services by 30% from a 2017 baseline by 2030.

Impact of engagement, including measures of success

Success in supplier engagement is measured by the percentage of Tier 1 & Tier 2 suppliers who submit their annual climate data using the Higg Index FEM. We consider this engagement to be successful if 100% for Tier 1 and 80% for Tier 2 or more of suppliers submit to the Higg Index. In 2020, 89% of our manufacturing facilities and 80% of our strategic mills completed the Higg FEM. We have also begun tracking the number of verified responses to the questionnaire and will begin incorporating this into our measure of success in upcoming years.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

65

Rationale for the coverage of your engagement

We include the supplier scorecard to provide an environmental performance evaluation to each of our suppliers on their carbon emissions, energy usage, water consumption, and waste practices. We ask 100% of our Tier 1 suppliers of branded products and 75% of our strategic Tier 2 suppliers to respond to the scorecards on an annual basis, and

use this as a core part of how we evaluate suppliers and how we can incorporate this knowledge into our sustainability long-term goals.

Impact of engagement, including measures of success

We measure our success based on the increased percentage of business given to green-rated suppliers. This engagement has newly been incorporated therefore we do not have measurements of success yet in 2020, but we have set a goal to ensure that 80% of Gap Inc. sourcing will be allocated to green-rated suppliers by 2025. This rating is based on our supplier's performance against the Code of Vendor Conduct which includes a section on environmental management practices.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Gap recently launched an educational campaign, GENERATION GOOD, where a collective of unique individuals take action as forces for good. Acting on the shared values of inclusion, diversity, sustainability, climate change, and community, these ground breakers are changing the paradigm, propelling a real shift in how we show up, represent, listen and learn across generations. Through founding ideals and creative expression shared through the digital landscape, we aimed to target 100% of our customers through GENERATION GOOD to inspire us to work together towards a brighter future. The GENERATION GOOD clothing line features pieces that use less water, less waste, and are produced using lower emission technologies, better materials, and support for workers.

Impact of engagement, including measures of success

We measured the success of our GENERATION GOOD campaign based on whether the conversion rate for digital click-thrus are on par with other Gap digital campaigns. In 2020, the GENERATION GOOD campaign received similar click-thru rates as other digital campaigns, therefore we consider this engagement strategy a success.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Other partners in the value chain that are engaged with climate-related topics are our employees. For example, at the Athleta office in early 2020, we had an event with other brands and the local recycling organization, RECOLOGY, to educate employees on how to make better environmental- and climate-friendly purchases and how to safely and correctly dispose of waste, including by recycling.

Additionally, Gap Inc. employees have received training on the sustainability of Gap products. A survey was also sent out to our employees to understand what aspects of sustainability are most valued by them. We plan on compiling the results of this survey and use them to help build employee engagement programs.

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
- Funding research organizations

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 membership with CERES, 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 also members of Fashion Positive+ and Accelerating Circularity – organizations focused on innovations to further the circular economy (materials, technology, research, takeback programs and more).	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

Retail Industry Leaders Alliance (RILA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

RILA advance the retail industry through public-policy advocacy and promote operational excellence and innovation. And through research and thought leadership, RILA propel developments that foster both economic growth and sustainability

How have you influenced, or are you attempting to influence their position?

Gap is active in RILA's Environmental and Energy Management Committee and Compliance Group and meets with the groups once per month and working to build climate priorities.

Trade association

American Footwear and Apparel Association (AFAA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Representing more than 1,000 world famous name brands, AFAA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its nearly four million U.S. workers, and its contribution of more than \$400 billion in annual U.S. retail sales.

How have you influenced, or are you attempting to influence their position?

Gap's Head of Government Affairs is the Chair of the Trade Policy Leadership Committee. The Trade Policy Committee serves as the principal "eyes and ears" for AAFA on trade and other legislative and regulatory matters at national and international levels. It directs lobbying and advocacy responses for matters affecting the U.S. apparel and footwear industry. It advises the Board and Executive Committee on policy positions.

Trade association

Sustainable Apparel Coalition (SAC)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The SAC comprises over 250 leading apparel, footwear and textile brands, retailers, suppliers, service providers, trade associations, non-profits, NGOs, and academic institutions working to reduce environmental impact and promote social justice throughout the global value chain.

How have you influenced, or are you attempting to influence their position?

Gap was on the board of the SAC through June 2020. Gap staff also participate in task teams related to climate issues for the Higg Facility Environmental Module (FEM) and helps shape long term plans for environmental performance and supply chain.

Trade association

Textile Exchange

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Textile Exchange is a global non-profit that creates leaders in the preferred fiber and materials industry. They develop, manage, and promote a suite of leading industry standards, as well as collect and publish critical industry data and insights that enable brands and retailers to measure, manage and track their use of preferred fiber and materials.

How have you influenced, or are you attempting to influence their position?

In September 2020, Gap partnered with Textile Exchange to release the Preferred Fiber Toolkit (PFT), a resource to be used by sourcing and design teams to inform companies on meeting their sustainability goals. With this partnership, the Toolkit will be developed as a publicly available, industry-wide resource, providing companies with consolidated, validated guidance so that together we can create healthier communities while better protecting the planet.

Trade association

Accelerating Circularity

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Accelerating Circularity is a collaborative industry project developed to accelerate the textile industry's move from linear to circular. Its project partners are ensuring broad stakeholder representation by collaborating with industry organizations on this work

including sharing information, amplifying key messages & streamlining of efforts.

How have you influenced, or are you attempting to influence their position?

The Director Global Sustainability from Gap is currently on the board of Accelerating Circularity.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

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?

Gap has a Sustainability Committee that is a part of the Board of Directors and has oversight over climate-related activities and goals within the company.

Additionally, 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.

Our policy advocacy on climate change issues is also aligned cross-functionally through close collaboration between our Communications, Global Sustainability, Government Affairs, and Investor Relations departments. When an opportunity is presented to influence policy through various means, teams will collaborate and discuss the position against Gap's climate policies and if the opportunity supports Gap's long-term climate goals and ensure that activities are consistent with our overall climate change strategy.

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 voluntary sustainability report

Status

Underway – previous year attached

Attach the document

 Gap Inc 2019 Report.pdf

Page/Section reference

p. 9, 12-18, 52-55, 59-61, 66-73

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

Comment

C15. 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.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer (Chief Growth Officer)	Chief Operating Officer (COO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
------------------------------	---

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	No, I will complete the Supply Chain questions and return to submit them by the deadline shown on my dashboard. I understand that if I do not return to submit my additional Supply Chain questions by the deadline, they will not be submitted to customers.

Please confirm below

I have read and accept the applicable Terms