

# Welcome to your CDP Climate Change Questionnaire 2022

## 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 collection of purpose-led, lifestyle brands offering apparel, accessories and personal care products for women, men and children under the Old Navy, Gap, Banana Republic and Athleta brands, with approximately 97,000 employees, including part-time and full-time employees. Gap Inc. products are available for purchase worldwide through Company-operated and franchise stores, Company-owned websites and third-party arrangements (as of FY'21).

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 29, 2022 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 29, 2022, our subsequent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the Securities and Exchange Commission. 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 information which may be considered forward-looking within the meaning of the U.S. federal securities laws. 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, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include, among others, statements regarding achievement of our climate change goals and any expected financial and other benefits therefrom, the anticipated financial and other impacts of climate-related risks and opportunities, expectations related to various climate-related scenarios, expectations related to renewable energy generation projects, including on the achievement of our climate change goals, expectations for collecting and submitting climate change information within required timeframes, and expectations for future climate-related regulation, including by a carbon pricing system.

For information regarding risks and uncertainties associated with our business and a discussion of some of the factors that may cause actual results to differ materially from the results expressed or implied by such forward-looking statements, please refer to our Securities and Exchange Commission filings, including the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections in our Annual Report on Form 10-K for the year ended January 29, 2022, as well as our subsequent filings with the Securities and Exchange Commission. 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	January 30, 2021	January 29, 2022	No

**C0.3**

**(C0.3) Select the countries/areas in which you operate.**

- Argentina
- Armenia
- Azerbaijan
- Bahrain
- Bangladesh

Brazil  
Cambodia  
Canada  
Chile  
China  
Colombia  
Costa Rica  
Croatia  
Cyprus  
Czechia  
Egypt  
El Salvador  
France  
Georgia  
Greece  
Guatemala  
Hong Kong SAR, China  
Hungary  
India  
Indonesia  
Ireland  
Israel  
Italy  
Japan  
Kuwait  
Mauritius  
Mexico  
Morocco  
Oman  
Pakistan  
Paraguay  
Peru  
Philippines  
Portugal  
Puerto Rico  
Qatar  
Republic of Korea  
Russian Federation  
Saudi Arabia  
Slovakia  
Slovenia  
South Africa  
Spain  
Sri Lanka  
Sweden  
Taiwan, China  
Turkey

- Ukraine
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Uruguay
- 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

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, another unique identifier, please specify IRS Employer Identification Number: Delaware 94-1697231	94-1697231

# 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

	<p>responsibilities relating to the Company’s corporate governance matters, including the annual review of the Company’s Corporate Governance Guidelines, the annual self-assessment of the Board, its committees and individual directors, the identification and selection of director nominees, oversight of the Company’s programs, policies and practices relating to environment, social and community, and governance issues and impacts to support the sustainable growth of the Company’s business, including oversight of establishing and making progress against climate-related goals, and such other duties as directed by the Board. The Committee is composed entirely of independent directors.</p> <p>The Company’s ESG program is overseen by the Committee, which provides regular updates to the Board regarding the Company’s ESG activities and strategies. To assist in its oversight responsibilities, the Committee receives regular updates from our Chief Growth Transformation Officer, who in turn meets with leaders across the Company from Sourcing, Production, Brand and Operations, and the ESG team.</p> <p>In 2021, the Committee reviewed progress against our enterprise-wide goals for addressing climate change, which include our 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, and our goal to source 100% renewable energy for our Company-operated facilities globally by 2030.</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"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> </ul>	<p>The Company’s ESG program is overseen by the Committee, which meets quarterly and provides regular updates to the Board regarding the Company’s ESG activities and strategies. To assist in its oversight responsibilities, the Committee receives regular updates from our Chief Growth Transformation Officer.</p> <p>The Chief Growth Transformation Officer is part of the Senior Leadership team and meets regularly with leaders across the Company from Sourcing, Production, Brand and Operations, and the ESG team. Additionally, the ESG team works with business partners and experts to assess and manage business</p>

	<p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>risks, including the risks that climate change and environmental impacts could pose to our business.</p> <p>The Committee oversees and approves our enterprise-wide strategies and goals related to climate change, our progress against those goals and other issues related to the environment and climate change. This includes reviewing progress against our science-based Scope 1, 2 and 3 targets and renewable energy goals. The Committee also oversees major capital expenditures related to our ESG program.</p>
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### C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>Gap Inc. considers climate-related competence to fall into three categories: foundational knowledge and skills; organizational knowledge and experience; and strategic competencies. Foundational knowledge and skills include science and environmental literacy and knowledge of the climate policy landscape. Organizational knowledge and experience include strategic planning, compliance, enterprise risk, supply chain, corporate communication and organizational governance knowledge and experience. Strategic execution competencies include skills related to supporting organizational change, risk mitigation, stakeholder engagement, policy influence and leveraging external partnership.</p> <p>We consider our board members to have climate-related competence if they possess knowledge, skills and experience in at least one of these three categories acquired through at least 10 years of relevant experience. Three of our current board members meet this requirement.</p>

### 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 ESG functions. As the leader for ESG, the Chief Growth Transformation Officer has oversight over climate-related decisions and strategies, such as reviewing the Company’s progress towards its science-based climate change 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	We offer incentives in several ways. First, annual performance bonus plans provide financial incentives to reward our employees for achieving Company and/or individual performance goals, which can include environmental initiatives or programs, especially for our Production, Design, and ESG functions. Additionally, The Exceed Award is Gap Inc.’s company-wide spot bonus program. The cash award is designed as a tool to reward team members for outstanding performance in a variety of areas, which can include 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.

## 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 Energy reduction project	<p>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, which can include environmental initiatives or programs. Key objectives of our bonus plans are to reward financial performance and achievement of organization and individual goals, and to support the Company's pay-for-performance philosophy.</p> <p>As an example, our Heads of Production, Design, and ESG are all reviewed on their performance related to our product sustainability goals, which have the intention of reducing carbon emissions and water usage from the production of apparel. These goals include sourcing 100% of cotton from more sustainable sources by 2025 and sourcing 45% of polyester from recycled sources by 2025. Each of our brands also has specific product sustainability goals that are included in performance evaluations and monetary compensation for relevant teams.</p>
All employees	Monetary reward	Emissions reduction project Energy reduction project Efficiency project	<p>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</p>



			reducing emissions, meeting targets, leading emissions reduction initiatives and piloting innovative programs which actively respond to environmental issues.
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## 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 2021, we continued to define 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 defined as a major operating failure impacting the business for days to weeks including impact to people, process and/or technology.

### 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**

Annually

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Description of process**

Each year, our management and Internal Audit teams work together to identify and assess the greatest existing and emerging risks (climate-related risks are integrated into this multi-disciplinary approach) across our upstream, downstream, and direct operations that could impact the Company's operations or ability to achieve its objectives within the short- (1-3 years), medium- (3-5 years), and long- (5-10 years) term time horizons. The Risk Committee, which includes leaders that represent the Senior Leadership team, provides oversight of the annual Enterprise Risk Assessment (ERA) process, which consists of three iterative steps: (1) Senior executives and VPs provide input to identify risks and mitigations via an online questionnaire or an interview; (2) The Risk Committee reviews results, identifies any other key risks, and prioritizes them in the appropriate quadrants based on two components: risk exposure and mitigation maturity; and (3) The CEO, Board, and Senior Leadership team use the ERA to monitor and mitigate risks, as well as to update policies and include in business continuity planning where required. The ERA informs our annual Internal Audit Plan and ongoing Board oversight items. Climate-related risks are prioritized based on the Risk Committee's determination of whether the risk is financially substantive, which is based on whether it has 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 defined as a major operating failure impacting the business for days to weeks including impact to people, process and/or technology.

Additionally, specific to climate-related events, our Business Continuity Planning ("BCP") team analyzes, prioritizes and helps to mitigate asset-level 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 BCP team uses a Risk Assessment Tool ("RAT") to determine the event, Company risk and the residual risk remaining after preparedness plans are developed.

Informed by the ERA and BCP teams, Gap Inc.'s process to responding to climate risks and opportunities is collaborative and as follows. Our ESG team, Chief Growth Transformation Officer, and other executives regularly evaluate climate-related risks with the Risk Management and Internal Audit teams to develop recommendations. Our responses include actions such as climate resiliency strategy work, goal setting, and

coordination with our brands and business functions (such as store audits, logistics and sourcing) to ensure that we are appropriately assessing the risk, possible interventions, and associated investments prior to making a decision. We also develop country-specific strategies that take into consideration local context for our international operations. Specifically, in response to our supply chain-related risks, we are setting up a new Risk Intelligence Office dedicated to the supply chain. We also already 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 to mitigate environmental risk. For opportunities, we evaluate the cost, savings, alternatives, and potential side effects before pursuing any climate-related projects such as our VPPA (Virtual Power Purchase Agreement) offsites.

#### 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 ESG team, it was determined that in order to mitigate cotton-related sourcing risks, we should refocus our textile fiber strategy to be more diversified. As such, we took steps to source fibers that are more sustainable (i.e., that have a lower carbon footprint and/or 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 2021, 79% of cotton used was sourced from more sustainable sources, and 10% of polyester used was from recycled 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 ESG team leveraging benchmarking and current research on climate scenarios, we are working to achieve our goal of sourcing 100% renewable energy for Company-operated facilities globally by 2030 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 by 30% by 2030 compared to the Company's 2017 levels to minimize both the climate and water impacts of our raw materials. This process was also incorporated in setting our science-based target to reduce our Scope 1 and 2 emissions by 90% from a 2017 baseline.

## 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, the U.S. Securities Exchange Commission has proposed rules that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including disclosure of a registrant's GHG emissions. Additionally, California lawmakers have proposed a law (SB260) that would require companies doing business in California and generating over \$1 billion annually in revenue to disclose their GHG emissions. The implementation of these rules has the potential to lead to increased compliance costs for Gap Inc., as well as potential fines for noncompliance.
Technology	Relevant, always included	<p>Technology-related risks are assessed through our annual climate risk assessments. Achieving our emission reduction targets depends on the availability and successful deployment of technology solutions including renewable energy generation, low carbon raw material inputs and energy efficient processing techniques.</p> <p>An example of a technology risk to Gap Inc. is the lack of a cost-effective, clean energy alternative to high temperature coal boilers. Apparel production requires high temperatures for production and electrical and biomass boilers are currently unable to compete commercially with coal boilers where high temperatures are required.</p>
Legal	Relevant, always included	Litigation associated with failure to comply with climate-related legislation is a risk to the business. Legal risks are assessed annually through our climate risk assessments. Gap Inc. could face legal risks including heavy fines if it is found to have made misleading claims (via marketing, advertising, or product details) about the environmental or climate performance of its products.

Market	Relevant, sometimes included	<p>Market shifts have implications for our sourcing, production and business. Our consumer insights surveys show increased awareness of our sustainability efforts year over year, and market research shows that consumer demand for sustainably produced clothing with low environmental and social impacts has increased over time, especially with younger generations. We face a risk to lose market share based on our ability to attract consumers who demand clothing from organizations that share their values. We respond to this by using more sustainable raw materials in our products, evidenced by our goals to achieve 100% more sustainable cotton and 45% recycled polyester by 2025.</p> <p>Additionally, in 2018, we completed and rolled out our Preferred Fiber &amp; 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 update 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	<p>Failure to meet rising stakeholder expectations to manage our impact on communities and the environment, including climate change could result in damage to our reputation and brand. Every year, we conduct a sustainability consumer insights study to better understand the reactions and motivations of customers towards sustainability, and the results of this survey are used to guide investment and programmatic resources into our brands sustainability initiatives. We also take into account our ESG ratings and rankings from prominent data providers such as MSCI, Sustainalytics, and ISS to consider our stakeholders' priorities.</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 typhoons, droughts or extreme heat can cause changes in agricultural production, precipitation or weather in key cotton-producing countries (e.g., 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	Chronic physical climate-related impacts such as rising sea levels, rising temperatures, and desertification affect a substantial share of the global cotton supply and 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. 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 chronic physical impacts, we evaluate financial and physical impacts and build those risks into future planning processes.
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## 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.**

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#### 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 following risk was identified by our Government Affairs team, who track and assess regulatory demands that will impact Company behavior and performance. The Company is mandated by Building Energy Compliance in several states across the country including California, New York, Maine, Utah, Colorado, Texas, Maryland, Georgia and Ontario, Canada to benchmark and disclose energy, natural gas, 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. Another example is the Natural Resources Canada's (NRCan) national building energy benchmarking initiative.

The requested sites are registered in the EPA's EnergyStar profile manager, where data can be confirmed through our utility services.

Since 2017, the Company has reported requested data for the EPA's EnergyStar program (54 sites were included in our energy data reporting in 2021). The number of requested sites has increased year over year, from 24 in 2020. If this rate (125% increase) continues, we can expect increased financial risk for our reporting obligations because the inability to comply may result in fines, which are described in our financial impact figure explanations.

At the current rate, this risk is not substantive as defined by the following: (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 defined as a major operating failure impacting the business for days to weeks including impact to people, process and/or technology.

#### **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)**

378,000

#### **Potential financial impact figure – maximum (currency)**

1,512,000

#### **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 54 facilities required to comply with the bill. Assuming that it would take 14 days to comply with the regulation, this would result in a potential financial impact of \$378,000 for the lower range and \$1,512,000 for the higher range.

Lower range:  $\$500 * 54 \text{ sites} * 14 \text{ days} = \$378,000$

Higher range:  $\$2,000 * 54 \text{ sites} * 14 \text{ days} = \$1,512,000$

#### **Cost of response to risk**

200,000

### Description of response and explanation of cost calculation

We face a risk of enhanced emissions reporting obligations such as the Building Energy Compliance services, which has increased the number of requested sites year over year. Our process in place to address this risk includes the work of our ESG External Reporting team, Climate team, and Government Affairs team in collaboration with our Corporate Facilities, Store Operations, and DC Operations teams. Together, a Government Affairs employee is assigned to monitor climate-related regulations while others work to respond to all Building Energy Compliance requests and monitor the energy usage of our Company-operated sites. We are taking additional action to manage the risk of failing to comply by working to develop an Energy Management System (EMS). The aforementioned teams will participate in task team workshops and data compilation. We anticipate this approach will ensure that all data required for the mandated disclosures is collated and submitted within the required timeframes.

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

Changing precipitation patterns and types (rain, hail, snow/ice)

#### Primary potential financial impact

Increased direct costs

#### Company-specific description

The raw materials and fibers used to make our apparel products are at risk of chronic physical conditions due to climate change. In our preferred fibers strategy, we focus on the materials that account for nearly all (approximately 97 percent) of our fiber consumption: natural fibers (cotton, linen, etc.), synthetics (polyester, nylon, elastane, etc.), and manufactured cellulose (viscose, rayon, modal, etc.). A high percentage of Gap Inc.'s products are made from cotton that is primarily grown in countries such as India and Pakistan, which face climate-related impacts to production such as extreme and prolonged weather patterns, drought, and flooding. For example, in the 2021 Global Climate Risk Index (ranked from highest to lowest risk), India is ranked seventh and Pakistan is eighth.



Due to these chronic physical conditions, we may face sourcing risk or costs. In 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 to drought and heat in these areas.

Our preferred fibers strategy focuses on building fiber security, maintaining a comprehensive evaluation of sourcing risks, and increasing our sourcing of more sustainable fibers that will reduce environmental impacts. We support this work by developing impact measurements that allow better decision-making by our Product Development teams, collaborating with our supply chain partners, and participating in industry initiatives. To identify preferred fibers, we use life cycle assessment data on indicators including global warming potential, water use, and eutrophication, as well as evaluating biodiversity, potential for circularity, chemistry, land-use change, and social conditions within production. To support this, we use industry tools such as the Sustainable Apparel Coalition's Higg Materials Sustainability Index (MSI) and Textile Exchange's Preferred Fiber and Material Matrix. We have also worked closely with our top suppliers 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, an estimated range

**Potential financial impact figure (currency)**

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

9,000,000

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

24,000,000

**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.

Our estimated potential impact figure represents the anticipated increase of all conventional material costs (due to climate-related chronic physical risks), and is based on two components: (1) our experience with drought and heat in Madhya Pradesh and Maharashtra, India in 2020; and (2) desk-based research conducted as part of our climate scenario analysis.

A study published in the Journal of Climate found that the probability of a 100-year drought increases by a factor of 1.52 based on a 1.5 degrees Celsius global warming scenario. Therefore, the probability of drought in any given year is (1.52 divided by 100 = 0.0152). We then multiplied the probability of drought by a range of potential impact on raw materials cost considering our sourcing allocation and manufacturing in countries with higher climate risks, such as India, Pakistan, and China (approximately 6% to 16%).

Based on Gap Inc.'s cost of goods sold and occupancy expenses in 2021 (\$10.033 billion), we find the following impact figures:

Minimum = \$10.033 billion \* (0.0152\*0.06) = approximately \$9 million

Maximum = \$10.033 billion \* (0.0152\*0.16) = approximately \$24 million

### **Cost of response to risk**

105,050,000

### **Description of response and explanation of cost calculation**

We face risks to our raw materials sourcing from increased climate change effects such as chronic physical risks (drought, flooding, etc.). Our process in place to mitigate this risk is to focus our sourcing 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 have goals to source more sustainable synthetic fibers, including 45% recycled polyester by 2025 and 100% more sustainable cotton by 2025. We are on track to meet these goals, with 79% more sustainable cotton and 10% recycled polyester in 2021. We continue to take action to mitigate our raw materials risks by diversifying our supply chain sources – for example, we also source cotton from the United States (USCTP) and are exploring further growth for synthetic materials sourcing in South America. The outcome of this approach is meant to ensure that in the event of a chronic physical climate event that increases the cost of materials or reduces the viable supply, we have alternative sources to maintain our business production. Furthermore, our approach to source more sustainable fibers is in the interest of reducing negative climate impacts long-term.

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. Therefore, we partner with industry organizations. These initiatives come 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 Better

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

## Comment

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### Identifier

Risk 3

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Acute physical

Cyclone, hurricane, typhoon

### Primary potential financial impact

Decreased revenues due to reduced production capacity

### Company-specific description

With over 3,300 company-operated and franchise stores (in 2021) and other owned & operated facilities globally, Gap Inc.'s operations are at physical risk to the changing climate including fires, floods, 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. 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, causing us to lose potential revenue from the closures.

### 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 via 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 stores x 6 days x \$10,493 loss in sales/store/day = \$17,439,366

### Cost of response to risk

0

### Description of response and explanation of cost calculation

Management costs are built into our overall business continuity planning, human resources and internal risk management controls. We maintain business continuity plans for potential impacts, including the continuation of pay for affected workers. Specific management costs for climate-related risks have not been isolated. As such, the cost of response to risk is 0.

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, our process in place is to evaluate financial and physical impacts and build those risks into future planning processes. We took action by implementing our business continuity plans, for example, at some of our stores following these severe storms and continued pay for employees affected by the event. We also continue to grow our online shopping experience and boost our eCommerce sales in order to mitigate potential store closures caused by physical acute risks or events like the COVID-19 pandemic. The expected result of our acute physical risk response method is to ensure store preparations for extreme weather events while ensuring our business is durable through unexpected store closures.

### 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.**

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**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**

Through our science-based target to source 100% clean energy for company-operated facilities globally by 2030, which fits into our long-term time horizon, we identified the opportunity to source lower-emission energy, thereby reducing our direct costs of energy.

As noted in our 2021 Annual Report on Form 10-K, we are aware that fluctuating fuel and other energy costs could adversely affect the results of our operations, and we may not be able to offset cost increases to our products through price adjustments without negatively impacting consumer demand. Therefore, we recognize the opportunity to source energy that is resilient to fluctuating costs. We recognize the opportunity to use lower-emission sources of energy like renewable energy that will keep the price of our products reasonable for customers while supporting our science-based targets. We define clean energy as energy from renewable sources such as solar and wind power.

As of the end of 2021, 86% of our Company-operated stores were located in North America, contributing to the majority of our Scope 2 emissions. Because of this, we see our biggest opportunity to source and generate lower-emissions energy to be located in the United States.

As a result, we launched three renewable energy projects. In 2018, we finalized a 3-megawatt solar array at our Fresno, California distribution center, which began generating energy in March 2020. In 2019, we partnered with four other companies to develop the Fern Solar VPPA that is expected to offset 100% of the energy load for our Athleta Company-operated stores (approximately 7.5 megawatt). The project began generating energy in December 2020. And finally in August 2019 we signed a 90 megawatt VPPA for the Aurora Wind Project, which came online in late 2020. In 2021, our renewable energy projects produced 277,180 megawatts of energy that offset 50% of our Scope 1 and 2 emissions, and we are on target to reach our goal of 100% by 2030. We monitor progress through monthly energy generation reports from our VPPA projects.

**Time horizon**

Long-term

**Likelihood**

Very likely

**Magnitude of impact**

High

**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)**

1,504,000

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

4,504,000

**Explanation of financial impact figure**

We forecast earnings from our two VPPA projects (Aurora Wind and Fern Solar) between \$1 million and \$4 million annually, based on one year of history and extended financial projections. These earnings are dependent on two monthly factors: (1) solar and wind production; and (2) energy pricing. Due to the varied weather events earlier this year, we have seen that these forecasts are extremely unreliable. Our two renewable energy projects are contracted for difference-structured VPPAs 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 price, which creates the potential for cost or cost savings for Gap Inc. depending on future energy prices.

Over the projects' history in 2021, energy prices for Aurora wind ranged from the \$10 range to the \$30 range, and the megawatt hours produced ranged from the low thousands to the thirty thousands. Likewise, with Fern solar, energy prices ranged from the \$20 range to the \$60 range, and the megawatt hours produced ranged from the low hundreds to nearly two thousand. Based on these variable production amounts and energy prices, as well as our actual earnings from 2021, we've projected minimum annual earnings for the two projects combined as \$1 million, and the maximum as \$4 million.

We also estimate a cost savings annually from our onsite Fresno, California solar installation of approximately \$504,000. The \$504,000 was derived from the assumed energy priced around 8 cents/kWh with the project yielding about 6.3 million kWh annually (6.3 million kWh X \$0.08/kWh = \$504,000) 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.

Therefore, the total cost savings is between \$1 million and \$4 million, with the added savings from Fresno's solar array = \$1,504,000 (low) and \$4,504,000 (high).

**Cost to realize opportunity**

720,000

**Strategy to realize opportunity and explanation of cost calculation**

The cost 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).

**Case study:**

Gap Inc. identified the opportunity of lower-emissions energy sources to stabilize energy costs and to meet our science-based Scope 1 and 2 target by 2030. The process included identifying the sites and regions to start projects, working with industry partners, and assessing financial implications. The decision to engage two VPPA contracts was made by assessing projections for renewable energy production and prices, and agreeing to take on the increased financial risk in order to bring additional renewable energy onto the U.S. electrical grid and hedge against potential increases in brown power prices.

Gap Inc. chose to pursue three projects: (1) In June 2018, we finalized an agreement to develop a 3-megawatt solar array at our Fresno, California distribution center. The project offsets 50-80% of the energy at our Fresno facility and reduces energy expenses. The project began generating energy in March 2020. (2) In 2019, we partnered with Bloomberg, Cox Enterprises, Salesforce, and Workday to form a first-of-its-kind Virtual Power Purchasing Agreement ("VPPA") that is enabling us to procure 42.5 megawatts of a 100-megawatt solar project in North Carolina ("Fern Solar"). Gap Inc. has contracted 7.5 megawatts of solar energy, which we plan to offset 100% of the energy load for our Athleta company-operated North American retail stores. The project began generating energy in December 2020. (3) In August 2019, we signed a 90 megawatt VPPA for the Aurora Wind Project with Enel Green Power North America. The 12-year agreement helped us reach our 2020 goal to reduce absolute Scope 1 and 2 emissions by 50% compared to 2015 levels by providing an estimated 374-gigawatt hours of renewable energy each year. The project came online in late 2020.

As a result of our work, after launching the VPPAs in late 2020, our percent of Scope 1 and 2 energy produced from renewable sources increased from 17% in 2020 to 50% in 2021. We anticipate by 2026, we will achieve 85% of Scope 1 and 2 energy produced from renewable sources, making progress towards our science-based target by 2030. In order to meet our goal, we are exploring an additional VPPA as well as international Renewable Energy Credits.

**Comment**

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization’s strategy include a transition plan that aligns with a 1.5°C world?**

Row 1

#### Transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

#### Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

We do not yet have a transition plan that meets all criteria described by CDP, but we do have a detailed strategy to achieve our goals that are aligned with a 1.5 degree world, and have integrated our climate approach with several Company functions. Our low carbon climate strategy is influenced by climate-related risks and opportunities we have identified in our supply chains and operations. At the foundation of our approach are goals that align with the scientific consensus of the Paris Agreement to pursue efforts to limit global temperature rise to less than 1.5 degrees Celsius. Our strategy includes reducing emissions and investing in renewable energy projects to reduce our Scope 1 and 2 footprints and working closely with our strategic suppliers on programs to address our Scope 3 emissions. We have committed to a science-based target of 100% renewable energy in our Company-operated facilities by 2030, which has been formally approved by the Science Based Target initiative.

We have also completed a climate scenario analysis which we intend to use to inform strategy discussions with executives and the Board, including a transition plan aligned to a 1.5-degree world. As a first step, we will obtain leadership approval and support to integrate with financial planning.

Scenario analysis will support our annual assessment of existing and emerging risks that could impact the Company’s operations or ability to achieve its objectives. This review is performed by management and Internal Audit. The Risk Committee, made up of leaders that represent the Senior Leadership team, provides oversight over the annual Enterprise Risk Assessment (ERA) process. The ERA is used by the CEO, Board, and senior leadership to monitor and mitigate risks, update policies, and include in Business Continuity Planning where required.

### C3.2

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

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative



### C3.2a

**(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA 450	Company-wide		<p>In our 2C scenarios we assume ambitious action is taken to mitigate climate change, limiting temperature increase to 2°C and meeting the objective of the Paris Agreement. There is greater policy action than currently exists but timing, consistency and coordination of policy implementation is less certain than in the 1.5C scenario.</p> <p>Increase in technology advances provide wider access to low emission products and services and renewables increase from 3% of global electricity generation in 2015 to more than 20% by 2040. There is an increase in carbon capture and sequestration technology and by 2040, 80% of coal-fired generation capacity is CCS equipped.</p> <p>Global population grows 0.9% per year. ~9 billion in 2040 and world GDP assumed to grow at rate of 3.4% between 2012-2040. After 2020, a CO2 price is adopted in OECD countries and fossil fuel subsidies removed in all regions except the Middle East by 2035. CO2 prices in most OECD markets reach \$140/ton in 2040 and global energy demand grows on average by 0.6% per year.</p> <p>This scenario has a timeframe of 2012-2040</p>
Physical climate scenarios RCP 2.6	Company-wide		<p>In our 2C scenarios we assume ambitious action is taken to mitigate climate change, limiting temperature increase to 2°C and meeting the objective of the Paris Agreement. There is greater policy action than currently exists but an increase in physical climate-related impacts. Global emissions decline 25% by 2030, and extreme weather events increase in frequency and magnitude. There are increasing signs of climate instability, for example sea level rise, loss of sea ice and decline in biodiversity.</p> <p>Timing, consistency and coordination of policy</p>

			<p>implementation is less certain than in the 1.5C scenario.</p> <p>This scenario has a timeframe of 2012-2040</p>
Physical climate scenarios RCP 3.4	Company-wide		<p>In our 2C scenarios we assume ambitious action is taken to mitigate climate change, limiting temperature increase to 2°C and meeting the objective of the Paris Agreement. There is greater policy action than currently exists but an increase in physical climate-related impacts. Global emissions decline 25% by 2030, and extreme weather events increase in frequency and magnitude. There are increasing signs of climate instability, for example sea level rise, loss of sea ice and decline in biodiversity.</p> <p>Timing, consistency and coordination of policy implementation is less certain than in the 1.5C scenario.</p> <p>This scenario has a timeframe of 2012-2040</p>
Physical climate scenarios RCP 4.5	Company-wide		<p>In our 2C scenarios we assume ambitious action is taken to mitigate climate change, limiting temperature increase to 2°C and meeting the objective of the Paris Agreement. There is greater policy action than currently exists but an increase in physical climate-related impacts. Global emissions decline 25% by 2030, and extreme weather events increase in frequency and magnitude. There are increasing signs of climate instability, for example sea level rise, loss of sea ice and decline in biodiversity.</p> <p>Timing, consistency and coordination of policy implementation is less certain than in the 1.5C scenario.</p> <p>This scenario has a timeframe of 2012-2040 and is quantitative and qualitative.</p>
Physical climate scenarios RCP 6.0	Company-wide		<p>In our 2.6C or 'current status quo' scenario, existing climate-related policies (NDCs) and actions remain the same, causing temperatures to increase to c.2.6°C and physical impacts of climate change are increasingly damaging.</p> <p>Global emissions continue to rise at current rates and extreme weather events become increasingly</p>

		<p>damaging with signs of climate instability globally and increasing risk to human health. Current country level commitments to reduce emissions are maintained but no further international mechanisms implemented. There is no change in demand for low-emission goods and services and world GDP is assumed to grow at rate of 3.4% between 2012-2040. Population grows 0.9% per year. ~9 billion in 2040.</p> <p>Technology advancements are required to manage physical climate impacts And energy demand increases. The NDCs achieve a decoupling of power generation emissions, which remain broadly flat to 2030, and electricity demand, which grows by 40%. Low-carbon sources fuel 70% of additional power generation by 2030.</p> <p>Full implementation of NDCs requires a USD 13.5 trillion investment in energy efficiency and low-carbon technologies – 40% of total energy sector investment to 2030 and no carbon price is implemented.</p> <p>Population grows 0.9% per year. ~9 billion in 2040.</p> <p>This scenario has a timeframe of 2012-2030 and is quantitative and qualitative.</p>
<p>Physical climate scenarios RCP 8.5</p>	<p>Company-wide</p>	<p>In our 4C scenario, limited climate action and lack of coordination result in a temperature increase of 4°C or above and significant disruption globally due to catastrophic physical climate impacts. There is no peak in global emissions by 2040 and climate-related impacts result in severe damages, displacement and economic instability.</p> <p>Due to a lack of robust action to reduce emissions, countries fail to meet Paris Agreement commitments and there is no change in demand for low-emission goods and services. The global population grows by 1.7 billion people, mostly in urban areas of developing economies and world GDP is assumed to grow at rate of 3.4% between 2012-2040</p> <p>Under current and planned policies, modelled in the New Policies Scenario, energy demand is set to</p>

			<p>grow by more than 25% to 2040 and fossil fuels will still contribute 75% of energy demand by 2040. The share of renewables in generation rises to over 40% by 2040 but coal remains the largest source and gas remains the second-largest.</p> <p>This scenario requires more than \$2 trillion a year of investment in new energy supply with modest rates of energy intensity improvements and technology advancement. Significant increase in new climate adaptation technology is required and no carbon tax is implemented.</p> <p>This scenario has a timeframe of 2012-2040 and is quantitative and qualitative</p>
Transition scenarios Customized publicly available transition scenario	Company-wide	1.5°C	<p>In our 1.5 C scenario we used the IPCC Report. we assume rapid transition to a low carbon world in the next decade, limiting temperature increase to 1.5°C. There is a high degree of transformation across the economy and a slight increase in physical climate-related impacts. Global emissions decline 45% by 2030.</p> <p>All regions demonstrate strong leadership in reducing emissions and a global price on carbon implemented.</p> <p>Technology disruptions are required to drive the transition and new markets are created for energy efficient and zero emission products and services. Global population reaches between 8.5 - 10 billion people by 2050 and world GDP is assumed to grow at a rate of 3.4% between 2012-2040.</p> <p>This scenario has a timeframe of 2010 – 2050 and is quantitative and qualitative</p>
Physical climate scenarios Customized publicly available physical scenario	Company-wide	1.5°C	<p>This scenario is SSP1. Modelling suggests the price of emissions to limit to 1.5 would be 3-4 times higher than limiting to 2C with an estimated price per tCO<sub>2</sub>e range from 135–6050 USD in 2030, and 245–14300 USD in 2050. Investment in low-carbon technologies is rapidly upscaled by a factor of 6 compared to 2015 and by 2050, renewables supply 52-67% of primary energy.</p> <p>This scenario has a timeframe of 2010 – 2050 and is quantitative and qualitative.</p>

<p>Transition scenarios Customized publicly available transition scenario</p>	<p>Business division</p>	<p>2.1°C - 3°C</p>	<p>This scenario is IEA INDC. In our 2.6C or 'current status quo' scenario, existing climate-related policies (NDCs) and actions remain the same, causing temperatures to increase to c.2.6°C and physical impacts of climate change are increasingly damaging.</p> <p>Global emissions continue to rise at current rates and extreme weather events become increasingly damaging with signs of climate instability globally and increasing risk to human health. Current country level commitments to reduce emissions are maintained but no further international mechanisms implemented. There is no change in demand for low-emission goods and services and world GDP is assumed to grow at rate of 3.4% between 2012-2040. Population grows 0.9% per year. ~9 billion in 2040.</p> <p>Technology advancements are required to manage physical climate impacts And energy demand increases. The NDCs achieve a decoupling of power generation emissions, which remain broadly flat to 2030, and electricity demand, which grows by 40%. Low-carbon sources fuel 70% of additional power generation by 2030. Full implementation of NDCs requires a USD 13.5 trillion investment in energy efficiency and low-carbon technologies – 40% of total energy sector investment to 2030 and no carbon price is implemented.</p> <p>Population grows 0.9% per year. ~9 billion in 2040.</p> <p>This scenario has a timeframe of 2012-2030 and is quantitative and qualitative.</p>
<p>Transition scenarios Customized publicly available transition scenario</p>	<p>Company-wide</p>	<p>3.1°C - 4°C</p>	<p>This scenario is IEA WEO New Policies. In our 4C scenario, limited climate action and lack of coordination result in a temperature increase of 4°C or above and significant disruption globally due to catastrophic physical climate impacts. There is no peak in global emissions by 2040 and climate-related impacts result in severe damages, displacement and economic instability.</p> <p>Due to a lack of robust action to reduce emissions,</p>

		<p>countries fail to meet Paris Agreement commitments and there is no change in demand for low-emission goods and services. The global population grows by 1.7 billion people, mostly in urban areas of developing economies and world GDP is assumed to grow at rate of 3.4% between 2012-2040</p> <p>Under current and planned policies, modelled in the New Policies Scenario, energy demand is set to grow by more than 25% to 2040 and fossil fuels will still contribute 75% of energy demand by 2040. The share of renewables in generation rises to over 40% by 2040 but coal remains the largest source and gas remains the second-largest.</p> <p>This scenario requires more than \$2 trillion a year of investment in new energy supply with modest rates of energy intensity improvements and technology advancement. Significant increase in new climate adaptation technology is required and no carbon tax is implemented.</p> <p>This scenario has a timeframe of 2012-2040 and is quantitative and qualitative.</p>
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### C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

**Row 1**

**Focal questions**

1. How will the cost of raw materials be impacted as a result of four different climate scenarios?
2. For each climate scenario, what risks are most influential to our financial bottom line?
3. What opportunities are most cost effective/beneficial?

**Results of the climate-related scenario analysis with respect to the focal questions**

1. Raw material costs for cotton are expected to increase from a range of 1 to 3% (with respect to the 1.5, 2, 2.6, and 4 degree scenarios) as a result of chronic physical risks such as drought, heat, changes in precipitation patterns, and extreme weather that result in diminished production of the goods. This is a substantive financial impact as defined by Gap Inc. We have identified cotton as a raw material of concern, as it is used

in the majority of our apparel products and has a high exposure to physical climate risks. We source cotton from regions with high water stress (which we consider to be above 3.5 on the WWF scale) and high Global Climate Index rankings, including India, China, Pakistan, Egypt, and Jordan. As an acknowledgement of this substantial risk, we have integrated into our strategy several efforts to diversify our cotton portfolio and invest in more sustainable sources such as organic and regenerative cotton.

2. In the 1.5 degree scenario, the transitional risk of enhanced emerging obligations is anticipated to increase utility costs by ~125% as it would be required to phase out fossil fuels. In the 2 degree scenario, the transitional technology risk of substituting products with lower emissions options remains highly impacted (~22%), however the costs are amplified by other rises in chronic and acute physical risks. The scenario with the largest negative impact on the Company based on our analysis was 2.6 degrees, in which there are risks that decreased revenue and increased costs, meanwhile it assumes we would invest expenses in climate action without significant results. Specifically, the 2.6 degree scenario heavily impacted our operational expenses (increase labor costs by ~100%) and revenue (decreased by 1.5%) due to the acute physical risks such as hurricanes, fires, and floods closing our store locations. Finally, in the 4-degree scenario, chronic physical risks such as drought and extreme precipitation are most influential by raising raw material costs for cotton, by ~3%. The transitional reputation risk of consumer preferences was impactful to revenue with a predicted decrease by ~30% if we take no action on climate and lose market share from climate-concerned customers. With our customers and the planet in mind, as well as the financial impacts of the scenarios, our strategy will continue to focus on aligning with a 1.5-2 degree world.

3. We have the biggest financial opportunity in transitioning to lower emissions energy sources such as renewable wind and solar energy in North America. This has the potential to reduce our utilities costs by ~70% at the 1.5-degree scenario and has the potential to increase revenue by ~5% at the 1.5 degree scenario by generating renewable energy at a market rate. The importance of renewable energy has influenced our strategy to procure solar and wind energy through our VPPAs in North Carolina and North Dakota as well as our solar onsite in Fresno, California.

### 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	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 Inc. The most substantial strategic decision

		<p>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. was the first brand to sign up to the new U.S. Cotton Trust Protocol (USCTP), in 2020, and is now leading a pilot to deploy USCTP's platform for tracing products with U.S.-grown cotton through the supply chain., mitigate cotton risks, and diversify sources.</p> <p>In addition, in response to the climate change risks and opportunities to cotton, our Athleta, Gap, Old Navy, and Banana Republic brands are taking steps to source more sustainable synthetic fibers, 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>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>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 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>By the end of 2021, 99 percent of our Tier 1 and 91 percent of our strategic Tier 2 suppliers used the Sustainable Apparel Coalition's Higg Index 3.0 Facility Environmental</p>



		<p>Module self-assessment to communicate their water and energy use from 2020, along with chemicals and waste management; 64 percent (463 facilities) verified their responses.</p>
<p>Investment in R&amp;D</p>	<p>Yes</p>	<p>Climate change risks and opportunities from the shift towards textile circularity have impacted our strategy investments in R&amp;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. Another project with HKRITA is studying the desired hydroponic farming conditions for growing extra long staple (ELS) cotton in an urban environment to enable a consistent, stable, transparent supply of cotton in an urban environment, supporting our goals for fiber security and traceability. This 2021 project won the Silver Award at the 2022 International Exhibition of Inventions of Geneva.</p> <p>Over 2020, we worked with our packaging supplier to introduce more recycled content into our mailer used for shipping online orders. We were able to launch the new mailer in 2021, which had 50% recycled content 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 teams in developing more sustainable products.</p> <p>In 2021, we signed on to the Microfibre Roadmap as part of our commitment to The Microfibre Consortium (TMC). We are also contributing fiber samples for a research collaboration between</p>

		TMC and the University of Leeds (U.K.) to improve understanding of techniques that reduce shedding of microplastics and microfibers in garment production. As R&D evolves on microfiber and microplastics shedding in garments, we will incorporate the latest insights into our preferred fiber strategies.
Operations	Yes	<p>Physical climate change risks have impacted our operations strategy, on a facility-level, in the long-term (5-10 year) time horizon. With over 3,300 company-operated and franchise stores and other owned &amp; operated facilities globally, Gap Inc.'s operations are at physical risk to climate change impacts including floods, hurricanes 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> <p>To manage these risks Gap Inc. is building its online business to increase resilience to localized physical disruptions. Additionally, Gap Inc. has a diversified supply chain with over 700 suppliers across Tier 1 &amp; Tier 2. The likelihood of regional climate-related issues having an impact that limits our ability to source and sell product is low. We're also working to continue diversifying by growing our sourcing in Mexico and Central America in 2022.</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 began 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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## 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**

2019

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Base year**

2017

**Base year Scope 1 emissions covered by target (metric tons CO<sub>2</sub>e)**

27,220

**Base year Scope 2 emissions covered by target (metric tons CO<sub>2</sub>e)**

361,860

**Base year Scope 3 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO<sub>2</sub>e)**

389,079

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

90

**Total emissions in target year covered by target in all selected Scopes (metric tons CO<sub>2</sub>e) [auto-calculated]**

38,907.9

**Scope 1 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

27,762

**Scope 2 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

111,138

**Scope 3 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Total emissions in reporting year covered by target in all selected scopes  
(metric tons CO<sub>2</sub>e)**

138,899

**% of target achieved relative to base year [auto-calculated]**

71.4450735655

**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 target coverage and identify any exclusions**

This target covers our Company-operated facilities (Scope 1 and 2 market-based emissions). We have revised this baseline from previously reported numbers to account for our acquisition in 2019 and divestiture in 2021 of Janie and Jack, as well as the divestiture of Intermix in 2021.

**Plan for achieving target, and progress made to the end of the reporting year**

Our strategy for achieving this target is multi-faceted, including the reduction of energy use at our Company-operated facilities through updating our store facilities with energy-efficient lighting and HVAC systems, as well as our renewable energy projects in Fern, NC, Aurora, ND, and Fresno, CA.

**List the emissions reduction initiatives which contributed most to achieving this target**

---

**Target reference number**

Abs 2

**Year target was set**

2019

**Target coverage**

Company-wide

**Scope(s)**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

Category 1: Purchased goods and services

**Base year**

2017

**Base year Scope 1 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 2 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3 emissions covered by target (metric tons CO<sub>2</sub>e)**

6,365,327

**Total base year emissions covered by target in all selected Scopes (metric tons CO<sub>2</sub>e)**

6,365,327

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

69

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

69

**Target year**

2030

**Targeted reduction from base year (%)**

30

**Total emissions in target year covered by target in all selected Scopes (metric tons CO<sub>2</sub>e) [auto-calculated]**

4,455,728.9

**Scope 1 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 2 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

4,786,266

**Total emissions in reporting year covered by target in all selected scopes  
(metric tons CO2e)**

4,786,266

**% of target achieved relative to base year [auto-calculated]**

82.6907504778

**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 target coverage and identify any exclusions**

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 behavior 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).

**Plan for achieving target, and progress made to the end of the reporting year**

Our strategy to achieving this target is multifaceted, including making better materials choices for our products by implementing the Preferred Fibers Toolkit and educating our design employees on sustainable material choices to reduce the carbon footprint of our assortment. Additionally, we work with our suppliers to reduce energy and water usage during production, including the phase-out of coal.

**List the emissions reduction initiatives which contributed most to achieving this target**

## 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: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Base year**

2017

**Consumption or production of selected energy carrier in base year (MWh)**

0

**% share of low-carbon or renewable energy in base year**

0

**Target year**

2030

**% share of low-carbon or renewable energy in target year**

100

**% share of low-carbon or renewable energy in reporting year**

50

**% of target achieved relative to base year [auto-calculated]**





50

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Yes, this target contributes to emission reduction targets Abs1

**Is this target part of an overarching initiative?**

Science Based Targets initiative

**Please explain target coverage and identify any exclusions**

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

**Plan for achieving target, and progress made to the end of the reporting year**

Our strategy to achieve this target consists of (1) an agreement to develop an additional 3-megawatt solar array at our Fresno, California distribution center; (2) 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; and (3) a 90 megawatt 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.

In 2021, our renewable energy projects produced 277,180 megawatts of energy that were applied to our emissions inventory, which accounted for 50% of our Scope 1 and 2 emissions.

**List the actions which contributed most to achieving this target**

**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	
To be implemented*	2	140,000

Implementation commenced*	4	110,550
Implemented*	3	126,700
Not to be implemented		

## 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 CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)

5,000

### Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

### Voluntary/Mandatory

Voluntary

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

183,000

### 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 2021, we received a total annual CO<sub>2</sub>e savings of 5,053.

The predicted annual monetary savings are calculated as the amount Gap Inc. is paid for the generation of clean energy. These amounts vary by month due to market fluctuations in energy prices as well as the amount of energy produced. Based on 2021 performance, we anticipate an average annual rate of approximately \$183,000.

**Initiative category & Initiative type**

Low-carbon energy generation

Wind

**Estimated annual CO2e savings (metric tonnes CO2e)**

120,000

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

3,000,000

**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 megawatt Aurora Wind Farm in North Dakota has been generating energy since 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, with an average estimate of \$3 million/year. In 2021, the project offset 135,358 mtons of CO2e.

**Initiative category & Initiative type**

Low-carbon energy generation

Solar PV

**Estimated annual CO2e savings (metric tonnes CO2e)**

1,700

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

502,000

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

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

16-20 years

**Comment**

These savings represent our 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 distribution center with the developer SunPower. Construction was completed in February 2020 and the project has begun to offset the majority (approximately 50-80%) of the Fresno distribution center’s energy needs annually. We also estimate a cost savings annually from our onsite Fresno, California solar installation of approximately \$502,000. The \$502,000 was derived from the assumed energy priced around 8 cents/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.

**C4.3c**

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

Method	Comment
Financial optimization calculations	Return on Investment (ROI) calculations are a key method for driving investments in emission reduction activities, especially as a selling point to upper management and leaders within the business groups. Investments which have a 1-3 year ROI are the types of activities we have typically engaged in the past.
Employee engagement	In surveys across the Company, a significant majority of our employees are proud of Gap’s Inc. reputation within the community, believe in our values and feel that our leadership demonstrates a high degree of integrity in the communities we live and work in. Engaging our employees on environmental and social issues like climate change issues allows us to reflect on a common set of values, promote healthy and sustainable living and working and contributes to recruitment and retention rates within the Company. To that end, we have communicated our GHG goal to the entire Company to give visibility to the goal and help drive engagement on environmental initiatives. Employees play a key role in meeting our goals and integrating sustainability further into our business.
Lower return on investment (ROI) specification	Setting public goals has helped drive investment toward emission reduction activities. We have also begun comparing the ROI and Internal Rate of Return (IRR) on the various paths of investment necessary to achieve our 2030 GHG

	emissions reduction goal to help drive investment in energy related projects earlier in the goal term.
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## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

### Level of aggregation

Group of products or services

### Taxonomy used to classify product(s) or service(s) as low-carbon

No taxonomy used to classify product(s) or service(s) as low carbon

### Type of product(s) or service(s)

Other

Other, please specify

Low-carbon footwear product

### Description of product(s) or service(s)

We define Old Navy's Partially Plant-Based Women's flip flops as low-carbon because the shoe is 51% bio-derived EVA (ethylene-vinyl acetate), a partially bio-based foam material derived from the bagasse, or pulp waste product of sugarcane production. Because sugarcane is a renewable resource, these flip flops reduce the amount of fossil fuels used in production, and emit approximately 80% less CO<sub>2</sub>e compared to a conventional synthetic. Since Summer of 2021, 100% of the Old Navy brand's Women's flip-flop assortment has incorporated sugarcane-derived material into the sole material.

### Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

### Methodology used to calculate avoided emissions

### Life cycle stage(s) covered for the low-carbon product(s) or services(s)

### Functional unit used

### Reference product/service or baseline scenario used

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

**Estimated avoided emissions (metric tons CO<sub>2</sub>e per functional unit) compared to reference product/service or baseline scenario**

**Explain your calculation of avoided emissions, including any assumptions**

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

---

**Has there been a structural change?**

Yes, a divestment

**Name of organization(s) acquired, divested from, or merged with**

Janie and Jack

Intermix

**Details of structural change(s), including completion dates**

In April 2021 the Company completed the divestiture of Janie and Jack.

In May 2021 the Company completed the divestiture of Intermix.

The divestitures of Jack & Janie and Intermix cumulatively resulted in greater than 2% significance, therefore triggering the need to restate the base year.

## C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	<p>Gap Inc.'s reporting boundary changed during the reporting year due to the divestiture of Janie and Jack and Intermix. The baseline amounts for our targets have been adjusted accordingly.</p> <p>Gap Inc.'s base year and subsequent year inventories will be adjusted for mergers, acquisitions and divestitures according to guidance as set forth in the WRI/WBCSD Greenhouse Gas Protocol. Gap Inc.'s base year inventory and subsequent years' emissions reports will be updated when a significant cumulative change in Gap Inc.'s base year emissions is triggered.</p>

## C5.1c

**(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?**

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	Yes	<p>Gap Inc.'s base year and subsequent year inventories will be adjusted for mergers, acquisitions and divestitures according to guidance as set forth in the WRI/WBCSD Greenhouse Gas Protocol. Gap Inc.'s base year inventory and subsequent years' emissions reports will be updated when a significant cumulative change in Gap Inc.'s base year emissions is triggered. The following conditions will require such an adjustment if a significant change is identified:</p> <ul style="list-style-type: none"> <li>• A structural change of Gap Inc.'s organizational boundaries (i.e., merger, acquisition, or divestiture);</li> <li>• A change in calculation methodologies or emission factors;</li> <li>• Additional or new data or methodology are available on source emissions that was not previously available;</li> <li>• Outsourcing (i.e., production of goods that is moved outside of Gap Inc.'s defined reporting boundaries) or insourcing (i.e., opposite of "outsourcing") where the modified case includes emissions that were not previously accounted for within the inventory in Scopes 1, 2, or 3; or</li> <li>• A significant error or a number of cumulative errors in Gap's inventory are discovered.</li> </ul> <p>Significant is defined as a cumulative change (+/-) of two percent (2%) or</p>

		larger in Gap Inc.'s total base year emissions (both Scope 1 and Scope 2) on a CO <sub>2</sub> -e basis. Cumulatively, Jack & Janie and Intermix accounted for ~4% significance.
--	--	--

## C5.2

### (C5.2) Provide your base year and base year emissions.

#### Scope 1

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

27,270

**Comment**

This applies to our Abs1 science-based target to reduce emissions by 90% by 2030. Updated from last year's CDP Climate response since our 2015 baseline goals have been achieved. We are now reporting only on our science-based targets with a baseline year of 2017. The baseline has also been adjusted accordingly for our divestitures from Janie and Jack and Intermix.

#### Scope 2 (location-based)

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

379,837

**Comment**

Updated from last year's CDP Climate response since our 2015 baseline goals have been achieved. We are now reporting only on our science-based targets with a baseline year of 2017. The baseline has also been adjusted accordingly for our divestitures from Janie and Jack and Intermix.

#### Scope 2 (market-based)

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018



**Base year emissions (metric tons CO<sub>2</sub>e)**

361,860

**Comment**

This applies to our Abs1 science-based target to reduce emissions by 90% by 2030. Updated from last year's CDP Climate response since our 2015 baseline goals have been achieved. We are now reporting only on our science-based targets with a baseline year of 2017. The baseline has also been adjusted accordingly for our divestitures from Janie and Jack and Intermix. Our market-based Scope 2 emissions for our 2015 target which expired in 2020 (50% reduction in absolute Scope 1 and 2 emissions by 2020) were 454,196 metric tons of CO<sub>2</sub>e.

**Scope 3 category 1: Purchased goods and services**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

6,365,327

**Comment**

Baseline recalculated in 2021 using supplier data submitted through Higg FEM as well as product and supplier-specific estimates.

**Scope 3 category 2: Capital goods**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Not calculated, not relevant.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

83,144

**Comment**

**Scope 3 category 4: Upstream transportation and distribution**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

514,832

**Comment**

**Scope 3 category 5: Waste generated in operations**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

20,857

**Comment**

**Scope 3 category 6: Business travel**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

40,240

**Comment**

**Scope 3 category 7: Employee commuting**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

20,400

**Comment**

**Scope 3 category 8: Upstream leased assets**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Not relevant, not calculated

**Scope 3 category 9: Downstream transportation and distribution**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

55,379

**Comment**

**Scope 3 category 10: Processing of sold products**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Not relevant, not calculated

**Scope 3 category 11: Use of sold products**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

2,095,886

**Comment**

**Scope 3 category 12: End of life treatment of sold products**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

369

**Comment**

**Scope 3 category 13: Downstream leased assets**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Not relevant, not calculated

**Scope 3 category 14: Franchises**

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

28,531

**Comment**

### Scope 3 category 15: Investments

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not relevant, not calculated

### Scope 3: Other (upstream)

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not relevant, not calculated

### Scope 3: Other (downstream)

---

**Base year start**

February 1, 2017

**Base year end**

January 31, 2018

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not relevant, not calculated

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Smart Freight Centre: GLEC Framework for Logistics Emissions Methodologies

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 CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

27,762

**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 CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

247,925

**Scope 2, market-based (if applicable)**

111,138

**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 5% of our total Scope 1 and 2 market-based emissions, and less than 3% of Scope 1 and 2 location-based emissions. This is considered de minimus and therefore not relevant to our emissions.

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

5

**Explain how you estimated the percentage of emissions this excluded source represents**

Refrigerant estimations were calculated using our site list and the operation emissions by HFC & PFC Type (MT CO<sub>2</sub>-e) - AR4 values and AR5 values. Gap Inc. will continue to evaluate refrigerants emissions in the future to ascertain if substantial changes occur.

## 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

**Emissions in reporting year (metric tons CO2e)**

4,786,266

**Emissions calculation methodology**

Supplier-specific method

Hybrid method

Average product method

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

40

**Please explain**

By the end of 2021, 99% of our Tier 1 and 91 percent of our strategic Tier 2 suppliers completed the Sustainable Apparel Coalition's Higg Index 3.0 Facility Environmental Module (FEM) self-assessment to communicate their water and energy use, along with chemicals and waste management from 2020. 64% of facilities verified their responses. Data for our purchased goods and services footprint includes Tier 1 & 2 suppliers as well as upstream embodied carbon of materials based on actual material quantities purchased but estimated emission factors. Tier 1 & 2 is based on partially verified (64%) Higg FEM data from suppliers reporting in 2021, representing 2020 data that has been traced as attributable fabric production for 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). These two factors combine to 40% 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

**Emissions in reporting year (metric tons CO2e)**

83,144

**Emissions calculation methodology**

Distance-based method



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

0

**Please explain**

Quantis Scope 3 Evaluator tool, using 2020 data inputs

**Upstream transportation and distribution**

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

4,429,802

**Emissions calculation methodology**

Distance-based method

Upstream transportation and distribution for Fiscal Year 2021 has been restated in our 2022 ESG Report. The restated amount is 670,820 metric tons of CO2e.

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

0

**Please explain**

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

**Waste generated in operations**

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

20,857

**Emissions calculation methodology**

Spend-based method

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

0

**Please explain**

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

**Business travel**

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

1,774

**Emissions calculation methodology**

- Hybrid method
- Fuel-based method
- Distance-based method

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

100

**Please explain**

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.

**Employee commuting**

---

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

20,400

**Emissions calculation methodology**

Average data method

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

0

**Please explain**

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

**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

**Emissions in reporting year (metric tons CO2e)**

13,404

**Emissions calculation methodology**

Distance-based method

Downstream transportation and distribution for Fiscal Year 2021 has been restated in our 2022 ESG Report. The restated amount is 117,670 metric tons of CO2e.

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

0

**Please explain**

Emissions calculated using primary tonne.km information at a haul level from Gap Inc. 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.

**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

**Emissions in reporting year (metric tons CO2e)**

2,095,886

**Emissions calculation methodology**

Average product method

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

0

**Please explain**

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.

**End of life treatment of sold products**

---

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

369

**Emissions calculation methodology**

Average product method

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

0

**Please explain**

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

**Emissions in reporting year (metric tons CO2e)**

16,529

**Emissions calculation methodology**

Site-specific method  
Franchise-specific method

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

0

**Please explain**

Franchise specific method takes into account the emissions factors for each location of our international franchise sites and applies the factors to site-specific square footage data to estimate annual energy usage.

**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**

Not relevant, explanation provided

**Please explain**

None to report

**Other (downstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

None to report

## 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 CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.0000083322

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

138,899

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

16,670,000,000

**Scope 2 figure used**

Market-based

**% change from previous year**

53.71

**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 and shifting Company-operated stores to franchises as a result of change in

business strategy. Gap Inc.'s emissions decreased by 109,492 metric tons CO<sub>2</sub>e between FY2020 and FY2021, while revenue increased by 21% in FY2021 compared to fiscal 2020.

## 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 <sub>2</sub> e)	GWP Reference
CO <sub>2</sub>	27,734	IPCC Fifth Assessment Report (AR5 – 100 year)
CH <sub>4</sub>	14	IPCC Fifth Assessment Report (AR5 – 100 year)
N <sub>2</sub> O	14	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 <sub>2</sub> e)
Canada	3,377
Japan	503
United Kingdom of Great Britain and Northern Ireland	613
United States of America	23,269

### C7.3

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

By business division

### C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Distribution Centers	6,510
Corporate Headquarters	2,170
Retail Locations	19,082

## C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Bangladesh	28	28
Canada	7,383	6,813
China	10,513	10,513
France	119	39
Hong Kong SAR, China	620	620
India	1,305	1,305
Indonesia	2	2
Ireland	93	123
Italy	712	1,135
Japan	18,338	18,338
Mexico	2,267	2,267
Puerto Rico	3,207	0
Sri Lanka	4	4
Taiwan, China	1,159	1,159
Turkey	27	27
United Kingdom of Great Britain and Northern Ireland	2,181	3,300
United States of America	199,786	65,284
Viet Nam	178	178
Cambodia	1	1
Pakistan	2	2

## 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	29,273	25,365
Corporate Headquarters	9,368	6,690
Retail Locations	207,160	75,959
Franchise	2,124	3,124

## C7.9

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

Decreased

## C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	96,350	Decreased	69.37	This is representative of our VPPA energy projects. Total change in renewable energy consumption from 2020 to 2021: 96,350; 2020's Scope 1 & 2 emissions: 138,899, therefore: $(96,350/138,899 * 100 = 69.37\%)$
Other emissions reduction activities	0	No change	0	
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	11,333	Decreased	8.16	Sites that were opened in 2021 accounted for 2,742 mtons of CO2e in our 2021 emissions, while sites that were



				closed within 2021 saved 14,075 mtons of CO2e based on prior history of monthly usage. This resulted in a net decrease of 11,333 mtons. 2020's Scope 1 & 2 emissions: 138,899 (14,075-2,742 = 11,333) (11,333/138,899 *100 = 8.16%)
Change in methodology	11,800	Decreased	8.5	This is representative of emissions factors changes of 11,800 mtons difference. 2020's Scope 1 & 2 emissions: 138,899, therefore: (11,800/138,899*100 = 8.5%)
Change in boundary	0	No change	0	
Change in physical operating conditions	0	No change	0	
Unidentified	9,992	Increased		Unknown factors
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	151,270	151,270
Consumption of purchased or acquired electricity		277,180	739,923	1,017,103
Consumption of purchased or acquired steam		0	2,050	2,050
Consumption of purchased or acquired cooling		0	159	159
Total energy consumption		277,180	893,402	1,170,582

## 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.**

### Sustainable biomass

---

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

### Other biomass

---

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

### Other renewable fuels (e.g. renewable hydrogen)

---

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

### Coal

---

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

**Oil**

---

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

**Gas**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

136,421

**Comment**

Propane and natural gas - US EPA Mandatory Reporting Rule, 2013

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

4,849

**Comment**

Jet Fuel - emissions factor source is The Climate Registry, 2020

**Total fuel**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

151,270

**Comment**

## C8.2e

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

---

**Sourcing method**

Direct procurement from an off-site grid- connected generator e.g. Power purchase agreement (PPA)

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

United States of America

**Tracking instrument used**

US-REC

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

260,757

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

United States of America

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2,020

**Comment**

Aurora wind VPPA

---

**Sourcing method**

Direct procurement from an off-site grid- connected generator e.g. Power purchase agreement (PPA)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

United States of America

**Tracking instrument used**

US-REC

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

16,422

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

United States of America

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2,020

**Comment**

Fern Solar

**C8.2g**

**(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.**

---

**Country/area**

Bangladesh

**Consumption of electricity (MWh)**

62

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

62

---

**Country/area**

Cambodia

**Consumption of electricity (MWh)**

2

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2

---

**Country/area**

China

**Consumption of electricity (MWh)**

16,786

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

16,786

---

**Country/area**

France

**Consumption of electricity (MWh)**

2,205

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,205

---

**Country/area**

Hong Kong SAR, China

**Consumption of electricity (MWh)**

754

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

754

---

**Country/area**

India

**Consumption of electricity (MWh)**

1,797

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1,797

---

**Country/area**

Indonesia

**Consumption of electricity (MWh)**

3

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3

---

**Country/area**

Ireland

**Consumption of electricity (MWh)**

315

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

315

---

**Country/area**

Italy

**Consumption of electricity (MWh)**

2,490

**Consumption of heat, steam, and cooling (MWh)**

0



**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,490

---

**Country/area**

Japan

**Consumption of electricity (MWh)**

36,938

**Consumption of heat, steam, and cooling (MWh)**

3,728

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

40,666

---

**Country/area**

Mexico

**Consumption of electricity (MWh)**

5,691

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

5,691

---

**Country/area**

Pakistan

**Consumption of electricity (MWh)**

7

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

7

---

**Country/area**

Puerto Rico

**Consumption of electricity (MWh)**

4,395

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4,395

---

**Country/area**

Sri Lanka

**Consumption of electricity (MWh)**

6

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6

---

**Country/area**

Taiwan, China

**Consumption of electricity (MWh)**

2,086

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,086

---

**Country/area**

Turkey

**Consumption of electricity (MWh)**

62

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

62

---

**Country/area**

United Kingdom of Great Britain and Northern Ireland

**Consumption of electricity (MWh)**

10,367

**Consumption of heat, steam, and cooling (MWh)**

3,385

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

13,752

---

**Country/area**

United States of America

**Consumption of electricity (MWh)**

595,143

**Consumption of heat, steam, and cooling (MWh)**

127,798

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

722,941

---

**Country/area**

Viet Nam

**Consumption of electricity (MWh)**

273

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

273

## 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**

Limited assurance

**Attach the statement**

 ASSURANCE STATEMENT FOR 2021 GREENHOUSE GAS EMISSIONS AND ENERGY DATA.pdf

**Page/ section reference**

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[https://gapinc-](https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf)

[prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf](https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf)

**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**

Limited assurance

**Attach the statement**

 ASSURANCE STATEMENT FOR 2021 GREENHOUSE GAS EMISSIONS AND ENERGY DATA.pdf

**Page/ section reference**

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<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf>

**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**

Limited assurance

**Attach the statement**

 ASSURANCE STATEMENT FOR 2021 GREENHOUSE GAS EMISSIONS AND ENERGY DATA.pdf

**Page/ section reference**

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[https://gapinc-](https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf)

[prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf](https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf)

**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**

Limited assurance

**Attach the statement**

 ASSURANCE STATEMENT FOR 2021 GREENHOUSE GAS EMISSIONS AND ENERGY DATA.pdf

**Page/section reference**

page 1-2  
<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2022/assurance-statement-for-2021-greenhouse-gas-emissions-and-energy-data.pdf>

**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, but we anticipate being regulated in the next three years

### C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Our strategy is to work with our Government Affairs, Risk Management, Tax Strategy, and Legal teams to remain aware of current and emerging regulation that may impact our industry and noting trends in markets where we do not operate. Gap Inc. also mitigates future regulations including but not limited to carbon pricing systems by improving energy efficiency and increasing our renewable energy generation in the United States in order to meet our science-based targets. We anticipate being regulated on emerging carbon border adjustment tax from the EU and potentially the United States within the five years.

Our ESG Reporting team and VP of Environmental Sustainability are dedicated to monitoring the regulatory landscape. We conduct, at minimum, annual reviews of reporting requirements and review updates from any commitments we are a signatory to (such as Fashion Pact or the science-based targets). We are also involved in industry discussions regarding the U.S. Securities and Exchange Commission's proposed climate change rules. We are also part of the BSR (Business for Social Responsibility) Future of Reporting group which offers insight to the changes in reporting frameworks internationally and helps us learn from cross-industry peers on how to plan for upcoming regulations and reporting requirements. With influence from these engagements, we have developed short and long-term reporting strategies to increase the

among of environmental data that is tracked and verified to meet and exceed expectations of anticipated regulation.

## 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/clients

Yes, other partners in the value chain

### C12.1a

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

---

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Climate change performance is featured in supplier awards scheme

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

100

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

100

**Rationale for the coverage of your engagement**

We created a Vendor Scorecard that is updated monthly and used internally by our buyers, quality assurance, and supplier sustainability teams, and shared externally (with partial visibility) with individual suppliers so that they are aware of their performance and



incentivized to improve their score. We ask 100% of our 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. We have set a goal to ensure that 80% of Gap Inc. sourcing will be allocated to green-rated suppliers by 2025. From 2020 to 2025 we can achieve this goal by growing that percentage another 16% year on year. We are at 68% as of the end of 2021. This rating is based on our supplier's performance on the Vendor Scorecard – its outputs are ranked as Green, Yellow, or Red. Sustainability components account for 30% of the weighted vendor score. The measurement components include Code of Vendor Conduct compliance (20% - including environmental compliance and safety), which includes a section on environmental management practices, Higg Participation (5% - measures carbon emissions, energy usage, water consumption, and waste practices), and P.A.C.E. participation (5% - a program that empowers women workers in our supply chain).

### **Comment**

---

#### **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**

100

#### **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 collecting 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 2021, 99% of our Tier 1 manufacturing facilities and 91% of our Tier 2 strategic mills completed the Higg FEM. We have also begun tracking the number of verified responses to the questionnaire, and 64% of facilities verified their responses in 2021.

### Comment

## C12.1b

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

### Type of engagement & Details of engagement

Education/information sharing

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

100

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

Gap Inc. Consumer Insights data (explained further in the measures of success comment) shows that customers care about sustainability and that it drives their purchasing decisions. For this reason, we have invested time and resources into sustainability marketing through our online shopping experiences. We highlight sustainable products in multiple ways. All products, and therefore 100% of customers shopping online, can explore a product detail section on the website which highlights any preferred fibers or water-saving programs used to make the product.

Gap brand allows 100% of online customers to shop the “Responsibly-Made Shop” which educates consumers on how organically grown cotton is “farmed without the use of harmful synthetic pesticides and fertilizers...better for people and the environment.” Old Navy women’s clothing offers customers the “Going Greener Shop” with products that are made more sustainably with our Washwell program or recycled materials. Banana Republic guides 100% of customers to the “Conscious Luxury” shop with a threshold for sustainable materials such as recycled polyester.

### Impact of engagement, including measures of success

We measure the success of our climate and water-positive product messaging to customers by whether the rate of customer awareness of these programs increases year over year. Our Consumer Insights team conducts an annual Sustainability Tracker in order to: (1) understand the influence of a company's sustainability practices on customers' attitudes and behaviors; and (2) to assess how Gap Inc. and the brands are doing in this space.

In 2021, 73% of customers surveyed (n=1,746) were aware of at least one sustainability program run by our brands. The awareness number increased from 62% in 2020, thereby meeting our measurement of success. Furthermore, in 2021, 62% of participants (the highest amount) found information about sustainable product attributes through brand websites, indicating that our focus on online shopping experiences as an educational channel is the most widely accessible. The most commonly recognized programs are Gap for Good and Washwell.

## C12.1d

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

As per the guidance, our own Gap Inc. and corporate brand employees (worldwide) are an important part of our value chain, and a partner that we engage with often through ESG-related announcements and targeted trainings. Gap Inc. employees receive training on the Company's material ESG topics (including climate change, water efficiency, responsible sourcing, and more) and strategy for improvement. It is important that all Gap Inc. employees are aligned to our Company values and Words To Live By (WTLB) – one of which is “Do the Right Thing” and supports our mission to be Inclusive, By Design. This element of our culture incorporates making environmentally responsible decisions through material and fiber choices in the design of our products. We strategize to support our merchandisers and product designers as a particularly important part of our value chain in the employee group due to their proximity to our raw materials selection. As such, we provide them training on our Preferred Fibers Kit. This tool can be used to empower them to make more sustainable choices in our raw materials (such as choosing recycled polyester over conventional synthetics) and be able to communicate the decision-making process behind these choices to key stakeholders in the supply chain (such as explaining the reduced carbon footprint and waste generated during production). The measurement of success for this engagement is ultimately shown by our progress towards our 100% sustainable cotton and 45% recycled polyester goals – if we are training employees successfully, their decisions will be reflected in our fiber consumption reports.

Training is also key part of our Rotational Management Program, which trains early leaders in various functions across the Company. In 2021, approximately 35 trainees completed a 3-hour long sustainability and climate-centered training which addresses Gap Inc.'s goals and initiatives and providing background on key sustainability and ESG concepts. Through the training, employees gain a greater understanding in Gap Inc.'s approach to sustainability and how they can contribute to achieving our sustainability goals. This has resulted in more conversation about integrating sustainability throughout our business, as more of our workforce want to understand how they can contribute to and integrate sustainability in their own roles.

We also engage customers, another important stakeholder group in our value chain due to their buying power. We engage our customers with customer surveys to understand their climate and sustainability perspectives, and we report on our sustainability activities in our ESG report and online through our website. Customers can contact [sustainability@gap.com](mailto:sustainability@gap.com) with their sustainability queries.

## C12.2

### **(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

## C12.2a

### **(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

---

#### **Climate-related requirement**

Complying with regulatory requirements

#### **Description of this climate related requirement**

We measure our success based on the increased percentage of business given to green-rated suppliers. We have set a goal to ensure that 80% of Gap Inc. sourcing will be allocated to green-rated suppliers by 2025. We sourced 68% from green-rated suppliers as of the end of 2021.

This rating is visible on our internal Vendor Scorecard which updates monthly and scores suppliers on a variety of requirements as either Green, Yellow, or Red. Sustainability components account for 30% of the weighted vendor score. The components include Code of Vendor Conduct compliance (20%), which includes a section on environmental management practices, Higg Participation (5%), and P.A.C.E. participation (5%), which is a program that engages women workers in supply chains.

Non-compliance (Red or Yellow scores) are address through our Assessment and Remediation process.

#### **% suppliers by procurement spend that have to comply with this climate-related requirement**

0

#### **% suppliers by procurement spend in compliance with this climate-related requirement**

68

#### **Mechanisms for monitoring compliance with this climate-related requirement**

Supplier scorecard or rating

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

**C12.3**

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

Row 1

**Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate**

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations


Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

Yes

**Attach commitment or position statement(s)**

See "Alignment with International Frameworks" - <https://www.gapinc.com/en-us/values/sustainability/esg-resources/governance-and-strategy/management-approach>

 2021-political-engagement-policy.pdf

**Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy**

GAP INC. POLITICAL ENGAGEMENT POLICY: At Gap Inc., we believe that it is important to participate in political and regulatory processes on issues that affect our business and community interests. We work proactively to enable Gap Inc.'s strategies through public policy and government advocacy. We also participate in political activities and advocate for legislation when there is a connection to our business and our ability to grow the business in a way that is consistent with our values, our legal obligations, and our Codes of Business Conduct and Vendor Conduct. For example, in the past we have been active in policy discussions and have lobbied on issues related to trade, tax, workforce, privacy, ports/infrastructure, and environmental issues. Gap Inc. only takes positions on ballot measures, initiatives or propositions that have a direct impact on our business. Our Government Affairs department manages and oversees the Company's political activities. All corporate political contributions are reviewed and approved in advance by both the (i) Vice President of Government Affairs and (ii) the Chief Growth Transformation Officer (who oversees our ESG and climate efforts). Our corporate contributions are reviewed annually by the Board. The Board also receives periodic updates regarding our political activities.

Example 1 - National Oceanic and Atmospheric Administration (NOAA): We attended a NOAA meeting in 2021 to discuss possible climate impacts on our business, from droughts impacting cotton to the effect of snowstorms on logistics.

Example 2 - We partner on advocacy for climate policy in key sourcing markets. For instance, together with more than 20 other brands, we signed a call to the government of Vietnam to simplify and expand access to renewable energy.

Example 3 - Gap brand President and CEO Mark Breitbard met Vice President Kamala Harris at the White House in 2021 to discuss policies to boost the care economy and its impact on workers in the post-pandemic environment.

## C12.3a

**(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**

## C12.3b

**(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.**

---

**Trade association**

Other, please specify

Retail Industry Leaders Alliance (RILA)

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

RILA advances the retail industry through public-policy advocacy and promotes operational excellence and innovation. And through research and thought leadership, RILA propels developments that foster both economic growth and sustainability. Gap Inc. is active in RILA's Environmental and Energy Management Committee and Compliance Group and meets with the groups once per month, and is working to build climate priorities.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

**Trade association**

Other, please specify

American Footwear and Apparel Association (AFAA)

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

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. Gap Inc.'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 AFAA 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 AFAA's board and executive committee on policy positions.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

**Trade association**

Other, please specify

Sustainable Apparel Coalition (SAC)

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

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. Gap Inc. was on the board of the SAC through June 2020. Gap Inc. 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.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

**Trade association**

Other, please specify

Textile Exchange

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**



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.

In September 2020, Gap Inc. 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.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

**Trade association**

Other, please specify  
Accelerating Circularity

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

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. The Director of Circularity and Waste on our ESG team is currently on the steering committee of Accelerating Circularity.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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**Trade association**

Other, please specify

Fashion Pact

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

This coalition of leading apparel and textile companies has established a common agenda to reach 100 percent renewable energy use, reduce GHG emissions, increase biodiversity, and focus on resilient development by 2050. Former CEO Sonia Syngal was on the Fashion Pact's steering committee in 2021.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## **C12.3c**

**(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

---

**Type of organization**

Other, please specify

Industry and trade organizations

**State the organization to which you provided funding**

(1) American Apparel and Footwear Association, (2) Business Roundtable, (3) California Retailers Association, (4) Florida Retailers Association, (5) Illinois Retail Merchant Association, (6) National Association of Business Political Action Committees, (7) National Business Group on Health, (8) National Retail Federation, (9) Retail Council Of New York State, (10) Retail Industry Leaders Association, (11) San Francisco Chamber of Commerce, and (12) San Francisco Committee on Jobs.

**Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)**

1,459,360

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

Gap Inc. is a member of various industry and trade associations that further our business, economic and community interests. These associations keep us informed on developments and trends in our industry and help us focus our advocacy in the most effective way. We often communicate and advocate our positions through our membership in concert with our industry partners. All dues paid to these trade associations are made with corporate funds. In Calendar Year (CY) 2021, the estimated expenditure was \$1,459,360, 65% of which supported nondeductible lobbying activities. The following is a list of U.S.-based trade and industry associations that Gap Inc. supported in CY 2021 in excess of \$1,000 that engage in significant public policy advocacy related to our core business interests: (1) American Apparel and Footwear Association, (2) Business Roundtable, (3) California Retailers Association, (4) Florida Retailers Association, (5) Illinois Retail Merchant Association, (6) National Association of Business Political Action Committees, (7) National Business Group on Health, (8) National Retail Federation, (9) Retail Council Of New York State, (10) Retail Industry Leaders Association, (11) San Francisco Chamber of Commerce, and (12) San Francisco Committee on Jobs.

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

No, we have not evaluated

## 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).**

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

 Gap Inc. 2021 ESG Report.pdf

**Page/Section reference**

<https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2021/gap-inc-2021-esg-report.pdf>

Page 5, 13, 39-41, 46-72

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

---

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 2022-Gap-Inc.pdf

**Page/Section reference**

Gap Inc. Proxy, page 17-19

**Content elements**

Governance  
Strategy

**Comment**

## C15. Biodiversity

### C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	
Row 1	No, and we do not plan to have both within the next two years

### C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Other, please specify 100% of cellulose are not from ancient or endangered forests.	SDG Other, please specify Fashion Pact and CanopyStyle

### C15.3

**(C15.3) Does your organization assess the impact of its value chain on biodiversity?**

Does your organization assess the impact of its value chain on biodiversity?	
Row 1	Yes, we assess impacts on biodiversity in our upstream value chain only

### C15.4

**(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify eliminate production that uses wood-derived fibers from ancient, endangered, high conservation value, and high carbon stock forests

## C15.5

**(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify % of cellulose from ancient or endangered forests

## C15.6

**(C15.6) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Other, please specify Biodiversity approach	<a href="https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2021/gap-inc-2021-esg-report.pdf">https://gapinc-prod.azureedge.net/gapmedia/gapcorporatesite/media/images/values/sustainability/documents/2021/gap-inc-2021-esg-report.pdf</a> Annual ESG Report 2021 Page 42-43

## C16. 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.**

### C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Growth Transformation 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	

### 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**

	<b>I understand that my response will be shared with all requesting stakeholders</b>	<b>Response permission</b>
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms