



Gap Inc.

**INCLUSIVE,
BY DESIGN**

**GLOBAL SUSTAINABILITY
REPORT 2020**

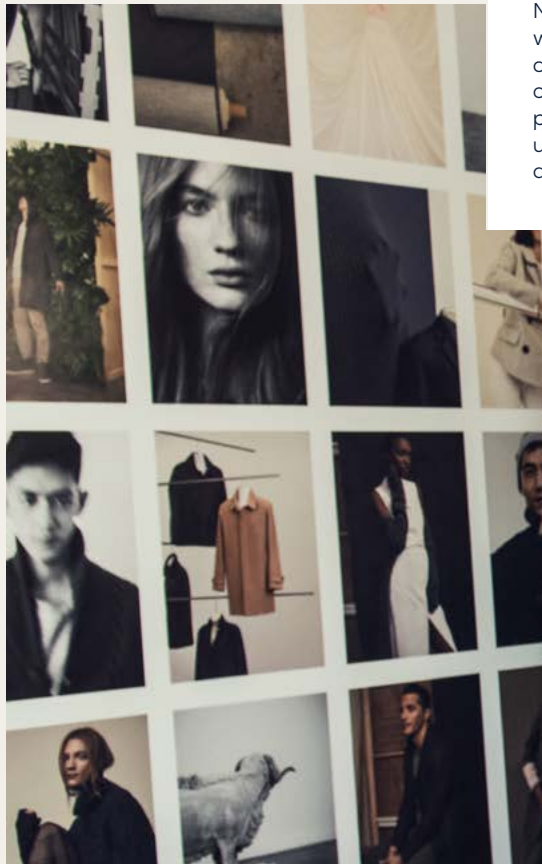
OUR COMMITMENT TO SUSTAINABILITY

Gap was founded in 1969 with a simple idea – make it easier to find a pair of jeans that fit, with a commitment to do more. In the over 50 years since, the company has grown four purpose-led billion-dollar brands, and our initial commitment to do more has grown into a global ambition to champion equality, inclusivity and sustainability.

We take pride in creating products our customers love while doing right by our customers, our community and the planet. As founders, a key part of Doris and Don Fisher’s vision of success was creating opportunities for the people and communities touched by our business throughout the world. Today, we’re working harder than ever to make our business more sustainable by setting bold goals, designing new programs and partnering with others to change our industry for the better.

Each of our brands has made strong commitments to help us achieve our purpose – to be Inclusive, by Design – and are guided by executive sustainability steering committees. We recognize that commitments are not enough and we are dedicated to showing progress against our goals and impact through use of innovation, collaboration across the industry and partnership with expert organizations and the communities in which we operate.

Each of Gap Inc.’s brands lead on specific areas of our sustainability strategy, giving them the opportunity to deepen relationships with customers in new, differentiated and meaningful ways. Their work is guided by an executive sustainability steering committee, which has empowered each brand to build a strategy that is true to its identity while pursuing meaningful environmental and social impact.



MESSAGE FROM SONIA SYNGAL CEO, GAP INC.

“Creating a more vibrant and sustainable future for our families and customers, our communities and our business has never been more critical. The COVID-19 pandemic made clear the urgent need for collaboration and innovation that addresses climate change and systemic barriers to equality and opportunity. The challenges we face now are no less daunting than they were nearly 20 years ago when, as the first apparel retailer to release a social responsibility report, we first articulated our goals and committed to sharing our progress.

Meaningful change takes action and a willingness to work together, such as we have committed to do alongside other signatories of the UN Global Compact. Every day, with partners, vendors and advocates, we’re using the power of our values at scale to be a force for good in the world – from going

climate neutral by 2050 to partnering with our manufacturers to save water in product creation, requiring suppliers to pay workers digitally, hiring and coaching the next generation of leaders, providing essential life skills to over 800,000 women in the global supply chain, and more.

To our partners who stand with us and our teams who lead this work: thank you for living our purpose to be Inclusive, by Design. Together, we’re creating a more just and sustainable business, industry, and planet, for everyone.”



OUR APPROACH



At Gap Inc., sustainability is a key priority for our business and fuels our potential. We have always led with doing the right thing, but for Gap Inc., as one of the world’s leading apparel portfolios with four purpose-led billion-dollar brands, sustainability is a business imperative.

Our journey began with the values put in place by our founders, Doris and Don Fisher, and it is a path we will continue to travel, listening and learning along the way. A female founder having the same equity stake as her husband led to a unique business perspective that spurred our long-term success. That’s why we choose to see sustainability through an inclusion lens.

We have a responsibility to address systemic social and environmental challenges, which are complex and interconnected. Across Gap Inc., we use the phrase

“Inclusive, by Design” to guide our comprehensive view of sustainability which, at its heart, is about using the scale of our business and the influence of our brands to improve people’s lives and the communities in which we operate. We have a balanced focus across how we empower women, enable opportunity and enrich communities and the environment.

We are committed to growing our business by enabling safe, fair working conditions for the people who make our products, enabling access and opportunity across our business and addressing environmental impact across our value chain. To achieve these goals we believe in a multi-threaded approach working in partnerships across the industry to enable progress, addressing impacts in our owned and operated facilities and in engaging our customers and employees to build a more sustainable world.

Our programs have three focus areas that together will help us create a sustainable ecosystem:

EMPOWERING WOMEN

Our business is driven by women – they are the majority of our customers, our leaders, our employees and our apparel supply chain – and we are making industry-leading investments to help ensure they are empowered to reach their full potential.

ENABLING OPPORTUNITY

Creating sustainable economies and a culture of equality and belonging means we use the assets and scale of our business to enable access to opportunity.

ENRICHING COMMUNITIES

Gap Inc. has committed to becoming carbon neutral and water positive by 2050, eliminating single-use plastics from our value chain, and supporting a circular economy to protect natural resources and ensure healthy communities for generations to come.



These issues are the most important to our business and where we believe we can have the most impact, whether by working through our brands, in public-private partnerships or in consortiums with our industry. In this report, you can read about our ongoing progress against these issues and the strategies we are employing to meet our ambitious goals.

Our strategy is aligned with the international sustainability agenda and guided by frameworks including the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.

As climate change fueled wildfires across the western United States, systemic racial inequality drove millions onto the streets in protest and a pandemic shut down the global economy, 2020 reminded us that we’re in this together and that collaborating and working together is critical. Gap Inc. is grateful to our partners across business, civil society and government, including those who, like us, have signed up to the United Nations Global Compact (UNGC) to support a sustainable future. By working together, we can build greater resilience and create change.

At Gap Inc., sustainability is what powers our business and is vital for ensuring the future. Our customers want to wear their values. We believe strongly that we can create amazing products and experiences for our customers while also ensuring we create opportunity and thriving communities.

Sally Gilligan
Chief Growth Transformation Officer,
Gap Inc.

2020 HIGHLIGHTS



**SOCIAL:
EMPOWERING
WOMEN**

LEADERS
58%

of our senior leaders are women, many in roles “normally” occupied by men.

P.A.C.E.
804K+

P.A.C.E. reached more than 804,000 women and girls, including nearly 200,000 female garment workers in 2020.

EMPOWER@WORK

Established Empower@Work with BSR HERproject, CARE and the ILO Better Work to leverage knowledge, skills and networks to drive collective action for the benefit of women workers and gender equity in global supply chains.

To address gender equality, Gap Inc. established four new 2025 women’s empowerment goals aimed at gender equitable workplaces and addressing gender-based violence.

PEOPLE IMPACTED
650K

Through USAID and Gap Inc. Women + Water Alliance, we improved access to drinking water and sanitation for 650,000 people in cotton-growing and textile-manufacturing communities in India.¹



**ENVIRONMENT:
ENRICHING
COMMUNITIES**

CLIMATE
39%

Solar and wind projects launched late 2020, leading to 39% reduction of GHG emissions in our owned and operated facilities from 2017 baseline.

WATER
1.5B

Saved more than 1.5 billion liters of water since the 2019 inception of the Arvind Water Partnership.²

SUPPLY CHAIN
89%

of our manufacturing facilities and 80% of our strategic mills completed the Higg Facility Environment Module (FEM) Index.

WASTE
13%

Diverted 13% of our single-use plastics waste.



**SOCIAL:
ENABLING
OPPORTUNITY**

YOUTH
912

This Way ONward hired 912 youth in 2020 and is on track to reach its goal of 5% of entry-level store employees by 2025.

OPPORTUNITY HIRING

New partners in 2021 include the Tent Partnership for Refugees and the Second Chance Business Coalition.



GOVERNANCE

12

board members:
10 are independent, 5 are women,
3 are people of color.

BOARD OVERSIGHT

Board-level committee that has full oversight over ESG goals and strategy.

1. Includes: Supporting communities to develop village action plans for water security, to assist government in its planning, financing and maintenance of piped water services; and catalyzing microloans for water piped connections, water handpumps, water storage, rainwater collection structures, water filters and toilets.
2. Arvind Water Partnership is a joint effort of Gap Inc. and Arvind Limited. The project became operational in November 2019. Savings referenced are from November 2019 through June 2021.

OUR PURPOSE-LED BRANDS

We grow purpose-led, billion-dollar brands that have lasting impact on people and the planet.

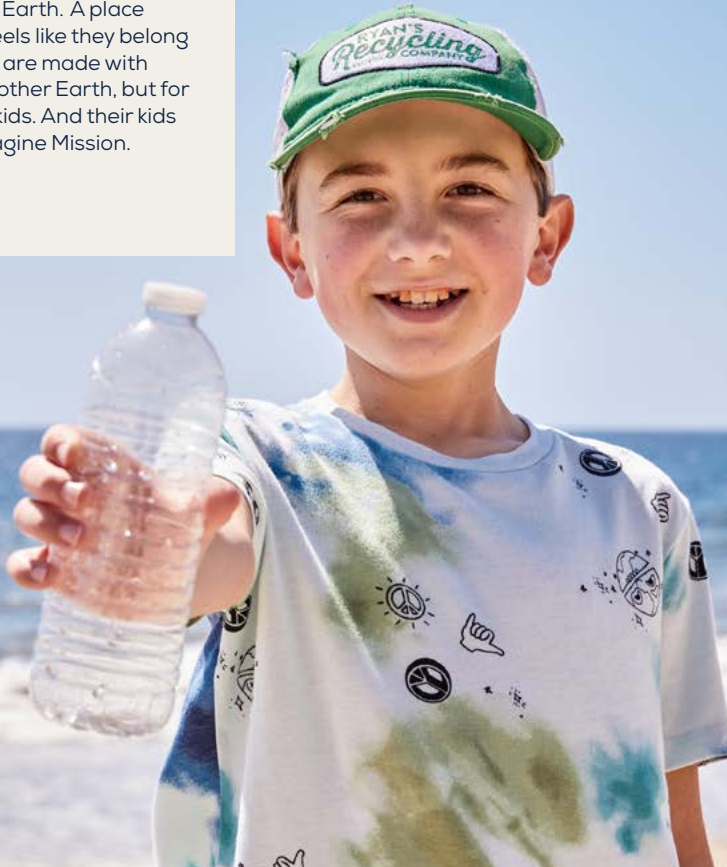
Our approach builds on our rich history of women's empowerment, unlocking opportunities for people to succeed in the workforce and responsible water stewardship.

Each of our brands does leadership work across our three focus areas, giving them the opportunity to deepen relationships with customers in new, differentiated and meaningful ways.



OLD NAVY

Old Navy opened its first store in 1994 and today is one of the largest apparel brands in the world. Old Navy is on a mission to ensure the world runs right by creating a better path for future generations through inclusivity, opportunity and sustainability. Old Navy believes in the democracy of style while showing love to our Mother Earth. A place where everyone feels like they belong and all the clothes are made with love, not just for Mother Earth, but for our kids and their kids. And their kids too. This is The Imagine Mission. This is Old Navy.



Above: Ryan Hickman, Ryan's Recycling Company.

IMAGINE

a more inclusive future

EMPOWERING WOMEN

Inclusivity

Old Navy, alongside Gap Inc., made a **commitment to change** for its employees, its brand and its communities. In support of the democracy of style and creating clothing for everybody, Old Navy offers 216 sizes across the entire family and created gender-neutral collections from kids through adult. Old Navy's continued partnership with Open to All protects customers from discrimination through its pledge of being open to all.

a brighter future

ENABLING OPPORTUNITY

This Way ONward

This Way ONward, previously known as This Way Ahead, fuels the next generation of leaders with the skills and confidence they need to succeed in the workplace. Since 2007, the program has created a valuable pipeline of diverse talent. Tasked with providing 20,000 job opportunities by 2025 to underserved youth, Old Navy is already halfway to delivering on its commitment, with nearly 10,000 graduates of the program. Our 2020 evaluation survey revealed that new hires from This Way ONward feel a sense of belonging at Old Navy, feel supported by their managers and are excited about their work.

a greener future

ENRICHING COMMUNITIES

Water

Old Navy is working toward a goal of having 100 percent of its denim made with water-saving techniques by 2022. As of summer 2021, 91 percent of Old Navy's denim assortment incorporates water-saving techniques, with one billion liters of water saved so far.

Textiles

Old Navy is on track toward its goal of having 100 percent of its cotton sustainably sourced by 2022 and is committed to an increased use of recycled cotton in the denim assortment. Additionally, the brand is committed to converting 60 percent of its traditional polyester into recycled polyester by 2025.

Plastic

Old Navy is reducing plastic waste across the supply chain and will eliminate all plastic shopping bags in U.S. and Canada stores by 2023. Old Navy is on track to end 2021 with 100 percent of its U.S. and Canada Old Navy stores participating in a hanger recycling program that sends used hangers to recyclers instead of landfill.

Additionally, in honor of the 51st anniversary of Earth Day in 2021, Old Navy funded 51 young people's pro-planet GoFundMe campaigns and named seven-year-old "Recycling Ryan" as their new Head of Funcycling.

Learn more

› Oldnavy.com/Imagine



Gap dedicates itself to use less water, more sustainable materials and to give back. While the brand knows sustainability is a journey, it continues to make great strides forward. From fiber to fabric to factory, the clothes you love to live in are made responsibly and with respect to the planet we all share. That is Gap's mission.



“We want to ensure future generations have access to clean water for their health, work and play. Many cotton-growing regions experience high water stress. Water is critical to the health and well-being of the people who make our products, the majority of whom are women (80 percent).”

Mark Breitbard, President and CEO of Gap brand, from the United Nations Global Compact CEO Water Mandate World Water Day 2021

EMPOWERING WOMEN

Water is a Human Right

Gap is proud to support the USAID and Gap Inc. **Women + Water Alliance** in its collective action to improve access to water and sanitation for two million people in cotton-growing and textile-manufacturing communities in India by 2023.

Empower@Work

One of the most devastating impacts of COVID-19 has been that working women worldwide are more likely to lose their jobs and bear the burden of family support. Gap brand commits that by 2025, 100 percent of factories will be participants in **Empower@Work** – a program focused on building and deploying sustainable, systemic and scalable programs that promote gender equality in global supply chains to uplift women and their families for generations to come.

ENRICHING COMMUNITIES

Generation Good

On World Water Day in the spring of 2021, Gap launched its most sustainable collection yet: **Generation Good**. It's a commitment to the people who make Gap's clothes, the people who wear them and the planet. Designed with next-level sustainability in mind, this capsule collection of jeans, tees and sweats meets every commitment on its Good List: Less waste, less water, lower emissions, better materials and support for workers.

Washwell

Gap continued its **Gap For Good** commitments with the Washwell program helping save over 402 million liters of water since 2016 – enough to fill 804 million water bottles – compared to conventional wash methods. At the end of 2020, 91 percent of qualifying denim was part of the Washwell program. Gap is on track to reach 100 percent by the fall of 2021, far exceeding its goal of 75 percent.

Circularity

Gap has renewed its commitment to the Ellen MacArthur Foundation's Jeans Redesign challenge to design denim for a circular economy: Making long-lasting, more sustainably produced denim that's made to be made again.

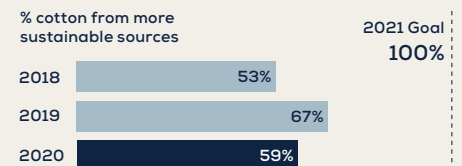
To help keep products in use for as long as possible, Gap launched a partnership with **Give Back Box**. Customers can reuse their mailer pouch, pack up gently used clothing, shoes and accessories, then print a free shipping label. All donations are sent to a charity in need.

Better Materials

In 2021, Gap signed up to Textile Exchange's 2025 Recycled Polyester Challenge, which asks apparel brands to collectively commit to increasing the percentage of recycled polyester in the industry from 14 percent in 2019 to 45 percent by 2025. Gap is well on its way to achieving this target.

Cotton

GOAL SOURCE 100% OF COTTON FROM MORE SUSTAINABLE SOURCES BY 2021



Learn more
[› Gap For Good](#)



As a certified B Corp, Athleta is committed to using business as a force for good toward its mission: To ignite the limitless potential of all women and girls. Athleta seeks forward progress through its core values of inclusion, women supporting women and environmental impact. In 2020, Athleta made substantial progress against its first ever sustainability targets and had significant learnings on the goals it will establish for the future.

EMPOWERING WOMEN

Power of She Fund

In 2020, the Power of She Fund was created with the Women's Sports Foundation, with plans to contribute \$2 million to improve the lives of women and girls across two types of grants between 2020 and 2023:

- The Move Together Grant, awarded to three organizations in 2020, helps girls and women pursue active and healthy lifestyles, and create a sense of community and belonging.
- The Wellness for All grant, awarded to 10 recipients in 2020, supports female entrepreneurs of color and organizations committed to making wellness and fitness more accessible and inclusive to female BIPOC communities.

ENABLING OPPORTUNITY

Fair Trade

Through its continued Fair Trade Sewing partnership, Athleta supported garment workers and their surrounding communities in Sri Lanka with \$232,000 in premium funds in 2020. The workers chose to utilize these funds for a local school renovation and as COVID-19-related financial assistance to families. Since 2016, Athleta has contributed \$958,000 in premiums to workers in Sri Lanka.

ENRICHING COMMUNITIES

Renewable Energy

In December 2020, Athleta's solar farm in North Carolina came online, helping offset 100 percent of its operational footprint in the United States. This first of its kind power purchasing agreement was created through cross-industry collaboration among five separate companies. This Corporate Renewable Energy Aggregation Group will serve as the anchor tenant for a large offsite solar project, creating a new, cost-effective and replicable model that opens up the renewable energy market to companies seeking to purchase smaller volumes of power.

Learn more
[> Athleta](#)



GOALS AND PROGRESS

Holding ourselves accountable is fundamental to our approach to sustainability.

Summarized in the following tables are our key goals, progress to date and where we are heading in the future. All target years are fiscal year end. Report data is through fiscal 2020 (January 30, 2021).³



- On track
- Needs attention
- New goal announced in 2020 or 2021
- ★ Goal accomplished

EMPOWERING WOMEN AND HUMAN RIGHTS	Target Year	Status	Progress
Reach 1 million women and girls through P.A.C.E.	2022	●	804,000+ women and girls reached since 2007
100% of our strategic factories ⁴ are investing in women's empowerment through participation in Empower@Work	2025	●	Tracking in progress
100% of workers employed in our strategic factories will have their voices heard through representative, gender-equitable workplace committees	2025	●	Tracking in progress
100% of our strategic factories will have achieved gender parity at the supervisor level	2025	●	Tracking in progress
100% of our factories will have prevention and response management systems and trainings in place to address gender-based violence	2025	●	Tracking in progress
80% of Gap Inc. sourcing will be allocated to green-rated suppliers	2025	●	Tracking in progress
100% of Gap Inc. Tier 1 facilities and Tier 2 strategic mills will participate in industrywide efforts, including Social & Labor Convergence Program (SLCP) and/or ILO Better Work	2023	●	Tracking in progress

3. All goals announced in 2020 are listed as "new" in this report even if they previously appeared as a new goal in the 2019 Gap Inc. Global Sustainability Report published in October 2020.
 4. Factories representing 80 percent of our total business volume.

● On track ● Needs attention ● New goal announced in 2020 or 2021 ★ Goal accomplished

ENRICHING COMMUNITIES		Target Year	Status	Progress			Target Year	Status	Progress
WATER Net-positive water impact in water-stressed regions by 2050	Water-resilient value chain	2030	●	Establishing baselines and context-based targets	CLIMATE Carbon neutral across our value chain by 2050	Reduce Scope 3 GHG emissions from purchased goods and services by 30%, from a 2017 baseline	2030	●	2020 Scope 3 data will be available in 2022
	Empower 2 million people – including 1 million women – with improved access to water and sanitation	2023	●	Tracking in progress		Reduce Scope 1 and 2 GHG emissions by 90%, from a 2017 baseline	2030	●	Our 2020 Scope 1 and 2 emissions were reduced by 39%, from a 2017 baseline
	Work toward zero discharge of hazardous chemicals in our supply chain: 100% of apparel products with DWR/ Stain Protection finish not finished with PFCs	2023	●	7% of water and stain-repellent product was made using non-PFC-based finishes		Source 100% renewable electricity for our owned and operated facilities globally, from a 2017 baseline	2030	●	In 2020, 17% of our energy usage was produced from renewable sources
	Save 10 billion liters of water in manufacturing, from a 2014 baseline	2020	★	Saved 11.3 billion liters of water as of end of 2020		Reduce Scope 1 and 2 emissions by 50%, from a 2015 baseline	2020	★	In 2020, we achieved our goal to reduce Scope 1 and 2 emissions by 50%, from a 2015 baseline
WASTE AND CIRCULARITY	Eliminate single-use plastics	2030	●	Tracking in progress	BIODIVERSITY	Eliminate the use of wood-derived fibers sourced from ancient and endangered forests	2025	●	98% of our cellulosic-fiber volume was compliant with our commitment
	Divert 80% of waste from landfill across our U.S. facilities	2020	●	FY2020 data not available Additional information on p. 40		Source 100% of cotton from more sustainable sources	2025	●	54% of cotton was sourced from more sustainable sources

P.A.C.E. AND EMPOWER@WORK

We launched our Gap Inc. Personal Advancement & Career Enhancement (P.A.C.E.) program in 2007, partnering with vendor facilities to give women foundational life skills, technical training and support to advance at work and in their lives. Since then, we have expanded the program to community settings and more countries.

In 2019, Gap Inc. leveraged our P.A.C.E. program to become one of the founding members of **Empower@Work**, along

with Better Work, Business for Social Responsibility's (BSR) HERproject and CARE, working with support from the International Center for Research and Women (ICRW). Empower@Work harnesses the power of collective action to empower women workers, embed gender equality in business practice and catalyze policy and systems change, by aligning women's empowerment training and skill-building efforts across the apparel industry. Empower@Work will focus on building and deploying sustainable, systemic and scalable programs that promote gender equality in global supply chains.

These signature programs that directly address women are the foundation for many of our other goals detailed on [p. 11](#).



GOALS

Reach

1 million women and girls through P.A.C.E. by 2022

100%

of our strategic factories⁵ are investing in women's empowerment through participation in Empower@Work by 2025

100%

of Athleta and Gap brand factories will participate in Empower@Work by 2025

We will measure performance against our Empower@Work target by assessing the percentage of factories with at least 50 percent of enrolled female workers. We will further assess the extent to which factories are institutionalizing Empower@Work as part of their HR management processes, including how they introduce it to workers and demonstrate commitment to the program from the top levels of management.

5. Factories representing 80 percent of our total business volume.

EMPOWER @WORK COLLABORATIVE

The first output of Empower@Work was the open-source Empower@Work Worker Training Toolkit. The toolkit, available [here](#), has been recognized as a best practice curriculum for empowering women in the apparel supply chain.

Building on the toolkit's success, Empower@Work is now focused on creating a robust implementation and impact model that will bring women's empowerment programming to life, going beyond worker training to also drive the systems and market changes needed to make lasting, positive changes for women workers.

Find more about Empower@Work on [our website](#).

2020 PROGRESS

While COVID-19 restricted our ability to hold in-person training programs, we made significant progress in both our P.A.C.E. program and our Empower@Work partnership.

We recognize that COVID-19 has had a devastating impact on many communities where our clothes are made. The pandemic has been particularly painful for women, who have been more likely to lose their jobs and bear the burden of family care and support during this health crisis. It will take years for these communities and the women within them to heal, repair and rebuild.

Amid the loss, we witnessed the power of some of our programs as a network of women to support their communities in times of crisis.

We believe that both P.A.C.E. and Empower@Work have the potential to lift up millions of women and girls, building resilience in their families and communities for generations to come. Through the foundational work of P.A.C.E. and Empower@Work, along with our portfolio of supply chain capability-building programs (see [pp. 18–22](#)), we have begun to build the enabling environment within our supply chain to achieve our 2025 Women's Empowerment goals on supervisor gender parity, gender-based violence prevention and response, and representative workplace committees.

BUILDING WOMEN'S RESILIENCE

Gap Foundation is a founding partner of, and investor in, the newly launched Resilience Fund for Women in Global Value Chains.

This first-of-its-kind funding initiative was established to support pandemic recovery and to advance long-term, systemic changes that build resilience in girls, women and communities. The fund seeks to pool investments from multiple sources to support local women-led organizations, enhance learning and drive the strongest outcomes.

HUMAN RIGHTS AND SOCIAL DIALOGUE

We take a holistic approach to respecting human rights and cultivating social dialogue to create a resilient supply chain that respects workers. Our goal is to design, collaborate on and implement industry-leading programs that transform outcomes for workers and enterprises across the sector.



Our approach begins with our Human Rights Policy and Code of Vendor Conduct (COVC). Both are based on internationally accepted labor standards and guidance, including the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles for Business and Human Rights, the UN Global Compact (UNGC), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the ILO's Core Conventions.

To uphold these policies and improve [supply chain working conditions](#), we focus on two areas:

Assessment and Remediation

Through transparency and partnership, we can improve workers' well-being, protect human rights, reduce environmental impacts and improve business performance.

Capability Building

In partnership with ILO Better Work, suppliers, NGOs and others, we have established programs to improve worker representation and leadership involvement. These cover issues such as workplace cooperation, supervisory skills and empowering women.

Detailed information on our human rights policies, management approach and resolution actions for the following key issues is available on our [Policies and Approaches to Human Rights](#) web page.

- Child Labor and Young Workers
- Discrimination and Harassment
- Wages and Benefits
- Fire, Building and Electrical Safety
- Grievance Mechanisms
- Short-Term Contracts
- Human Trafficking and Forced Labor
- Working Hours
- Humane Treatment
- Freedom of Association
- Foreign Contract Workers and Recruitment
- Unauthorized Subcontracting

ASSESSMENT AND REMEDIATION

Through our Assessment and Remediation Program, we evaluate our suppliers' ability to meet our sustainability expectations, both through our own assessments and our partnership with [ILO Better Work](#). In the countries from which we source, our global field teams provide a local understanding of worker needs and facility performance. We are also committed to the adoption of industrywide tools such as the Social & Labor Convergence Program ([p. 35](#)) to assess factory performance.

We use a color-coded system to rate each facility's performance. High-performing facilities with no critical and few violations are rated green; average performers are yellow; and those that need to address one or more serious issues are red. Critical and severe violations have a greater negative impact on a facility's rating than "noncompliance" violations.



NEW GOAL



In 2020, we almost met our goal of only working with facilities rated yellow or green; only 1 percent of facilities were rated red, down from 16 percent in 2017 when we set the goal. Each facility has its own issues at any given time, which may cause a decline to a red rating. In such circumstances, we provide corrective action plans and a realistic time frame in which to resolve any issues.

By the end of fiscal 2020, 85 percent of COVC issues had been resolved. We are able to resolve COVC violations more effectively and sustainably by integrating this work into our sourcing decisions and by focusing on preferred vendors. Our dedicated Supplier Sustainability team trains global sourcing employees on human rights policies and procedures, building awareness on COVC requirements and collaborating internally to manage vendor performance. Through training and education, we also help key vendors to implement measures that prevent COVC issues from arising.

Our strict approval process and regular assessments prevent red-rated facilities from entering our sourcing base, prioritize facilities that do slip into red-rated categories and reassess those facilities more frequently. Should a facility or vendor fail to address persistent noncompliance, we will action a responsible exit plan. This gives notice that new orders will not be placed, to minimize disruption. We continue to monitor the facility and work to address pending issues during, and following, deactivation.

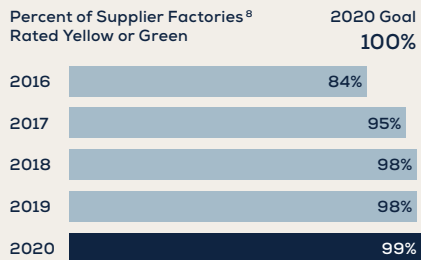


SOCIAL & LABOR CONVERGENCE PROGRAM (SLCP)

As a signatory to the **SLCP**, we support ways to measure and improve working conditions in global supply chains. The SLCP's data-collection tool assesses the social and labor performance of manufacturing facilities across the supply chain and reduces the duplication of industry efforts.

Gap Inc. supports the wider adoption of the SLCP tool in Better Work assessments, starting with Indonesia, Bangladesh and Vietnam from June 2021. We continue to implement the program across our supply chain, encouraging suppliers to take responsibility for their social performance. We have set a goal to have all our Tier 1 facilities and Tier 2 strategic mills involved in such industrywide efforts by 2025.

GOAL 100% OF SUPPLIER FACTORIES PRODUCING BRANDED APPAREL ARE RATED YELLOW OR GREEN BY 2020



8. Factories producing branded apparel.



CAPABILITY BUILDING

We partner with all our branded-apparel suppliers and other key stakeholders to provide safe, fair and healthy working conditions in our supply chain. We implement a variety of programs for monitoring facilities and building supplier capabilities to help catalyze improvements in working conditions. We adopt country-specific approaches where appropriate.

ILO Better Work

Gap Inc. is a founding member of the ILO Better Work program, an important partner in our key sourcing markets. Better Work takes an advisory approach to monitoring and protecting worker rights and well-being, helping companies and governments uphold the ILO's core labor standards and national labor laws.

We also helped establish the Better Work Academy, which trains staff in global apparel brands on key issues related to social dialogue. This enables participating companies to deliver training and consultation to factories beyond Better Work's scope. The Academy has reached more than 400 facilities in 18 countries, with eight brands – including Gap Inc. – now participating. We have actively supported its expansion by sharing insights and providing training materials that brands can customize for their own programs.

The Academy empowers facilities to make improvements based on participant feedback, with brands serving as advisors and partners. A recent study⁹ by York University, Canada, showed promising results in labor standards and business performance. We will continue expanding the topics covered by the Academy's training modules.

Through industry partnerships, we will also begin to track social dialogue indicators at shared factories and champion a vendor-led approach.

Workplace Cooperation Program (WCP)

The WCP, designed in partnership with Better Work, facilitates dialogue between workers and management on a variety of issues ranging from overtime and well-being to washroom sanitation and canteen food. The program works with elected committees, with both workers and management representatives collaborating to improve industrial relations. Recognizing that some workers feel uncomfortable voicing their grievances in front of senior management, this program educates participants on communication and negotiation skills.

In 2020, we scaled back our capability-building programs due to COVID-19, and fell just short of our goal to reach 200 facilities. Resuming the WCP later in the year, we implemented a new approach, with a trainer at the factory delivering the course to remote groups of 20–30 people.

We hope to use this hybrid approach more widely as we continue to offer greater flexibility in how facilities access the training.

We continue to expand to our strategic vendors' owned and authorized sub-contracted facilities for even greater impact.

GRIEVANCES RAISED BY WORKERS PARTICIPATING IN WCP 2018–2020

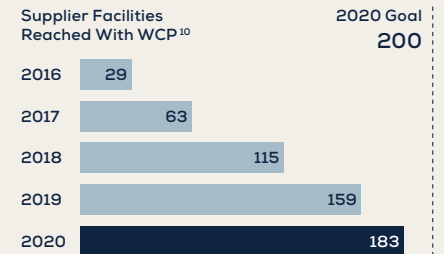
22,292

grievances raised

88%

(19,635) issues resolved in the same quarter

GOAL WE WILL REACH 200 SUPPLIER FACILITIES WITH OUR WORKPLACE COOPERATION PROGRAM BY 2020



These data are reported by factories on a quarterly basis through any mechanism (i.e. suggestion box, bipartite committee, union, hotline/helpline, mobile app, HR or supervisor, or an external party).

NEW GOAL

100%

of workers employed in our strategic factories will have their voices heard through representative, gender-equitable workplace committees by 2025

We will measure our performance by assessing the percentage of factories that have workplace committees with gender-equitable representation (with a gender balance that reflects that of the facility's total workforce). We will also require at least 70 percent of Better Work's social dialogue indicators to be fulfilled every year. Since 2016, we have reached 183 facilities – including 15 in 2020 – in 11 countries.

9. Better Work and York University.

10. Numbers represent facilities that are still active. Inactive facilities are removed from prior years' totals.

Workforce Engagement Program (WEP)

We use the WEP to understand how employees feel at work and empower facilities to make improvements. This supplier-led model uses scalable mobile technology, allowing workers' voices to be heard directly by those best able to respond. By the end of 2020, the WEP was active in 48 facilities through mobile engagement tools, building on the 100 sites already reached through earlier iterations. To expand the program further, we are sharing best practices with suppliers in Vietnam, China, Indonesia and Guatemala.

At regional workshops, our Supplier Sustainability team explains how worker engagement can help our suppliers, for example, by reducing absenteeism and turnover. Additionally, workers can identify problems before they escalate and suggest ways to improve efficiency or safety. Some of our leading factories in China quickly leveraged WEP to communicate with workers during COVID-19 shutdowns – an approach we shared with other facilities.

We recognize that there are many ways to measure worker engagement. To increase brand collaboration and avoid duplicating similar tools, we adopted Nike's Engagement & Wellbeing survey in 2019 and collected 25 factory responses in 2020.¹¹ We plan to share best practices and resources to enhance industry knowledge.

NEW GOAL

100%

of our strategic factories will have achieved gender parity at the supervisor level by 2025

Supervisory Skills Training (SST)

In 2018, we launched SST with Better Work. This three-day training program helps supervisors and middle managers improve communication, build good relationships and supervise workers effectively.

In addition to production-efficiency data, we use supervisor and worker surveys to measure the program's impact. Together, they help reveal the extent to which participants thought the training was effective, whether this led to any behavior change and whether these changes impacted production efficiency.

SST also gives women the skills and confidence to take on leadership roles. In line with our new goal, we are asking factories to prioritize women for training opportunities. In our strategic factories, women comprise approximately 48 percent of supervisor positions and 72 percent of our total supply chain workforce.

CUMULATIVE IMPACT

4,271
supervisors trained

2020 ACTIVE PARTICIPANTS

157
facilities in eight countries

We will measure performance against this target by assessing the percentage of factories with gender-equitable representation at the supervisor level, with the gender ratio reflecting that of the factory's total workforce. By setting this new goal, we commit to cultivating that culture among our strategic factories, empowering women with the confidence, agency and skills to take on supervisory roles.



11. China 3, Vietnam 11, Indonesia 8, Guatemala 3.

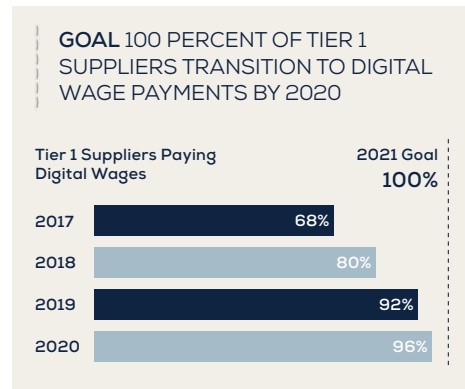


DIGITAL WAGE PAYMENTS

In 2018, we set a goal for 100 percent of our Tier 1 suppliers to transition from a cash-based system to a digital wage payment system by 2020. To support our commitment, we joined the UN’s Better than Cash Alliance (BtCA). Find more about how Gap Inc. supports digital wage payments on [our website](#).

As of the end of 2020, 96 percent of our suppliers were using digital wage payments (mobile wallets, bank accounts, debit cards and other digitally accessible methods), and we had rolled out programs in all our sourcing countries. We did not achieve 100 percent adoption, as certain sourcing countries – Cambodia, Haiti and Jordan – have regulatory or infrastructure constraints on digital wage payments. We are working with expert partners to help us address these challenges, and will continue to provide updates on this target. We will also continue to focus on increasing the number of factories that provide digital wage payment mechanisms.

Financial inclusion requires both access to financial services and knowledge about how to use those products and services. Based on our learnings from pilots conducted in Jordan in partnership with BtCA and ILO Better Work, we’ve added digital financial literacy sessions to our available P.A.C.E. curriculum.



We are pleased to see the positive impact our efforts have created. In India, for example, 100 percent of the facilities we work with now provide digital wage payments, and as a result, worker attrition and turnover has dropped by 15–20 percent.

GENDER-BASED VIOLENCE PREVENTION AND RESPONSE

Our Gender-Based Violence (GBV) Prevention and Response program was developed with Better Work and is a critical part of our gender strategy, helping enforce our zero-tolerance policy on physical, psychological and sexual harassment.

Over the years, we have regularly assessed the facilities we work with and have found serious violations related to gender-based discrimination and harassment but we recognize that it’s not enough to rely solely on auditing to detect and address these issues.

In 2018, we expanded our efforts, collaborating with third-party expert organizations (Better Work, CARE, etc.) to deliver awareness training and capacity building. After factory managers undergo awareness training, internal factory trainers benefit from train-the-trainer sessions, so that they can deliver in-depth training on GBV prevention and response to their workers.

Building on programs that our Supplier Sustainability team began in India and other key sourcing countries, we have set a goal for all of our factories to have GBV training and prevention and response systems in place by 2025. By 2023, we aim to ensure that all workers in our factories undergo GBV training every year. By the end of 2020, 75 percent of our factories had completed the awareness training and a number of workers had been provided in-depth training on GBV prevention and response (more than 5,000 workers in Vietnam and nearly 100,000 in India).

Additionally, we are working with factories to review and improve their GBV policies. Recognizing that training is a necessary but insufficient intervention to meaningfully address this issue, we are currently exploring partnerships with expert organizations and other major apparel brands to help create a proven, industrywide approach that can be implemented at scale.

Due to COVID-19 travel restrictions and lockdowns in 2020, we were not able to deliver training in certain countries, such as Indonesia and parts of Central America. In places where this was possible, including in China, Vietnam and Cambodia, we reached a high number of facilities using a train-the-trainer model. For all facilities, a three-hour, in-depth workshop is followed by subsequent annual training programs, acting as shorter refreshers tailored to each facility’s needs. We are conducting baseline, midline and endline surveys to measure progress, which we plan to report on in 2021.

NEW GOAL

100%

By 2025, 100 percent of our factories will have prevention and response management systems and trainings in place to address gender-based violence

We will measure performance against our target by assessing the percentage of factories where 100 percent of workers have received annual training on GBV prevention and response. We will further assess the extent to which factories have a functioning grievance mechanism through which workers can report incidents of GBV, harassment and abuse.

SUPPORTING OUR SUPPLY CHAIN DURING COVID-19

Many of the people who work in our supply chain live in communities that were disproportionately impacted by COVID-19. To ensure their well-being, we took several steps to support them during these challenging times.

ENCOURAGING SAFE WORKING PRACTICES

Our first priority was the health and safety of people working in our supply chain. We distributed COVID-19 guidelines to our suppliers and factories that outlined public health and personal safety recommendations specifically tailored to garment manufacturing. This guidance referenced advice from the World Health Organization (WHO), ILO, U.S. Centers for Disease Control and the Worker Rights Consortium.

ADAPTING OUR SOCIAL AND LABOR PROGRAMS

In response to travel restrictions and lockdowns, we wanted to ensure the continuity of important social and labor programs, including our P.A.C.E. program. For key capability-building programs, we offered virtual workshops and digital content. We also continued our support for functions, such as factory bipartite committees, to protect workers. In addition, these measures allowed us to continue to identify, assess and respond to human rights risks.

ENFORCING OUR CODE OF VENDOR CONDUCT (COVC)

Even in the context of COVID-19, we enforced important COVC standards, including the provision of sick leave and other relevant benefits, functioning grievance mechanisms, requirements related to nondiscriminatory employment practices, and ethical practices around virus-related layoffs and furloughs. We also engaged global and national stakeholders in our sourcing countries to understand how COVID-19 is affecting garment workers, and worked with NGOs, trade unions and community-based organizations to remediate any labor issues exacerbated by the pandemic.

PARTNERING TO PROVIDE WORKERS ACCESS TO CLEAN WATER

During the pandemic, we continued our ongoing investments and partnerships that help people in our supplier communities access water, sanitation and hygiene (WASH) products and services. These included our pioneering partnership with USAID on the Gap Inc. Women + Water Alliance and our participation on the steering committee of the WASH4Work initiative. Read more about this ongoing work on [p. 33](#).

SUPPORTING WOMEN IN OUR SUPPLY CHAIN

The Gap Foundation supports the COVID-19 Resilience Fund, a collaborative effort to support women in our supplier communities. The fund provides money for local organizations and women's groups, helping hard-hit communities recover from the pandemic and contributing to women's economic resilience, health and well-being.



SOCIAL

ENABLING OPPORTUNITY

Creating sustainable economies and a culture of equality and belonging means we use the assets and scale of our business to enable access to opportunity for the lives we reach.

Explore how our programs and partnerships are opening doors to diverse talent across gender, race, age and more. Being Inclusive, By Design is at the core of our company. Our goals and investments in partnerships demonstrate tangible changes across our employees, customers and the communities we serve.

Our continued focus on providing development opportunities through our signature program, This Way ONward, is ensuring employees have the skills they need to build truly fulfilling careers with us. Our culture to support our communities ensures we are spreading our values of inclusivity and opportunity beyond our offices and stores.

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THIS WAY ONWARD

As part of our approach to talent development, This Way ONward (formerly This Way Ahead) has opened doors for the next generation. This Way ONward tackles systemic barriers to employment by providing opportunity to youth (defined as young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market) with structured training and valuable first-job experience. The program also develops mentors' leadership skills, helping our company stay competitive.

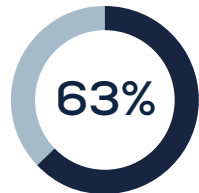
In 2020, This Way ONward was renamed and found a new home in our Old Navy brand. This opened the potential to reach communities in every store location through a growing partnership with the Boys & Girls Clubs of America. Building on the foundation established by This Way Ahead,

launched in 2007, This Way ONward will support Old Navy's Imagine Mission to create the next generation of leaders.

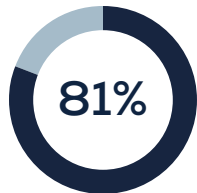
In 2020, This Way ONward surpassed its 2020 hiring goal¹² with 912 new store hires, 90% of whom self-identify as people of color.

Alumni stay with the company twice as long as their peers and store managers say This Way ONward hires are top performers. Our 2020 evaluation survey revealed that This Way ONward new hires feel a sense of belonging at Old Navy, feel supported by their managers and are excited about their work.

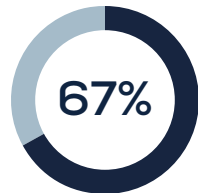
Find more about This Way ONward on [our website](#).



reported improved confidence



reported improved work-ready skills

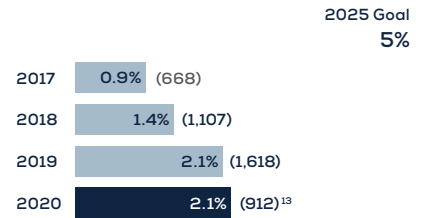


reported improved soft skills

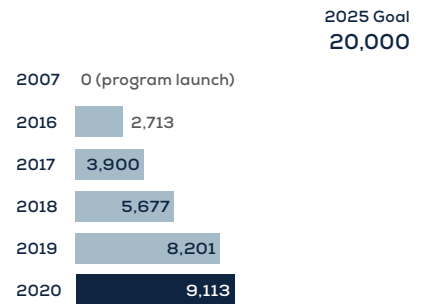
Note: We did not evaluate mentors in 2020 due to capacity constraints.

GOALS AND PROGRESS

GOAL HIRE 5% OF ENTRY-LEVEL STORE EMPLOYEES FROM THIS WAY ONWARD ANNUALLY BY 2025

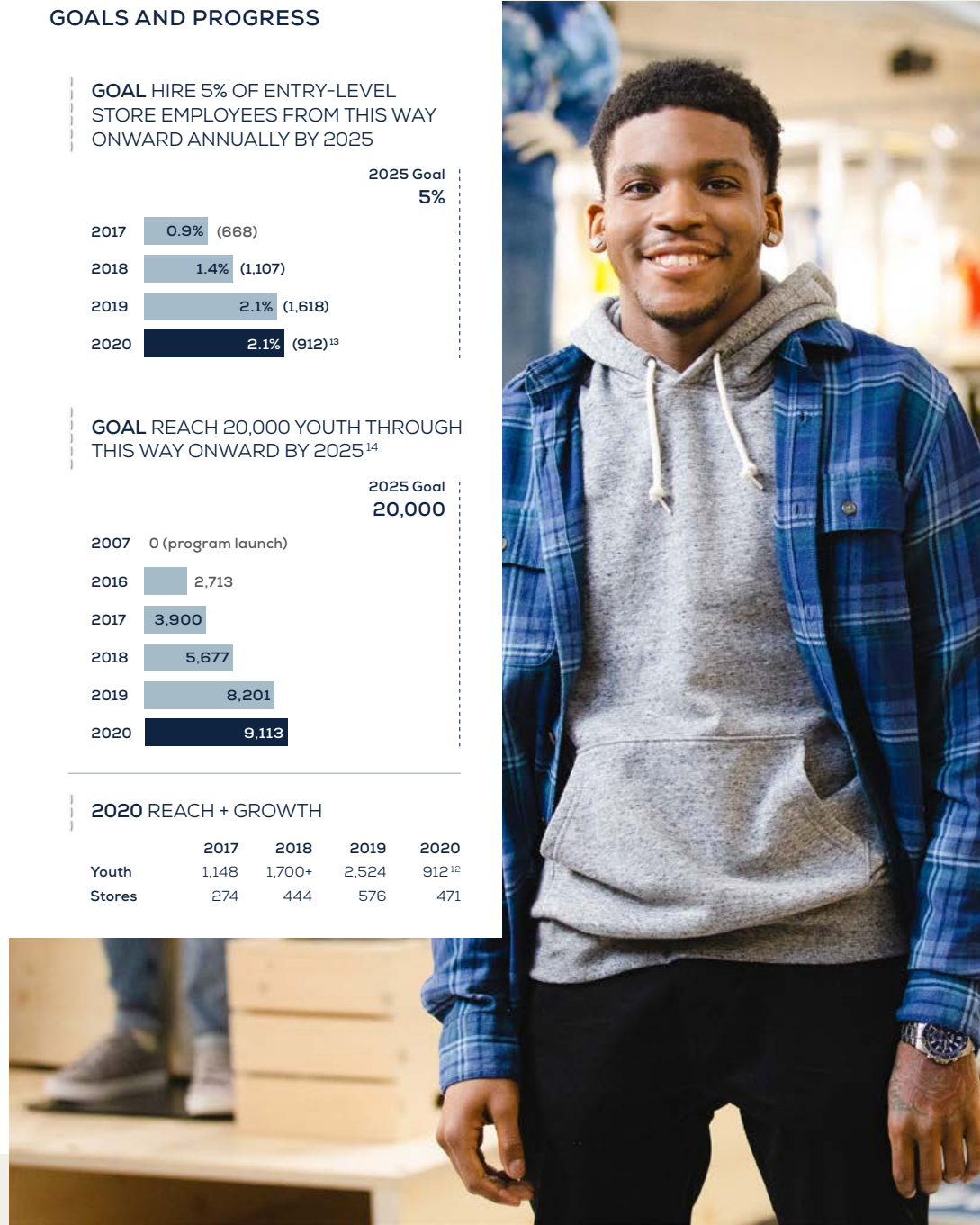


GOAL REACH 20,000 YOUTH THROUGH THIS WAY ONWARD BY 2025¹⁴



2020 REACH + GROWTH

	2017	2018	2019	2020
Youth	1,148	1,700+	2,524	912 ¹²
Stores	274	444	576	471



12. The hiring goal was lowered from 975 to 700 due to the COVID-19 pandemic.
 13. Numbers in 2020 are lower due to program shift to Old Navy stores exclusively, as well as temporary store closures during the COVID-19 pandemic.
 14. The numbers are cumulative since program launch.

2020 PROGRESS

With 1,220 stores across North America as of end of fiscal 2020, Old Navy offers physical reach, with the potential to inspire young people to become the next generation of leaders. In 2020, Old Navy raised \$2.4 million for This Way ONward and highlighted the youth unemployment crisis through multimedia platforms, including a TV spot with RuPaul that generated an estimated 400 million views.

The program provides Old Navy with a diverse and reliable source of talent. In 2020, 55 percent of all This Way ONward

applicants were hired, compared with less than 10 percent of applicants from other sources. The program also supports Gap Inc.'s Equality & Belonging goal to achieve diverse representation in our pipeline. More than 1,000 This Way ONward alumni are now Gap Inc. employees, the vast majority of whom identify as people of color.

We have integrated the lessons from This Way ONward into Gap Inc.'s Talent and Community Hiring Playbook. This teaches all our brands and functions how to "hire for potential, not credential" through partnerships with community organizations.

HOW WE ADAPTED TO THE PANDEMIC

Due to COVID-19, Old Navy paused its internship program, instead focusing on staffing stores once they were ready to reopen. While stores were closed, all 17 partner nonprofit organizations developed a virtual community to share best practices for training youth online. This spurred the development of more than 100 virtual career fairs and a group interview – an innovative way to create real connections with job applicants during lockdown. More than half of This Way ONward hires in 2020 came

through these fairs, and looking ahead, program leaders will identify ways to continue using them.

In 2020, the high-profile cases of police violence and the movement to end racial injustice affected the This Way ONward community. In recognition of the pain and trauma caused by systemic racism, our program leaders and nonprofit partners explored ways to support our community through one-on-one outreach and the provision of employee mental health resources.

The partnerships, fostered over 15 years, have created a rich support network that was essential during the interconnected health, racial injustice and economic crises of 2020. For example, This Way ONward pioneer partner, The Door, offered services and support for furloughed store employees in New York City. The Door provided food, clothing, personal care essentials and access to technology to young people in need. We are humbled by the support they provided to our people during the pandemic.

As businesses open up again, we are excited to tap into the opportunities presented by Old Navy stores and Boys & Girls Clubs across the U.S. and Canada. We plan to apply what we learned about hiring for potential and community hiring in other functions across our company. We are also developing advancement pathways to expand engagement with program alumni, offering ongoing support and access to the networks and skills that will strengthen diversity, equity and inclusion at Gap Inc.



TALENT DEVELOPMENT

Over the years, we have built on our foundation of putting people first, which increases employee engagement at work and contributes value to our business. We do this by creating a workplace culture and providing benefits that meet the professional and personal needs of our employees and their families.

This includes designing work schedules that give in-store staff greater stability, flexibility and work-life balance, as well as offering financial incentives.

Our training programs and resources are tailored to employees' different levels and needs, and we seek frequent feedback to check the pulse of our people and respond more quickly to their needs. As we recover from the global pandemic and look to the future, we are creating a work experience that brings us closer to our customers and to each other while enabling us to grow our purpose-led brands – all with the strength of our people at the center.

25,927

Pulse survey participants (29% response rate)

4,562

total learning courses taken (3,774 on LinkedIn Learning)

93% average score for “I am proud to work here” and “I intend to stay for the foreseeable future” from Pulse survey participants.

In 2020, we continued to invest in our new leaders across the company, with 40 hours of education and cohort experiences per new leader, and individual coaching for more than 100 of our leaders.

To help employees deal with the impacts of COVID-19, we offered Stay Well and Stay Connected sessions on how to work remotely, balancing homeschooling with work, and staying physically and mentally healthy during the pandemic. We covered nearly 50 topics, with an average participation rate of 500 per session.

More information about how we support and develop our exceptional people is available on our [Talent Management](#) web page.



AWARDS



Included for the third consecutive year



Named among the top 100 of the world's most diverse and inclusive companies



Received a perfect score for the 15th year in a row

2020 PROGRESS

We shifted our focus in 2020 to the safety, physical and mental health, and well-being of our employees. This meant pausing some programs in favor of core initiatives that could run virtually, including our Rotational Management Program for high-potential entry-level talent, our Leadership Essentials Program for first-time leaders and our coaching programs for mid-level leaders. Employees also had ongoing access to development resources through the LinkedIn Learning Program.

We also evaluated our talent practices, in line with our goal to create a “future of work” model that cultivates creativity, collaboration and agility. We are gaining a greater understanding of where value for our business and our customers is created, and how and where we deliver our best work. Part of this process includes examining every facet of the employee experience and putting in place the right tools, resources, policies and technology to reinforce a culture of performance and connection. We are also reimagining some of the physical workspaces in our corporate offices and helping our employees feel energized and empowered when they come into work. Our aim is to deliver innovative work, live our values and attract best-in-class talent.

As our talent practices evolve, we remain committed to equality and belonging for all Gap Inc. employees. In 2020, we made several investments to build an inclusive leadership culture, cultivate a sense of belonging for all and foster workplace equity. Read more about these investments on [p. 9](#) and in our [Equality & Belonging Report](#).

Looking ahead, we are excited to bring our future of work strategy to life. By building a performance culture anchored in excellence, we will enable our employees to help grow our portfolio of brands.

Tent

The [Tent Partnership for Refugees](#), a nonprofit organization with over 170 member companies, launched in 2016 to mobilize the global business community to include refugees. Gap Inc. is piloting a refugee hiring program in 2021 at one of its Customer Experience Centers (CEC) and exploring potential hiring opportunities for refugees across its CEC operations in the U.S.

Gap Inc. has provided life skills education and technical training to refugee women in Bangladesh, Jordan and Turkey through its Personal Advancement & Career Enhancement (P.A.C.E.) program, which was developed to provide career development and support to women in the apparel industry.

Second Chance Business Coalition

We believe that every single applicant deserves an opportunity at a career with our company. Our background screening program partners with local organizations to help usher candidates through the individualized assessment process. Additionally, the background screening program helps sponsor participants from these independent organizations serving those at the margins of society in their communities, whether they are escaping trafficking, leaving prison or formerly gang-involved.

In April 2021, we joined the Second Chance Business Coalition, which promotes the benefits of employment and career advancement for people with criminal records. This allows us to lead where we have strengths from our established work with second-chance hiring and to learn from other major business players to further enhance our work.



EQUALITY & BELONGING

At Gap Inc., our purpose is to be Inclusive, by Design. We believe that when you decide that inclusion isn't optional, the gaps between us close and a whole new world of possibility opens.



2025 EQUALITY & BELONGING COMMITMENTS

COMMITMENT 1 OUR EMPLOYEES

By 2025, we will double the representation of Black and Latinx employees at all levels in our U.S. headquarters offices, and increase representation of Black employees in our store leader roles in the U.S. by 50 percent.

COMMITMENT 2 OUR CUSTOMERS

We will create dedicated product inclusion strategies, with a particular focus on Black and diverse consumers. We will amplify diverse voices in our creative and marketing by working with more Black and Latinx talent, and our brands will continue to show they are **Open to All** by authentically serving all of our customers and communities.

COMMITMENT 3 OUR COMMUNITIES

We're supporting diverse representation in our pipeline programs through internships, our This Way ONward program and other partnerships to increase the representation of Black talent by 2021. We'll also support and influence work to end racial inequality, combat inequality and promote economic inclusion.

2020 PROGRESS

In 2020, we publicly outlined our 2025 Equality & Belonging Commitments, laying the groundwork for a new racial equality agenda.

Since launching our commitments, we have expanded our Equality & Belonging team from three to 20. We also established a new Equality & Belonging Policy to build on our **Zero Means Zero Policy**, which prohibits discrimination and harassment, to empower our employees to create an inclusive, equitable and just environment.

In addition, we developed a robust strategy for each of our three commitments and are proud of the progress we have made to date, from launching foundational wardrobe pieces that match every skin tone to supporting initiatives that provide opportunities, including paid internships, for creatives from the BIPOC community or those with a criminal record. You can read about our progress in our **Equality & Belonging Report**.

Equality & Belonging Network Groups

Gap Inc. Equality & Belonging Network Groups are employee-led, company-sponsored communities representing employees from diverse backgrounds.

API@Gap Inc.

Asian and Pacific Islander, previously ASIA

BLACK@Gap Inc.

Previously AANG

HOLA@Gap Inc.

PARENTS@Gap Inc.

Previously Gap Parents

PRIDE@Gap Inc.

Previously GEAR

VETERANS@Gap Inc.

New

WOMEN@Gap Inc.

Previously GapWIL

ACHIEVEMENTS AND HIGHLIGHTS

62%

of 2021 Rotational Management Program class is diverse, with 32% Black and Latinx

99.7%

Removed education requirements in 99.7% of all job descriptions below vice president level

\$500K

Donated more than \$500,000 to support design education in Historically Black Colleges and Universities (HBCUs)

7

Held seven CEO listening sessions across the U.S. with more than 100 Black and Latinx employees

TRAINING

Conducted mandatory employee racial equity and implicit bias training sessions

INCLUSIVE

Created inclusive new collections and designs through our brands Banana Republic, Athleta, Old Navy and Gap

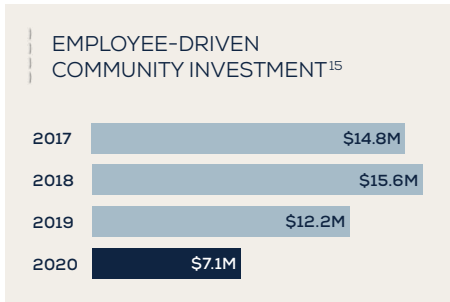
PARTNERSHIPS



EMPLOYEE ENGAGEMENT AND COMMUNITY IMPACT

Every year, we work to strengthen our legacy of community involvement, a spirit ingrained in our company culture, positively impacting communities through donations from The Gap Foundation, Gap Inc. support and partnerships or employee donations and volunteering.

The company allows our exempt employees to volunteer for five “on the clock” hours per month and matches monetary donations, empowering them to support the causes they care about in ways that work best for them.



2020 PROGRESS

The pandemic, as well as the concurrent and ongoing crisis of racial injustice, highlighted the dedication of our people in 2020. In total, our global team supported 37 different NGOs with over \$14 million in direct donations. This support reached youth-focused organizations like the Boys & Girls Clubs of America and those that support racial justice, including the National Association for the Advancement of Colored People (NAACP), EmbraceRace, Stop AAPI Hate, which works to prevent discrimination and incidents of hate against Asian Americans and Pacific Islanders, and the National Coalition for Asian Pacific American Community Development.

While the lockdowns made in-person volunteering more difficult, 24,000 employees (21 percent of our workforce) still gave up more than 160,000 hours for volunteering, finding new ways to raise awareness and celebrate their efforts. During our Walk for Water campaign on World Water Day in March 2020, 4,800 employees took to their neighborhood streets and trails, raising \$12,000 for WaterAid. For our Virtual Volunteer Rally, 20,000 employees across 17 countries contributed to a total of 60,000 activations of small daily actions focused on one of four themes: the environment, civic engagement, equality and belonging, and random acts of kindness. Nearly 200 employees went above and beyond and completed all 16 challenges. The Gap Foundation donated a total of \$55,000 to Make-A-Wish Foundation, WaterAid, Rock the Vote and CARE in honor of the themes.

To support those impacted by the pandemic and in financial need, The Gap Foundation provided more than \$1 million in grants to nonprofit organizations around the world, including longtime NGO partners, local organizations in San Francisco and New York, (where our headquarters are located), and international organizations such as the UN Foundation’s COVID-19 Solidarity Response Fund.

Every year, Gap Inc.’s corporate giving includes product donations. In 2020, we made an historic donation of 6 million units of clothing to UNHCR, reaching displaced people in Burkina Faso, Lebanon and Armenia. The donation was facilitated by Gap Inc.’s existing partnership with the nonprofit Good360. And with the help of our trusted nonprofit partners – including Boys & Girls Clubs of America and Good360 – Gap Inc.’s portfolio of purpose-led lifestyle brands sent 3.5 million masks and face coverings to community organizations across the United States.

Learn more
[› Employee Engagement](#)



15. Defined as: Value of employee donations + value of reported volunteer time + value of Gap Inc. match to donations of time and money.

HELPING OUR EMPLOYEES DURING COVID-19

The global pandemic forced us to close Gap Inc. stores and institute new work-from-home policies for many of our headquarters-based employees in the U.S.

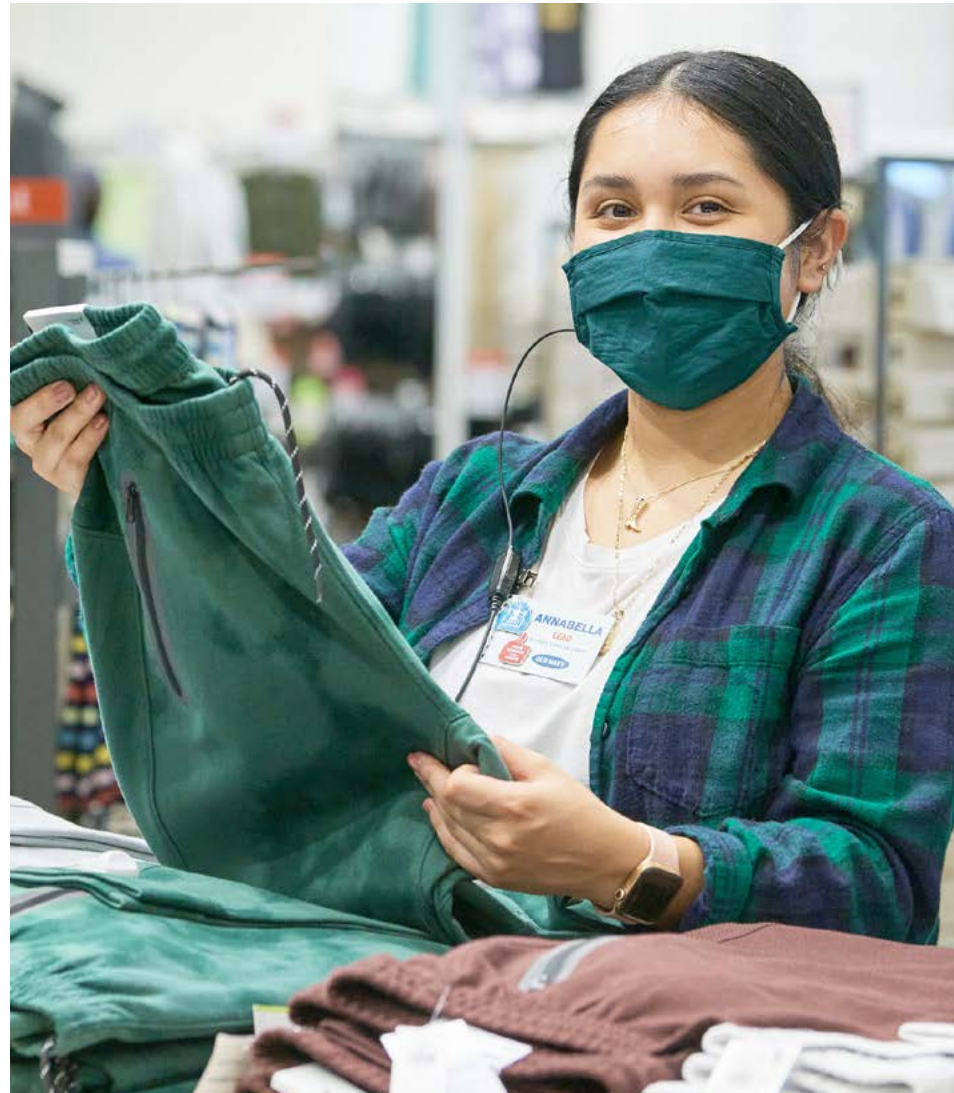
To help ensure the health and safety of our employees, customers and communities, we closely followed local government guidelines where available and applied our internal best practices. When we reopened stores, we implemented enhanced safety measures, including mandatory masks for employees and customers, practicing physical distancing, using health guards at checkouts, and increasing cleaning and sanitation.

We also helped employees navigate unemployment and supported those who experienced financial hardship by establishing our Selvage Fund, which provides cash grants to employees. The fund was made possible through \$1.5 million donations from The Gap Foundation and the Fisher family and provided over \$840,000 in relief grants to over 1,600 Gap Inc. staff members by December 2020. Employees were also able to contribute to the fund. In addition, we created an online resource center to give all employees easy access to resources and government benefits.

We expanded our programs and benefits to support employee mental health and well-being. These included our new Be You, Be Well benefits program, offering access to counseling and referral, and our Be Well + Stay Connected speaker series, featuring thought leaders, guided meditation programs and free fitness classes.

For information on how we responded to the COVID-19 impacts on our supply chain, see [p. 23](#).

To support employees with caregiving roles, we collaborated with our employee resource group PARENTS@Gap Inc. to launch several new resources – listed in the sidebar.



SUPPORTING WORKING PARENTS AND CAREGIVERS

Circle In Portal

Through a new partnership with Circle In, a portal designed exclusively for Gap Inc. provides resources and information for working parents, including email templates for out-of-office parental leave and inspiring stories about Gap Inc. colleagues juggling work with family life.

Childcare Reimbursement

We contributed financial support for childcare through our benefits provider Bright Horizons. In 2020, Gap Inc. provided parents with a daily reimbursement for up to 10 days that parents could use to pay a babysitter, relative or neighbor for childcare support. In 2021, we extended that reimbursement to cover 15 days.

Building Networks

The PARENTS@Gap Inc. created new opportunities for connection and peer-to-peer support through an internal chat platform and a more frequent newsletter. PARENTS@Gap Inc. also partnered with another Equality & Belonging group, BLACK@Gap Inc., to host webinars with Embrace Race and The Conscious Kid on how to talk to children about race and racism.

In 2020, PARENTS@Gap Inc. membership doubled from 400 people to nearly 800. The group – and Gap Inc.'s progressive benefits, including our expanded paid parental bonding leave – has been highlighted as a case study in the Center for Equity, Gender and Leadership's publication *Supporting Dual Career Couples: An Equity Fluent Leadership Playbook*.

ENVIRONMENT

ENRICHING COMMUNITIES

Gap Inc. has committed to becoming carbon neutral and water positive by 2050, eliminating single-use plastics from our value chain, and supporting a circular economy to enrich and protect natural resources and ensure healthy communities for generations to come.

Protecting our planet is fundamental to our sustainable business strategy and central to our company's future. Damage to the climate and the urgency of water scarcity are global challenges that transcend boundaries, affecting people and communities everywhere.

Through our work to achieve our bold goals, we are taking steps every day, including incorporating sustainability into product design and partnering with business, nonprofit, governmental and community organizations to do our part in building a thriving planet.



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WATER STEWARDSHIP

We are working strategically to use water more efficiently in product design and manufacturing. We aim to eliminate water contamination from chemicals; improve awareness and access to water and sanitation, particularly among women; and invest in opportunities to build community water resilience and catalyze water innovation.

As a founding member of the Water Resilience Coalition, we have pledged to support its **ambitious 2050 goals**:

- Net-positive water impact in water-stressed regions
- Water resilient value chains
- Global leadership to raise the ambition of water resilience

Find more about our approach to working with suppliers, our industry partnerships and the tools we use to enhance water stewardship on [our website](#).

OUR AREAS OF FOCUS

Our programs and collaborations are designed to tackle different water challenges, mobilize broader business action and raise awareness of these critical issues. We focus on three key areas:

Women + Water

Improving women's access to water, sanitation and hygiene (WASH) services in cotton-growing and textile-manufacturing communities in India through the USAID and Gap Inc. Women + Water Alliance (see [p. 34](#)) and our Personal Advancement & Career Enhancement (P.A.C.E.) program (see [p. 16](#)).

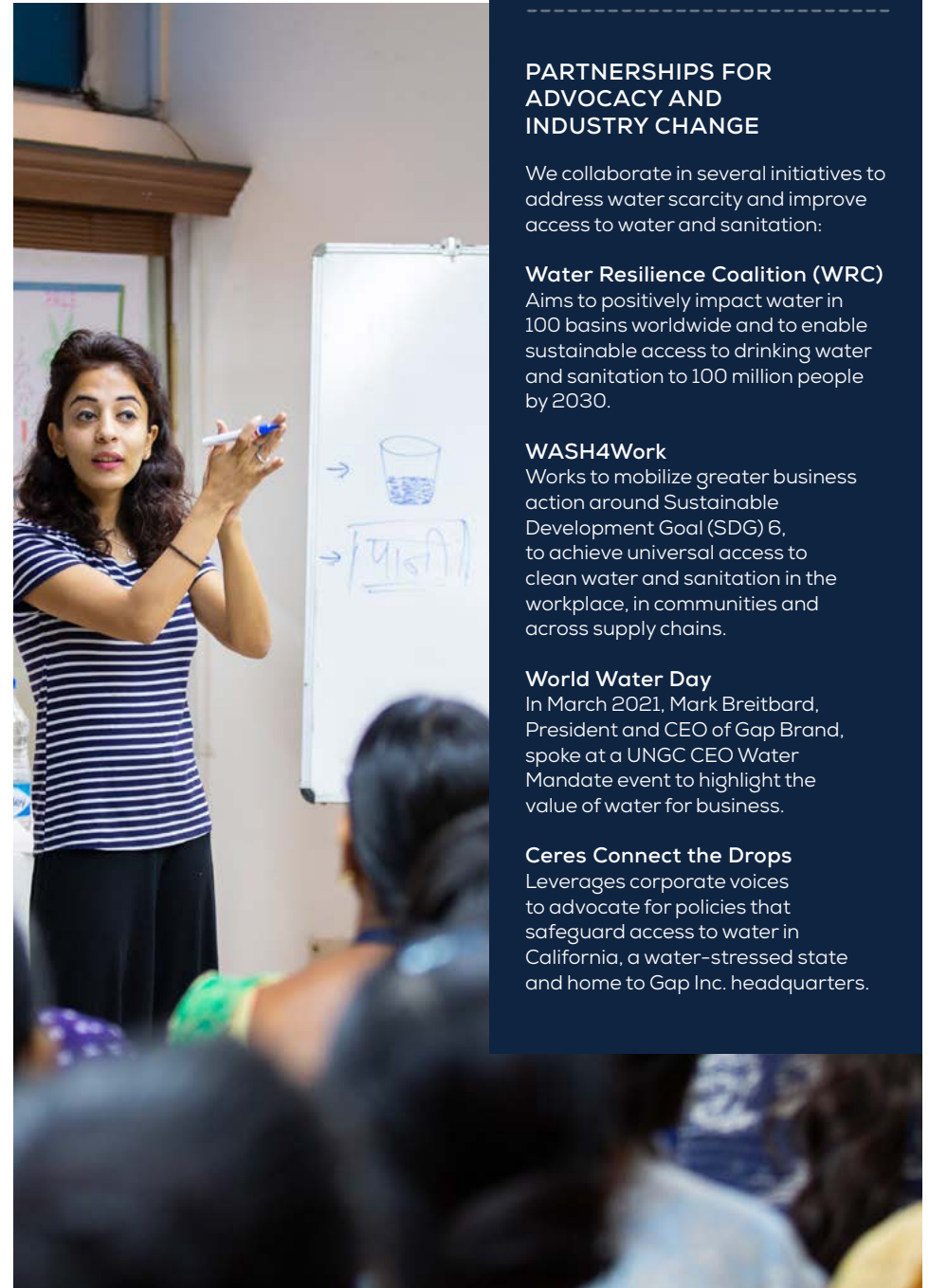
Resource Efficiency and Manufacturing

Supporting fabric mills, cut-and-sew facilities and laundries through programs focused on energy and water efficiency and water quality (see [p. 46](#)).

Raw Materials and Product

Using water-saving innovations across all of our brands and, where possible, shifting to raw materials that have a benefit to water quality or quantity (see [p. 46](#)).

In recognition of our efforts to manage the risks and opportunities related to water security, we received an A- score from **CDP Water** in 2020.



PARTNERSHIPS FOR ADVOCACY AND INDUSTRY CHANGE

We collaborate in several initiatives to address water scarcity and improve access to water and sanitation:

Water Resilience Coalition (WRC)

Aims to positively impact water in 100 basins worldwide and to enable sustainable access to drinking water and sanitation to 100 million people by 2030.

WASH4Work

Works to mobilize greater business action around Sustainable Development Goal (SDG) 6, to achieve universal access to clean water and sanitation in the workplace, in communities and across supply chains.

World Water Day

In March 2021, Mark Breitbard, President and CEO of Gap Brand, spoke at a UNGC CEO Water Mandate event to highlight the value of water for business.

Ceres Connect the Drops

Leverages corporate voices to advocate for policies that safeguard access to water in California, a water-stressed state and home to Gap Inc. headquarters.



The majority of people who make our clothes are women, and access to and affordability of water, sanitation and hygiene (WASH) services is a major challenge for many women in our key sourcing countries. As women in those communities are largely responsible for household duties such as cooking, cleaning and collecting water, they bear a disproportionate burden when it comes to water stress.

This is especially true in India, an important location for both growing cotton and making textiles. Through the USAID and Gap Inc. Women + Water Alliance, a \$32 million public-private partnership, we partner with CARE, Water.org, WaterAid and the Institute for Sustainable Communities to improve access to WASH services for women in cotton-growing and textile-manufacturing communities in the water-stressed Ganges, Godavari and Narmada river basins.



HIGHLIGHTS

EMPOWERED

650,000

people to improve their access to drinking water and sanitation. This included supporting communities to develop village action plans for water security, to assist government in its planning, financing and maintenance of piped water services; and catalyzing micro-loans for water-piped connections, water handpumps, water storage, rainwater collection structures, water filters and toilets

MORE THAN

41,000

women in cotton-growing communities trained on WASH practices through P.A.C.E. in 2020 (more than 115,000 women trained since 2017)

PREPARED MORE THAN

1,000

village action plans for water access in collaboration with Indian national and local government

CATALYZED

\$3.3 million

in WASH financing through more than 18,000 micro-loans (or a cumulative \$6.4 million in 33,000 loans since 2017)

MORE THAN

3,000

farmers adopted water stewardship best practices as a result of water training

2020 PROGRESS

The COVID-19 pandemic underscored the importance of WASH as a critical defense against the spread of diseases and viruses. During a six-month pause in USAID and Gap Inc. Women + Water Alliance programming due to lockdowns, the program leaders and participants conducted educational campaigns about the importance of hand-washing to mitigate the spread of COVID-19, sewed more than 15,000 handmade masks and distributed food to those in need.

For more information on partnerships specific to USAID and Women + Water Alliance, visit [our website](#).

NEW GOAL

Empower

2 million people – including 1 million women – with improved access to water and sanitation through the USAID and Gap Inc. Women + Water Alliance by 2023

RESOURCE EFFICIENCY AND MANUFACTURING

Because many water issues are based on local context, we have mapped all preferred facilities – representing 67 percent of our business – against the World Resources Institute’s Aqeduct Water Risk Atlas to help us prioritize areas of focus.

We also work with the Apparel Impact Institute (Aii) and Partnership for Cleaner Textile (PaCT) on platforms and pilots that have helped facilities reduce water. And through our Water Quality Program, we actively monitor and improve wastewater quality at denim laundries. The program has evolved to include chemicals management, a key component of water quality (see [p. 36](#)).

Gap, Athleta, Old Navy and Banana Republic are reducing water impacts through the expansion of programs such as Washwell™ for denim, which reduces the water used in garment finishing by at least 20 percent.

HIGHLIGHTS

EXCEEDED

2020

goal to save 10 billion liters of water with fabric mill and wet-processing partners, saving 11.3 billion liters of water since 2014

89%

of our Tier 1 and 80% of our strategic Tier 2 suppliers used the Higg Index 3.0’s Facility Environmental Module (FEM) to measure their environmental and sustainability performance

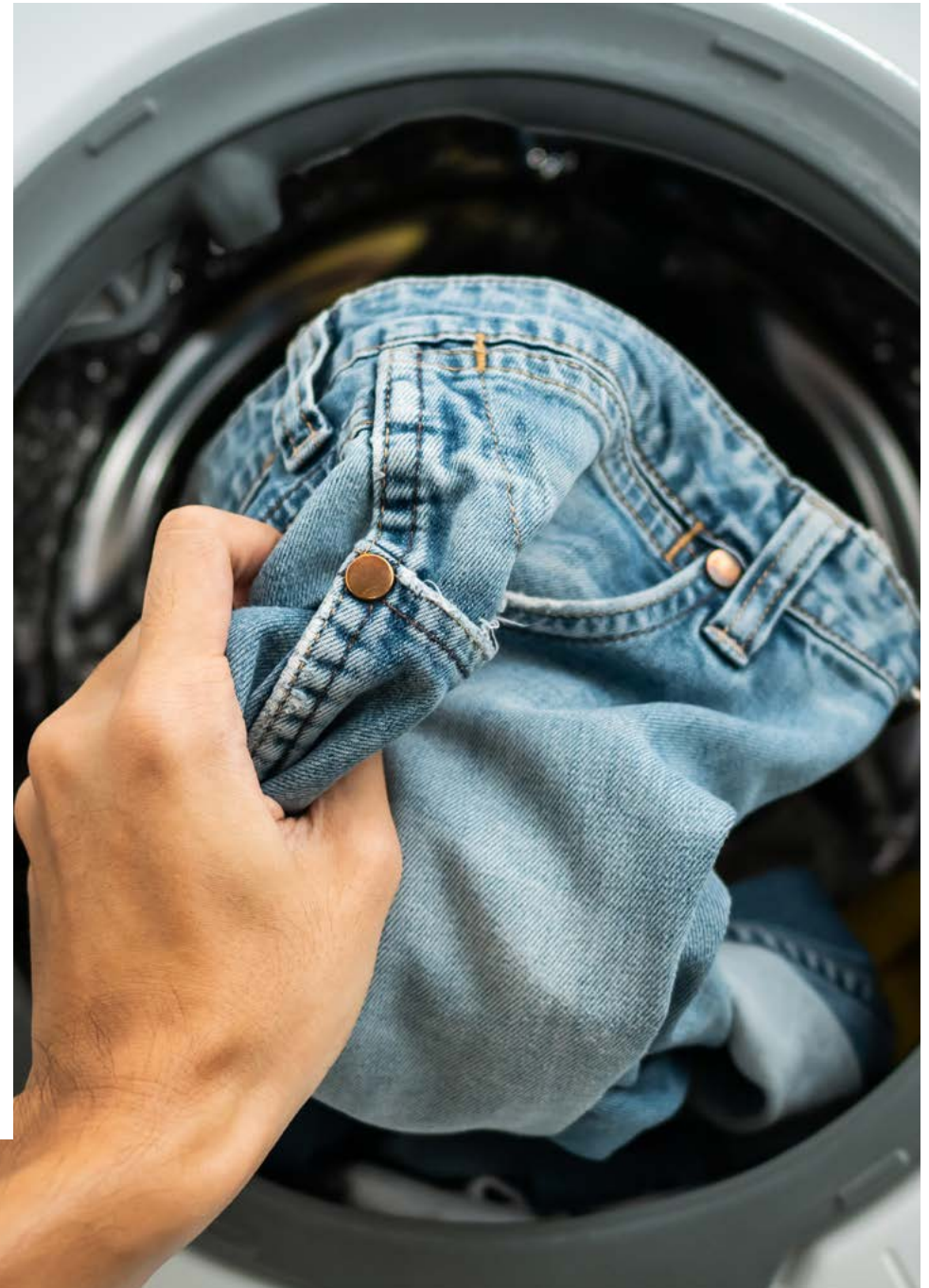
2020 PROGRESS

Through our Mill Sustainability Program, we engage in three key industrywide efforts to help us meet our sustainability goals: the Sustainable Apparel Coalition (SAC), Zero Discharge of Hazardous Chemicals (ZDHC) and the Social & Labor Convergence Program (SLCP). Our strategic mills are required to participate, enabling us to align our approach with industry standards, increase transparency and drive innovation.

By the end of 2020, all our manufacturing facilities and 70 percent of our strategic mills had completed the Higg Index self assessment to communicate their water and energy use along with chemicals and waste management. 280 facilities verified their responses. In total, 71 facilities participated in our environmental efficiency programs, saving more than 7.5 billion liters of water and 140,277 metric tons of carbon dioxide equivalents (CO₂e) between 2013 and 2020.

To support suppliers during COVID-19, we found ways to run water stewardship programs at no cost. For example, Aii launched a free carbon leadership program for five facilities and we signed a partnership with Schneider Electric to offer free renewable energy for 178 suppliers. We also extended resource-efficiency programs that were due to end in 2020, with five programs across 22 facilities now expected to be completed in 2021.

In addition, we encouraged suppliers to self-report results and environmental plans or submit government test results rather than requiring third-party tests for our Water Quality Program. Discover how we’re improving environmental practices and benefitting communities on our [Mills & Laundries](#) web page.



CHEMICALS MANAGEMENT

We aim to eliminate the discharge of hazardous chemicals within our supply chain to reduce our environmental impact and improve access to clean, safe water in the communities where our suppliers' facilities and mills operate.

We are also working to phase out some chemicals of particular concern, including our commitment to eliminate PFC-based finishes. Find more about our approach to chemicals management on [our website](#).

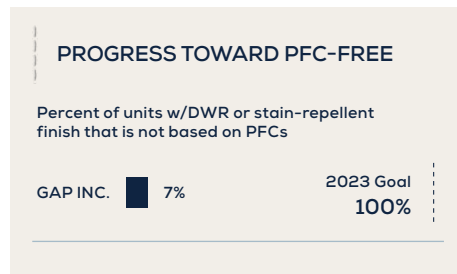
2020 PROGRESS TOWARD ZERO DISCHARGE OF HAZARDOUS CHEMICALS

In 2020, we continued to actively monitor and help improve wastewater quality at denim laundries through our Water Quality Program, which has been a requirement for over 15 years. In 2020, 54 denim laundries participated, with 94.2 percent of facilities meeting all conventional parameters and 88.5 percent meeting all Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) parameters, in line with the ZDHC Wastewater Guidelines.

ELIMINATION OF PFC-BASED FINISHES

Expanding on our 2016 ban on long-chain PFCs, we are currently on track to eliminate all PFC-based finishes from our supply chain by 2023:

- Fabrics with PFC-based and potentially PFC-based finishes were used in less than 2 percent of units across our brands in 2020. Of that 2 percent, 7 percent of water- and stain-repellent product was made using non-PFC based finishes.



To enable phase-out of PFC-based finishes, we created an internal list of acceptable non-PFC-based finishes that can deliver comparable performance.

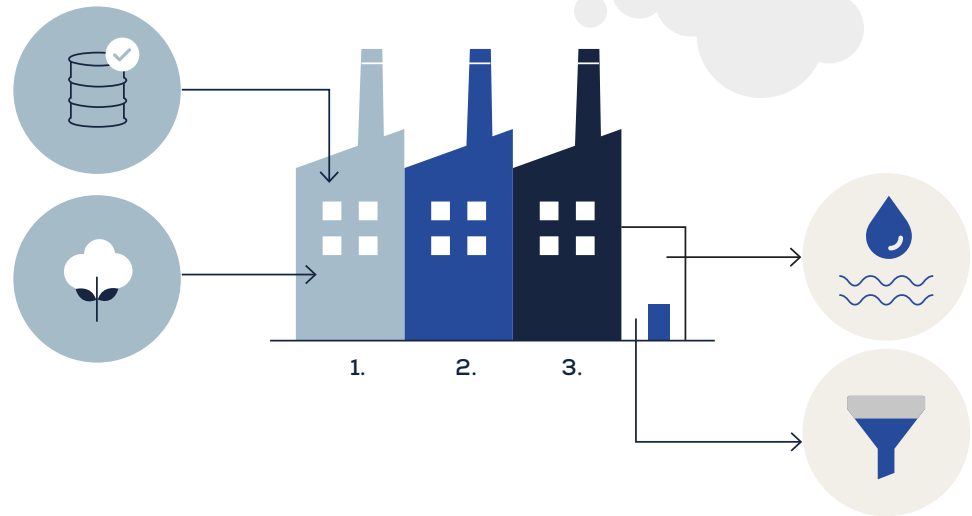
RESOURCES FOR BRANDS

In 2020, we developed an internal Dyeing, Finishing and Wet Processing toolkit to empower cross-functional teams to evaluate new opportunities and make informed decisions. The toolkit supports compliance with our MRSL, RSL and wastewater testing policies, as well as additional guidance on performance finishes and dyes. We will continue to expand and evolve this resource to support our brands in identifying more sustainable options for dyeing and finishing.

HOW WE MANAGE CHEMICALS AT GAP INC.

1. INPUT MANAGEMENT

The selection of better chemical inputs and starting materials is an essential part of reducing the use and discharge of hazardous chemicals.



2. PROCESS MANAGEMENT

Adherence to chemicals management best practices during manufacturing is critical for reducing both human and environmental risks.

3. OUTPUT MANAGEMENT

The outputs of apparel and footwear manufacturing include finished products as well as wastewater.

GOALS

Zero

Work toward zero discharge of hazardous chemicals in our supply chain

Eliminate

all PFC-based finishes from our supply chain by 2023

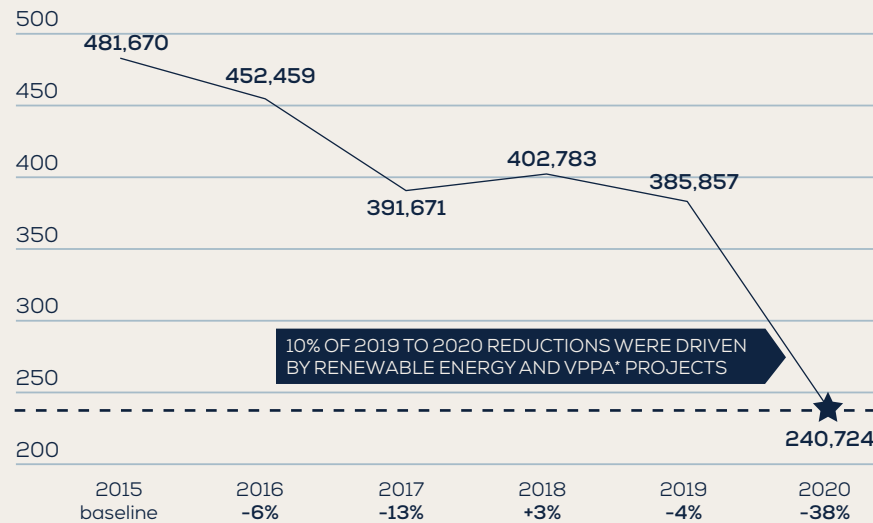
CLIMATE AND ENERGY STEWARDSHIP

Our long-term goal is to achieve carbon neutrality across our value chain by 2050. 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.

We are part of the Science Based Targets initiative (SBTi). In 2020, we established and received approval for our comprehensive science-based targets for reducing emissions across Scope 1 (direct from company facilities), Scope 2 (indirect from purchased products and services) and Scope 3 (supply chain emissions from products, logistics and waste).

Find more about our approach to climate and energy stewardship on [our website](#).

GLOBAL GHG EMISSIONS (SCOPE 1 AND 2 METRIC TONS CO₂e, MARKET-BASED)



GOAL ACHIEVED

Reduce

GHG emissions by 50% in our owned and operated facilities globally by 2020, from a 2015 baseline

*VPPA = Virtual Power Purchase Agreement.

2020 PROGRESS

We reached our goal to reduce GHG emissions by 50 percent in owned and operated facilities by 2020, from a 2015 baseline, in early 2021 through our investments in renewable energy and expanding on our energy-efficiency projects. Building on this, we established 2030 Scope 1, 2 and 3 emissions reduction goals, as well as a renewable energy goal to put us on the path to achieving a carbon-neutral value chain by 2050.

Due to COVID-19 lockdowns and store closures, our Scope 1 and 2 emissions declined in 2020. We also achieved a 39 percent reduction of GHG emissions in our owned and operated facilities since 2017, putting us nearly halfway toward our new 2030 goal. In absolute terms, we reduced our GHG emissions by 39,803 metric tons of CO₂e through investments in renewable energy.

Since coming online in late 2020, 17 percent of our energy usage at our owned and operated sites was produced from renewable sources.

Due to COVID-19, we paused and scaled back some of our Scope 3 supply chain environmental and energy-efficiency programs to reduce the cost burden to our suppliers. However, our ongoing partnership with Aii Clean by Design and PaCT in Bangladesh still drove meaningful reductions across our Asia-based Tier 1 and Tier 2 facilities.

We are exploring climate adaptation strategies that can mitigate the financial and physical impacts of climate change while building business and community resilience. This includes the renewable energy projects in Asia and elsewhere within our supply chain and accelerating the transition to raw materials that have lower carbon footprints.

GOALS

2050

Carbon neutral across our value chain by 2050

Source

100% renewable electricity for our owned and operated facilities globally by 2030

Reduce

absolute Scope 1 and 2 GHG emissions by 90% by 2030, from a 2017 baseline

Reduce

Scope 3 GHG emissions from purchased goods and services by 30% by 2030, from a 2017 baseline

ADDRESSING SCOPE 1 AND 2 EMISSIONS

To address our Scope 1 and 2 emissions, we have invested in energy-efficiency programs and store retrofits that reduce the GHG emissions of our owned and operated facilities. These include transforming the energy-management systems of our stores and replacing heating, ventilation and air conditioning (HVAC) units with more energy-efficient models. We have established protocols for new buildings and have rated all stores to prioritize retrofit projects for greater energy efficiency.

Our renewable energy projects, power purchase agreements and onsite installations can generate 400,000 megawatt hours of clean energy every year – enough to power 1,800 of our approximately 3,100 company-operated retail stores. These projects make us one of the largest purchasers of clean energy in the U.S. retail industry.

In addition, we continue to offer a low-carbon shipping option on our e-commerce sites and are committed to using cleaner modes of transportation, encouraging the use of fuel-saving strategies and technologies.

ADDRESSING SCOPE 3 EMISSIONS

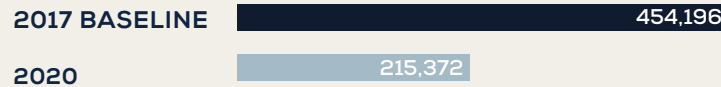
Most of our climate impacts lie within our Scope 3 supply chain emissions, which are directly tied to our business growth. We remain focused on working closely with our suppliers to address those emissions and improve the efficiency of their facilities. In addition to our existing energy-efficiency programs, we are engaging our main suppliers to commit to carbon-reduction strategies, and we are exploring renewable energy opportunities with strategic suppliers.

GHG EMISSIONS (METRIC TONS CO₂e)

Scope 1



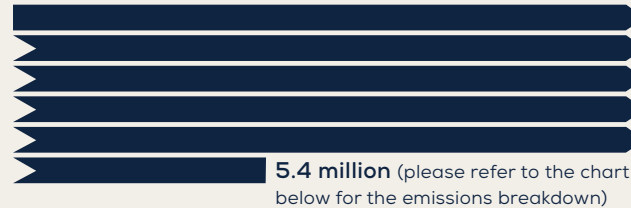
Scope 2



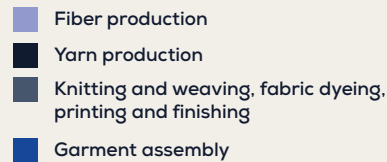
Scope 3



2019* PURCHASED GOODS AND SERVICES



Breakdown of Contributors to Scope 3 Emissions: Purchased Goods and Services



* 2020 data available next year.

ADDITIONAL DISCLOSURES

CDP Climate Change

Our CDP Climate Change response includes detailed information on our strategy and performance, which incorporates recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

External Commitments

Arctic Shipping Pledge

In partnership with the Ocean Conservancy, we signed the Arctic Shipping Pledge and committed to not intentionally send ships through the Arctic's fragile ecosystem.

Fashion Pact

This coalition of leading apparel and textile companies has established a common agenda to reach 100 percent renewable energy, reduce carbon, increase biodiversity and focus on resilient development by 2050. Additionally, CEO Sonia Syngal is on the Fashion Pact Steering Committee for 2021.

UNFCCC

Gap Inc. has committed to carbon neutrality by 2050 as part of the United Nations Framework Convention on Climate Change.

SUSTAINABLE MATERIALS SOURCING

We are committed to selecting fibers that have a lower carbon footprint, use less water and create less waste.

To aid us in 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](#). Our holistic preferred fibers strategy uses life cycle assessment (LCA) data on indicators including global warming potential, water use and eutrophication, as well as evaluations for biodiversity, potential for circularity, chemistry, land use change and social conditions within production. We also give relevant teams sustainable-fiber consumption reports on a regular basis to highlight progress and drive ongoing improvements.

In addition, we offer in-depth sustainable design training as part of our companywide learning and development program, and in early 2020, we created an extensive internal Product Claims Toolkit.

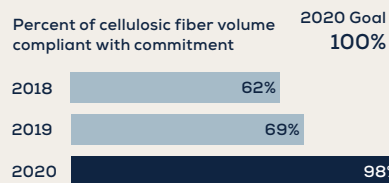
Find more about our approach to sustainable materials sourcing and our industry partnerships on [our website](#).

GOALS

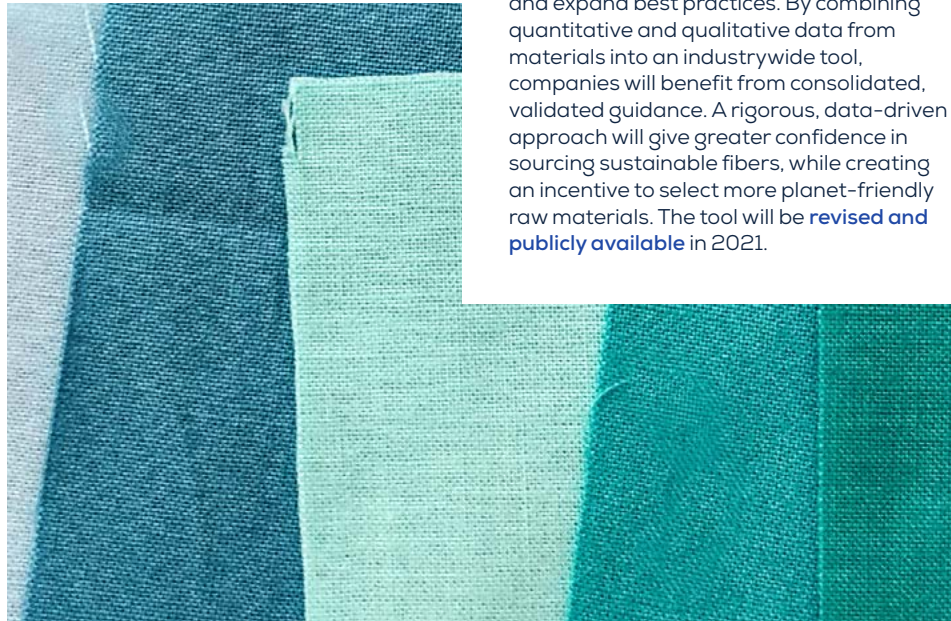
GOAL 100% OF COTTON FROM MORE SUSTAINABLE SOURCES BY 2025



GOAL ELIMINATE THE USE OF WOOD-DERIVED FIBERS SOURCED FROM ANCIENT AND ENDANGERED FORESTS BY 2020



Calculation method has been updated to reflect data improvements.



TRAINING AND RESOURCES IN 2020

2,187

Total product design and development employees trained on sustainable practices to date

320

Product design and development employees attending workshops¹⁶

2020 PROGRESS

We continue to focus on the materials that account for nearly all (approximately 97 percent) of our fiber consumption: natural fibers (cotton, linen, etc.), synthetics (polyester, nylon, etc.) and manufactured cellulosics, such as rayon and modal.

In 2020, we donated our [Preferred Fiber Toolkit](#) to global nonprofit Textile Exchange, helping to streamline industry approaches and expand best practices. By combining quantitative and qualitative data from materials into an industrywide tool, companies will benefit from consolidated, validated guidance. A rigorous, data-driven approach will give greater confidence in sourcing sustainable fibers, while creating an incentive to select more planet-friendly raw materials. The tool will be **revised and publicly available** in 2021.

We also continued to empower our brands to set their own sustainable materials sourcing goals and conduct their own training programs. This has resulted in new product lines with a sustainability focus, such as Gap Teen.

Natural Fibers

Gap Inc. has committed to source 100 percent more sustainable cotton by 2025. In 2020, we joined Textile Exchange’s 2025 Sustainable Cotton Challenge and became the first brand to sign up to the new U.S. Cotton Trust Protocol®.

We plan to explore ways to develop the regenerative practices of raw material production. Please find the data associated with this section in our [2020 SASB Index](#).

Synthetics

In response to the Textile Exchange Recycled Polyester (rPET) Challenge, all of our brands have signed a commitment to increase their sourcing of recycled polyester by volume to 45 percent of their polyester use by 2025.

We are also an active member of Textile Exchange’s rPET Round Table and Biosynthetics Working Group, investigating industry innovations toward more sustainable fibers.

Manufactured Cellulosics

We are working closely with our main suppliers to eliminate our use of wood-derived fibers from ancient and endangered forests. While we had aimed to achieve this by 2020, we are still working with some suppliers to verify compliance.

In 2020, we gathered data on our supply chain representing more than 98 percent of our cellulosic-fiber volume, which confirmed that 100 percent of their respective cellulosic volume is compliant. While we did not meet this 2020 goal, we are committed to this ongoing work.

16. Workshops included Sustainability 101, Sustainability Claims, Preferred Fibers, Conscious Design for Circularity, Sustainability in Wet Processing and Sustainable Denim.

CIRCULARITY AND WASTE

Our work on circularity is organized into four pillars that form the foundation of the circular economy and create the mechanisms to effectively prioritize our work:



In addition to our efforts on circularity, we continue to reduce, eliminate and recycle packaging waste, and we have set a goal to eliminate single-use plastics by 2030. In North America, 90 percent of our waste is discarded by our stores. By innovating, we are working to optimize packaging, reduce packaging volume, lower business costs and support industrywide change.

Our newest industry partners include [Accelerating Circularity](#), [Give Back Box](#), [How2Recycle](#) and [The Microfibre Consortium](#). Read more about our [circularity and waste efforts](#) and see the full list of our industry partners on [our website](#).

NEW GOAL

Eliminate

single-use plastics by 2030

With COVID-19 disrupting business across malls, waste haulers and internal operations, we shifted our waste diversion efforts to our new goal of eliminating single-use plastics by 2030

1. DESIGN FOR CIRCULARITY

Educating design teams on choices that can positively impact product longevity, reuse and recyclability (read about our sustainable materials sourcing approach on [p. 39](#)).

2. MATERIALS AND MANUFACTURING

Increasing the use of safe, renewable and recycled materials, and supporting innovation in circular manufacturing.

3. ADVANCED RESOURCE RECOVERY

Supporting systems for collecting, sorting and recycling worn textiles into new materials for the fashion industry.

4. CIRCULAR BUSINESS MODELS

Decoupling profits from the use of natural resources, resulting in new value propositions for the customer.



2020 PROGRESS

Circularity

In addition to refining the four pillars of our strategy in 2020, we worked with our brand teams on both internal and customer-facing circularity initiatives (read more on [p.40](#)). We are pleased that all our brands have embraced work that aligns with at least one pillar of the strategy.

Surplus inventory

Excess inventory in our brands during fiscal 2020 was repurposed by donating clothes to organizations in need, including giving 6 million units to UNHCR through the nonprofit Good360.

Gap and Banana Republic debut circular denim

In partnership with the Ellen MacArthur Foundation's [Jeans Redesign project](#), Gap and Banana Republic both debuted circular denim at the virtual Copenhagen Fashion Summit. Gap's collection of five pieces met the Jeans Redesign guidelines through measures such as eliminating spandex, using postconsumer recycled cotton, using only ZDHC-compliant chemicals for dyeing and finishing, and replacing zippers with removable hardware to make recycling easier. Meanwhile, Banana Republic's denim used organic cotton, eliminated rivets and adopted laser finishing instead of chemicals to produce fading, making them easier to reuse and recycle.

Banana Republic's fashion rental program

The brand launched its Style Passport program in the U.S., a subscription service through which customers receive three items at a time and have the option of renting and returning them or purchasing their favorites. Together with the online marketplace Thrilling, Banana Republic is also offering vintage clothing for sale.

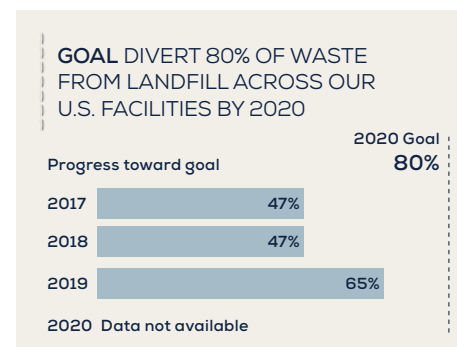
In 2020, some of our work was delayed due to COVID-19, including our two pilots through our partnership with the Hong Kong Research Institute of Textiles and Apparel Limited (HKRITA) (learn more on [p.9](#)).

PACKAGING WASTE AND SINGLE-USE PLASTICS

In 2020, we identified critical areas on which to focus: the hangers, polybags, shopping bags and e-commerce mailers that account for 60 percent of our single-use plastic inventory. We created an internal, cross-functional task force to find solutions for these high-impact categories. In addition, we continue to innovate packaging design, product labeling and recycling systems.

We continue to test solutions that account for the fact that only a handful of municipalities are able to recycle soft plastics. These include better communication with store employees about current recycling opportunities at their location, collaboration across our vendors to reduce the size of polybags shipped to stores and creating in-store marketing materials with recyclability in mind.

Looking ahead, we will be participating in industry working groups and piloting emerging plastic material alternatives to reduce, and eventually eliminate, our plastic packaging footprint.



2020 WASTE HIGHLIGHTS

While COVID-19 delayed some of our work, our 2020 highlights include the following:

- Gap Inc. diverted 13 percent of its single-use plastics waste.
- Gap Inc. increased the recycled content in its poly mailer bags from 35 percent to 50 percent in 2020, with the roll out scheduled for 2021.
- New folding standards for Gap, Old Navy and Athleta have saved \$13 million in freight costs and avoided more than 8 million pounds of plastic packaging.
- Old Navy, Gap and Banana Republic use 100 percent recycled tape for all content and care labels, which has the potential to save 830 tons of plastic annually. These brands also have a price ticket with smaller dimensions that incorporates FSC-certified paper, saving 120 tons of paper.
- Old Navy has expanded its hanger recycling program to 600 stores, which will divert 2.2 million pounds of plastic from landfill annually. The program will be expanded to all stores by the end of 2021.
- Athleta diverted 74 percent of the waste it generated.



GOVERNANCE

Strong governance is the foundation of sustainable business. For us, good governance begins with a strong Board of Directors that has an independent perspective on our business and company management, including our approach to creating social and environmental change.

We are guided by our ethics, structure and robust policies that ensure our social and environmental programs meet our company's social and environmental goals and support our business.

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SUSTAINABILITY GOVERNANCE

Gap Inc.'s Board of Directors, and particularly the Governance and Sustainability Committee, oversees our Global Sustainability program.

The board and its Governance and Sustainability Committee receives regular updates from Chief Growth Transformation Officer Sally Gilligan and her Global Sustainability leaders. Sally is part of the senior leadership team and meets regularly with leaders across the company, including from our Sourcing, Production, Brand and Operations teams.

Our Global Sustainability team works closely with our brands' Product and Marketing teams, as well as our Equality & Belonging, Human Resources, Supply Chain Strategy, Government Affairs, Legal, and Gap Foundation teams, among others.

Learn more on our [Sustainability Strategy](#) and [Governance](#) web pages.

MANAGEMENT APPROACH

We enable long-term business performance by managing risks; advancing greater equality, particularly by empowering women; enabling opportunity; and enriching communities through our social and environmental efforts. Through partnerships and by fueling innovation for solutions across our sustainability agenda, we are focused on scaling impact across our business and industry. Our focus is on enabling our business and the communities and people we touch to thrive for generations to come.

In addition to aligning our goals with the UN Global Sustainable Development agenda, we take the following approach in all of our social and environmental programs.

Integrate sustainability into our business

We integrate sustainability as part of our end-to-end business strategy, through the creation of our products and through all of our operations. We create accountability for our sustainability strategy by setting goals across Gap Inc. that are shared with the relevant business units. Our Global Sustainability team is integrated into our brands and operations to enable sustainability outcomes.

Set ambitious goals

We focus on key indicators across the company so that we can measure our progress on delivering real benefits to the people and communities we serve.

Make progress toward our commitments

We contribute in a meaningful way to the people and communities we rely on for our business, which also helps our company succeed.

Form partnerships with civil society, governments and other sectors to increase collective impact

By partnering with organizations from the local to the global level, we deliver impact on a bigger scale and create long-term, sustainable progress.

RISK MANAGEMENT

Gap Inc. has developed systems and procedures focused on identifying and managing risks, including those related to sustainability.

Our Global Sustainability team works with business partners and experts to assess and manage business risks, including the long-term risks that climate change and environmental impacts could pose to our business. The team consults experts, uses data and leverages tools to prioritize risks

and opportunities, including a sustainability materiality assessment, product and geographic assessments and a stakeholder engagement process.

We also create country-specific strategies that take into consideration local context when developing our programs and addressing key issues.

Learn more on our [Managing Risks](#) web page.



RESPONSIBLE BUSINESS PRACTICES

Gap Inc. was founded on the principle of doing business responsibly, honestly and ethically.

CODE OF BUSINESS CONDUCT

Our global [Code of Business Conduct](#) (COBC) serves as our ethical compass, articulating our commitment to high standards.

We encourage our employees to use our open-door process for discussing concerns with their supervisor, next-level manager or HR representative. Employees may also contact our Global Integrity team, which oversees our COBC program. Additionally, we provide a confidential [COBC Hotline](#) –

a telephone and web-based reporting system that is available 24 hours a day, seven days a week to employees and anyone who conducts business with Gap Inc. or is affected by our business. We have investigative teams that log, process and address complaints received through any channel, including our COBC Hotline.

All employees globally are required to take a COBC overview course within 30 days of their initial hire date. Our Global Integrity team conducts annual interviews with employees in various business units, offices and certain suppliers to assess how well our employees understand our COBC. Senior-level employees must certify their COBC compliance annually and are briefed on relevant compliance and integrity topics to raise their awareness.

We also provide ongoing compliance training to relevant employees on topics including nondiscrimination and harassment, wage and hour compliance, workplace accommodations, anti-corruption, competition law compliance, and data privacy and security. Furthermore, our Global Integrity team conducts periodic live training sessions throughout the year.

ANTI-CORRUPTION AND ANTI-BRIBERY

We are diligent about addressing corruption risks, particularly in developing countries with limited rule of law. We have a companywide program for monitoring, enforcing and addressing any issues related to our Anti-Corruption/Anti-Bribery Policy, which combines elements from our COBC with anti-bribery requirements under the Foreign Corrupt Practices Act (FCPA) and other similar laws around the world.

The policy and related training programs help employees recognize and avoid corrupt practices in all aspects of Gap Inc.'s business.

Learn more on our [Policies](#) web page.

HUMAN RIGHTS POLICY AND COVC

We are proud to support the principles outlined in the Universal Declaration of Human Rights (UDHR), the UN Global Compact (UNGC), the OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Core Conventions. These principles form the foundation of our [Human Rights Policy](#), which defines our approach and the activities we undertake to respect human rights and prohibit human rights abuses.

In addition to our Human Rights Policy, we use our COVC to establish the standard social and environmental requirements that all facilities must meet to do business with Gap Inc. We recognize that there are different legal and cultural environments in which facilities operate throughout the world, and our COVC helps set uniform standards for all facilities that produce goods for Gap Inc. or any of its subsidiaries, divisions, affiliates or agents.

We use facility assessments to increase our awareness of labor conditions and environmental practices, and to facilitate greater partnership with our suppliers. This allows us to continuously drive improvements in sustainability performance and generate positive change.

Learn more
[› COVC: Social](#)
[› COVC: Environment](#)

DATA PRIVACY

Maintaining brand trust is paramount as we continue to embrace technology. Our goal is to provide the highest quality experience to our customers while respecting their privacy.

We have adopted seven principles that guide our choices as we adopt new products and services: consent, control, fairness, minimization, confidentiality, access and accountability.

As a global company, our Privacy Policy adheres to laws across the jurisdictions where we do business. While these rights may vary, we make reasonable efforts to honor requests even if a country or jurisdiction does not require us to do so. Our privacy policies have received accolades for their clarity and simplicity, and we continue to put privacy at the center of our customer experience.

We also know that security is at the center of any good privacy program. We use widely accepted security standards and practices to guide our decisions around securing personal information.

Learn more about our [Privacy Policy](#) on our website.



STAKEHOLDER ENGAGEMENT

An integral part of how we live up to our Inclusive, by Design mission is through collaboration, which informs our approach to stakeholder engagement.

We engage stakeholders and establish partnerships with diverse groups of experts and organizations at both a global and local level to understand complex issues and the conditions we operate in more clearly. This dialogue helps us improve our programs, refine strategies, reveal unexplored issues and scale up industry solutions.

Find more about our approach to stakeholder engagement on [our website](#).

HUMAN RIGHTS ENGAGEMENT IN OUR SUPPLY CHAIN

With our suppliers and their employees, we communicate our policies and commitments to our stakeholders, including our Human Rights Policy and grievance channels, through a multitude of touchpoints. These include providing access to a Gap Inc. online platform that contains all relevant information on our human rights policies and practices; through consultative in-person and virtual visits; and by interviewing and engaging workers through our portfolio of programs that seek to respect workers' rights and empower women. We ensure these policies and channels are accessible

by offering them in local languages and providing in-person and virtual support wherever needed.

We also engage with workers in our Tier 1 supply chain as a matter of routine practice – through our assessments, where we conduct formal interviews with workers, and through the informal relationships that our teams have created with worker representatives. We also leverage worker-centric technologies in a number of markets, which enables us to receive constant feedback and insights from the people who work in our supply chain. These regular check-ins allow us to learn about specific human rights issues or stakeholder needs to proactively mitigate any risks.

Together with our Supplier Sustainability team, our Global Partnerships team is responsible for managing and implementing our human rights and labor stakeholder engagement strategy. The Global Partnerships team is in regular dialogue with expert organizations globally, and our Supplier Sustainability team engages at the local level, which can help augment the findings we collect through the assessments, trainings and surveys conducted at our suppliers' facilities. These networks and the issues they identify inform the evolution and improvement of our programs.

One area where stakeholder engagement has supported progress is improving labor standards in our supply chain. We regularly partner, both formally and informally, with a broad set of stakeholders to help us maximize our impact. These stakeholders range from local trade unions in the countries from which we source to international NGOs and multilateral institutions, each with a specific expertise and focus. Recognizing that these engagements often bring together organizations and individuals with divergent viewpoints, we always seek to understand those that are different from our own, even if they are highly critical, as we believe these can sometimes help us evolve our approach.

THE POWER OF PARTNERSHIP

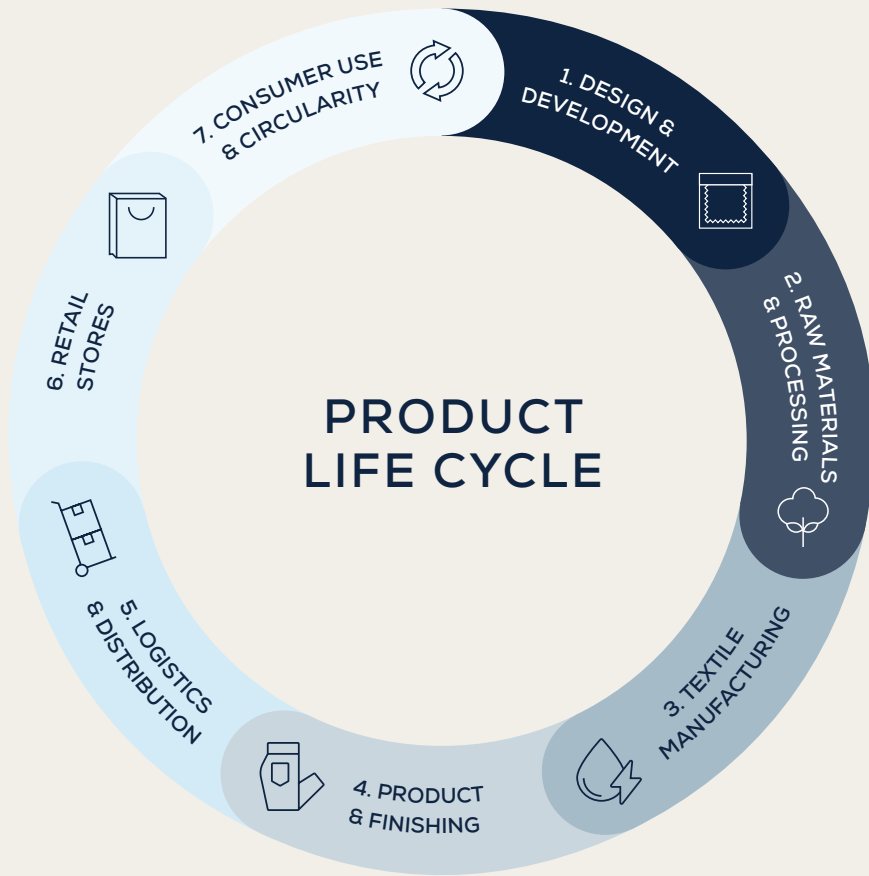
With over two decades of experience in engaging stakeholders, we know there is no single formula for the frequency or mode of engagement that we pursue. We balance regularly scheduled meetings and calls – to systematically capture and respond to stakeholder feedback – with dialogue and engagement in the moment as issues arise. Importantly, we have developed the relationships and connections necessary to bring a broader, multistakeholder perspective to these issues.

A complete list of our initiatives and partner organizations can be found on [our website](#).



HOW PARTNERSHIPS IGNITE INNOVATION AND IMPACT FOR WATER AND WOMEN

Deep stakeholder engagement is an important part of our strategy to uphold our labor and human rights commitments and support our environmental goals. Partnerships also open opportunities for industry innovation and larger-scale impact. Some of our recent partnerships are supporting progress on water stewardship (read about our long-time sourcing and franchise partner Arvind Limited on p. 5) and women's empowerment (see Empower@Work on p. 17).



A key aspect of product design is that we seek to improve the sustainability performance of our business at every stage of a product’s life, from the very first design concepts, through materials sourcing, manufacture and distribution, to sale, use and end of life.

5. LOGISTICS & DISTRIBUTION

We use the optimal mix of options to transport products via sea, air, truck and rail from suppliers to our distribution centers, and then on to stores or directly to customers. We are also working to conserve energy and reduce waste at our distribution centers, the largest facilities we own and operate.

Our Programs

- > Climate and Energy Stewardship
- > Circularity and Waste

1. DESIGN & DEVELOPMENT

Most of a product’s environmental impacts are determined at the concept phase. Our production and sourcing teams are trained on sustainability principles and have significant influence over who makes our clothes. This gives us the ability to improve working conditions in facilities and address our wider environmental footprint.

Our Programs

- > Water Stewardship
- > Chemicals Management
- > Sustainable Materials Sourcing
- > Circularity and Waste

3. TEXTILE MANUFACTURING (TIER 2 SUPPLIERS)

Fabric mills use large quantities of energy and water, and chemicals for dyeing and finishing fabrics may impact local watersheds if not treated properly. Through our Mill Sustainability Program, we integrate clear environmental standards into our sourcing decisions. We also aim to share best practices with our industry peers.

Our Programs

- > Assessment and Remediation
- > Gap Inc. P.A.C.E.
- > Water Stewardship
- > Chemicals Management
- > Climate and Energy Stewardship

6. RETAIL STORES

Our stores express our style and how we operate. They are where we sell our products and communicate directly with our employees and customers. And they offer an opportunity to reduce our environmental impact. We also run our This Way ONward program at our stores, helping young people experiencing barriers to employment obtain their first jobs.

Our Programs

- > Equality & Belonging
- > This Way ONward
- > Climate and Energy Stewardship
- > Circularity and Waste
- > Sustainable Materials Sourcing

2. RAW MATERIALS & PROCESSING (TIER 3 SUPPLIERS)

We work to minimize the social and environmental impacts of the fibers we use in our products. We place a special focus on cotton, and we are also taking steps to source more sustainable synthetic and manufactured cellulosic fibers.

Our Programs

- > Water Stewardship
- > Climate and Energy Stewardship

4. PRODUCT & FINISHING (TIER 1 SUPPLIERS)

Our comprehensive approach for improving working conditions in our supply chain combines facility-monitoring and capability-building programs to help our suppliers improve. We also engage closely with our vendors to measure and address their environmental impact.

Our Programs

- > Assessment and Remediation
- > Capability Building
- > Gap Inc. P.A.C.E.
- > Water Stewardship
- > Chemicals Management
- > Climate and Energy Stewardship
- > Sustainable Materials Sourcing

7. CONSUMER USE & CIRCULARITY

How our customers wear, care for and discard their clothes accounts for a portion of our products’ total environmental footprint. We use product labeling, catalogs, social media and blog posts to share our efforts to improve sustainability. We also engage in and contribute to industrywide solutions to reduce end-of-life impacts.

Our Programs

- > Circularity and Waste

ESG APPENDIX AND FORWARD-LOOKING STATEMENTS

MATERIALITY

In a rapidly changing world, we want to address the sustainability issues where Gap Inc. can have the greatest impact and influence.

We integrate sustainability deeply into our business by understanding the Environmental, Social and Governance (ESG) issues that matter most to our stakeholders and business. These are our material issues and they guide our sustainability strategy and programs.

We carried out our most recent materiality analysis in 2021 with a third-party sustainability expert consultancy.

For the purposes of clarity, the identification of our material issues that guide our sustainability strategy and programs should not be construed as a characterization regarding the materiality or financial impact of such issues or related information to investors in Gap Inc. For a discussion of the risks that are material to investors in Gap Inc., please see our Annual Report on Form 10-K for the year ended January 30, 2021 filed with the Securities and Exchange Commission, our subsequent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

Learn more
[› 2021 Materiality Matrix](#)
[› SEC Filings](#)

ESG FRAMEWORKS

Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) is an independent, private-sector, standards-setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. Our SASB Index references the Standard for the Apparel, Accessories & Footwear industry as defined by SASB’s Sustainable Industry Classification System, with the location of that information in Gap Inc.’s Global Sustainability Report and [our website](#).

Learn more
[› SASB Index](#)

Global Reporting Initiative (GRI)

We have prepared this report in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Learn more
[› GRI Index](#)

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS:

This report and related comments by management may include “forward-looking statements” within the meaning of the U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements represent our current judgement about possible future events and are often identified by words such as “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would” or the negative of any of those words or similar expressions.

In making these statements, we rely upon assumptions and analysis based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we consider appropriate under the circumstances. We believe these judgements are reasonable, but these statements are not guarantees of any future events or financial results, and our actual results may differ materially due to a variety of factors, many of which are described in our most recent Annual Report on Form 10-K and our other filings with the U.S. Securities and Exchange Commission. We caution readers not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.



LEARN MORE ABOUT OUR GOVERNANCE PRACTICES:

TOPIC	LINK
Board and Shareholder rights	Gap Inc. Governance
ESG Disclosures	ESG Hub Sustainability Strategy
Enterprise Risk Management and Compliance	Risk Management SEC Filings Corporate Compliance Policies ESG Hub
Privacy and Information Security	Gap Inc. Privacy Policy

Gap Inc.

**INCLUSIVE,
BY DESIGN**

**GLOBAL SUSTAINABILITY
REPORT 2020**