Welcome to your CDP Water Security Questionnaire 2021

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

The Gap, Inc. (Gap Inc., the "Company", "we", and "our") was founded in San Francisco in 1969. Today, Gap Inc. is a collection of purpose-led, lifestyle brands offering apparel, accessories and personal care products for women, men and children under the Old Navy, Gap, Banana Republic, and Athleta brands, with approximately 117,000 employees, including part-time and full-time employees.

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

Our Athleta brand is certified as a benefit corporation ("B Corp"), furthering its commitment to using business as a force for good to drive social and environmental impact by meeting rigorous standards across social and environmental performance, accountability and transparency. Additionally, to further uphold Athleta's commitments to people and the planet, Athleta, Inc. amended its legal charter to become a Delaware Public Benefit Corporation to. We plan to leverage the learnings from Athleta as a case study for Gap Inc., providing a benchmark and roadmap of potential opportunities for greater social and environmental impact across the enterprise.

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

that such controls, processes, practices and infrastructures will result in any specific outcome, result or achievement of a stated target.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	February 1, 2020	January 30, 2021

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

China
India
Jordan
Pakistan

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain

Sufficient amounts of good quality freshwater available for use	Not very important	Vital	Direct use: Freshwater use in our direct, owned operations – including our stores, distribution centers and HQ offices – is limited to supporting our main activities and thus is minimally important. Freshwater in our direct operations is primarily used for hygiene, cleaning and maintenance activities, food preparation and personal consumption by employees. Indirect use: Freshwater is vital in our indirect use because it is a key resource from our raw materials through conversion to our finished goods. Water is used in growing key fibers such as cotton, and in our manufacturing process, including dyeing, washing, and finishing our garments. It is also critical to our labor force for their community livelihood. Significant drought conditions can have an adverse effect on our ability to secure raw materials and manufacture. Some of our suppliers have water intensive operations in water scarce areas and therefore face risk to business continuity if freshwater were limited. Access to good quality freshwater is also important for our suppliers' workers' and the communities we serve for personal consumption and well-being as well as cleaning and maintenance. Future freshwater dependency for direct and indirect use is expected to decrease as we aim to shift our freshwater use towards recycled water, efficient agriculture practices and waterless practices in certain manufacturing processes.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Important	Direct use: Recycled water is not generally used to support Gap Inc.'s owned operations, because freshwater is required for all hygiene, cleaning and maintenance activities, food preparation and personal consumption by employees. Use of recycled water is limited to landscape irrigation, which generally falls outside of our own facilities. Because recycled water is not generally used in direct operations, this is not very important to the success of our business. Indirect use: Indirect use of recycled water is important because water is a key resource

			throughout our operations. It is a necessary input for garment processes at mills and laundries, including dyeing, washing, and finishing and is used in our supply chain to conserve the amount of water withdrawn. An increasing amount of our supply chain is using partial recycling techniques to conserve water. Some geographical areas also have Zero-Liquid Discharge laws that mandate water recycling rates of 80-95%. We are supportive of these efforts and work with our strategic suppliers to increase their use of recycled water. Waste water treatment is also important for protecting the health and safety of workers and people in the local community; high-quality water treatment is one of our critical areas of compliance for our wet processing suppliers. Future dependency on recycled water is expected to increase in our indirect operations as a means to minimize use of fresh water in high stressed regions. We anticipate an increase in freshwater prices or limits on availability. To mitigate the risks associated with higher prices and availability limits, we are anticipating we will need to shift towards recycled water and support its availability of it in our manufacturing regions.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for this coverage

Suppliers are incentivized through the enforcement of Gap Inc.'s Code of Vendor Conduct (COVC), which includes provisions on management of their environmental impacts, including energy and GHG emissions, air pollution, water consumption, water quality, wastewater, as well as chemical use and handling. Non-compliance with our COVC can lead to a reduction of business, up to and including termination of the business relationship.

We request all Tier 1 suppliers of branded products, and our preferred Tier 2 mills to report on water consumption using the Sustainable Apparel Coalition's (SAC) Higg Index Facility Environment Module (FEM). This represents 76-100% of our suppliers.Our teams engage suppliers to encourage and assist them with reporting. Water-related data reported by suppliers through the Higg Index include: annual water usage, daily wastewater production, treatment of wastewater, evidence of water use reductions. In 2018, we also began verifying these assessments for improved reporting.

Impact of the engagement and measures of success

We request that all our Tier 1 suppliers, which consists of about 50 denim laundries, to report on water use, risks, and management practices by completing a self-assessment through the FEM. Vendors and facilities with verified FEM scores are displayed on their scorecard which is used to encourage vendors and facilities to verify their FEM. For Tier 2 suppliers, it is not mandatory to verify their FEM but are encouraged to as we are in the process of developing mill scorecards. Success in supplier engagement is measured by the percentage of Tier 1 suppliers who submit their annual water data using the Higg Index FEM. We consider this engagement to be successful if 100% for Tier 1 and 80% for Tier 2 or more of suppliers submit to SAC's Higg Index.

In 2020, despite COVID-19 challenges, 89% of our cut and sew manufacturers and 80% of strategic fabric mills and dyehouse suppliers used the Higg. These mill facilities that represent over 65% of our business. An increasing number of facilities are also taking the necessary step of verifying their Higg assessments.

This allows us to calculate our water baseline by geography, facility type, and category, and understand our progress towards our goal to save 10 billion liters of water in our manufacturing processes by 2020. Many of the programs that were put in place to achieve water savings are still ongoing allowing us to continue saving water in our supply chain.

All of the denim laundries from which we source have achieved our Water Quality Program (WQP) standard. We have updated our WQP wastewater guidelines to match the Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines. We rolled out the ZDHC Wastewater guidelines to facilities performing wet processing of our garments in 2018.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
Encourage/incentivize suppliers to work collaboratively with other users in their river basins
Educate suppliers about water stewardship and collaboration

% of suppliers by number

1-25

% of total procurement spend

51-75

Rationale for the coverage of your engagement

We work with our strategic mill and laundry suppliers on water and energy efficiency programs to incentivize their investments into operational efficiency that minimizes their water consumption. These suppliers represent 1-25% of suppliers and are from some of our largest sourcing countries, such as India, Vietnam and China.

We have engaged 91+ facilities to date in 7 programs across our strategic geographies, such as the India Water Partnership in India, Race to the Top in Vietnam, PaCT in Bangladesh, and NRDC Clean by Design. We are a founding partner of the Apparel Impact Institute (Aii), a platform that supports cross-brand collaboration to improve operational efficiency and reduce water, energy and chemicals use. Many of the previous water related programs that we participated in, including Clean by Design, the China Mill Efficiency Program, Taiwan Mill Efficiency Program and Race to the Top in Vietnam are now streamlined under the Aii umbrella. Aii also piloted a water and chemistry efficiency program in India.

We concentrate on high-volume suppliers that are located in areas of water risk. As many suppliers are concentrated at a regional level, collaboration and innovation allows for local-specific solutions and action.

Our work currently covers about 1-25% of our suppliers. As our top 5 largest sourcing countries, Vietnam, Indonesia, China, India, and Cambodia represent approximately 48% of our sourcing spend, when including other countries with which we engage in water stewardship programs, we estimate they represent approximately 51-75% of our sourcing spend.

Impact of the engagement and measures of success

Engaging suppliers at the country level has allowed us to expand our coverage and incentivize participation by working with trusted groups such as PaCT in Bangladesh and the Apparel Impact Institute which operates programs in China, Vietnam, India, and Taiwan. We believe this provides competitive benefits to suppliers who are eager to engage in collaborations and gain market and production efficiencies, in addition to compliance with local regulation.

We measure the success of this engagement by whether we reach our goal of saving 10 billion litres of water in manufacturing by 2020. As of January 31, 2021, we achieved this goal and have saved approximately 11,325,953,874 billion liters of water since the initiation of the engagement in 2014.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

We directly engage: our design & production teams; NGOs & industry consortiums to aid in engagement & sustainable policy adoption to drive impact; direct suppliers to address impacts in facilities & communities; local communities & governments to have impact. Customer education & transparency is critical to impact & change. We also engage tech & research firms, & universities focused on innovation for future impact.

We manage water quality/quantity in our supply chain. Our investments help protect water for supply chain workers & suppliers. As a CEO Water Mandate signatory, we collaborate on water scarcity, quality & governance, & water/sanitation access issues. We were a founding partner of the Water Resilience Coalition in 2020 & commit to provide leadership & advocacy for collective action.
Through the Women+Water Alliance, we engage cotton growing & textile manufacturing communities via NGOs CARE, WaterAid, Water.org & Institute for Sustainable Communities. We engage community groups, local governments, financial institutions, & cotton farmer training groups. The measure of success for our collective action is to reach 200k women with our PACE program by 2022. In 2017–2020 we reached 120k women. In June 2019, for our goal to save 10B liters of water in manufacturing, we partnered with supplier, Arvind, on a water treatment facility & Innovation Center.

Washwell™ (launched in 2016) has saved over 1B liters of water in our finishing process. We convey Washwell to our customers on websites & on-product labels. Old Navy has a goal that 100% of denim items are made with at least one water-saving technique - Washwell, usage of

recycled cotton or production in a facility with Zero Liquid Discharge. The measure of success is denim items made per season that are part of Washwell or in the case of Old Navy, that are water-saving. Gap has a goal for 75% of its denim to qualify for Washwell by end of 2021 and by end of 2020, we reached 91% for our Holiday season.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

International methodologies
Other

Tools and methods used

WRI Aqueduct
Life Cycle Assessment
Internal company methods
External consultants

Comment

We conduct Company-wide enterprise risk assessments and asset-level business continuity planning that encompass sustainability-related risks, including the risks that water could pose to our business. Our asset-level risk assessments evaluate risks to our owned and operated facilities around the world on a country-by-country basis. These assessments are intended to ensure that senior management is aligned on and has taken measures to address the most important risks to our business. This risk assessment is reviewed with senior management on a quarterly basis with measured actions and the Board.

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market
International methodologies
Other

Tools and methods used

WRI Aqueduct
WWF Water Risk Filter
Life Cycle Assessment
Internal company methods
External consultants

Comment

We conduct enterprise-level and asset-level risk assessments with a third-party auditor advisor at least once per year. These assessments encompass environmental risks across our business and supply chain are discussed with the Board and Senior Risk committee on a quarterly basis.. Water risks are also factored into country risk

assessments that are conducted annually through collaboration between our Global Sustainability, Sourcing and Supply Chain functions. Our risk assessment procedures look throughout our entire supply chain; this scale allows us to understand all risks and opportunities we face from water.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Other, please specify

Tier 1 Suppliers are assessed annaually against Gap Inc.'s Code of Vendor Conduct, which includes provisions on environmental impacts, including water consumption, water quality, wastewater, as well as chemical use and handling.

Frequency of assessment

Annually

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Comment

In addition, our Supplier Sustainability team conducts annual assessments of Tier 1 Suppliers against Gap Inc.'s Code of Vendor Conduct, which states that facilities must manage their environmental impacts, including energy and greenhouse gas (GHG) emissions, air pollution (air emissions), water consumption, water quality, wastewater, waste diversion and disposal, as well as chemical use and handling. These assessments provide a view on non-compliances at a per-facility level. Should issues arise, we partner with our suppliers to create a corrective action plan and suppliers are expected to resolve these issues within the agreed upon timeframe.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability at a basin/catchment level is relevant for our business, as the garment industry is often centralized in water basins, like the Godavari, Narmada & Cauvery River Basins in India. We source from these regions & many others, and water availability is essential to dyeing, wet

		processing & finishing of apparel. Local water availability & quality in our sourcing countries could affect our ability to source products on favorable terms. We use the WRI tool to measure water risk levels in these basins like risks from deteriorating water quality. We assess water availability by mapping all preferred facilities—representing 85% of our business—against the WRI to help prioritize areas of focus. We also worked with our NGO partner, Institute for Sustainable Communities (ISC), to assess & rehabilitate water catchment structures to improve water availability for the use of local cotton growing communities. 7 villages in Yavatmal and Dhar districts were identified for rehabilitation using geo-hydrological mapping & participatory water resource mapping. Through community engagement, the structures were renovated prior to the monsoon season to enhance groundwater recharge & capture of inflows. By repairing & strengthening these water source infrastructures, ISC helped villages harvest 113M liters of water over 6 months. This helped meet the water needs of villagers, promoted groundwater recharge & improved water accessibility. We worked with ISC to develop a long-term water catchment level roadmap for our supplier partner, Vardhman Mills, to analyze water resources based on natural conditions, current water usage patterns, future demand & expectations of the communities. The plan highlights the vision, goals & actions to ensure water security. We have a goal to procure 100% more sustainable cotton by 2025 across Gap Inc through Better Cotton Initiative (BCI), organic, recycled & US Cotton Trust Protocol cotton. BCI focuses on ensuring strong water stewardship practices across farmers by using freshwater within sustainable limits for nearby river basins or aquifers, ensuring maximum water productivity by reducing water consumption, or the pollution created, per unit of cotton production & ensuring that water is shared equally between users locally and globally, managing soil moisture, managing water quality and applying efficient irrigation practices. According to BCI, these practices result in a 15% reduction in water usage compared to non-BCI farmers.

Water quality at a basin/catchment level	Relevant, always included	Clean, safe water is critical to the health & well-being of the people who make our products & our consumers. Water quality at a basin/catchment level is relevant to us as the garment industry is often centralized in water basins, like the Godavari, Narmada & Cauvery River Basins in India. We source from these regions & many others, & water quality is important to dyeing, wet processing & finishing of apparel. We seek to improve access to water, sanitation & hygiene (WASH) for women & communities touched by our business, through our partnership with USAID. ~80% of people who make our clothes are women. Access & affordability to WASH is a big challenge in many of our key sourcing countries. Local water quality in our sourcing countries could affect our ability to source products on favorable terms. We use tools, like WRI Aqueduct, & stakeholders to assess water quality & quantity risks in key sourcing countries. We use the WRI tool to measure affecting water risk levels in these basins like risks from deteriorating water quality. Risk levels are measured on the scale: Low (0-1), Low-medium (1-2), Medium-high (2-3), High (3-4) and Extremely high (4-5). We assist our cut-and-sew vendors with performance assessments while responding to the SAC's Higg Index. Through our Mill Sustainability program, we engage our strategic mills to assess water-related risks & opportunities. We are expanding our efforts to engage more directly on water-risk mitigation. We are engaged with the Apparel Impact Institute to improve water conservation at fabric mills in countries where we source. We partner with our denim laundries via our Water Quality Program to ensure that wastewater released as a by-product of the denim dyeing process meets ZDHC Wastewater requirements. As part of the W+W Alliance, our partner WaterAid engaged local communities and women to conduct water quality tests to understand the quality of local water & work with local government to develop plans to make improvements. To-date, 6,000+ women have been trained to conduct these tests. Through the W+W Alliance, our partner the Institute for

		Sustainable Communities works closely with select cotton farmers to pilot water stewardship best practices in cotton cultivation, like the importance of nitrate management for water quality. ISC trained entrepreneurs on how to make bio fertilizer & pesticide to contribute to improvements in water quality through a reduction in chemical-based pesticide & fertilizer.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Water is essential for our business, as the garment industry often sources from locations which face high demand for water resources as well as water stress. We source from these regions and many others globally which may face stakeholder conflicts concerning water resources, and thus include them in our risk assessments. Stakeholders', such as local communities, conflict in our supply chain could affect our reputation and ability to source products on favorable terms. To understand stakeholder conflicts concerning water at a basin/catchment level, our Global Sustainability department uses internal methods and engages with external consultants to actively monitor and, where appropriate, engage stakeholders on social and environmental issues, including water quality, availability and access. Through our partner WaterAid we are actively monitoring and engaging with local government on policies and initiatives related to water, sanitation and hygiene. In FY20, the Jal Jeevan Mission (JJM) scaled up and WaterAid strengthened its engagement with key government departments responsible for implementation in Madhya Pradesh and Maharashtra. With the increased rollout of the JJM, WaterAid, through the W+W Alliance, facilitated the implementation of the scheme across 3,000 villages. Throughout FY20, WaterAid facilitated the department in developing Village Action Plans (VAPs) to implement water access in 883 villages in Madhya Pradesh and 40 villages in Maharashtra—totaling 923 VAPs towards an 1124 goal (73%). As of December 2020, the Public Health Engineering Department (PHED) in Madhya Pradesh released JJM work tenders to implement the village action plans in a total of 1,115 villages and work orders in 482 villages. In Maharashtra, tenders and work orders have not yet been released but funds have been leveraged for minor retrofitting work.

Implications of water on your key commodities/raw materials	Relevant, always included	Changes in water access and water-related events such as drought or flooding could affect the cost of cotton, which is used in the majority of our products, and other raw materials. Gap Inc.'s Supply Chain and Sourcing team monitors and responds to risks for key raw materials using a multifactor model that includes cotton prices. The team's work to develop and maintain a diverse supplier base across a number of countries reduces risk on an ongoing basis. We also evaluate water and other environmental risks in key sourcing countries through our country-level risk assessments, informed by WRI Aqueduct, and we are working to improve our methods for assessing cotton risks. We used the WRI tool to measure issues affecting water risk levels in these basins such as increasing competition for water resources, changes in water access and water-related events such as drought or flooding could affect the cost of cotton. Risk levels are measure on the scale of 0-5; Low (0-1), Low-Medium (1-2), Medium-high (2-3), High (3-4), and Extremely high (4-5) - these help us determine the location and level of engagement. We focus our cotton strategy around building fiber security and maintaining a comprehensive evaluation of cotton sourcing risks, as well as building a more sustainable source of cotton that is better for people and the planet. As a crop that is primarily grown in high water stress locations such as India, China, and Pakistan, cotton is especially vulnerable to water-related impacts. In 2020, Gap Inc joined the US Cotton Trust Protocol, which will provide verified data on the sustainability practices, including water stewardship, used on U.S. Cotton farms. We expect this initiative to contribute to our sustainable raw materials goals. We also endeavor to use more sustainable cotton across all our brands and aim to reach 100% by 2025. This includes organic, recycled, US Cotton Trust Protocol and Better Cotton Initiative (BCI) cotton. Through our partnership with ISC (part of the W+W Alliance), we worked with cotton farmers to implement best practices for water savings techniques with approximately. 3,100 farmers to reduce their water use in farming cotton. We engaged communities in water budgeting exercises to

		understand the water stress local communities face. We also worked with local communities to develop local-made bio pesticides and fertilizer to contribute to the improvement of water quality.
Water-related regulatory frameworks	Relevant, always included	Facilities we source from are subject to water-related regulatory frameworks, especially related to wastewater discharge such as Clean Water Act (CWA) and The National Pollutant Discharge Elimination System (NPDES) which issues permits to all wastewater dischargers and treatment facilities. The global apparel industry accounts for high amounts of manufacturing chemical use, and the discharge of these chemicals can threaten local water sources and affect people working with them and living nearby; these effluents are subject to regulation. Non-compliance to these frameworks can result in high fines. To understand and assess water-related regulatory frameworks that Gap may be subject to, we use tools such as the ZDHC Gateway, Manufacturing Restricted Substances List (MRSL) and the Higg Index FEM in our water-related risk assessments. 1. Input Management: Selection of better chemical inputs and starting materials is an essential part of reducing the use and discharge of hazardous chemicals. As a ZDHC Signatory Brand, we require our suppliers to register with the ZDHC Gateway, maintain a chemical inventory list, and use input chemicals that comply with their MRSL. We are also working to go beyond MRSL conformance by identifying and increasing our use of “preferred” chemicals. In 2018 we initiated two different chemical screening program pilots with 10 strategic mills developed by and for the apparel industry. As well as checking for MRSL conformance, these programs provide additional information about input chemicals (such as a third-party chemical hazard assessment) to help identify “best available” formulations. The goal of both programs is to proactively identify and increase use of safer chemicals in apparel and footwear manufacturing. 2. Process Management: Adherence to chemicals management best practices during manufacturing is critical for reducing human and environmental risks. To support best practices in our supply chain, our Code of Vendor Conduct outlines a number of expectations for chemical use

		and handling. We require all Tier 1 cut-and-sew suppliers and strategic Tier 2 fabric mill suppliers to respond to the Higg Index FEM, which enables us to evaluate suppliers based on whether they follow specific chemicals management practices. We also use this data to inform the evolution of Gap Inc.'s chemicals management strategy.
Status of ecosystems and habitats	Relevant, always included	We understand the use of water and chemicals during various stages of our supply chain could have impacts on local ecosystems and habitats. Many of these impacts occur at stages where we have less influence, including cotton and fiber production, though we have identified areas of higher risk, which we have mapped and identified with the WRI Aqueduct tool. Nevertheless, we are working to promote practices that could help to protect local ecosystems and habitats through our Water Quality program (WQP) for denim laundries (in its 18th year of operation), Mill Sustainability program and participation in the Better Cotton Initiative, and ZDHC, especially its MRSL and Wastewater Guidelines. With WQP, we are able to assess risk through testing of wastewater discharge from vendor laundry facilities; vendors are required to pass these tests to be compliant with our program. If we are not able to comply with our WQP assessments, we risk the shut down in operations until the quality of water discharged complies to WQP standards which may disrupt our operations or create reputational risk. We are part of China's publicly available Institute of Public & Environmental Affairs (IPE) Green Supply Chain map that displays our Chinese suppliers' environmental performance. The database and map provides real-time data and historical trends in wastewater discharge for our major industrial facilities in China and access to environmental supervision records which includes the status of ecosystems and habitats.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We seek to improve access to water, sanitation and hygiene (WASH) for women and communities touched by our business. Roughly 80 percent of people who make our clothes are women, and access and affordability to WASH is a major challenge in many of our key sourcing countries.

		Alongside our strategic implementation partners, we lead a suite of programs to provide education, access to services and financing to women and communities to address their WASH needs. Through water-risk assessments, we have identified India as a critical location for WASH services, making it a strategic location for many of our programs. Within Gap Inc. partner facilities, our COVC requires that key water, sanitation and hygiene needs of garment workers are met. In addition, our P.A.C.E. program, aimed at workers within our supply chain as well as global communities, provides additional capability to bring WASH education to women globally within both manufacturing facilities and communities. Access to WASH services could affect the well-being and productivity of the workers who make our clothes, which in turn could affect our ability to source products on favorable terms. Internal company methods such as, our Code of Vendor Conduct and assessments of the factories that make our branded products cover EHS issues, including access to water and sanitation. WASH is included as a training module for garment workers and community members as part of Gap Inc.'s P.A.C.E. program, which teaches life and job skills to women. In 2016 we became a signatory to the UN Global Compact's CEO Water Mandate where we participate in working groups related to best practices on human rights and WASH, water metrics impact and disclosure, water in operations and supply chain, and collective action and policy engagement. As of May 2021, as part of the W+W Alliance, Gap Inc. has already empowered 650,000 people to improve their access to water and sanitation, reached over 120,000 women with water education, and developed over 1,000 local water security plans. We are also working with WaterAid to pioneer a framework that makes for the business case for WASH and are piloting the framework which includes KPIs for measuring progress on WASH in facilities in India.
Other contextual issues, please specify	Not considered	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	We are a specialty retailer, and thus our customers are crucial to our business. We consider customers in our water risks assessments both for impacts on their ability to access our products in our physical stores, as well as through a product lens; we work to use less water in the products we sell them, and we communicate that impact directly to them through clothing labels (Generation Good for our Gap Brand) and through our denim pocket inserts which speak to our Water Quality program. Products meeting our WASHWELL standards are communicated to customers in product-level descriptions for our Gap, Banana Republic, and Athleta brands. The potential impact of water-related events, such as risks from drought or flooding, on our stores and customers is factored into asset-level risk assessments conducted by our Corporate Business Continuity Planning (BCP) department. Our BCP team develops annual preparedness plans on a country-by-country basis to address risks that could affect the well-being of customers and employees in our stores. Flooding, droughts or natural disasters involving high levels of rainfall could close our stores and affect nearby communities, impacting customers. Social media analysis and consumer insights studies have shown that our customers care about the environmental impacts the products they purchase. Our program to reduce the water used in finishing denim saves at least 20 percent of water used in the laundry stage of production. Since the program began in 2016, WASHWELL™ has saved more than 1 billion liters of water. We are also designing products that use more sustainable raw materials that save water use, with a designer-focused Preferred Fibers Toolkit and through sourcing Better Cotton Initiative (BCI) cotton, which can reduce water impacts. We provide training to our design and production teams on product choices that will result in lower environmental impacts. We have partnered with suppliers to use waterless dyeing techniques such as "Dry Indigo" foam dyeing in our product. We have continued to communicate our product sustainability efforts to customers through emails, store displays, product descriptions, product labeling, social media and other channels.

		We also engage in educational campaigns and media around events such as World Water Day and through our strategy to source more sustainable cotton, including the Better Cotton Initiative (BCI).
Employees	Relevant, always included	Employee safety and well-being, including access to clean water, is paramount to our business, and thus they are considered in our risk evaluations. Our Corporate Business Continuity Planning (BCP) team develops annual preparedness plans on a country-by-country basis to address risks that could affect the well-being of Gap Inc. employees at our facilities or on the job The potential impact of water-related events, such as risks from drought or flooding is factored into asset-level risk assessments conducted by our BCP department. We engage our employees on direct and indirect water risks through direct communications with our facilities teams, as well as through Company-wide communications such emails, internal communications, as well as lobby and restroom signs. We also engage employees by providing them the tools and education to be able to contribute to our water savings work. In 2020 we announced that we will partner with Textile Exchange to make Gap Inc's Preferred Fiber & Materials Toolkit publicly available. This toolkit, which is used by our employees, empowers product teams to select the best fibers based on sustainability impacts such as water, chemicals, energy and emissions, land use and biodiversity, social conditions, animal welfare, potential for circularity and improved conditions for people in our value chain. The toolkit also allows product design and development teams to evaluate fibers based on commercial factors, such as quality, cost, availability and traceability. To further support our employees understanding of environmental impacts of our decisions, we developed and incorporated sustainability workshops and a training curriculum into our companywide learning and development program. In 2020, we trained approximately 320 product design and development employees through our Learning & Development workshops: Sustainability 101, Sustainability Claims, Fiber Sustainability, Sustainable Wet Processing, Product Circularity and Sustainable Denim. To date, we've reached over 2,100 employees with these workshops

Investors	Relevant, always included	Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions; etc., could adversely affect our operations and financial results, impacting investors. We consider them in our risk assessments due to the potential impact on their investments, as well as due to investor action and engagement on water-related risk, through such requests as CDP, MSCI, and other disclosures, ratings, and rankings. We engage investors through our public reporting on water and other sustainability issues, responses to inquiries and in-person meetings. We also regularly engage with investors to educate them on our sustainability agenda and efforts. We conduct ongoing evaluations of business risks related to water issues across our business and implement various programs to mitigate those risks. These water-related risks range from pricing for raw materials to supply chain disruptions associated with global sourcing and manufacturing. In 2016, we worked with Ceres, an NGO working with an influential investor group, to conduct a multi-stakeholder dialogue to inform our water strategy. This group included investor groups which provided their input to our strategy, including Ceres, Calvert Investments, CARE, Conservation International, Forum for the Future, Interfaith Center for Corporate Responsibility, as well as NGOs. Looking forward to 2021, we will engage with Ceres to gather stakeholder and investor input as we update our water strategy. Investors were further engaged in 2019, when Bob Fisher, then Chairman of the Board of Directors (the “Board”) of Gap, Inc (and interim CEO in late 2019-early 2020) closed the 2019 Ceres Conference with a call to action for investors noting the unique responsibility investors have to place pressure on companies to set goals for water risk and other climate change issues.
Local communities	Relevant, always included	Flooding, droughts or natural disasters involving high levels of rainfall could close our stores, distribution centres and affect nearby communities near our owned and operated facilities. We also consider impacts on local communities globally in our risk assessments, as our supply chain may have impacts on their access to adequate amounts of clean, safe water. Gap Inc. has partnered with WaterAid, an NGO that has helped millions of people in 34 countries access clean water and

		decent toilets on several water initiatives. In 2019, Gap Inc. welcomed WaterAid to the USAID and Gap Inc. Women + Water Alliance to lead local capacity building efforts of stakeholders to improve access to clean and safe drinking water. Also, as part of the Alliance, our partner ISC worked with one of Gap Inc.'s strategic fabric mill partners, Vardham Mills, to develop a long-term water-security plan in partnership with local community stakeholders for the Budhni watershed. Through our USAID Gap Inc. Women + Water Alliance activities, we have set a target of reaching 2 million people with increased access to access to drinking water and sanitation by 2023 in cotton growing and textile manufacturing communities in India. These activities include: partnering with WaterAid to help villages and local governments develop and implement water action plans; working with Water.org to provide microloans for items like water hand pumps and water filters; helping women, particularly from underserved socio-economic and ethnic backgrounds, to build skills on water sanitation and hygiene practices through the Gap Inc. P.A.C.E. program with our partner CARE; and training cotton farmers to implement water stewardship best practices to improve water quality and availability with our partner, Institute for Sustainable Communities (ISC).
NGOs	Relevant, always included	We have worked closely with a number of international and local NGOs in key sourcing countries to evaluate and address water risks in our supply chain. At the international level, our work to assess and take action on water-related risks and opportunities has included Conservation International, NRDC and WWF, Ceres, ZDHC, SAC. Local examples include our engagement with IPE in China and our work with Race to the Top in Vietnam to address regulatory issues that have affected or could impact mills that supply fabrics for our branded products. These stakeholders are factored into our water risk assessment due to their international and local understanding of water risk and resource management, as well as their partnership in implementation of our water programs. Our multi-year Global Development Alliance with the U.S. Agency for International Development (USAID) to expands our P.A.C.E. program with a specific focus on WASH, support access to WASH services and products through finance, and aggregate stakeholders around proven WASH investments and water stewardship practices. We are working with NGO partners CARE, ICRW, Water.org, WaterAid and ISC to implement the program.

		Gap Inc. has partnered with WaterAid, an NGO that has helped millions of people in 34 countries access clean water and decent toilets on several water initiatives. Along with Diageo and Unilever, and with support from the Overseas Development Institute (ODI) and PriceWaterhouse Cooper (PwC), we have developed a new guide to help companies understand and measure the economic benefits of investing in water, sanitation and hygiene. In 2018, through the program, Gap Inc. funded WaterAid to deliver a comprehensive WASH program for 20,000 people living in marginalized areas of Madhya Pradesh, India.
Other water users at a basin/catchment level	Relevant, sometimes included	We also consider broader impacts on other water users at the basin/catchment level globally in our risk assessments, as our supply chain may have impacts on their access to adequate amounts of clean, safe water, and they are often partners with us on water conservation and improvement projects. We have worked with WRI and Conservation International to assess water quality and quantity risks in key sourcing countries in Asia. These assessments have led us to address the impact of water risks on the well-being of the female garment workers that make our clothes, as well as their communities. We are providing training on good water, sanitation and hygiene (WASH) practices through our P.A.C.E. (Personal Advancement and Career Enhancement) program to women in community settings and factories. The program is intended to improve the health, well-being and productivity of women participants, while also providing spillover benefits to their families and other community members. Gap Inc. is a partner in WASH4Work, a diverse group of stakeholders from the public and private sectors that aims to mobilize business that are working together to strengthen businesses contribution to achieving Sustainable Development Goal (SDG) 6. It aims to improve access to WASH in the workplace, in the communities where workers live and across supply chains.
Regulators	Relevant, always included	We consider regulators in our risk assessments, as they are our first interface with local and international regulations. Our Code of Vendor Conduct requires, and our factory assessment process checks for, full compliance with country and local environmental laws and regulations. For example, China has introduced new water quality emissions standards that apply to

		apparel mills in our supply chain. A Chinese NGO, IPE, is identifying companies that do not comply with these new standards. We are engaging river basin management authorities at the local level through our engagement with IPE in China and our work with Race to the Top in Vietnam. Through this engagement, we are helping take measures to reduce or avoid regulatory action that could disrupt our ability to source products on favorable terms.
River basin management authorities	Relevant, always included	We engage with river basin management authorities, as they are often our partners in our work to mitigate impacts and provide adequate amounts of clean, safe water for local communities throughout our supply chain. We are engaging river basin management authorities at the local level through our engagement with IPE in China and our work with Race to the Top in Vietnam. Through this engagement, we are helping mills take measures to reduce or avoid regulatory action that could disrupt our ability to source products on favorable terms. The USAID Gap Inc. Women + Water Alliance will also be engaging with river basin management authorities in India in two river basins where we source product. Gap Inc. is a partner in WASH4Work, a diverse group of stakeholders from the public and private sectors that aims to mobilize business that are working together to strengthen businesses contribution to achieving Sustainable Development Goal (SDG) 6. It aims to improve access to WASH in the workplace, in the communities where workers live and across supply chains.
Statutory special interest groups at a local level	Relevant, sometimes included	We engage with statutory special interest groups at a local level, as they are often our partners in our work to mitigate impacts and provide adequate amounts of clean, safe water for local communities throughout our supply chain. Our Global Sustainability department actively monitors and, where appropriate, engages stakeholders on a variety of matters, including issues related to water risks. We have worked with the local environmental NGO IPE in China as part of our efforts to engage other local stakeholders and regulators and help mills take action to reduce regulatory risks.

Suppliers	Relevant, always included	We partner with strategic fabric mills, cut & sew facilities and laundries to reduce manufacturing impacts through programs focused on energy and water efficiency and water quality. Our suppliers are the direct users of water throughout our supply chain, so we must engage with them in order to implement our water quality programs, water efficiency efforts and to meet our water savings goals. We have supported all of our Tier 1 garment suppliers with conducting environmental footprint assessments using the Sustainable Apparel Coalition's (SAC) Higg Index. Through our Mill Sustainability Program, we have engaged many of our strategic mills globally to conduct environmental assessments, including water consumption and wastewater treatment and disposal using the Higg Index. We have also actively monitored and helped to remediate wastewater quality at denim laundries through our Water Quality Program (WQP) and recently strengthened our WQP requirements. We are also an active partner in the Zero Discharge of Hazardous Chemicals (ZDHC) 2020 Roadmap to eliminate hazardous chemicals from our supply chain by 2020. Beginning in 2014, we worked in partnership with 14 denim laundries, 40 mills, and 4 cut sew apparel facilities through various sustainability programs (Clean by Design, PaCT etc), which continue through 2021. This reduced the amount of water used in manufacturing by 1.3 billion liters, supporting our goal to conserve 10 billion liters of water through sustainable manufacturing practices by the end of 2020. Our brands also partner with suppliers on the Washwell program whereby they collaborate on innovative wash techniques that reduce water use on denim and woven items by at least 20% compared to conventional wash methods. The efficacy of these techniques is measured and reported via EIM’s Jeanologia tool.
Water utilities at a local level	Relevant, always included	We engage with water utilities at a local level, as they are often our partners in our work to mitigate impacts and provide adequate amounts of clean, safe water for local communities throughout our supply chain. Through the USAID/Gap Inc. Women + Water Alliance we are engaging with water utilities at a local level in India in two river basins where we source product. We are working with NGO partners CARE, ICRW, WaterAid, Water.org, and ISC to

		implement the program. Our partner, Water.org built national and state level government support for water and sanitation lending by collaborating with Ministry of Drinking Water and Sanitation (MDWS) to issue a circular to promote water and sanitation lending options at the district level, including within the target districts chosen by the W+W Alliance in Madhya Pradesh . Our partner WaterAid has also been involved with the new Jal Shakti Mission to define village action plan structures that bring various stakeholders together to address local water challenges in India.
Other stakeholder, please specify		

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

The Gap, Inc. Risk Committee, comprised of key leaders across corporate and brand functions, assists the leadership team in its oversight of the enterprise risk management process, which includes (i) identification of existing and emerging risks (including water-related risks) that may threaten the company's operations or impede the company's ability to achieve its long-term goals, (ii) execution of appropriate response plans, and (iii) ensuring clear risk ownership and accountability.

We use tools, such as WRI Aqueduct, Life Cycle Assessment, WWF Water Risk Filter, as well as advice from external consultants, to understand global water-related risk patterns affecting countries and water basins from where we source, examining over the next 6-10 years and are continually working to improve our methods for assessing risks to agriculture, for our supply of cotton, as well as water use and discharge in manufacturing. Alongside a global view, we combine our internal knowledge of materials sourcing and production to build an understanding of our supply chain and sourcing impacts through LCAs of our products, to understand directly where water-related risks exist in our value chain.

Our own LCAs and improving industry information on product impacts enable us to build internal tools that help evaluate the water-risks of our supply chain, which we have implemented over the following years as well as better focus our work on water risks. Currently, we focus on the highest areas of impact for our value chain, from raw materials to end of life, and, using primary data for sourcing and manufacturing, utilize our LCA work to understand specific hotspots by product, sourcing location and material. We look for opportunities to expand the use of water-saving innovations across all of our brands, and, where possible, we are shifting to water-efficient raw materials. Our program to reduce the water used in finishing denim saves at least 20 percent of water used in the laundry stage of production. Since the program began in 2016, WASHWELL™ has saved more than 1 billion liters of water. We are also designing products that use more sustainable raw materials that save water use, with a

designer-focused Preferred Fibers Toolkit and through sourcing Better Cotton Initiative (BCI) cotton , which can reduce water impacts. The WWF Water Risk Filter is used to examine water-related risk in our supply chain by identifying hot spots based on its criteria of water quality and availability.

We respond to identified risks in several ways. We request all Tier 1 suppliers of branded products, and identified strategic Tier 2 mills, to report on water consumption using the Sustainable Apparel Coalition's (SAC) Higg Index. This allows us to both identify and address water-related risks within our immediate supply chain. We are then able to integrate this environmental data, including water use, into our sourcing scorecards and decisions. In 2020, 89% percent of our cut and sew manufacturers and 80 percent of fabric mills and dye-house suppliers used Higg. With this data, we are also able to identify which facilities to target for water-saving interventions (along with what type of intervention would be best suited). Our 2019 partnership with Arvind Limited was initiated to help address water stress risks in the Sabarmati basin by removing dependence on freshwater sources through a wastewater treatment facility, thus improving business stability and increasing the local community's access to freshwater.
Additionally, through programs such as the Women + Water Alliance in the Godavari and Narmada River Basins, we have worked with partners to conduct hydrological assessments of these river basins to understand the local context and dynamics, including water availability and quantity, as well as quality, and dynamics for communities' access to water, sanitation, and hygiene services to inform localized solutions.
We have also built a comprehensive evaluation of our raw materials, especially cotton, which is a large user of global water supplies. Our cotton strategy is focused on building fiber security and maintaining a comprehensive evaluation of cotton sourcing risks, as well as building a more sustainable source of cotton that is better for people and the planet. As a crop that is primarily grown in high water stress locations such as India, China, and Pakistan, cotton is especially vulnerable to water-related impacts.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

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

One example of a substantive impact is the risk of water availability to our suppliers' operations. This could lead to significant delays in production as our suppliers' capacity is diminished, which could lead to lost revenues well over $500 million. Water-related impacts such as drought, storms or extensive flooding in agricultural regions where cotton is produced could substantially increase the cost of cotton, which is an essential raw material for our product, affecting our costs of goods sold. Historically, we have experienced substantive impacts from droughts in Pakistan impacting global cotton pricing and availability, raising our product costs and impacting revenues of at least $500 million.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	We have approximately 3,715 Company-operated and franchise stores globally as of FY 20, as well as an online retail presence. We do not consider ourselves exposed to water risks in our direct operations as we have a highly-diversified retail presence and are unlikely to experience widespread impact to direct operations. We have, historically, had water related impacts to direct operations such as flooding and storm damage from Hurricanes Harvey, Irma, and Maria in 2017 which temporarily impacted some retail stores, and these have not shown to cause substantive impact, which includes incurring financial impacts which would be demonstrated in our financial filings such as Annual Report on Form 10-K.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Gap Inc. has a diversified supply chain with over 700 suppliers across Tier 1 & Tier 2. The likelihood of regional water issues having an impact that meets our financial threshold for a substantive impact is low. While some of our strategic suppliers have facilities in high water risk regions such as our supplier Arvind located in the Arabian Sea Coast river basin in Pakistan, we partner with them on initiatives designed to reduce their long-term water risk. With Arvind, we have supported them in building a wastewater treatment plant that allows them to shift their water reliance from freshwater supplies to community wastewater for their industrial needs. Our risk assessment process for our supply chain (which uses the WRI Aqueduct tool) helps us understand the specific water risks and we are able to determine appropriate interventions (either for quality, quantity,

		or availability) as needed. Furthermore, we have identified that while some of our strategic suppliers are located in high water risk areas, these suppliers do not have water intensive processes and are only focused on cutting and sewing rather than laundering or dyeing. Through this assessment process we have determined that while we do face some risks, that these risks are unlikely to reach our definition of substantive strategic or financial impact for our business.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

In the long-term, we see the importance of building a more resilient supply chain, beginning with raw materials. We are participating in the U.S. Cotton Trust Protocol and Textile Exchange's 2025 Sustainable Cotton Challenge to strengthen our commitments towards sustainable sourcing. This goal has been incorporated into all our brands including: Gap, Banana Republic, and Old Navy to commit to using 100%sustainable cotton. We have also announced that Gap Inc will derive 100% of its cotton from more sustainable sources by 2025. This includes organic, recycled and Better Cotton Initiative (BCI) cotton. We're taking steps to source more sustainable synthetic fibers, including recycled polyester and recycled nylon, as well as preferred cellulosic fibers from companies like Lenzing that aim to use less water and reuse water in processing, and source wood pulp from sustainably managed forests.

We consider this opportunity to be strategic because we believe it will help us meet our water goals by providing verified data on sustainability practices used on U.S. cotton farms.
Participating cotton growers will benefit from data-driven insights and best practices from across the industry, as well as a stronger connection to brands asking for sustainably-grown cotton. We believe that this will allow us to have more visibility in our water supplier compliance, understanding, traceability, and engagement to our suppliers help manage risks.

We are working closely with our top suppliers to support our company-wide policy to eliminate our use of wood-derived fibers from ancient and endangered forests by 2020. This commitment helps protect critical forests and also supports our efforts to tackle climate change, as forest ecosystems are vital natural resources that promote biodiversity, protect watersheds and help mitigate the release of carbon dioxide into the atmosphere.

We realized this opportunity when we saw the importance of building supply chain resiliency and ensuring there are sufficient sources of water in our supply chain. As part of the Women + Water Alliance, we have built 1000+ water security plans for our cotton growers and are continuing to conduct this type of work through our commitment for sustainable sourcing by 2025. By having closer, strategic relationships with our suppliers, this helps Gap Inc. improve its business resilience by being able to partner with suppliers to anticipate and work through and stressors and shocks.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

105,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

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

Type of opportunity

Products and services

Primary water-related opportunity

New R&D opportunities

Company-specific description & strategy to realize opportunity

All of our brands expanded their efforts to embed sustainability into product design and raw materials selection, and they increased consumer communications to emphasize the importance of sustainability to the people who buy and wear our clothes. Based on a consumer survey conducted in January 2021 on Gap Inc. consumers, 30% stated sustainability as an important purchase driver and 12% of the total customers stated that “making products that don’t harm people or planet” as an important focus area for the brands they shopped at.

In 2018, we completed and rolled out our Preferred Fiber & Materials Toolkit, which we created alongside third-party industry partners. The tool empowers product teams to select the best fibers based on sustainability impacts such as water, chemicals, energy and emissions, land use and biodiversity, social conditions, animal welfare, potential for circularity and improved conditions for women. In 2020, we announced that in partnership with Textile Exchange this toolkit will be made public to benefit a broader set of users as collective action on sustainable fibers is necessary for lasting change.

For every brand within Gap Inc., sustainability and saving water is considered a business priority. Beginning with Athleta and Gap testing and scaling innovations from recycled fibers to water-saving denim washes like Washwell, we learned a lot from our first brand-level goals in 2017. By 2018, all of our brands established executive sustainability steering committees, defined their own priorities and goals, and led strategy workshops on sustainability with cross-functional teams. This empowers each brand to build a strategy that is true to their own identity while also pursuing meaningful environmental and social impact.

In 2019, our Banana Republic brand also announced a partnership with a Spanish mill, Tejidos Royo, to produce denim using Dry Indigo®, an innovative, new waterless, indigo foam-dyeing technique. The process can reduce water usage by up to 99%, while also using 89% less chemicals, reducing energy usage by 65%, and eliminating water discharge when compared to the traditional slasher indigo (or sheet dyeing) process.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Shifting consumer preferences, especially through the events of 2020, are leading to opportunities for us to continue to position our portfolio of purpose-led brands. We see potential shifts in consumer purchasing of more sustainable products due to efforts such as our shift to more sustainable cotton. For example, we've launched a platform for our Gap brand called Generation Good, and we are increasing the percentage of our product which falls under this platform. Gap, Old Navy, Athleta and Banana Republic have all committed to sustainability goals including a heavy emphasis on water reduction, and we are communicating their values and actions to their customers. Estimating financial impact is extremely difficult, as customer choices and sales depend on a wide variety of factors, to which this opportunity may or may not contribute.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

For every brand within Gap Inc., sustainability is considered a business priority. Beginning with Athleta and Gap testing and scaling innovations from recycled fibers to water-saving denim washes, we learned a lot from our first brand-level goals in 2017. By 2018, all of our brands established executive sustainability steering committees, defined their own priorities and goals, and led strategy workshops on sustainability with cross-functional teams. This empowers each brand to build a strategy that is true to their own identity while also pursuing meaningful environmental and social impact.

In 2019, our Banana Republic and Old Navy brands established their first sustainability-focused goals, incorporating sustainable materials and water savings into design, raw materials sourcing, and manufacturing and processing. Banana Republic also announced a partnership with a Spanish mill, Tejidos Royo, to utilize their Dry Indigo technology which reduces water usage up to 99 percent while also using 89 percent fewer chemicals, for various products. Apparel using this process was manufactured at a factory that recycles 98% of its water and was launched to customers in early 2020.

We have continued to communicate our product sustainability efforts to customers through store displays, product descriptions, product labeling, social media and other channels. We also engage in educational campaigns and media around events such as World Water Day and through our strategy to source more sustainable cotton, including the Better Cotton Initiative (BCI).

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

We are in the process of evaluating the full opportunity of shifting consumer preferences. We see potential shifts in consumer purchasing of more sustainable products due to efforts such as our shift to more sustainable cotton. For example, we've launched a platform for our Gap brand called Gap for Good, and are increasing the percentage of our product which falls under this platform. Gap, Old Navy, Athleta and Banana Republic have all committed to sustainability goals, and are communicating their values and actions to their customers. Estimating financial impact is extremely difficult, as customer choices and sales depend on a wide variety of factors, to which this opportunity may or may not contribute.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement	Our water policy addresses our interactions with water at a business level and outlines company targets and goals that aim to reduce dependency on water and our impact on water. To aid this, our policy includes our commitments to align with public policy initiatives such as the CEO Water Mandate, water-related innovation, stakeholder awareness and education, and water stewardship to ensure that we are compliant with water regulation and international standards related to water, as well as ensure that our stakeholders are committing to the same standards. Our policy is guided by frameworks including but not

		Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	limited to the United Nations (UN) Guiding Principles on Business and Human Rrights, the UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. We disclose our standards for water-related performance in our direct operations and procurement to keep ourselves accountable for any water-related impacts we may have. In addition, we include WASH in our policy to ensure the health and safety of our employees and of the local communities in which we operate, as we recognize that access to safe water and sanitation is a basic human right. In all, we believe that these all contribute to our efforts for good water stewardship practices as an integral part of mitigating climate change.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Director on board	The Gap Inc. Governance and Sustainability Committee (the “Committee”) of its Board of Directors assists the Board in fulfilling its oversight responsibilities relating to the Company’s corporate governance matters, including the development of corporate governance guidelines, periodic evaluation of the composition and effectiveness of the Board, oversight of the Company’s programs, policies and practices relating to social and environmental issues and impacts, deciding water-related targets, and other duties as directed by the Board. The Committee is headed by an independent Director of the Board. Specifically related to sustainability, the Committee's responsibilities mandates that they review and evaluate Company programs, policies and practices relating to social and environmental issues and impacts to support the sustainable growth of the Company’s businesses. An example of a water-related decision made by the Director included the approval of annual targets and goals such as our pledge to develop, implement, and enable water resilience practices across 100% of our value chain.

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy	Gap Inc.’s Board, particularly the Board’s Governance and Sustainability Committee, oversees the Company’s Global Sustainability program and receives regular briefings directly from the Chief Growth Transformation Officer, who is responsible for environmental initiatives and programming at Gap Inc. This Committee is updated on strategy, goals and progress related to water-related issues, sourcing risks and other environmental issues. The Board received updates on our enterprise goals for water related issues, specifically our goal to work with our suppliers to save 10 billion liters of water through our manufacturing processes by 2020 and our new 2030 and 2050 goals pertaining to water resiliency and net water positivity across water stressed regions in our supply chain.

		Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Chief Growth Transformation Officer

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Chief Growth Transformation Officer has the highest level of direct responsibility for water-related matters and reports to our Chief Growth Officer who reports to the CEO. Both the Chief Growth officer and Chief Growth Transformation Officer are part of the Executive Leadership Team and meet with the Board on a quarterly basis. This role meets with the CEO and Executive Leadership Team on water strategy, ongoing water programs, and specific water issues as they arise. This role has the highest responsibility for all environmental initiatives, including approving annual budgets and strategic plans, guiding strategy, coordinating with our supply chain and strategic sourcing teams, setting of management approach and priorities on achieving water-related goals and building support for larger initiatives. This role has responsibility for all enterprise strategy , ensures the sustainability strategy is integrated, and plays a significant role in informing the Enterprise Risk Assessment.

Name of the position(s) and/or committee(s)

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Governance and Sustainability Committee is a sub-committee of the Board, and receives updates from the Chief Growth Transformation Officer on our environmental initiatives and performance. The Board's, together with its Governance and Sustainability Committee's, oversight of the Company's sustainability efforts and strategies ensures that sustainability is considered regularly in corporate decision-making. Reports to the Board by members of management include regular presentations on our goals and progress, such as our target to reduce water consumption within our manufacturing by 2020.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

To ensure consistency with our water policies, the Board's our Governance and Sustainability Committee manage and assess our water-related impacts in our direct operations and our supply chain to help ensure that we are compliant with regulations that we adhere to, as well as help to ensure that the Company is ensuring our suppliers are compliant with our water-related polices and implementing best practices. Quarterly assessments are conducted by the Sustainability C committee and the Government Affairs team to evaluate our water-related impacts, and results are reported to the Board by the Chief Growth Transformation Officer.

In addition, all brands have created individual water targets to ensure products are made with water saving techniques.

We perform corrective actions on a quarterly basis where we evaluate these brand programs towards these goals and place corrective actions if progress isn't proceeding as expected,.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	Our ESG Teams have been elevated into the Growth Office which is accountable for enterprise-wide strategy to ensure the ESG agenda is integrated into our growth strategies end to end. We are integrating more sustainable materials into product design & sourcing. We set sourcing goals for our brands & integrated water access into long-term business objectives. We set a 2050 goal to have net-positive water impacts in water-stressed regions. We developed the Women + Water strategy to focus on the intersection between our industry's use of water & the human right to clean, safe water. Changes in water access & water-related events could affect the cost of cotton, which is used in most of our products. Our Supply Chain & Sourcing team monitors & responds to risks for key raw materials using a model that includes cotton futures pricing. Developing & maintaining a diverse supplier base reduces ongoing risk. We see the importance of a more resilient supply chain. In 2020, we joined the US Cotton Trust Protocol, which will provide verified data on sustainability practices & water stewardship on US Cotton farms. We are increasing use of sustainable fibers, like BCI, organic & recycled cotton. We are developing a better understanding of our sourcing regions and risk from water-sensitive areas alongside other impacts from climate change. For our SBT, we are mapping our supply chain and building our long-term business

			strategy to account for a more water and climate resilient supply chain.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Our enterprise long-range planning & governance process to measure delivery of the plan includes the investments needed to achieve our environmental commitments. This applies to all operations & brands. We are integrating more sustainable materials into product design & sourcing. We set sourcing goals for our brands & integrated water access into long-term business objectives. For the UN CEO Water Mandate & Water Resilience Coalition, by 2050, we commit to net positive water impact in water-stressed basins where we operate, ensure our value chain is water resilient; & raise the ambition of water resilience via global leadership. We developed the W+W strategy to focus on the intersection between our industry's use of water & the human right to clean, safe water. Changes in water access & water-related events could affect the cost of cotton, which is used in most of our products. Our Supply Chain & Sourcing team monitors & responds to risks for key raw materials using a model that includes cotton futures pricing. Developing & maintaining a diverse supplier base reduces ongoing risk. As we evolve our sourcing, we are developing an understanding of our sourcing regions & risk from water-sensitive areas alongside other impacts from climate change. For our climate SBT we have been mapping our supply chain and building our long-term business strategy to account for a more resilient supply chain and achieve our 2050 net water positivity target.
Financial planning	Yes, water-related issues are integrated	21-30	The resources to deliver our environmental goals are integrated into our long-range planning & annual budgeting. Funding for innovation, fiber changes, commodity shifts & public and private partnerships (PPP) are considered in these processes. By 2050, we aim to have net-positive water impacts in water-stressed regions. Access to clean, safe water is a challenge in many of our key sourcing countries. Water access is integrated in our financial planning with our long-term strategy to establish PPPs in water-stressed areas. Since 2014, we have integrated WASH

			curriculum into our PACE program, which supports the women who make our clothes. In 2018, we launched the “Businesses for Water Security in the Noyyal Bhavani River Basin” to address the root causes of water risks in this basin. Changes in water access & water-related events could affect the cost of cotton, which is used in most of our products. Our Supply Chain & Sourcing team monitors & responds to risks for key raw materials. Developing & maintaining a diverse supplier base reduces ongoing risk. As we evolve our sourcing, we are developing an understanding of our sourcing regions & risk from water-sensitive areas alongside other impacts from climate change. For our climate SBT, we have been mapping our supply chain & building our long-term business strategy to account for a more resilient and net water positive supply chain by 2050.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

19

Anticipated forward trend for OPEX (+/- % change)

1

Please explain

Relevant operational expenditures includes in-country facility-level water programs focused on efficiency and quality; data management/analytics including water footprinting; risk assessment; and strategy work. This increase is largely due to resourcing allocated against our long-term strategy to meet our water-related goals. We are partnering with WWF to build a comprehensive water strategy and determine

specific regions for water-focused interventions and programming over the next 30 years and anticipate OPEX to increasingly grow as we determine those programs.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	As part of our enterprise risk assessment, we obtain climate shift data. We are also engaged in a long-term assessment with outside advisors on fiber security and the future of our supply chain.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

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

Please explain

While Gap is taking many steps to reduce its water use and impacts, we currently do not expect that setting an internal price of water would have a material effect on our water footprint.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Gap Inc.'s approach to setting water-related targets and goals is focused on reducing water use in our supply chain, including monitoring consumption and helping improve wastewater quality. By reducing water use in our supply chain, we are reducing our own potential water risk. We support our tier 1 & 2 suppliers in conducting environmental footprint assessments using SAC's Higg Index. Higg Index results are included as part of our

	Brand/product specific targets and/or goals		supplier scorecards. We are also actively monitoring and helping improve wastewater quality at denim laundries through our Water Quality Program, which expects complete compliance with wastewater guidelines. We monitor through reported facility-level results from the Higg Index, and in order to achieve savings, we work with various collaborative initiatives that have measurable water-saving outcomes, such as PaCT, India Water Partnership and Race to the Top. With product-based projects, such as our Washwell processing for our denim, we calculate savings based on baselines for the volume produced. Traditional fabric mills use a great deal of water and chemicals during the dyeing and finishing process, and wastewater must be treated to ensure that both ecosystems and nearby communities are protected. Laundries, especially for denim, also require a great deal of water and pose pollution risks. Gap Inc. is working with fabric mills and laundries to improve practices, and we are pursuing partnerships across our supply chain to reduce water and chemicals use. Our Mill Sustainability Program aims to improve the practices of fabric mills. Our program establishes clear environmental standards, and we are integrating those standards into our sourcing decisions. In 2018, we expanded our program significantly to engage with all our strategic mills, representing the majority of our fabric spend, to meet our goals around water savings and chemical usage. We aim to save 10 billion liters of water in our manufacturing processes by the end of 2020.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water consumption

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

We are working with fabric mills and laundries to improve practices, and we are pursuing partnerships across our supply chain to reduce water and chemicals use. We set and achieved a goal to save 1 billion liters of water in our manufacturing processes by the end of 2017.

In 2018, we unveiled a new sustainable manufacturing goal to conserve a total of 10 billion liters of water by the end of 2020. We met this goal in early 2020 through efficiency programs and partnership with our suppliers.

Product innovation and efficiency improvements at fabric mills and laundries will be key to achieving these water savings. We also actively monitor and help improve wastewater quality at denim laundries through our strengthened Water Quality Program, which was first launched in 2004 to help ensure that wastewater from denim laundries is properly treated.

Quantitative metric

Other, please specify

Absolute reduction in water consumption

Baseline year

2017

Start year

2018

Target year

2020

% of target achieved

100

Please explain

The manufacturing goal is part of the Gap Inc.'s water stewardship strategy, which includes a focus on lessening the impact at the raw materials and product design level as well as helping communities touched by its business improve access to clean water and sanitation. We achieved and exceeded our first goal, to save 1 billion liters in manufacturing in 2017, and set a more ambitious goal in 2018, aimed at saving 10 billion liters by 2020. We reached 10 billion liters of water saved in March of 2020 through efficiency projects and partnership with our suppliers.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with suppliers to reduce the water-related impact of supplied products

Level

Company-wide

Motivation

Water stewardship

Description of goal

Our sustainable manufacturing goal to conserve 10 billion liters of water by the end of 2020 is helping Gap Inc. achieve water security through company-wide water use minimization. This goal is important to Gap Inc. because it involves engagement with our supply chain to reduce the water-related impact of supplied products which is a potential significant risk to our business. Product innovation and efficiency improvements at fabric mills and laundries were key to achieving these water savings. We are implementing this goal company-wide across our supply chain through our involvement with external programs. We announced that we achieved this goal ahead of target in March 2020. We achieved a total of 11.3 billion liters of savings by the end of 2020.

Gap Inc. is also working with other leading brands to advocate for the implementation of more environmentally responsible manufacturing practices. This includes working with the Apparel Impact Institute which is focused on helping mills improve their operational efficiencies to reduce water, energy and chemical use. Gap Inc. is also a member of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme. ZDHC members have made a shared commitment to help lead the industry towards elimination of hazardous chemicals in apparel and footwear product lifecycles by 2020. Additionally, Gap Inc. is a signatory to the United Nations Global Compact CEO Water Mandate and the Water Resilience Coalition.

Baseline year

2017

Start year

2018

End year

2020

Progress

Our overall threshold of success was whether our combination of resource efficiency programs at the facilities that produce our product and improved production processes would lead us to achieve our goal to save 10 billion liters of water. We did achieve this goal, saving 11.3 billion liters by the end of 2020.

Resource efficiency programs: We collaborate with strategic mills and laundries to significantly reduce their water impacts. Through 2020, 91 supplier facilities were engaged in our resource efficiency programs in India, Pakistan, Bangladesh, China, India, and Vietnam. The facilities saw average water use reductions of 20 percent through their implemented efficiency programs. As many water issues are based on local context and needs, we map water risks to help prioritize areas of focus and drive countrywide or basin specific approach. Our partnership with Arvind Limited to launch a waste treatment facility to allow Arvind's denim mill to use reclaimed municipal wastewater from the city of Ahmedabad also lead to significant water savings.

Improved production processes: Our Washwell™ denim wash program conserves water in the laundry stage of production. Washwell debuted with Gap brand in 2016 and has now expanded to Old Navy, Athleta and Banana Republic. The Washwell program has contributed savings of more than 1 billion liters of water towards our goal.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

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

W10. Sign off

W-FI

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms