

# Global Sustainability Report

Gap Inc.



# About

## ABOUT GAP INC.

Founded in San Francisco in 1969, Gap Inc. is a leading global retailer offering clothing, accessories and personal care products for men, women and children under the Old Navy, Gap, Banana Republic, Athleta, Intermix, Janie and Jack and Hill City brands.

Our Athleta brand is a certified B Corp, demonstrating our commitment to using business as a force for good by meeting rigorous standards across social and environmental performance, accountability and transparency. We have amended Athleta's legal charter to become a Delaware Public Benefit Corporation to further uphold the brand's commitment to people and the planet. Our Hill City brand was also a certified B Corp, but we made the difficult decision to wind down operations by the end of 2020.

We purchase private-label and non-private-label merchandise from about 800 vendors. Our vendors have facilities in about 30 countries.

At the end of fiscal 2019, we had approximately 129,000 part-time and full-time employees. Our products were available for purchase in more than 90 countries through 3,345 Company-operated stores, 574 franchise stores, and e-commerce sites.

[Learn more](#)  
> [Annual Filings](#)

OLD NAVY

GAP

BANANA REPUBLIC

ATHLETA

INTERMIX

JANIE AND JACK



## ABOUT THIS REPORT

This report covers Gap Inc.'s global operations for fiscal 2019, which ended on February 1, 2020.

Our last report covered fiscal 2018 and is available with our other [past sustainability reports](#).

This report focuses on developments and actions for our key programs, progress toward our corporate and brand goals during the 2019 fiscal year, preparations for activities in 2020, and an analysis of trends and business impacts where available. For our many programs, we provide detailed information on objectives, operations and our management approach at [gapinc.sustainability.com](http://gapinc.sustainability.com), which can be accessed via links in each section.

We sought to prepare this report in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Gap Inc. is committed to the United Nations (UN) Global Compact Ten Principles and this report serves as our Communication on Progress (CoP). We have not obtained external assurance for this report.

# CEO Letter

If 2020 has taught us anything, it's that crisis has the potential to create opportunities to unlock necessary change. We're facing the worst crisis in our history – one that has been destabilizing for not only our industry, but for our employees, customers, partners and communities around the world. This global health crisis has magnified the severity and complexity of other social and cultural imperatives, including addressing ongoing impacts of climate change and systemic racism. Yet, the enormous challenges brought on by COVID-19 have also accelerated the pace of much-needed transformation – both within our company and in society on a global scale.

While we can't ignore that this global pandemic will have lasting consequences on all of us, it's also true that this has been a time of greater collaboration, clarity and unity. I have witnessed untold kindness and intrepidity, and experienced bold innovation and creativity. I am seeing that show up in countless ways as we design for the future – one we can all be proud of.

In reflecting on Gap Inc.'s role in creating positive change, the very premise of our company is what we look to. Our founders, Doris and Don Fisher, built this company in 1969 on a single need: fit. When Don could not find a pair of jeans that fit him, they opened a store as an equal partnership that became a company of purpose-led brands that shape people's way of life, guided by the belief that we can not only bridge the gaps between us, but future generations. They believed Gap Inc. would achieve success by being open to all, and creating opportunities for the people and communities connected

to our business. Over the years, their vision has guided our company to imagine how we can do more to support sustainable societies and a resilient planet. Our foundational values are more important than ever and they fuel our commitment to being a force for good – to help people, planet and communities.

**"Our foundational values are more important than ever and they fuel our commitment to being a force for good – to help people, planet and communities."**

Earlier this year, Gap Inc. took necessary actions to survive and emerge from this period even stronger, including temporarily closing stores to protect the health of employees and customers. We didn't make decisions lightly because so many depend on our business. Guided by our values, we worked quickly to re-open stores safely, bring our teams back, and mitigate impacts to our supplier partners and garment workers.

Another critical lesson of 2020 has been the need to create space to learn and to help break down the centuries-old systems that have held back our Black and Brown communities. In June, we outlined a new set of commitments to drive systemic change both in and outside our walls, and enable a culture of belonging for our teams, customers and

communities. We look forward to sharing our progress on this journey.

Not only do we have an enormous opportunity to build on our legacy of doing more than selling clothes, our brands are leading the way by amplifying our values and connecting with consumers in creative, compelling and relevant ways. Through designing sustainability into our products, reducing water use in manufacturing, and developing climate strategies for our business, our sustainability work matters – to us and to our stakeholders.

Enclosed in this report is a detailed account of our progress. As a company co-founded by a woman and led by women at every level of the company, I am especially proud of the ways in which our company continues to support the women who create the world's clothes. We have greatly expanded our P.A.C.E. program, which has reached over half a million women and girls, and I'm excited the program will potentially reach even more, including through a new initiative whose members collectively engage 4.5 million women in the global supply chain. From achieving our goal to save 10 billion liters of water through sustainable manufacturing processes ahead of schedule, to developing major renewable energy projects, to hiring young people who will become our future leaders for their first job from our This Way Ahead program, to establishing Gap Inc.'s first science-based targets, we accomplished a great deal in 2019.

We have achieved progress thanks to the dedication of our employees, partners and industrywide collaboration. We cannot do this work alone, and we are grateful for those who guide us, stand behind us and beside us,



including our ongoing engagement with other signatories of the UN Global Compact, who've defined the path for the industry to contribute to sustainable change.

The experiences of 2020 have been generation-defining and, in the face of still so much uncertainty, I know what we're made of: resilient teams and a company of powerful, purpose-led lifestyle brands. Now, more than ever, we have the opportunity to leverage our size and scale to win and position us for growth in the future. I believe in our ability to be a force for good.

**Sonia Syngal**  
CEO, Gap Inc.

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# Overview

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# Highlights

## PEOPLE

Advancing people + communities

### Our Employees

1,600+  
youth hired



We hired over 1,600 youth facing barriers to employment through [This Way Ahead \(p.29\)](#), our first-jobs program.

### Supply Chain Workers

98%  
sourcing facilities  
rated green or yellow



We sourced almost exclusively from [facilities rated green or yellow \(p.33\)](#) as evaluated against our Code of Vendor Conduct (COVC).

### Communities

580K+  
women + girls  
empowered



We continued our commitment to scale our [P.A.C.E. program \(p.43\)](#), empowering over 580,000 women and girls since the program launched in 2007.

## ENVIRONMENT

A healthy planet is a human right

### Water

11.2B  
liters of water saved  
in manufacturing



In early 2020, we achieved our goal to [save 10 billion liters of water \(p.55\)](#) in manufacturing since 2014.

### Climate

90MW  
renewable-energy  
generation



We signed a [90-megawatt wind project \(p.61\)](#), which will generate enough clean energy to power half of our stores starting in late 2020.

### Waste

0  
single-use plastics  
by 2030



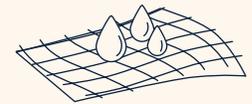
We committed to [eliminate single-use plastics \(p.62\)](#) by 2030 as part of our efforts to reduce plastic packaging across our brands.

## PRODUCT

Great product designed  
with sustainability in mind

### Chemicals Management

0  
PFC-based  
finishes by 2023



We committed to [eliminate PFC-based finishes \(p.57\)](#) from our products by 2023.

### Circularity

1X1  
textile circularity  
collaboration



Our collaboration with the Hong Kong Research Institute of Textiles and Apparel (HKRITA) will accelerate [circularity \(p.63\)](#) models for textiles.

### Raw Materials

100%  
sustainable cotton  
by 2025

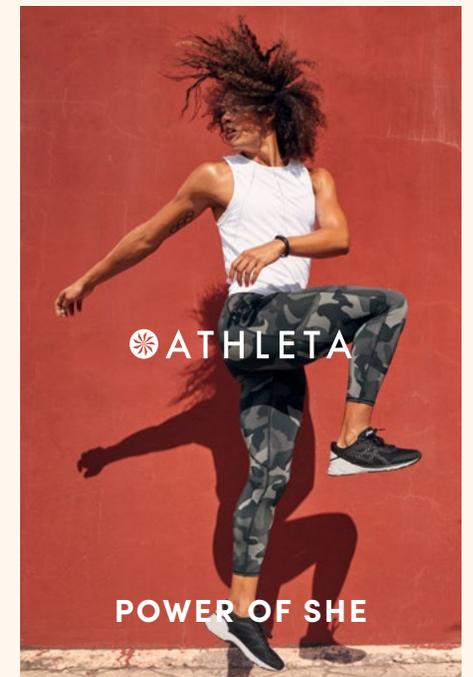


We committed to source all of our cotton from [more sustainable sources \(p.68\)](#) including Better Cotton Initiative (BCI), recycled and organic cotton.

# Our Purpose-Led Brands

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

For every brand within Gap Inc., sustainability is a business priority and a critical way to express each brand's values. All of our brands have established executive sustainability steering committees, defined their own priorities and goals, and led sustainability-strategy workshops with cross-functional teams. This work has empowered each brand to build a strategy true to its identity while pursuing meaningful environmental and social impact.



# Goals + Progress

- On track
- Needs attention
- New goal since last report

Holding ourselves accountable is fundamental to our approach to sustainability.

Below is a snapshot of key goals, our progress to date and where we are heading in the future. All target years are fiscal year end. Report data is through fiscal 2019 (February 1, 2020) unless otherwise noted. Additional detail can be found in respective sections of this report.



SOCIAL		Target Year	Status	FY2019 Progress (unless otherwise noted)
Our Employees	Double the representation of Black and Latinx employees at our U.S. headquarters offices	2025	NEW	New goal. Progress to date: <b>14%</b> of employees at our U.S. headquarters offices are Black or Latinx
	Increase the representation of Black employees in U.S. store leader roles by 50%	2025	NEW	New goal. Progress to date: <b>9%</b> of U.S. store leaders are Black (2019 baseline)
	Support \$15 million in annual employee-driven community investment	Ongoing	●	<b>\$12.2 million</b> in employee-driven community investment (volunteer hours, employee financial donations and Gap Inc. matching of time and money)
	Reach 20,000 youth through This Way Ahead (Previous goal: Reach 10,000 youth by 2020)	2025	●	<b>8,201</b> youth have participated since the program launched in 2007
	Hire 5% of entry-level employees from This Way Ahead annually	2025	●	<b>2.3%</b> of entry-level employees were hired from This Way Ahead
Supply Chain + Community	100% of supplier facilities producing branded apparel are rated yellow or green	2020	●	<b>98%</b> of supplier facilities were rated yellow or green
	100% of Tier 1 suppliers transition to digital wage payments	2020	●	<b>92%</b> of suppliers paid wages via mobile wallet, bank account or debit card
	Reach 1 million women through P.A.C.E.	2022	●	<b>Over 580,000</b> women and girls have participated in P.A.C.E. since the program launched in 2007

# Goals + Progress

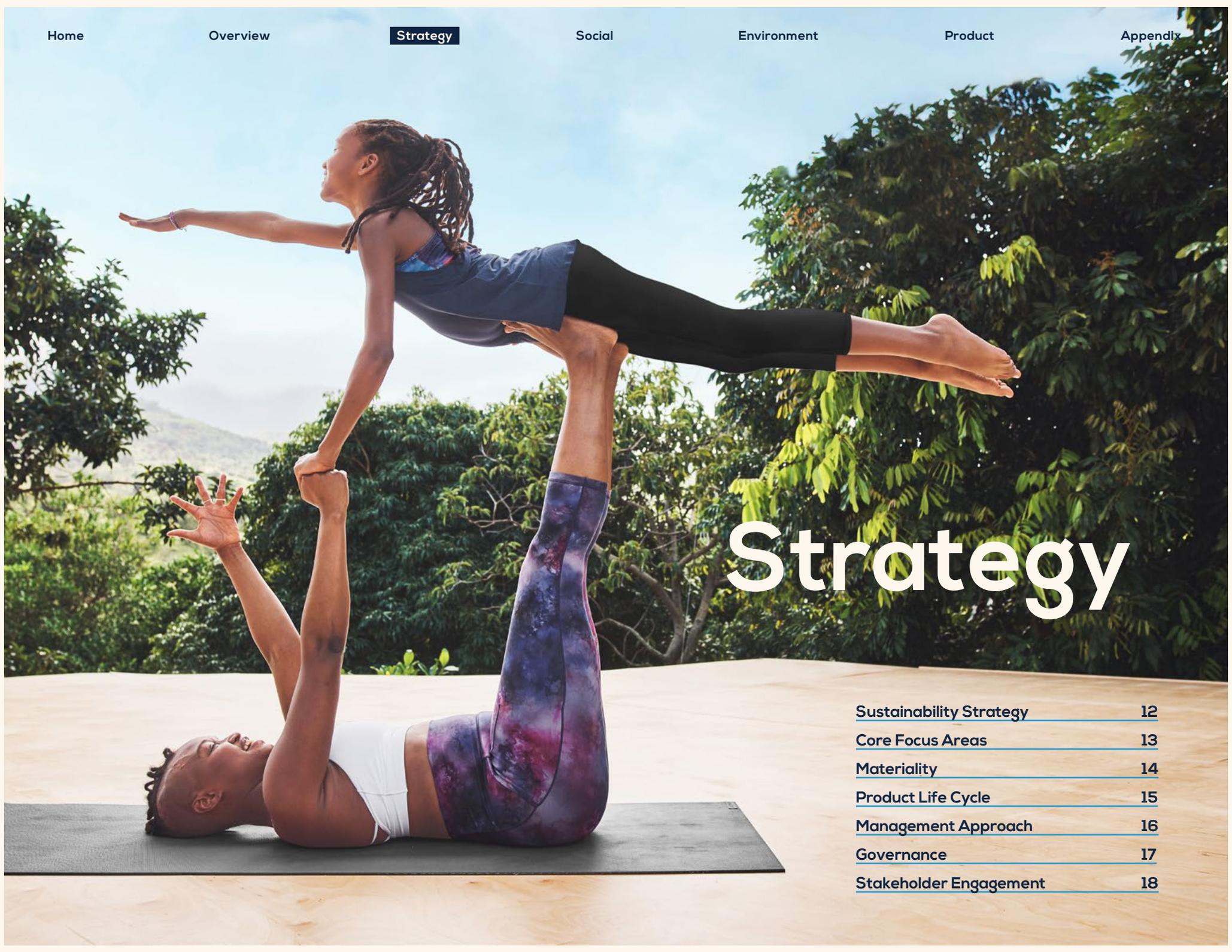
- On track
- Needs attention
- New goal since last report

ENVIRONMENT		Target Year	Status	FY2019 Progress (unless otherwise noted)
<b>Water</b>	Save 10 billion liters of water in manufacturing, from a 2014 baseline	2020	<span style="color: green;">●</span>	11.2 billion liters of water saved since 2014 (achieved in early 2020)
	Water-resilient value chain	2030	NEW	New commitment. Establishing baselines and context-based targets
	Net-positive water impact in water-stressed regions	2050	NEW	New commitment. Establishing baselines and context-based targets
	Work toward zero discharge of hazardous chemicals in our supply chain	2020	<span style="color: green;">●</span>	Strategic facilities must comply with the ZDHC MRSL and verify through wastewater testing.
	Eliminate all PFC-based finishes from our supply chain	2023	NEW	New goal. Tracking in progress
<b>Climate</b>	Carbon neutral across our value chain	2050		New commitment. Tracking in progress
	Reduce GHG emissions by 50% in our owned and operated facilities globally, from a 2015 baseline	2020	<span style="color: green;">●</span>	23% cumulative GHG emissions reduction (363,586 metric tons CO <sub>2</sub> e) since 2015; 100.5 megawatts of energy secured through renewable-energy contracts or Virtual Power Purchase Agreements (VPPAs)
	Source 100% renewable electricity for our owned and operated facilities globally, from a 2017 baseline	2030	NEW	New goal. Progress to date: The VPPAs mentioned above will help us meet this goal.
	Reduce absolute Scope 1 and 2 GHG emissions by 90%, from a 2017 baseline	2030	NEW	New goal. Progress to date: 10.3% GHG emissions reduction (2017 baseline)
	Reduce Scope 3 GHG emissions from purchased goods and services by 30%, from a 2017 baseline	2030	NEW	New goal. Progress to date: 5.18 million metric tons CO <sub>2</sub> e in Scope 3 GHG emissions (2017 baseline)
<b>Waste</b>	Divert 80% of waste from landfill across our U.S. facilities	2020	<span style="color: green;">●</span>	65% of waste diverted from landfill; On track to meet goal FY2021
	Eliminate single-use plastics	2030	NEW	New commitment. Tracking in progress
<b>PRODUCT</b>	Eliminate the use of wood-derived fibers sourced from ancient and endangered forests	2025	<span style="color: green;">●</span>	86% of our cellulosic-fiber volume was compliant with our commitment
	Source 100% of cotton from more sustainable sources	2025	<span style="color: green;">●</span>	New goal. Progress to date: 57% of cotton was sourced from more sustainable sources in Q1 2020

# Goals + Progress

- On track
- Needs attention
- New goal since last report

OUR PURPOSE-LED BRANDS		Target Year	Status	FY2019 Progress (unless otherwise noted)
	Source 100% of cotton from more sustainable sources	2022	NEW	New goal. Progress to date: <b>56%</b> of cotton was sourced from more sustainable sources
	Make 100% of denim products using water-saving techniques	2022	NEW	New goal. Progress to date: <b>88%</b> of denim products were made using water-saving techniques
	Source 100% of cotton from more sustainable sources	2021	●	<b>67%</b> of cotton was sourced from more sustainable sources
	Make 75% of qualifying products using Washwell™ water-saving techniques	2021	●	<b>42%</b> of qualifying denim products were made using Washwell™
BANANA REPUBLIC	Source 100% of cotton from more sustainable sources	2023	NEW	New goal. Progress to date: <b>75%</b> of cotton was sourced from more sustainable sources
	Make 50% of products with more sustainable fibers	2023	NEW	New goal. Progress to date: <b>55%</b> of products were made with sustainable fibers
	Make 50% of products using water-saving techniques and cleaner chemistry practices in our supply chain	2025	NEW	New goal. Progress to date: <b>1.4%</b> of Spring 2020 products were made with techniques that save water or preserve water quality
	Make more eco-friendly denim	2023	NEW	New goal. Progress to date: <b>68%</b> of denim was eco-friendly in Q2 2020
	Make 80% of materials with sustainable fibers	2020	●	<b>70%</b> of materials used in product were made with more sustainable fibers
	Make 25% of products using water-saving techniques	2020	●	<b>4%</b> of products were made using water-saving techniques
	Divert 80% of store waste from landfill	2020	●	<b>72%</b> of store waste was diverted from landfill
	Empower 10,000 women through P.A.C.E. and Fair Trade	2020	●	<b>16,555</b> women have participated in P.A.C.E. or received premiums from Fair Trade USA since 2007



# Strategy

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# Sustainability Strategy

**As one of the world's leading apparel retailers, we recognize that we contribute to and have the opportunity to address systemic social and environmental challenges.**

We continue to be committed to contributing to our business; enabling safe, fair working conditions for the people who make our products; minimizing our environmental impact; and working with our industry to achieve progress on global goals. We do this by addressing impacts in our owned and operated facilities and collaborating throughout our value chain and across government, business and civil society. Recognizing the importance of engaging customers and employees, we are also communicating through our brands in our effort to build a more sustainable world.

We align our strategy with the international sustainability agenda. Guided by frameworks including but not limited to the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change, we have identified the issues that are most important to our business and where we have the most influence.



**“The health of our business and the health of our planet are undeniably connected. We are investing in Gap Inc. for the future – a portfolio of brands that is resilient, sustainable and reflective of our diverse customer base.”**

**Katrina O’Connell**

Chief Financial Officer, Gap Inc.

# Core Focus Areas

We recognize that we cannot lead on every issue. Given our business operations and strengths, we prioritize our greatest opportunities for leadership to maximize impact.

Gap Inc.'s sustainability materiality assessment sets our overarching sustainability agenda and helped to establish our core focus areas.

## SOCIAL



### Our Employees

We aim to create opportunities for the employees who support our business in our stores and headquarters offices.



### Communities

Our P.A.C.E. (Personal Advancement & Career Enhancement) program gives women and girls the foundational life skills, technical training and support they need to advance in the workplace and in their communities.



### Supply Chain

By partnering with our suppliers, we strive to provide safe, fair and healthy working conditions for the individuals who create our clothes.

## ENVIRONMENT



### Water

Water is essential for our business and the people and communities where we operate. We look for ways to address water impacts throughout our value chain and in communities.



### Climate

We are reducing our greenhouse gas (GHG) emissions through renewable-energy projects; and we work with our logistics and procurement partners to improve efficiency and environmental performance.



### Waste

We are reducing waste throughout our value chain and building circularity programs to redefine the life cycle of our products in order to reduce resource consumption.

## PRODUCT



### Product Sustainability

We work with our Product Designers and Developers to balance the needs of getting great product into our customers' hands, with efforts to reduce our impact on the environment.



### Raw Materials

We believe great products are created with sustainability at their core, which means going all the way down to the earliest stages of the product life cycle to reduce impacts.

# Materiality

**We integrate sustainability deeply into our business to create greater impact across our value chain.**

Within sustainability, materiality\* refers to the areas of heightened concern from our internal and external stakeholders compared to relevant environmental, social and governance issues. Our material issues, viewed alongside our value chain, demonstrate focus areas where we can develop programs more directly targeted to the areas of greatest impact.

We prioritize the sustainability opportunities and challenges that matter most to our stakeholders and business.

We periodically refresh our materiality assessment in order to:

- Identify the most material sustainability issues for Gap Inc. in terms of business value, risks and opportunities for long-term planning
- Understand how sustainability and key business issues intersect
- Inform future sustainability commitments and resource allocation
- Support Gap Inc.'s engagement with external stakeholders

Our material issues fall into three categories: governance and operating context; human rights and social impact; and resource use, scarcity and impacts. Fifteen sustainability-related aspects guide our strategy.

## MATERIAL ISSUES

### Governance + Operating Context

- Corporate Governance
- Transparency
- Technology + Product Innovation
- Resiliency
- Country / Regional Legal + Economic Conditions

### Human Rights + Social Impact

- Worker Rights + Well-being
- Income, Wages + Inequality
- Human Capital + Development
- Diversity + Inclusion
- Reputation + Consumer Engagement

### Resource Use, Scarcity + Impacts

- Water
- Chemicals Management + Compliance
- Energy + Climate Stewardship
- Waste + Circularity
- Sustainable Materials Sourcing

Learn more  
[› Materiality](#)

\*Materiality in this report refers to the definition from the Global Reporting Initiative (GRI) Standards, and is not the definition of materiality used for filings with the U.S. Securities and Exchange Commission (SEC). Issues deemed material in this report may not be considered material for SEC reporting purposes.



# Product Life Cycle

Each stage of a garment's life – from the first design sketches to end of use – presents opportunities to improve the sustainability performance of our business.



## Design + Development



Most of a product's environmental impacts are determined at the concept phase. Thus, our designers' creative vision can have a significant impact on people and the environment. Our production and sourcing teams bring this vision to life by placing orders with independent suppliers. These teams are trained on sustainability principles and have significant influence over who makes our clothes. This affords Gap Inc. the ability to improve working conditions in facilities and address our larger environmental footprint.

### Our Programs

- > [Water Stewardship Strategy \(p.47\)](#)
- > [Chemicals Management \(p.56\)](#)
- > [Product Sustainability \(p.66\)](#)
- > [Circularity \(p.63\)](#)



## Product + Finishing

Tier 1 Suppliers



We believe in a comprehensive approach for improving working conditions in our supply chain, combining facility-monitoring and capability-building programs to help our suppliers continually improve. We also engage closely with all of our vendors to measure and address their environmental impact.

### Our Programs

- > [Assessment + Remediation \(p.33\)](#)
- > [Capability Building \(p.39\)](#)
- > [P.A.C.E.: Empowering Women \(p.43\)](#)
- > [Water Stewardship Strategy \(p.47\)](#)
- > [Chemicals Management \(p.56\)](#)
- > [Climate \(p.59\)](#)
- > [Product Sustainability \(p.66\)](#)



## Logistics + Distribution



We ship products through a combination of sea, air, truck and rail from supplier facilities to our distribution centers and then on to stores or directly to customers. We use the optimal mix of shipping options based on speed, cost and sustainability and have taken steps to conserve energy and reduce waste at our distribution centers, the largest facilities we own and operate.

### Our Programs

- > [Climate \(p.59\)](#)
- > [Waste \(p.62\)](#)



## Raw Materials + Processing

Tier 3 Suppliers



Our products use many types of fibers – natural fibers like cotton and wool, synthetic fibers like polyester and spandex, and pulp-based manufactured cellulosic fibers like rayon and modal. We work to minimize the social and environmental impacts unique to each fiber. We place a special focus on cotton, given its importance to many of our products and water-intensive production process. We are also taking steps to ensure that we source more sustainable synthetic and man-made cellulosic fibers.

### Our Programs

- > [Water Stewardship Strategy \(p.47\)](#)
- > [Climate \(p.59\)](#)
- > [Product Sustainability \(p.66\)](#)



## Retail Stores



Our stores express who we are – from our style to our commitment to operating in a way that cares for both people and the environment. They are where we sell our products and communicate directly with our employees and customers. As part of our owned and operated footprint, they offer an opportunity to reduce our environmental impact. We also run our This Way Ahead program at our stores to help young people experiencing barriers to employment obtain their first jobs.

### Our Programs

- > [Equality + Belonging \(p.22\)](#)
- > [This Way Ahead: First Jobs \(p.29\)](#)
- > [Climate \(p.59\)](#)
- > [Waste \(p.62\)](#)
- > [Product Sustainability \(p.66\)](#)



## Textile Manufacturing

Tier 2 Suppliers



Fabric mills use large quantities of energy and water, and the chemicals used to dye and finish fabrics may pose a risk to local watersheds if not treated properly. Our Mill Sustainability Program establishes clear environmental standards, which we integrate into our sourcing decisions. We also aim to scale improvements across the industry by working with our peers to identify and share best practices for the responsible use of water, chemicals and energy.

### Our Programs

- > [Assessment + Remediation \(p.33\)](#)
- > [P.A.C.E.: Empowering Women \(p.43\)](#)
- > [Water Stewardship Strategy \(p.47\)](#)
- > [Chemicals Management \(p.56\)](#)
- > [Climate \(p.59\)](#)



## Consumer Use + Circularity

How our customers wear, care for and discard their clothes accounts for a portion of our products' total environmental footprint. We use product labeling, catalogs, social media and blog posts to share our efforts to improve sustainability. This informs customers about our work, inspires them to consider water use in their daily lives, and communicates the urgency of our environmental and social initiatives. Recognizing that we have an opportunity to improve circularity, we engage in and contribute to industrywide solutions to end-of-life impacts.

### Our Programs

- > [Circularity \(p.63\)](#)

# Management Approach

**Given our company's size, we recognize our responsibility to the planet and to the people touched by our business.**

Our global scale provides an opportunity to make a real difference. We do this by enabling long-term business performance through managing risks, advancing greater equality and opportunity, developing social and environmental innovations that allow people to fulfill their potential, and scaling these innovations by integrating them into our business and products.

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



## OUR APPROACH

### 1. Integrate sustainability into our business

We create broader accountability for our sustainability strategy by creating shared goals and targets across Gap Inc. with the relevant business units. While we maintain a centralized Global Sustainability function, we integrate our approaches wherever it helps to deepen or broaden our impact.

### 2. Set ambitious goals

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

### 3. Make progress toward our commitments

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

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

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

## RISK MANAGEMENT

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

Our Global Sustainability team works with business partners and experts to assess the importance of potential social and environmental risks and opportunities for our business and external stakeholders, including suppliers and the people who make our products. These include the risks that climate and environmental impacts could pose to our business. The team uses tools to help prioritize risks and opportunities, including a sustainability materiality assessment, an assessment of representative products and a stakeholder-engagement process.

For these materiality and other risk assessments, we consider such factors as the magnitude, likelihood and time horizon of potential impacts on our business and stakeholders. We also create country-specific strategies that take into consideration local context when developing our program and addressing key issues.

**Learn more**

[› Our risk-management process](#)

# Governance

## SUSTAINABILITY GOVERNANCE

Our governance structure ensures that our Global Sustainability program both meets the company's social and environmental goals and supports our business.

Gap Inc.'s Board of Directors, particularly the Governance and Sustainability Committee, oversees our Global Sustainability program. The board receives regular updates from Chief Legal, Compliance and Sustainability Officer, Julie Gruber, and the leaders of the Global Sustainability team. Julie reports directly to Gap Inc. CEO, Sonia Syngal, and meets regularly with Gap Inc. Chief Operating Officer, Shawn Curran.

Our organizational structure allows collaboration across key departments. Our Global Sustainability team works closely with our brands' Product and Marketing teams, as well as our Supply Chain, Corporate Strategy, Government Affairs, Public Affairs, Legal and Gap Foundation teams, among others.

### Learn more

- > [Sustainability Governance](#)
- > [Corporate Governance](#)

## CODE OF BUSINESS CONDUCT

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

We encourage our employees to use our open-door process for discussing concerns with their supervisor, next-level manager or human resources representative. Employees may also contact our Global Integrity team, which oversees our COBC program. Additionally, we provide a confidential [COBC Hotline](#): a telephone and web-based reporting system that is available 24 hours a day, seven days a week to employees and anyone who conducts business with Gap Inc. or is affected by our business. We have investigative teams that log, process and address complaints received through any channel, including our COBC Hotline.

Key aspects of how we implement our COBC:

- All employees globally are required to take a COBC overview course within 30 days of their initial hire date.
- We provide ongoing compliance training to relevant employees on topics of nondiscrimination and harassment, wage and hour compliance, workplace accommodations, anti-corruption, competition law compliance, and data privacy and security. Our Global Integrity team also conducts periodic live training sessions throughout the year.
- We provide a variety of online self-help tools for compliance education and

communication, including guidance for leaders on how to have effective conversations with their teams, FAQs, policy links and contacts.

- Our Global Integrity team conducts annual interviews with employees in various business units and offices and select suppliers. These interviews allow us to gauge how well our employees understand our COBC, remind employees and suppliers of their responsibilities and our expectations of how we engage with one another, and ensure that employees know how to report COBC violations.
- Senior-level employees must certify their COBC compliance annually and are briefed on relevant compliance and integrity topics to raise their awareness.

We are diligent about addressing corruption risks, particularly in developing countries with limited rule of law. We have a companywide program for monitoring, enforcing and addressing any issues related to our [Anti-Corruption / Anti-Bribery Policy](#), which combines elements from our COBC with anti-bribery requirements under the Foreign Corrupt Practices Act (FCPA) and other similar laws around the world. The policy and related training programs help employees recognize and avoid corrupt business practices in all aspects of Gap Inc.'s business.

### Learn more

- > [Code of Business Conduct \(COBC\)](#)
- > [Policies](#)

## DATA PRIVACY

We believe that trust is a cornerstone of a great brand and respecting the privacy rights of our customers and employees is an integral part of building that trust. Our comprehensive privacy program includes policies, standards and practices focused on keeping the data we collect secure and respecting privacy rights around the globe.

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

Maintaining brand trust is paramount as we continue to embrace technology. Our goal is to provide the highest quality experience to our customers while respecting their privacy. We have adopted seven principles that guide our choices as we adopt new products and services. These principles include consent, control, fairness, minimization, confidentiality, access and accountability. We also know that security is at the center of any good privacy program. We use widely accepted security standards and practices to guide our decisions around securing personal information.

### Learn more

- > [Privacy Policy](#)

# Stakeholder Engagement

**Advancing progress on systemic issues in the apparel sector – such as water access, climate change, women’s empowerment, and safe and fair working conditions – demands collaboration and jointly developed approaches.**

We engage stakeholders and establish partnerships with diverse groups of experts and organizations to more clearly understand complex issues and local conditions in the countries where we do business. This dialogue helps us to improve our programs, refine strategies, reveal unexplored issues and scale industry solutions.

We have a multitude of key stakeholders: the people who make our clothes, customers, suppliers and facilities, employees, unions, governments, multilateral institutions, NGOs, industry associations, investors, communities and others. We also belong to a number of organizations that enable us to more effectively collaborate with and learn from stakeholders. Multistakeholder initiatives bring together organizations and people from different sectors, all of whom play a key role in finding new approaches and creating collective action.

Having operated a variety of facility-focused programs in the 25 years since our Global Sustainability team was established, we have developed a comprehensive network of stakeholders on whom we rely for insight, guidance and accountability.

One area where stakeholder engagement has supported progress is improving labor standards in our supply chain. We regularly partner, both formally and informally, with a broad set of stakeholders to help us ensure that we are maximizing our impact. These stakeholders range from local trade unions in the countries from which we source, to international NGOs and multilateral institutions, each with a specific expertise and focus. Within this diverse group, our approaches and practices are not always agreed upon, but we remain open and willing to work with any entity, provided it will help us achieve our objectives: to improve worker well-being, labor standards, working conditions and the overall social performance of our suppliers’ facilities.

Our approach to working with stakeholders is guided by both a proactive engagement strategy, and our belief that it is important to respond to any credible inquiry that is relevant to potential misconduct in our supply chain. Our Global Partnerships team, along with our Supplier Sustainability team, is responsible for managing and implementing our stakeholder engagement strategy, and is in regular dialogue with expert labor and human-rights organizations around the world. Our Supplier Sustainability team engages with community-based organizations, NGOs and trade unions at the local level enabling them to gather insight into facilities’ employment practices and working conditions. This insight helps augment the findings we gather through the assessments, training and surveys that we conduct at our suppliers’ facilities around the world. These networks and the issues that they surface are one of the primary inputs into how we evolve and improve our programs focused on catalyzing improvements in labor standards and working conditions.

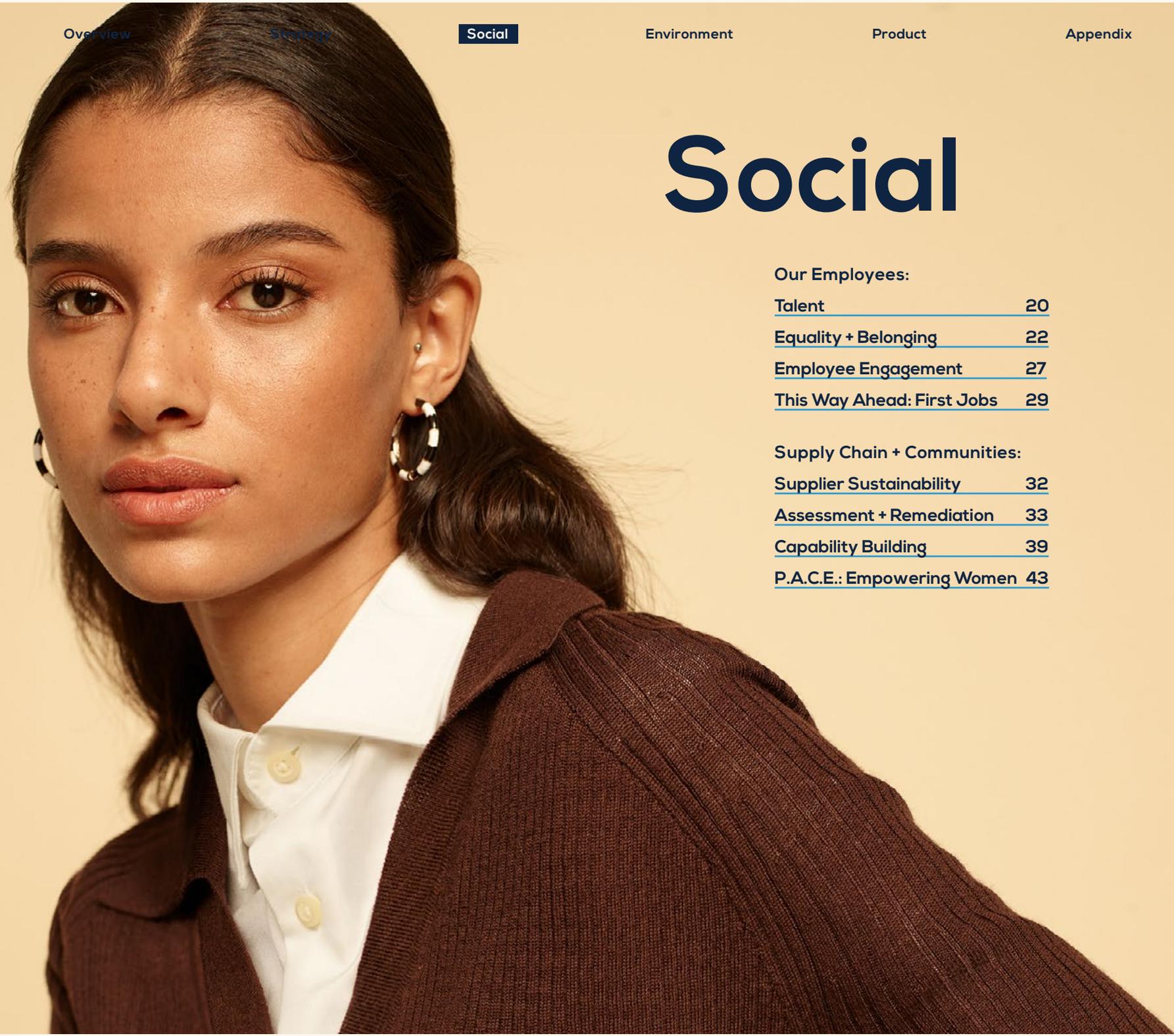
When issues arise, we seek to work with suppliers, unions, worker-representative organizations, and local and international NGOs that have expertise and connections in that area. Our aim is to prioritize the impact on affected parties and come to a resolution that is fair and ethical given the events that transpired. We take what we learn from these experiences to continually improve our processes and protocols in responding to future issues, and seek to partner with other buyers, governments and stakeholders to apply these lessons more broadly.

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

#### Learn more

[> Our stakeholder-engagement approach](#)

[> A full list of our initiatives and partner organizations](#)



# Social

## Our Employees:

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# Talent

## Our business success depends on our people.

We cultivate a culture that attracts and engages talented employees and gives them opportunities to achieve their work and life goals, and we provide programs and customized experiences to help our people achieve their full potential.

Our talent practices are aimed at developing a diverse pipeline of employees, giving individuals new challenges to help them grow into roles with greater responsibility, and cultivating great leaders who can build great teams. We believe in our employees' potential and provide myriad career opportunities for those who want to learn and grow with us.

Learn more

[> How we help our employees realize their potential](#)



## OUR APPROACH

Our workplace culture and benefits are designed to meet the professional and personal needs of our employees and their families.

Over the years, we have built on our foundation of putting people first. This includes improving wages and scheduling practices so that the people who work in our stores experience greater stability and flexibility. We also offer financial incentives, work-life integration and benefits that help employees make the most of their professional and personal lives. This all supports employees

and increases their engagement at work, which contributes value to our business.

We invest in new programs to expand and enhance our training programs and resources and we are adopting a new approach to seeking employee feedback: more frequent surveys that help us check the pulse of our people and respond more quickly to their needs.

Looking ahead to 2020 and beyond, we will be exploring strategies and programs focused on building the workplace of the future, with our people at the center.

### Old Navy Named a 2019 Best Workplace in Retail

Great Place to Work and *Fortune* named Old Navy on its list of 2019 Best Workplaces in Retail for the third consecutive year, an honor that came the same year the brand celebrated its 25th anniversary. Great Place to Work, the global people analytics and consulting firm, determined the honorees based on the results of an anonymous survey of more than 694,000 employees working at Great Place to Work-certified organizations in the retail industry.

In 2019, Old Navy focused on fostering a purpose-led culture by creating powerful moments that bring fun and creativity into work every day. As part of its 25th birthday celebration, Old Navy demonstrated its core value of belonging by being the first retailer to extend the Open to All pledge beyond the U.S. to Old Navy stores in Mexico and Canada. Old Navy is one of the founding partners to sign the pledge, which is a public commitment to protect customers from discrimination. Old Navy is proud to be open for everyone, and open to ideas, differences, dialogue and change.

The brand has also invested in employee programs focused on learning, creativity and wellness. Old Navy is home to Gap Inc.'s successful [This Way Ahead program \(p.29\)](#), which helps young people with barriers to employment obtain their first jobs.

# Talent

## BUILDING TALENT

We invest in Gap Inc. people at every level of our organization through accessible resources and structured training programs that offer all employees opportunities for development. By delivering best-in-class training, we aim to inspire and engage Gap Inc. talent through a consistent framework that empowers employees to drive their work forward while building strong relationships.

Our enterprise-wide approach to building talent meets employees wherever they are on their professional journey: individual contributor, new or seasoned manager, director or executive.

We create, manage or offer over 16,000 courses for employees that cover a range of subjects: goal setting, how to be a great boss, situational leadership, unconscious bias and inclusive leadership, how to have powerful conversations and more. Our enterprise learning efforts combine classroom-based experiences with virtual learning, homework, hands-on workshops and ongoing learning opportunities.

In 2019, we expanded our training for mid-level managers through a one-to-one coaching program that prepares these managers for senior leadership roles. Through a virtual platform, employees ranging from manager to vice president connect with experienced coaches to receive customized guidance that takes into account each participant's unique situation. In 2019, over 150 employees benefited from coaching and 89 percent of participants reported reaching their coaching objectives.

In 2019, we also continued our LinkedIn Learning program for the second year, providing employees with access to micro-courses on topics from strategic thinking and mental agility, to equality and belonging and communicating with confidence. Through this platform, employees can work through courses based on their development interests and recommendations by Gap Inc. and their peers. To date, over 4,000 employees have accessed the platform and since its October 2018 launch, our employees have viewed more than 40,000 courses.

## GREAT BOSSES

We know that one of the primary reasons people stay in their jobs is because they have great bosses. Great bosses build great teams, and great teams contribute great value to the company. We focus on developing our leaders' ability to connect, listen to feedback and continually improve.

Our Great Bosses program focuses on 10 practical ways our people can "boss better," like rewarding successes; being honest, curious, and open-minded; and understanding that progress is better than perfection.

Additionally, our Great Boss Survey is a vehicle for managers to receive actionable feedback directly from the people they lead. In the spirit of continuous improvement, we conduct this survey twice a year and the results go directly to managers.

## EMPLOYEE OPINION SURVEY

We value our employees' feedback and use opinion surveys as a critical component of our ongoing listening strategy. We use these insights to understand what is important to our employees and to determine where we should focus our investments and build new programs and strategies that help us create a thriving, productive work environment.

We are modernizing our approach to soliciting employee feedback, shifting from an annual companywide opinion survey to more frequent pulse surveys on topical issues. This allows us to capture real-time data so we can understand and respond faster to employees' immediate needs. We now issue surveys to representative samples of employees based on the topic, with an aim to have all employees participate in at least one survey every quarter. Each survey is fewer than 20 questions, and we share results through our ongoing employee communications.

## FIELD TO HQ

Fueling our entry-level headquarters roles with incredible talent is important to our success, and field employees are a key source of talent for these roles.

Our diverse field employees work with customers every day and understand what they need and want. Their connection to customers and understanding of how our stores work is invaluable at our headquarters.



### employee opinion survey participation

(up from 62% in 2018)



### employees reported active engagement

(up from 69% in 2018)

We have always encouraged hiring store employees to our headquarters teams and, in 2017, formalized a program in which we actively market opportunities to store employees, support candidates through the recruiting process, and provide a custom onboarding experience to ensure a successful transition. In 2019, 1.5 percent of our entry-level headquarters roles were filled by field employees. Though we had a goal to fill 20 percent by 2020, shifting corporate priorities have led to uncertain hiring needs, making it challenging to meet this goal.

# Equality + Belonging

Since our founding, we have embraced core company values that include celebrating individuality, diversity and treating all people equally – with respect, dignity and fairness. Being an inclusive company is both a moral and a business imperative: It sends a message to the world that we stand for equality for all and that business can and should be a force for good. And it makes us a better, stronger company that reflects and serves the world in which we operate.

We know we are not perfect, but we are committed to making the necessary changes within our company and beyond. We see an opportunity to stand alongside our employees and other industry leaders to work toward greater equality and a sense of belonging for everyone. This helps our company attract and retain the best employees, create great products for all of our customers, foster creativity and innovation, and contribute to a more inclusive and just world.

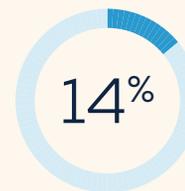
Our ongoing empowerment, employee and workforce programs support the rights and well-being of the people who embody and drive our business, ensuring they have equal opportunity and support to develop – both personally and professionally. Our new commitments, made in 2020, reflect our ambition to do better, listen more and drive greater change – starting within our company and using our influence to enact systems change. We are devoted to creating a culture of belonging for our teams, our customers and future generations.

[Learn more](#)  
[> Our commitment to equality and opportunity](#)



## New Goal

**Double the representation of Black and Latinx employees at our U.S. headquarters offices by 2025**



**Black + Latinx employees at our U.S. headquarters offices**

2019 baseline

## New Goal

**Increase the representation of Black employees in U.S. store leader roles by 50% by 2025**



**Black employees in U.S. store leader roles**

2019 baseline

# Equality + Belonging

## OUR APPROACH

We have a long history of striving for equality, and in 2019 and 2020, deepened our commitments and engagement, elevating our ambition in response to rightful calls that real progress on racial justice is long overdue. In addition to continuing our strong programs and resource groups that foster diversity and inclusion, Gap Inc. has taken three important steps in 2020.

### Step 1

First, we acknowledged that we have more work to do, taking time to listen to feedback from our employees. We appreciate those who engaged in these conversations – they have helped our company understand more deeply what it means to be an ally.

### Step 2

Those conversations informed our second step: setting bold new commitments that will foster change in our company and beyond. We have established commitments in three areas (below).

### Step 3

The last step we have taken is toward greater transparency. Since 2007, we have publicly reported our global employee gender data and overall U.S. race and ethnicity data. Starting in 2020, we will regularly share additional data on how our employees identify their race and ethnicity at both stores and headquarters. We will also create a new Equality and Belonging report in 2021 to talk openly about our progress and the lessons we have learned along the way.

### Commitment 1: Our Employees

By 2025, we will double the representation of Black and Latinx employees at all levels in our U.S. headquarters offices, and increase the representation of Black employees by 50 percent in store leader roles in the U.S. We are proud to employ a 76-percent female workforce globally, and that 56 percent of our U.S. staff identify as people of color.

But we have more work to do to fully represent the communities we serve. Improving representation is one step, but hiring the right talent is not enough. We will continue our efforts to cultivate a deep sense of belonging, and also increase our investment in pay equity. Since 2014, we have conducted annual reviews of our pay data by gender and, starting in 2020, we will have an external firm assess our pay data by race for all U.S. employees. We are committed to fixing any disparities we find.

### Commitment 2: Our Brands

We believe it is our responsibility to ensure that everyone feels seen in the products we make and sell.

Our brands are committed to building and expanding initiatives such as [True Hues](#), a product-inclusion strategy with a focus on Black consumers. It is currently developing capsule collections featuring Black designers and artists. True Hues was initiated by the Color Proud Council, a cross-enterprise body founded by employees in 2018 to focus on inclusion in product design, merchandising and marketing. In 2020, we formalized the Color Proud Council within our brands as a critical and necessary partner in achieving a 'best product, best experience' approach to the product life cycle. Our brands are committed to creating online and store experiences that authentically serve all customers and communities and amplify Black voices. We are also including anti-racism training as part of our ongoing employee- and customer-belonging initiatives.

### Commitment 3: Our Communities

The third pillar of our commitments relates to systems change. We see three opportunities for Gap Inc. to support progress beyond our business: through civic engagement; investments that improve the apparel industry's accessibility and talent pipeline; and policy and advocacy aimed at ending racial inequality.

We are making it easier for our employees to participate in the democratic process, including providing paid time off for voting. We are also partnering with organizations such as Open to All, the NAACP and Embrace Race to engage with our customers, schools and communities on racism and social justice. Our longstanding [This Way Ahead program \(p.29\)](#), 95 percent of whose alumni identify as people of color, is helping to create a diverse pipeline of talented future leaders. We are also proud to continue our partnership with Harlem's Fashion Row to champion the next generation of designers.

# Equality + Belonging

## EQUALITY + BELONGING NETWORK GROUPS

Gap Inc. Equality + Belonging Network Groups are employee-led, company-sponsored communities representing employees from diverse backgrounds. They express, represent and advocate for equality and belonging for Gap Inc. employees.

These groups provide opportunities for cross-cultural learning, mentoring and relationship building. They organize networking and volunteering events to encourage belonging, foster awareness of under-represented groups, and provide personal and professional development.

Our network groups also help build a workforce that reflects our customers and the

communities where we do business, as well as develop a company culture that embraces differences and individuality.

Gap Inc. proudly supports the following Equality and Belonging Network Groups:

- AANG: African American Networking Group
- ASIA: Asians Supporting Inclusion and Awareness
- GEAR: Gay Employees, Allies and Resources, an LGBTQ employee and ally group
- Gap Parents
- GAPWIL: Women in Leadership
- HOLLA: Honoring Our Latino Ancestry

**Learn more**

[> Equality + Belonging Network Groups](#)



## TRAINING + RESOURCES

### Inclusion Training

In 2017, we launched a series of unconscious-bias trainings to employees that we expanded to our global workforce in 2018. We also created curricula and accessible resources that support equality and belonging. We want our leaders and employees to identify how unconscious bias and other issues present in their everyday work. Through our commitment to the CEO Action for Diversity & Inclusion, we continued to provide unique and engaging education opportunities.

### Be One. Get One.

At Gap Inc., we value mentorship as a developmental process that helps build incredible careers. We view it as a personal journey that works best when people connect organically, instead of relying on matching systems and formalized reports. In 2018, we

launched our Be One. Get One. program to empower employees to take an active role in their own development and the development of others.

## SUPPLIER INCLUSION PROGRAM

We are committed to increasing the diversity of the suppliers we use, helping diverse businesses become competitive industry leaders and enhancing the economic vibrancy of the communities we serve. Our Supplier Inclusion Program, launched in January 2018, provides a framework to increase our work with companies that are owned by or employ a large percentage of minorities, veterans, women and people with disabilities. Through this program, we are forming new partnerships to expand our networks to connect with a more diverse set of companies.

**Learn more**

[> Supplier Inclusion Program](#)



# Equality + Belonging

## PUBLIC COMMITMENTS

### UN Human Rights LGBTI Corporate Standards of Conduct for Business

As the first global apparel retail company to sign on to the [standards](#), we bolstered our efforts to support and lead on issues that impact the Gap Inc. lesbian, gay, bisexual, transgender and intersex (LGBTI) community around the world.



### CEO Action for Diversity & Inclusion

In August 2017, we took the pledge, committing to advance diversity and inclusion in the workplace. The [pledge](#) aims to rally the business community to work collectively toward that goal and outlines a specific set of actions, such as unconscious-bias education. Companies are encouraged to share practices for cultivating a trusting environment where all ideas are welcome and employees feel comfortable and empowered to discuss diversity and inclusion. In 2019, we hosted the Check Your Blind Spots Unconscious-Bias Tour, which offered a unique, technology-enabled multimedia experience focused on blind spots that can potentially influence everyday decision making.

## CEO **ACT!ON** FOR DIVERSITY & INCLUSION

### Open to All

In October 2018, Gap Inc. and our family of brands announced that we joined a coalition of advocacy organizations and companies by signing the [Open to All Business Pledge](#). The pledge reaffirms that our workplaces and stores are welcoming spaces for everyone, and each U.S. store displays the Open to All sticker.

For us, this is nothing new and is in line with our Code of Business Conduct and Zero Means Zero policy. We are proud to join with other businesses and national social-justice groups like the NAACP, HRC, ACLU and Anti-Defamation League to show that we are open to all.



## AWARDS

### Bloomberg Gender-Equality Index

As a company working for a more equal, diverse and inclusive future for all, we're proud to be included in the 2019 [Bloomberg Gender-Equality Index](#) for the second consecutive year. Bloomberg listed Gap Inc. as one of 230 global companies committed to transparency in gender reporting and advancing women's equality.



### Refinitiv Diversity & Inclusion Index

Gap Inc. was named one of the world's most diverse and inclusive companies for the third consecutive year in [Refinitiv's Diversity & Inclusion Index](#), previously produced by Thomson Reuters. Gap Inc. was ranked ninth out of 7,000 international corporations, according to Refinitiv, which scored companies across four key categories: diversity, inclusion, people development and news controversies.



### Human Rights Campaign Corporate Equality Index (CEI)

For the 14th year in a row, in 2019, Gap Inc. received a perfect score on the [CEI](#), an annual benchmarking survey and report on corporate policies and practices related to lesbian, gay, bisexual, transgender and queer (LGBTQ) workplace equality.



# Equality + Belonging

## WORKPLACE DATA

We believe diversity increases creativity and innovation, promotes high-quality decisions and enhances economic growth.

We track and disclose data on comparable workplace information to enable us to monitor trends and the effectiveness of our strategy.

In an effort toward greater transparency, we will regularly share additional data on how our employees identify their race and ethnicity at stores and headquarters through a new Equality and Belonging report to be released in 2021.

Learn more

> [Workplace Data](#)



of U.S. employees identify as people of color

## Ethnic Diversity

United States\*

	2016	2017	2018	2019
<b>White</b>				
All Employees	48%	47%	45%	<b>44%</b>
Management	72%	71%	69%	<b>68%</b>
New Hires	44%	41%	41%	<b>41%</b>
<b>Asian</b>				
All Employees	7%	7%	7%	<b>7%</b>
Management	10%	10%	10%	<b>11%</b>
New Hires	6%	6%	6%	<b>6%</b>
<b>Black</b>				
All Employees	19%	20%	19%	<b>18%</b>
Management	6%	6%	7%	<b>7%</b>
New Hires	24%	25%	24%	<b>23%</b>
<b>Hispanic</b>				
All Employees	21%	22%	24%	<b>25%</b>
Management	10%	11%	12%	<b>12%</b>
New Hires	19%	21%	22%	<b>23%</b>
<b>Other Minorities**</b>				
All Employees	5%	5%	5%	<b>5%</b>
Management	2%	2%	2%	<b>2%</b>
New Hires	6%	6%	7%	<b>7%</b>
<b>All Minorities</b>				
All Employees	52%	54%	55%	<b>56%</b>
Management	28%	29%	31%	<b>32%</b>
New Hires	56%	58%	59%	<b>59%</b>

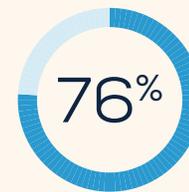
\*U.S. full-time and part-time, non-seasonal employees. Data on ethnic diversity is not available outside the U.S.

\*\*Other Minorities include: American Indian, Pacific Islander and 2+ races.

## Gender Representation

Global

	2016	2017	2018	2019
<b>VP + Above</b>				
Women	51%	50%	54%	<b>58%</b>
Men	49%	50%	46%	<b>42%</b>
<b>Sr. / Director</b>				
Women	61%	61%	62%	<b>62%</b>
Men	39%	39%	38%	<b>38%</b>
<b>Sr. / Manager</b>				
Women	61%	61%	59%	<b>58%</b>
Men	39%	39%	41%	<b>42%</b>
<b>Store Management</b>				
Women	68%	68%	70%	<b>72%</b>
Men	32%	32%	30%	<b>28%</b>
<b>New Hires</b>				
Women	74%	74%	74%	<b>75%</b>
Men	26%	26%	26%	<b>25%</b>
<b>Overall</b>				
Women	75%	76%	76%	<b>76%</b>
Men	25%	24%	24%	<b>24%</b>



female workforce globally

## Promotion Rates by Gender

United States

	2016	2017	2018	2019
<b>VP + Above</b>				
Women	3%	4%	3%	<b>1%</b>
Men	7%	11%	8%	<b>3%</b>
<b>Sr. / Director</b>				
Women	10%	9%	7%	<b>6%</b>
Men	12%	6%	6%	<b>7%</b>
<b>Sr. / Manager</b>				
Women	16%	13%	11%	<b>12%</b>
Men	14%	13%	7%	<b>11%</b>
<b>Professional</b>				
Women	7%	8%	8%	<b>8%</b>
Men	8%	8%	8%	<b>8%</b>
<b>Overall</b>				
Women	7%	8%	8%	<b>8%</b>
Men	8%	8%	8%	<b>8%</b>

Promotions are defined as movement to a higher-grade level. Promotion rate is the number of promotions during the year, divided by the average headcount for that year.

# Employee Engagement

**We empower Gap Inc. employees to support the potential of people in their communities through donations of time, talent and money.**

Every year, we work to ensure that our legacy of community involvement remains strong and we are proud that this spirit is ingrained in our company culture. Encouraging our employees to volunteer or donate helps build strong communities as well as attract and retain talented, engaged people for Gap Inc.

Getting involved in the community is easy for our employees, as we build in time for them to volunteer: All salaried employees can volunteer five hours per month “on the clock.” In addition, we match donations of both time and money so employees can support the causes they care about in the way that works best for them. We measure the dollar value of employee donations of time and money, and the company match to both; we refer to this aggregate as “employee-driven community investment.”

Learn more

[> How we invest in others and ourselves](#)



## 2019 PROGRESS

In 2019, we are proud that through the efforts of our global team, we met our goal for employee volunteer hours, even as we fell short of our larger employee-driven community investment goal. In total, 28 percent of our global employees logged more than 350,000 hours volunteering.

Despite shortfalls in our employee-engagement goals, which came during a year of significant change across our business, we are proud of the employee volunteer and donation efforts that have helped us exceed these goals in past years, and we especially value the contributions that have come during more difficult years such as 2019.

We are pleased that our network of 2,700 Community Leaders is still running strong. These individuals serve as Gap Foundation ambassadors and drive volunteerism for teams in our stores, corporate offices and distribution centers around the world. They also build partnerships with local nonprofits – relationships that frequently span many years and move beyond good intentions, delivering true impact by leveraging the expertise of our worldwide teams.

We are also energized by the enthusiasm displayed by our global employees in companywide campaigns like our Volunteer Rally, during which individual districts and regions, as well as teams from Gap Inc. headquarters compete to achieve the highest employee participation over the course of six and a half weeks. In 2019, teams participated in a variety of causes, from an Old Navy team

in Mexico that decorated a playroom in a children’s hospital, to staff in India who planted trees, donated blood and distributed meal kits to those in need. In total our employees around the world contributed 67,000 volunteer hours during the rally. As an added incentive, any region with three or more employee volunteers from every store in that region received a \$2,500 grant from Gap Foundation for the nonprofit of their choice, and the team with the highest participation also received a grant for the nonprofit of their choice. In addition to the volunteer hours, this campaign supported \$19,000 in Gap Foundation grants to charities including Kids Door in Japan, Operation Smile in China, and Sacramento Children’s Home in California.

In recent years, we have evolved our approach, integrating our ability to give back even more deeply into our culture and expanding our notion of what it means to give back. Beyond donating time and money, we have used campaigns such as [#LoveYourWater \(p.50\)](#) to encourage employees to think more broadly about all the ways that they can have a positive impact in their communities through choices that they make in their daily lives.

Today, each Gap Inc. function has at least one representative on our Employee Engagement Committee. These representatives are responsible for setting goals for volunteer hours, employee participation and total employee-driven community investment. We share monthly reports with these representatives to help keep teams accountable for their goals.

# Employee Engagement

## Goal

Support \$15 million in annual employee-driven community investment\*

### Employee-Driven Community Investment



\*Comprises volunteer hours, employee financial donations and Gap Inc. matching of time and money

## 2019 Employee-Driven Community Investment

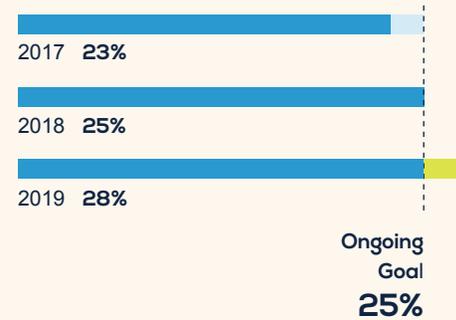


- \$9M in volunteer hours (the financial equivalent of over 355,000 volunteer hours)
- \$1.1M in employee financial donations
- \$2.1M in Gap Inc. matching of volunteer hours + employee financial donations

## Key Metric

25% of Gap Inc. employees volunteer annually

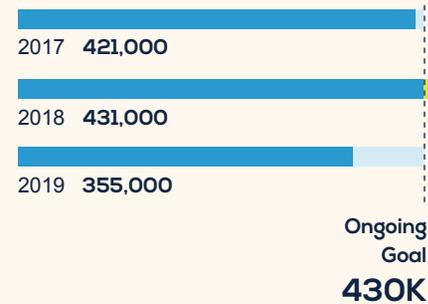
### % Employees Volunteered



## Key Metric

Gap Inc. employees log 430,000 volunteer hours annually

### Employee Volunteer Hours



## This Way Ahead: First Jobs

**This Way Ahead is opening doors for the next generation with first jobs, mentoring and building the confidence needed to make their dreams a reality.**

Through structured training and paid work experience at our stores and distribution centers, This Way Ahead helps youth (ages 16 to 24) facing barriers to employment get a foot in the door for a life-changing first job. Beyond a paycheck, the program gives participants life skills and valuable first-job experience, helping to build their confidence for the future.

At the same time, the program builds leadership skills among the This Way Ahead mentors, allowing our company to grow and stay competitive while delivering benefits across our business. Since 2007, the program has helped Gap Inc. build a valuable pipeline of future employees while developing **best practices for managing talent** that can be applied across the company.

Learn more

[> How we developed our program + how we approach implementation](#)



8,201  
youth  
have participated  
since 2007

# This Way Ahead: First Jobs

## 2019 PROGRESS

In 2019, we saw great progress across This Way Ahead, building on the program's growth in 2018 through a national partnership with the Boys & Girls Clubs of America, which expanded the number of cities where the program runs. In 2019, more than 2,500 youth participated in the program across 576 stores in 70 cities, up from 444 stores and 53 cities in 2018.

We dedicated time to evaluating how we could make an even bigger impact through This Way Ahead and decided to shift the program from several brands in our portfolio solely to Old Navy. Building on Old Navy's strong leadership in the program, its partnership with the Boys & Girls Clubs of America, and the brand's presence of more than 1,200 stores, this transition will raise our opportunity for impact while supporting Old Navy's business model for recruiting and developing talent. For Old Navy, This Way Ahead is the first place to look for talent when it comes to hiring new associates.

More broadly, Gap Inc. expects the expansion of This Way Ahead to support our company goal to increase representation of Black employees by 50 percent in store leader roles in the U.S. by 2025. This Way Ahead alumni – 95 percent of whom are people of color – represent immense potential for our leadership pipeline.

Also in 2019, we published the Gap Inc. This Way Ahead Playbook, distilling lessons from the program's 10-plus years to outline four key steps our stores can take to find and hire untapped talent. The playbook also includes resources like an interview guide and a checklist for things to do as a mentor.

Participant and mentor evaluations of This Way Ahead continue to demonstrate the program's impact, with 68 percent of participants reporting an increase in confidence and 84 percent of mentors reporting improved creative-thinking and problem-solving skills.

## Karen Diosa: From This Way Ahead Intern to Old Navy Store General Manager

When Karen Diosa started as a This Way Ahead intern at Old Navy's flagship store in Manhattan, she was a shy 16-year-old high-school junior with a strong work ethic. "I started working at a young age because I wanted to both work hard for what I needed and also be able to one day provide for my family," says Diosa, whose own parents, immigrants to New York from Colombia, inspired her and her three siblings.

Nine years and several promotions later, Diosa has become the first This Way Ahead graduate to become a store general manager. "I saw this opportunity to grow with the company, so I said, 'Nothing to lose here, I'll go for it!'" Diosa recalls.

Diosa, who studied health science, psychology and sports science in college – all while working at Old Navy – credits Louis Reyes, her then store director, for mentoring her from



This Way Ahead alumna, Karen Diosa, and Old Navy Head of Stores, Steve Stickel

the store floor to her leadership positions. "If it weren't for This Way Ahead, I wouldn't be here right now," Diosa says. "The program helped me come out of my shell. The Old Navy and This Way Ahead partnership is like a big family."

Now Diosa is supporting the next generation of This Way Ahead interns by sharing her own story. "I encourage them to ask questions," she says. "It's very rewarding to be a role model."

## 2019 IMPACT\*



\*These results were reported by a third-party evaluator.



of youth reported  
a significant increase  
in confidence



of mentors reported  
improved creative-thinking  
+ problem-solving skills



of alumni have secured  
stable employment

compared to 55% of their peers,  
according to a study of 10 years of alumni

# This Way Ahead: First Jobs

## 2019 REACH + GROWTH

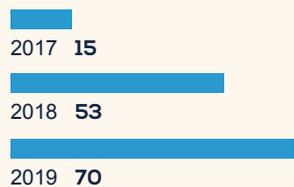
### Youth



### Stores

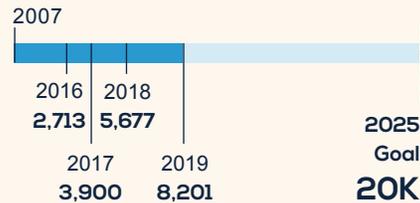


### Cities



## Goal Reach 20,000 youth through This Way Ahead by 2025

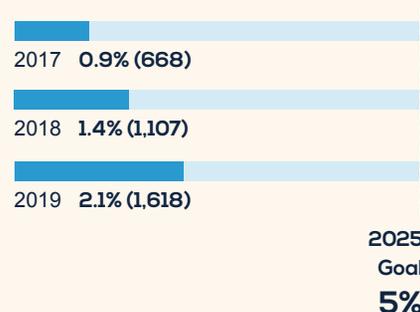
### This Way Ahead Participants



Previous goal: Reach 10,000 youth through This Way Ahead by 2020

## Goal Hire 5% of entry-level employees from This Way Ahead annually by 2025

### Entry-Level Hires from This Way Ahead



## Gloire Yahve: 'I'm all about moving up.'

When Gloire Yahve was 6 years old, she resolved that she would be the first person in her family to graduate from college. The daughter of immigrants who came to Houston after fleeing the Congolese genocide in 1999, Yahve saw how hard her parents had to work just to get by, sometimes holding two or three low-paying jobs. Yahve's father always told her: "Education is key to a new beginning and a better life."

Yahve's parents gave their eight children everything they could and would not allow them to work so that they could focus on their studies. So when Yahve's godmother suggested that she apply for This Way Ahead – and Yahve got the internship – she didn't tell her parents. "But when I started bringing home clothes from Old Navy for the family, they asked if I had a job," she says.

At first, her father was opposed to the idea of Yahve working. But when he realized that she was still making good grades and had earned enough to open a savings account and start paying for the dance lessons she had quit years ago when her family couldn't afford the fees, he was happy for her. She even earned enough to help pay family bills and buy sports gear for her siblings. "Some people say you can't do it all: You can't get your siblings to school every day, volunteer, help pay the bills, dance and work," she says. "But I did, and I still do."

When she started at Old Navy, Yahve says she was shy and reserved, but she soon learned new skills and was promoted from her start in



This Way Ahead alumna, Gloire Yahve

the fitting room to her current job in loss prevention. Outside of her achievements at work, she has continued to apply herself in school, and was accepted into six colleges. "I'm all about moving up," she says, laughing.

Yahve credits her first boss, Adriana Fuentes, and her manager, Anthony Cooremans, with helping her become the leader she is today. "This Way Ahead was my golden ticket," she says. "It's not just about the job. You can go somewhere else and get paid. It's a fresh start and a second chance for so many kids. If I hadn't found this program, if I didn't learn how to talk to people and make friends, I'm honestly not sure I'd even be here today."

# Supplier Sustainability

**We partner with all of our branded-apparel suppliers and other key stakeholders – including peer companies, employees, unions, governments, multilateral institutions, NGOs, industry associations, investors and communities – to help provide safe, fair and healthy working conditions for the women and men who create our clothes.**

Using a holistic approach, we implement a variety of programs for monitoring facilities and building supplier capabilities to help catalyze improvements in working conditions, taking country-specific approaches where appropriate. Our [Human Rights Policy](#) guides our overall approach to developing a supply chain that is resilient, responsive and respectful of the workers who make our products.

Gap Inc. has developed and implemented a dedicated program for assessing and remediating issues in sourcing facilities; we have also established a suite of capability-building programs focused on women's empowerment, social dialogue and supervisory skills. Field teams in our key sourcing countries enable us to partner closely with facilities and local stakeholders, providing thorough, on-the-ground insight into our suppliers' performance and the salient issues that workers in our supply chain face.

Our goal is to design, collaborate on and implement industry-leading programs that drive transformative innovation for the apparel-manufacturing sector.

Alongside our industry partners, we're investing in initiatives focused on a range of interventions: improving worker and management relations, innovating how we assess and improve working conditions, and using technology to directly engage with workers and respond to their needs.

Learn more

[> How we're improving working conditions](#)

## OUR APPROACH

We believe in a comprehensive approach to improving working conditions in our supply chain, combining facility-monitoring and capability-building programs to help our suppliers continually improve.

### 1. Assessment + Remediation

Our approach to improving working conditions is based on transparency, partnership and impact. We believe that by working together, we can achieve our commitments to improve workers' well-being, protect human rights, reduce environmental impacts and improve business performance.

Read more

[> Assessment + Remediation \(p.33\)](#)

### 2. Capability Building

In partnership with our suppliers, NGOs and others, we have established a suite of programs that aim to develop facilities' capabilities for worker representation and leadership involvement. Initiatives such as our Workplace Cooperation Program and Workforce Engagement Program – which we developed with Better Work and Verité, respectively – focus on maturing industrial relations in facilities and providing functioning grievance mechanisms while also measuring and improving the degree to which garment workers feel valued and engaged at work. Our life-skills program, P.A.C.E., gives women training and support to advance in their professional and personal lives. In addition to our cornerstone programs, we manage or participate in a broad set of initiatives that address country-specific labor issues.

Read more

[> Capability Building \(p.39\)](#)

# Assessment + Remediation

We monitor the adherence of the facilities operated by our suppliers to the Gap Inc. Code of Vendor Conduct (COVC) before initial approval and then annually. This is in conjunction with our efforts to build innovative programs that create supportive, empowering workplaces.

Our Assessment and Remediation program is the foundation on which we evaluate our suppliers' abilities to meet our sustainability expectations. The program provides insight on what issues workers may be facing and additional programs that would be beneficial. We primarily evaluate facilities through our own field teams' assessments and our partnership with the [International Labour Organization \(ILO\) Better Work \(p.35\)](#) in countries where it operates. Our global field team is located primarily in the countries from which we source, giving us a direct, on-the-ground understanding of worker needs and facility performance. We also support the adoption and institutionalization of new industrywide tools, such as the Social & Labor Convergence Program (SLCP) to help assess factory performance.



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

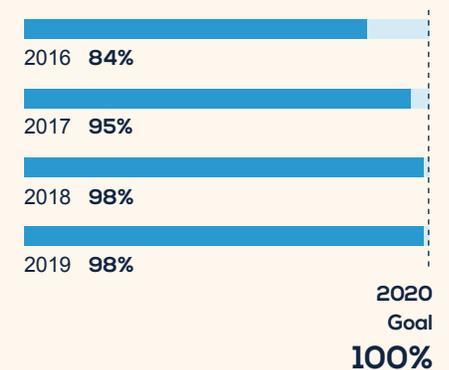
In 2017, Gap Inc. set a goal to not work with any red-rated facilities by 2020. We have made significant strides toward this goal, moving from 16 percent red-rated facilities in 2016 to less than 2 percent by the end of fiscal 2018. We maintained that percentage of red-rated facilities in 2019. In 2020, we will work toward our goal of zero red-rated facilities by continuing to build on our established management practices, including our work with our supply-chain partners, which has helped us progress over the years. We create realistic corrective action plans to help red-rated facilities resolve their challenges and improve in a timely manner. We have learned that setting big goals and having the management systems to provide visibility and accountability leads to sustained improvement. We will continue to provide that visibility through tools such as integrated scorecards that prioritize sustainability and business performance.

While we didn't reduce the percentage of red-rated facilities in 2019, the number of green-rated facilities increased by 6 percentage points between 2018 and 2019. Our analysis shows that the majority of these green-rated facilities are our more established vendors, and a good percentage of them also participate in our capability-building programs, including our Workplace Cooperation Program and P.A.C.E.

## Goal

**100% of supplier facilities producing branded apparel are rated yellow or green by 2020**

### % Supplier Facilities Rated Yellow or Green



## 2019 Facility Ratings



- 45% Green-Rated Facilities
- 53% Yellow-Rated Facilities
- 2% Red-Rated Facilities

# Assessment + Remediation

We have been able to achieve success closing out COVC violations in a sustainable, responsible way by integrating this work more deeply into our sourcing decisions and concentrating our business with preferred vendors. In addition to a dedicated Supplier Sustainability team that engages directly with facilities on these issues and targets, we train global sourcing employees on human rights policies and procedures, building companywide awareness on COVC requirements and collaborating internally to manage vendor performance and drive sustained performance. Through training and education, we also work closely with key vendors to build their capacity for continual improvement and help them implement proactive measures that will prevent COVC issues from arising in the first place.

We have created internal systems to develop a close partnership between our Sustainability and Global Supply Chain teams. This integration is supported with data analysis, which allows us to track and analyze major trends and the effectiveness of our programs. When we identify concerning trends or hot spots, we develop specific action plans to build awareness with our suppliers, collaborate with all affected stakeholders, and formalize systems to address the issue.

In 2019, an independent study by researchers at the University of Oxford and the University of Toronto confirmed that our approach of aligning sourcing decisions and accountability with social-compliance goals is an effective model to improve supplier performance against our COVC criteria. The researchers indicated that the improvement in performance under this aligned approach appears to be

greater than when supplier sustainability and purchasing operate independently.

We use a strict approval process to reduce the possibility of any red-rated facility entering our sourcing base, and we prioritize improvements with any facilities that do slip into red-rated categories. We are committed to reassessing those facilities more frequently, and we empower our teams to work with all facilities to meet our standards and continually improve so that we can build a high-quality supplier base. While we are pleased with the impact of our efforts toward our goal of 100 percent green- and yellow-rated facilities, we also recognize that at any given time, some facilities may slip below our COVC standards – and we are committed to continuing to monitor and work closely with our suppliers to remediate issues. Achieving a baseline performance level allows us to keep a closer eye on concerning issues and focus on capability-building programs, such as enhancing bipartite committees (our Workplace Cooperation Program) and soliciting direct worker engagement (our Workforce Engagement Program).

As we strive toward our goal, we also recognize that the best way to address most serious issues is to partner with our vendor or their facility to remediate. However, in the event that a facility or vendor fails to address persistent noncompliance or other egregious issues over an extended period of time, we will create a responsible exit plan. In that case, we give notice to the facility that orders will not be re-placed, so as to minimize disruption to workers. In these situations, we will continue to monitor the facility and work on pending issues through and following deactivation.

## SUPPLIER PERFORMANCE

We analyze our suppliers' performance against our Code of Vendor Conduct (COVC) and use the consolidated, country-level results to track and analyze progress or areas of concern for these issues. Our analysis showed that we resolved 82 percent of issues within 12 months, for those issues that were open as of Feb. 1, 2019. As we monitor areas of concern for emerging issues or trends, we partner with our suppliers to implement changes to our systems or develop new policies or programs.



## Resolution of Facility COVC Issues Open as of 2/1/2019

	2/1/2019		5/1/2019 (3 months)		8/1/2019 (6 months)		1/31/2020 (12 months)	
	Open Issues	% Resolved	Open Issues	% Resolved	Open Issues	% Resolved	Open Issues	% Resolved
<b>Bangladesh</b>	378	17%	313	17%	240	37%	128	66%
<b>Cambodia</b>	504	4%	486	4%	449	11%	68	87%
<b>China</b>	553	24%	418	24%	126	77%	45	92%
<b>Guatemala</b>	0	–	0	–	0	–	0	–
<b>India</b>	667	10%	599	10%	421	37%	164	75%
<b>Indonesia</b>	338	61%	131	61%	76	78%	57	83%
<b>Pakistan</b>	55	7%	51	7%	48	13%	11	80%
<b>Sri Lanka</b>	71	31%	49	31%	32	55%	21	70%
<b>United States</b>	5	100%	0	100%	0	100%	0	100%
<b>Vietnam</b>	943	20%	754	20%	477	49%	130	86%
<b>Other</b>	160	18%	131	18%	87	46%	43	73%
<b>Total</b>	<b>3,674</b>	<b>20%</b>	<b>2,932</b>	<b>20%</b>	<b>1,956</b>	<b>47%</b>	<b>667</b>	<b>82%</b>

# Assessment + Remediation

## INTERNATIONAL LABOUR ORGANIZATION (ILO) BETTER WORK

As part of our efforts to go above and beyond assessment and remediation and work more collaboratively with our suppliers and other stakeholders, we have played a leading role in multistakeholder collaborations such as the ILO Better Work program. As a founding member of this program, we view the ILO team as our key partner in every country where it operates, representing several of our key sourcing markets. Better Work takes an advisory approach to monitoring facilities, with an emphasis on protecting worker rights and well-being by helping companies and governments uphold the ILO's core labor standards and national labor laws. Better Work leads facility assessments and helps to address and remediate issues in Vietnam, Cambodia, Indonesia, Bangladesh, Jordan, Haiti and Nicaragua. We also work closely with Better Work on the Better Work Academy, which we helped found to move beyond an "assessment-only" approach to facility monitoring.

### Read more

[> ILO Better Work and Supervisory Skills Training \(p.41\)](#)

[> Better Work Academy \(p. 41\)](#)

## SOCIAL & LABOR CONVERGENCE PROGRAM (SLCP)

As a signatory to this collaboration among apparel and footwear brands, retailers, industry groups and civil society organizations, we support a shared data-collection tool that assesses the social and labor performance of manufacturing facilities across the apparel and footwear supply chain and reduces the duplication of industry efforts. In 2019, we joined the SLCP Council and are active in workstreams to accelerate adoption of the tool.

In 2018, we participated in a pilot program to test the first version of this tool, and in 2019, expanded our implementation by inviting 65 mill facilities in China, Taiwan and India to complete the SLCP; 28 mill facilities did so. To support the wider adoption of the tool, we have applied lessons from the pilots to streamline communication and simplify materials that our staff use to train suppliers. As the program grows, we continue to seek new ways to demonstrate the benefits of this initiative to suppliers.

Gap Inc. is committed to supporting the expansion and sectoral adoption of the SLCP; we continue to allocate resources to institutionalize the program across our supply chain to promote supplier ownership of social performance.

## 2019 Assessments in ILO Better Work Markets

	Facilities Assessed by ILO Better Work		Facilities Assessed by Gap Inc.		Total
<b>Bangladesh</b>	33	69%	15	31%	<b>48</b>
<b>Cambodia</b>	41	79%	11	21%	<b>52</b>
<b>Haiti</b>	6	100%	0	0%	<b>6</b>
<b>Indonesia</b>	54	82%	12	18%	<b>66</b>
<b>Jordan</b>	4	100%	0	0%	<b>4</b>
<b>Nicaragua</b>	5	100%	0	0%	<b>5</b>
<b>Vietnam</b>	94	60%	62	40%	<b>156</b>
<b>Total</b>	<b>237</b>	<b>70%</b>	<b>100</b>	<b>30%</b>	<b>337</b>

### Mill Sustainability Program

Our supply chain is complex and reaches far beyond our Tier 1 suppliers – the cut-and-sew facilities from which we directly source, as well as their supporting embroidery, screen printing and laundry facilities. Since 2017, we've expanded our efforts to monitor the social and environmental performance of our Tier 2 suppliers – the mills that provide our fabric – through our Mill Sustainability Program. The program puts supplier ownership at its center and uses three industry programs, including SLCP, to improve our mills' social and environmental performance. The other two industry programs we use are the Sustainable Apparel Coalition's (SAC) Higg Facility Environmental Module (FEM) 3.0, and the Zero Discharge of Hazardous Chemicals' (ZDHC) Roadmap to Zero Programme.

Our first step on this journey was to comprehensively map the mills from which we source raw materials and group them into three categories: preferred mills (which represent the majority of our business volume), secondary mills, and niche and new mills. We have a comprehensive understanding of our Tier 2 supplier base, mapping over 200 facilities that represent a significant portion of our business volume. We continue to engage with them and incorporate their performance into our business decisions.

### Read more

[> Mill Sustainability Program \(p.54\)](#)

# Assessment + Remediation

## KEY ISSUES

We are proud to support the principles outlined in the Universal Declaration of Human Rights (UDHR), the UN Global Compact, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the ILO's Core Conventions.

These principles form the foundation of our Human Rights Policy, which defines our approach and activities to respect human rights and prohibit human-rights abuses.

In addition to the programmatic updates in this report, detailed information on our human-rights policies, management approach and resolution actions for key issues is available at the links below.

### Learn more

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

## Fire, Building and Electrical Safety Program

We established our fire, building and electrical safety (FB+ES) program to reduce the risks inherent in the industrial process of apparel manufacturing. Our program is intended to protect workers, especially in our key sourcing countries and countries where these dangers pose a high risk. Reducing the risk of catastrophic events is paramount, and we see an opportunity to avoid supply disruptions from small-scale incidents that could result in lost working days, worker injury or displacement, and product damage.

Our approach is to lead local initiatives and partner with other brands, when possible, to support scalable solutions. In recent years, we have expanded our FB+ES approach beyond Bangladesh, where we had focused our efforts since 2014. In Bangladesh, we are a member of Nirapon, the organization created to carry forward the important FB+ES improvements that the Alliance for Bangladesh Worker Safety has achieved.

We joined the [Life and Building Safety \(LABS\)](#) initiative, which currently operates in India and Vietnam. In 2019, LABS assessed 15 facilities in India and 29 in Vietnam for fire and building safety. We are proud to help spearhead LABS' work in its portfolio of facilities, half of which are Gap Inc. suppliers.

We have also worked with expert service providers to conduct assessments of our own in other key sourcing countries, including Cambodia, Egypt, Indonesia, Jordan, Pakistan and Sri Lanka. To date, these providers have conducted FB+ES assessments and

created improvement plans for over 74 of the top strategic facilities that manufacture our product.

## Grievance Mechanisms

Being able to raise concerns to facility management or to Gap Inc. is essential to ensuring that workers have a voice in their workplace. We have developed a comprehensive suite of programs that provide myriad workplace benefits and channels where workers can effectively raise grievances. Within each program, workers are given a voice to raise concerns with facility management and outside parties, via various channels:

- Our [Workforce Engagement Program \(p.41\)](#) offers an approach in which individuals can confidentially report workplace-related grievances to facility management via worker surveys, interviews and messaging applications.
- Our [Workplace Cooperation Program \(p.40\)](#) provides training for workers and management on how to improve industrial relations, with an emphasis on how to develop and implement grievance mechanisms. Our goal is to deliver this program to 200 facilities by 2020; as of the end of 2019, we had reached 182 facilities. We assess grievances raised via this program, including the amount of time taken to remediate, channels used and outcomes.
- Our [Assessment and Remediation program \(p.33\)](#) evaluates the efficacy and use of grievance mechanisms. Our

Supplier Sustainability team provides contact information to workers in the facilities from which we source, so they are able to reach out to Gap Inc. directly if there are issues that require our attention.

We believe that context-specific approaches to grievance mechanisms will increase the likelihood that workers use them. We are in the midst of evaluating additional service providers that can help to implement technology-based solutions in other sourcing markets. Additionally, we are responsive to third parties that raise grievances with us via any of our communication channels.



# Assessment + Remediation

## Freedom of Association

Our Code of Vendor Conduct (COVC) and Human Rights Policy explicitly support freedom of association and the rights of workers to lawfully and peacefully associate, organize and bargain collectively.

We use a wide range of approaches in seeking to ensure that freedom of association rights are respected, from supporting open dialogue between facility workers and managers, to partnering with workers' rights groups and trade unions when appropriate.

In January 2018, we joined with The Arbitration Council and ILO Better Factories Cambodia to lead a workshop on freedom of association for our Cambodian suppliers and the unions represented in their facilities. The purpose was to improve employee-employer relationships through a mutual understanding of freedom of association, workplace cooperation, and dispute-prevention and -resolution mechanisms in the workplace. This workshop included in-depth trainings for factory management, union representatives and other worker representatives on how they can better partner to jointly resolve workplace disputes. We look forward to scaling these types of trainings in additional countries in the future. It also provided an overview of Gap Inc.'s [Workplace Cooperation Program \(p.40\)](#), which aims to improve worker-management dialogue at facilities. In 2019, we built on these efforts by supporting the Arbitration Council's development of the "Guidebook to Cambodian Labor Law," which will be launched in the second half of 2020.

Also in 2019, we launched a new partnership with the ILO and Better Work Bangladesh. This three-year initiative, the ILO Bangladesh Social Dialogue Project, will be implemented by the ILO in all facilities from which Gap Inc. sources in Bangladesh. It helps to build the capability of factory management, compliance staff, union members and workplace-committee members through training sessions on a range of topics including: freedom of association, collective bargaining, international labor standards, and communication and negotiation techniques. It will also help to increase understanding of the Bangladesh Labour Act. In 2019, we supported training in 28 facilities, an effort we will continue to expand, when feasible, to meet our goal of reaching 50 facilities.

## Working Hours

One of the compliance issues we frequently encounter relates to worker overtime, which fluctuates but remains an issue of concern year after year. Overtime is a complex challenge to address: Many workers want to request overtime because they seek hours in order to earn premium overtime pay, while facilities seek to optimize their production capacity across multiple buyers. In addition, buyers themselves, including Gap Inc., can negatively impact work hours when requiring changes that increase or decrease the size of an order.

We continue to address the role that our buying practices have on overtime hours, including through [Better Buying](#), an initiative to understand the impact of our business planning, as well as other aspects of the design and development process. After we received our results, we shared our findings

with our sourcing teams, enabling them to examine how their planning affects lead times and our visibility into our supplier's capacity to fulfill orders. Gap Inc. Sourcing teams are working to develop systems that can more appropriately place orders depending on our suppliers' capabilities to fulfill them; these learnings are helping us to implement improvements while we continue to solicit supplier feedback.

## Gender-Based Discrimination and Harassment

Women comprise the majority of the global garment workforce, face challenges in the workplace, especially regarding harassment. Over the years, we have conducted regular assessments of the facilities with which we work and have found serious violations related to gender-based discrimination and harassment. These issues require all relevant stakeholders in our industry to invest more time and resources to address.

To help move the needle, in 2018, Gap Inc.'s Supplier Sustainability team worked with our suppliers in India. We helped them build an environment where they clearly define and implement policies on Prevention of Sexual Harassment (POSH) and create an Internal Complaints Committee, both of which are required under local law. Our aim was to help our suppliers raise awareness about this issue and the rights and responsibilities of male and female employees, including managers.

Given the urgency and importance of this issue in other key sourcing countries, we have taken our learnings and expanded these trainings to address gender-based

discrimination and harassment in Bangladesh, Cambodia, China, El Salvador, Guatemala, Haiti, Honduras, Indonesia, Jordan, Nicaragua and Vietnam. We are working with partners in these countries to implement the training.

By the end of 2019, we had conducted training for more than 500 facilities in our global supply chain – about 70 percent of all facilities. To review progress, Gap Inc. assessments include components on POSH and determining areas for improvement, if needed, within a remediation plan.

Looking ahead, we will build on this program to focus on women's empowerment, which we will link to [Empower@Work \(p.44\)](#), our collaborative effort with BSR HERproject, ILO Better Work, CARE, ICRW and Walmart. It aims to use common curriculum and best practices to advance women's empowerment and gender equity in global supply chains.

# Assessment + Remediation

## Child and Forced Labor

We continue to maintain a strong focus on protecting human rights, including issues such as forced and child labor. Under no circumstance is it acceptable for child, forced or trafficked labor to be employed within our operations or used in the production of any Gap Inc. product. Recent legislation has supported global awareness and we annually report our actions to uncover and protect against these issues within our 2019 U.K. Modern Slavery Act and California Transparency in Supply Chain Act disclosures. While we have not discovered instances of forced or child labor in our supply chain in recent years, we remain vigilant about these issues and detail our comprehensive management approaches to both.

As part of our deep commitment to responsible and ethical practices and our strict policies against the use of involuntary labor of any kind in our supply chain, we are monitoring concerns about China's Xinjiang Uyghur Autonomous Region (XUAR) region, where a significant amount of the world's cotton is grown and spun. We can confirm that we do not directly source any materials or garments from the region and we are taking steps to better understand how our global supply chain may be indirectly impacted. This includes working with our suppliers and actively engaging with industry trade groups, expert stakeholders and other partners to learn more and advance our shared commitment to respecting human rights.

### Learn more

[› California Transparency in Supply Chains Act / UK Modern Slavery Act Statements](#)

## Uzbek and Turkmen Cotton

It has been well established that the governments of Uzbekistan and Turkmenistan have long relied on forced child labor and/or forced labor to harvest their country's cotton. We have worked to educate and influence our suppliers and facilities on this issue, making it clear that we will not accept any clothing manufactured with fabrics that were made from Uzbek or Turkmen cotton. We were pleased to read reports from the ILO that acknowledged significant improvements in Uzbekistan's cotton sector. We recognize that further reforms are necessary, but we are pleased to see progress on this critical issue.



# Capability Building

**We work with our manufacturing partners to implement a suite of programs aimed at providing the tools and resources to continually improve industrial relations, worker engagement and facility compliance.**

When we approach our suppliers about human rights and working conditions, we are sharing our conviction in enabling safe, productive and responsive workplaces. We seek to work with facilities where workers feel valued and engaged at work, where they have a voice to express concerns and see their grievances addressed, and where workers and managers can communicate effectively.

Gap Inc. coordinates with external partners – including NGOs, unions, multilateral agencies, peer companies and suppliers – to deliver our P.A.C.E. program, Workplace Cooperation Program, Workforce Engagement Program and Supervisory Skills Training. These programs can help empower women workers, enhance industrial relations in facilities, provide functioning grievance mechanisms, stabilize our sourcing operations, and create platforms for measuring and improving the degree to which garment workers feel valued and engaged at work. These complementary interventions can be implemented alone or together depending on a facility's needs.

In addition, we participate in broader initiatives that support the individual programs, including the Better Work Academy and the Better Than Cash Alliance's digital-wage program. These can be implemented in available markets to heighten our suppliers' ability to adapt to their workforce's needs.

Together, these programs provide a comprehensive and holistic engagement model for facilities to improve labor standards, benefit workers, and support the business continuity and resiliency of our supply chain.

Learn more

[> How we're working with suppliers](#)



# Capability Building

## WORKPLACE COOPERATION PROGRAM

Our Workplace Cooperation Program (WCP) facilitates dialogue between workers and management to address workplace issues, from overtime and worker well-being, to washroom sanitation and better-quality food in the canteen. This training program works with elected bipartite committees, comprising both workers and management representatives who collaborate to build good industrial relations. Inherent in this training program is a recognition that workers in many facilities do not feel comfortable voicing their grievances in the presence of upper-level management. Our approach, designed in partnership with ILO Better Work, seeks to address those relations by developing the skills of committee members and to help guide effective meetings. We also provide guidance on how to best respect and abide by workers' fundamental rights at work, as defined in the ILO's Core Conventions.

In 2019, we focused on expanding and refining this program, as well as analyzing data that we collect quarterly. Since launching the program in 2016, we have reached 182 facilities – 61 in 2019 – in 11 countries. We continue to expand to our strategic vendors' owned and sub-contracted facilities for even greater impact. Our goal is to reach 200 facilities by 2020.

Building on changes made in 2018, we have continued to offer an abbreviated training period of 12 to 16 months instead of two years. This gives facilities more flexibility in offering the training modules, as teams can opt to combine two half-day training modules into one all-day training, reducing the time for program completion.

We also continued to use the data assessments we launched in 2017 to examine how many grievances have been received and addressed, which channels were used, and how long it took to address the issues. Our analysis shows that once functioning bipartite committees are in place, workers feel more empowered to raise concerns, and that these concerns are more quickly addressed. In addition, our data show that once these committees have been trained, grievances rise for a period and then diminish in frequency, illustrating the comfort workers feel in voicing complaints and the subsequent actions taken to address their concerns.

We believe that improving worker and management relationships and addressing workers' concerns can increase morale, which could improve our suppliers' business performance. To understand whether the WCP is indeed impacting productivity, efficiency and quality among our suppliers, we have been collecting data for analysis. We created a quarterly data-collection tool and asked participating facilities to track and share data on business indicators, such as absenteeism, number of grievances and productivity.

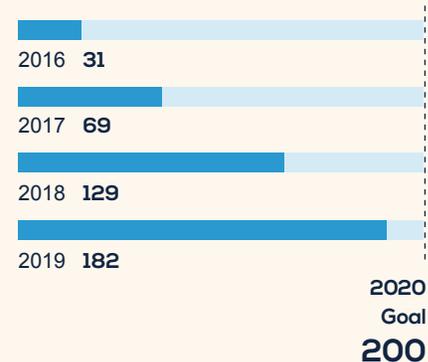
In 2019, researchers from York University and Better Work conducted an evaluation of the program, revealing that the training has translated into workplace improvements in three areas: communication and cooperative work relationships, enhanced ability for workers and managers to address workplace concerns, and a better business case for workplace cooperation. Workers reported feeling more motivated, safer in

their work environment and happier coming to work. They also reported feeling that they were listened to and had a voice in decision making.

### Key Metric

## Reach 200 supplier facilities with our Workplace Cooperation Program by 2020

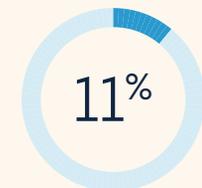
### Supplier Facilities Reached with WCP



8,323  
grievances raised  
by workers in facilities  
participating in WCP  
from 2018-2019



88%  
issues resolved  
within the  
same quarter



11%  
repeat issues

This data is self-reported by factories on a quarterly basis. It includes grievances reported through any mechanism (i.e. suggestion box, bipartite committee, union, hotline/helpline, mobile app, HR or a supervisor, an external party or any other mechanism).

# Capability Building

## SUPERVISORY SKILLS TRAINING

We have continued our partnership with ILO Better Work on Supervisory Skills Training (SST), which we launched in 2018 to engage a key group of employees: mid-level managers. This program helps facility managers improve their communication with workers, who typically contact middle management first to discuss problems or make suggestions to improve working conditions. SST fills an important gap in management training, since many facility supervisors are promoted based on technical skills, but are not provided training in the people skills that are critical for effective management.

The three-day training program is designed to give supervisors and middle managers a deeper understanding of important leadership and supervisory concepts: being a professional supervisor, building good relationships, influencing and managing workers effectively. Participants are trained to avoid a passive or authoritarian style of leadership, and instead strike a balance between the interests of the company and the interests of staff. As a result, we expect participating supervisors to shift their management style from "timid" or "domineering" to "professional," yielding higher worker motivation and retention, and ultimately more efficient production.

In 2019, our team trained 1,298 supervisors – nearly triple the number trained in 2018. As of 2019, 111 facilities in seven countries were active in the program. In Better Work countries, where Better Work delivers the training, we also encourage our facilities to nominate their supervisors to participate in SST.

In 2019, we implemented a program-evaluation methodology that uses supervisor and worker surveys and production-efficiency data from facilities to measure several things: the extent to which participants reported trainings to be effective, the extent to which they learned new concepts, whether this learning led to any behavior change, whether workers acknowledged that change, and whether behavior changes impacted production efficiency.

## WORKFORCE ENGAGEMENT PROGRAM

By engaging workers to amplify their voices and understand how they feel at work, the Workforce Engagement Program (WEP) seeks to increase worker engagement and empower facilities to make worker-centric improvements. By the end of 2019, we had reached 45 facilities by supporting mobile-engagement tools, applying lessons from our 2017 technology-enabled pilots. This builds on the 100 facilities that we had reached previously through earlier non-mobile-based iterations of the program.

We have learned from our experiences engaging workers and have adjusted our approach to better fit the needs of individuals, their workplaces and our business. We have tested a variety of approaches, including worker discussion groups, pen-and-paper surveys and various mobile technologies. We now focus on a supplier-led model that uses scalable mobile technology, allowing workers' voices to be heard directly by those who are able to respond. To sustainably expand the program, we are sharing best practices across suppliers, from Vietnam to China to Indonesia to Guatemala.

Gap Inc. hosts WEP workshops in each region to bring together our suppliers and WEP service providers. During these workshops, our Supplier Sustainability team shares the importance of worker engagement and how it can help our suppliers' business. Research on worker engagement supports supplier adoption: Improved engagement has been correlated with business outcomes like reduced absenteeism and turnover. Additionally, suppliers can learn from their workforce to make improvements that are good for business, whether that's identifying

a problem before it escalates or becomes a large risk, or hearing workers' ideas about opportunities to improve efficiency, safety and more.

We recognize that there are many ways to measure worker engagement. To increase brand collaboration and avoid the proliferation of tools with a similar purpose, we adopted Nike's survey tool in 2019 and plan to share best practices and resources to enhance industry knowledge going forward.

### Better Work Academy

As a founding member of the Better Work Academy, we are dedicated to moving beyond "assessment-only" facility monitoring to support comprehensive solutions that improve industrial relations in facilities. By including leadership in capability-building programs, appropriate individuals are able to take action to address worker feedback provided through new grievance mechanisms.

To date, the Academy has reached 300 facilities in 18 countries, with eight brands now participating, including Gap Inc. As a proud ambassador for the program, we have played an active role in supporting its expansion. One of the ways we do this is by onboarding other brands, sharing our insights, and providing training materials that brands can customize for their own programs.

Based on feedback from participating brands, the Academy is helping to empower facilities to make improvements themselves, with brands serving as advisers and partners. Facilities report improved communication with workers, fewer worker complaints and better production performance and output.

Looking ahead, we believe it is important to continue growing the modules and to focus areas of Better Work Academy for consistency and harmony with other capability-building programs in our industry. For example, we see significant opportunity for the Academy to focus on developing management training, as having mechanisms to provide worker feedback can only help if management is prepared to receive it and make improvements.

# Capability Building

## DIGITAL WAGE PAYMENTS

In 2018, we set a goal for all of our Tier 1 suppliers to transition from a cash-based wage-payment system to a digital wage-payment system by 2020. As of the end of 2019, 92 percent of our suppliers were using digital wage payments, and we had rolled out programs in 23 countries. (We define digital wage payments as mobile wallets, bank accounts, debit cards and other methods that are digitally accessible.)

To support our commitment, we joined the UN's **Better Than Cash Alliance (BTCA)**, which works with the private sector, governments and international organizations to accelerate the transition to digital payments, which can help reduce poverty, build financial inclusion and support inclusive growth. It also advances supply-chain efficiency and transparency.

In addition to costing more time and money for facilities, cash payments present a variety of security risks to workers and contribute to financial exclusion. Globally, more than 30 percent of working-age adults lack access to formal financial services, with rates of financial exclusion higher among women.

By committing to work with our suppliers to use digital wage-payment methods, we hope to increase the number of people in our supply chain – particularly women – who have access to formal financial products and services, including bank and savings accounts, credit and insurance. This gives workers greater control over their finances and offers them a safer way to save, spend and invest their money. Our suppliers benefit from cost

savings via a faster, more efficient payment system. Digital wages also help to increase accountability and transparency across the garment sector. Since financial inclusion requires both access to financial services and knowledge about how to use those products and services, we are evaluating how we can tie our digital wage-payment work to financial-literacy training programs, which our **P.A.C.E. program (p.43)** provides.

We are pleased to see that our efforts have created a positive impact for workers and supply-chain facilities alike: In India, where 100 percent of the facilities we work with now provide digital wage payments, time spent on payroll is down 10 percent for Finance teams and 25 percent for HR teams at our suppliers. Digital wage systems have also supported more transparency in worker payments, including overtime, which has helped workers get paid what they earned. As a result, worker attrition and turnover has dropped 15 to 20 percent.

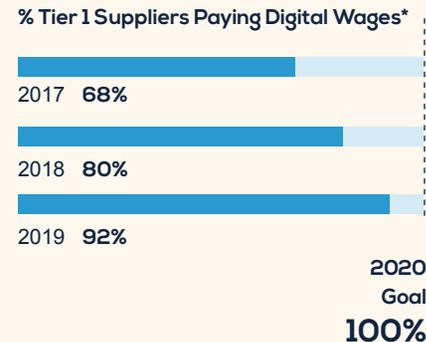
While we are seeing good progress in most of our sourcing countries, we are encountering different barriers to progress in countries such as Cambodia, Haiti and Jordan. In Haiti, for instance, there's a lack of banking infrastructure for workers to access accounts. Other countries face high transaction costs that create barriers for low-wage garment workers, or lack banking infrastructure in rural areas where workers may want to send money to support their families.

We recognize that we cannot solve challenges across the banking ecosystem alone, and as we work toward our goal, we are partnering with a broad set of

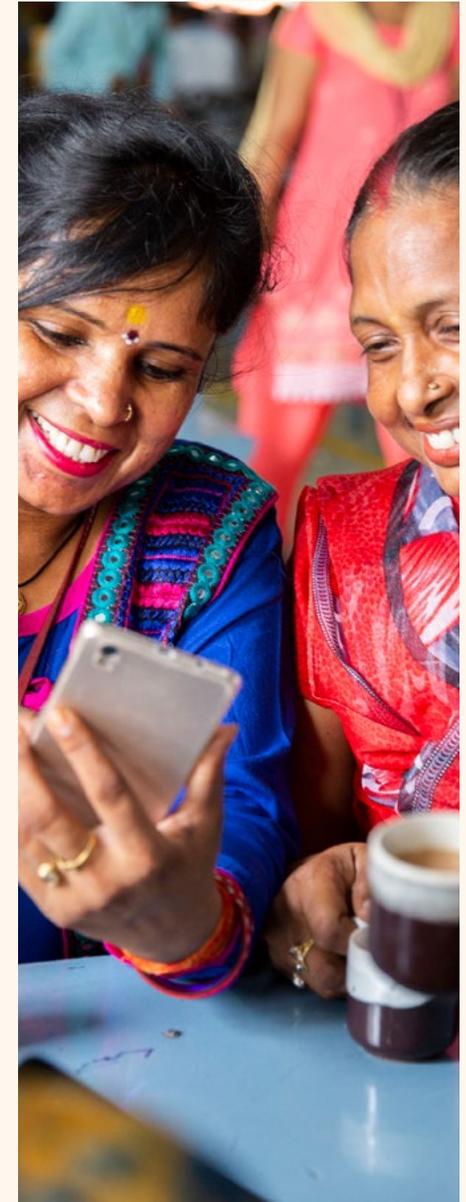
stakeholders to develop working groups in countries that presently lack the infrastructure or capital investment required to make digital wages a scalable, cost-effective model for garment workers. In addition to our collaboration with the BTCA, we have partnered with the Bill & Melinda Gates Foundation and BSR in Bangladesh, in tandem with other international buyers, to identify solutions that can help us address some of the key systemic barriers to digitization in the years ahead.

### Goal

## 100% of Tier 1 suppliers transition to digital wage payments\* by 2020



\*Mobile wallets, bank accounts, debit cards and other methods that are digitally accessible



# P.A.C.E.: Empowering Women

Our P.A.C.E. (Personal Advancement & Career Enhancement) program gives women the foundational life skills, technical training and support they need to advance in the workplace and in their personal lives.

We launched P.A.C.E. globally in vendor facilities in 2007 and have since expanded the program to community settings and more countries, unlocking new possibilities for women and adolescent girls around the world. Our goal is to reach 1 million women and girls through vendor and community partnerships by 2022.

Learn more  
> [How we're supporting women](#)

## REACH SINCE 2007

580K+  
women + girls

3,000+  
trainers



80%  
of our  
supply-chain vendors  
have made 2022  
commitments  
to implement  
P.A.C.E. training



# P.A.C.E.: Empowering Women

## 2019 PROGRESS

In 2019, P.A.C.E. achieved an important milestone of reaching more than 580,000 women and girls, including more than 279,000 in 2019 alone. We were able to make such significant progress scaling P.A.C.E. through innovative collaborations that included strategic partnerships with local governments and other brands, as well as a new multistakeholder initiative. We also invested in open-source tools and measurement and evaluation frameworks that will continue to ensure sustainability in quality and affordability even as P.A.C.E. grows. Also in 2019, we began to see the fruits of our investments in adolescent girl's curriculum, as some of these girls transitioned into the women's program, demonstrating the impact of P.A.C.E. through different stages of their lives.

In 2019, we extended the reach of P.A.C.E. in three ways:

Gap Inc. partnered with Business for Social Responsibility's (BSR) HERproject, International Labour Organization (ILO) Better Work, Cooperative for Assistance and Relief Everywhere (CARE), International Center for Research on Women (ICRW) and Walmart to launch **Empower@Work**, a collaborative effort dedicated to empowering women and advancing gender equity in global supply chains through the sharing of knowledge, skills and networks. This effort aims to unlock the reach of leading women's empowerment programs that have collectively engaged more than 4.5 million workers in global supply chains. By harnessing the power of our collective reach

and pooling our knowledge and resources, we aim to support economic independence and a better future for the more than 80 million women working in the apparel industry worldwide. The approach is built on three pillars: Act to encourage and share best practices in worker training, innovate by sharing successes and failures to develop new best practices, and advocate by amplifying our collective voice for policy-level change. Late in the year, Empower@Work released an open-source worker training **open-source worker training toolkit** for women's empowerment that includes our P.A.C.E. women's curriculum, as well as expertise and training from the other partners.

We are also using the open-source concept to scale P.A.C.E. through collaboration with other brands. We are offering no-fee license agreements for the use of P.A.C.E. curriculum and training methodologies to our brand partners, including Abercrombie & Fitch Co., Avery Dennison, Hasbro, New Balance, PVH Corp., and the Chinese food and beverage company, Want Want Group.

Lastly, we are extending the program's reach by partnering with governments to deliver P.A.C.E. in new settings where it can have increased impact for women:

- Through a collaboration with the UN High Commissioner for Refugees (UNHCR) that we began in Jordan in 2018 and expanded to Turkey in 2019, P.A.C.E. curriculum is now benefiting people who have been forcibly displaced in refugee settlements.
- In Bangladesh, Gap Inc. and the International Organization for Migration

(IOM) signed an agreement to implement P.A.C.E. curriculum modules for migrant workers and in refugee sites.

- In Cambodia, we licensed our curriculum to Kampuchea Action to Promote Education (KAPE), which will reach 100,000 girls in the next couple of years.
- In India, we launched a pilot with the Ministry of Rural Development (MoRD) that will standardize the P.A.C.E. life-skills curriculum across MoRD's implementing partners around the country under a social and economic program focused on rural youth.
- In Indonesia, our program partner, CARE Indonesia, received a government award for successfully integrating and rolling out the P.A.C.E. adolescent girl's curriculum into a school district that reaches more than 5,000 girls.

To help ensure quality and sustainability at scale, we have launched an online learning platform that has supported the training and certification of 3,000 P.A.C.E. trainers. This platform allows partners to manage their own trainer base, while maintaining P.A.C.E. program quality through a standardized curriculum. In 2019, we also funded the development of community and workplace measurement and evaluation frameworks by ICRW to demonstrate the impact of P.A.C.E. in a systematic and credible way. These frameworks will enable our community partners and vendors to better access and use data and analysis to improve and validate the social and business impact of P.A.C.E. programs.

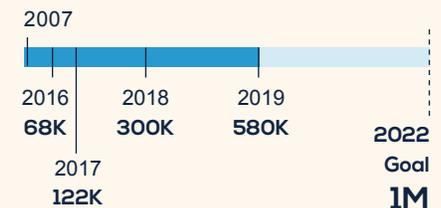
We plan to build on the successes and lessons learned from 2019 by continuing the use of open-source, no-fee license partnerships, increasing opportunities to demonstrate impact through qualitative and quantitative assessment tools, and embedding P.A.C.E. programming into our Supplier Sustainability team in facility settings. This positions the program as a business priority that contributes to supply-chain capability building, efficiencies and enhancements.

In 2019, we raised more than \$200,000 for our P.A.C.E. implementing partners, CARE, through a campaign for International Women's Day led by our Gap, Banana Republic and Athleta brands. As we expand the P.A.C.E. program, we plan to continue exploring new ways to engage our employees and others.

## Goal

### Reach 1 million women through P.A.C.E. by 2022

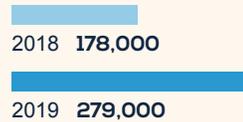
#### P.A.C.E. Participants



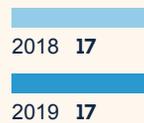
# P.A.C.E.: Empowering Women

## REACH + GROWTH

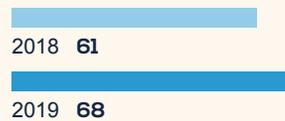
### Women + Girls



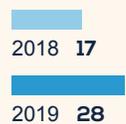
### Countries



### Vendors

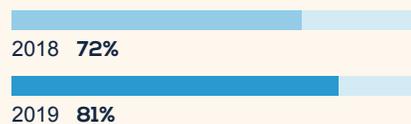


### Community Partners



### Sourcing Dollars

Percentage of sourcing dollars spent with PACE vendors



## 2019 IMPACT\*



in communication skills



in execution skills



in financial literacy skills

\*According to 2019 assessments that participants are asked to complete before and after each P.A.C.E. module

5.3%  
turnover rate for  
P.A.C.E.-trained women

compared to 10.1 percent among their peers,  
according to a sample set of 74 facilities

## 2019 Active Community Partners

- Apparel Training & Design Centre
- Association for Solidarity with Asylum-Seekers and Migrants (ASAM)
- Beijing Social Work Development Center for Facilitators
- CARE
- China Women's University
- Fujian Hwa Nan Women's College
- Gram Tarang Employability Training Services
- Hainan Tropical Ocean University
- Hebei Women's Vocational College
- Heifer International
- Hunan Women's University
- Inno Community Development Organisation
- Jordanian Hashemite Fund for Human Development (JOHUD)
- Kampuchean Action for Primary Education (KAPE)
- MAMTA Health Institute for Mother and Child
- Martha Tilaar Group
- Mülteci Destek Derneği Refugee Support Center (MUDEM-RSC)
- Nanjing Normal University
- Project Concern International (PCI)
- Self-Employed Women's Association (SEWA)
- Shaanxi Women and Children's Development Foundation
- Shantou University
- ShareHope
- TechnoServe
- Want Want Group
- Women Win
- World Vision Honduras
- Xi'an Peihua University



# Environment

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# Water Stewardship Strategy

**Few resources are as essential to human health and well-being as water.**

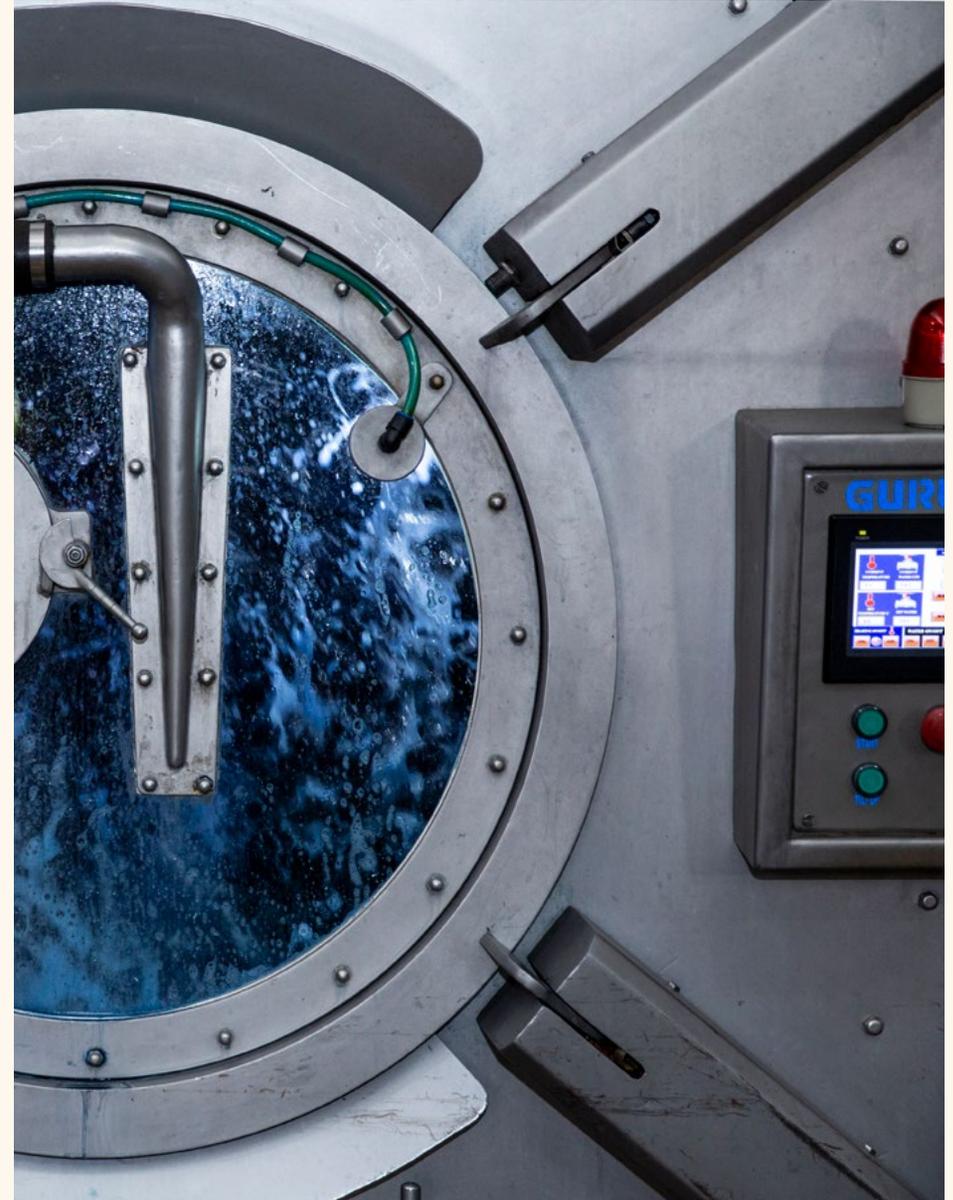
Our water stewardship strategy is built on the principle that clean, safe water is an environmental concern, a basic human right and a business imperative. We have a responsibility and an opportunity to catalyze innovation in water for the industry.

Water is also a critical natural resource for our business: it is used in the cultivation process of raw materials like cotton; consumed in the mills and laundries that manufacture our products; and used by customers to wash their clothes. It is also critical to the health and well-being of the people who make our products, a majority of whom are women.

To help build the resiliency of our company, our supply chain and the people who make our clothes, we are working strategically to use water more efficiently in product design and manufacturing, eliminate water contamination, and promote education about water and sanitation, particularly among women.

Learn more

[> How we create solutions for women + water](#)



# Water Stewardship Strategy

## OUR APPROACH

Our water stewardship strategy lies at the intersection of the apparel industry's significant use of water and our belief that access to clean, safe water is a basic right.

Gap Inc.'s strategy is focused on three key areas: women's access to water, sanitation and hygiene (WASH); water stewardship in manufacturing; and designing products that use less water to create.



## Women + Water

We partner with organizations to support women's access to water, sanitation and hygiene (WASH) services and products in India through the USAID and Gap Inc. Women + Water Alliance.

We also educate the women who make our clothes about safe water-handling practices through our P.A.C.E. (Personal Advancement & Career Enhancement) program and key local organizations.

Including our partnership with CARE, we reached over 134,000 women with education on WASH practices through P.A.C.E. in 2019.

[Read more](#)  
[> Women + Water \(p.50\)](#)

134K+  
 women trained  
 on WASH practices  
 in 2019



## Resource Efficiency + Manufacturing

We partner with strategic fabric mills, cut-and-sew facilities and laundries to reduce manufacturing impacts through programs focused on energy and water efficiency, and water quality.

In 2019, we worked with 47 mills, four cut-and-sew facilities and 12 denim laundries through various sustainability programs.

This reduced the amount of water used in manufacturing by 3.8 billion liters, helping us reach our goal to save 10 billion liters of water by 2020.

[Read more](#)  
[> Resource Efficiency + Manufacturing \(p.52\)](#)

3.8B  
 liters of water saved  
 at mills, cut-and-sew  
 facilities + denim  
 laundries in 2019



## Product

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 it began in 2016 for Gap brand, [Washwell™ \(p.70\)](#) has been adopted by Athleta, Old Navy and Banana Republic.

We are also designing products that use more sustainable raw materials that save water, with a designer-focused [Preferred Fibers Toolkit \(p.66\)](#), and training programs for our employees.

634M  
 liters of water saved  
 through Washwell™  
 in 2019 across  
 Gap Inc. brands



# Water Stewardship Strategy

## 2019 PROGRESS

In 2019, we continued directing resources to water-savings programs to help us progress toward an ambitious goal to conserve 10 billion liters of water by the end of 2020 through sustainable manufacturing practices. This volume is equivalent to providing drinking water for 5 billion people for one day.

Our primary strategy to achieve this goal is to engage with the mills and laundries in our supply chain and use water-saving methods in the production of our clothing. We achieved 8.36 billion liters of water savings by the end of 2019, from a 2014 baseline. Through continued partnership with our manufacturers, we are proud to have [achieved this goal in early 2020 \(p.55\)](#) with 11.2 billion liters of water saved.

During the year, we also expanded and amplified our efforts to deliver water, sanitation

and hygiene (WASH) education to women via the United States Agency for International Development (USAID) and Gap Inc. Women + Water Alliance by welcoming WaterAid to the alliance. WaterAid is an implementing partner focused on capacity building of local institutions and stakeholders to improve access to clean drinking water. We also continued to further our outreach to women via our P.A.C.E. program.

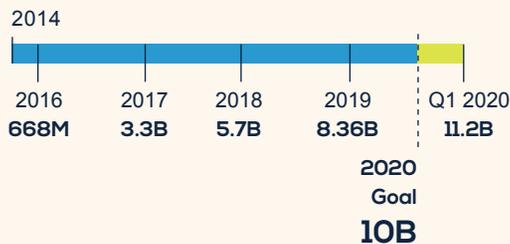
Through our brands, Washwell™ and other programs help to connect our design decisions with manufacturing improvements, enabling us to save water in our supply chain while also educating our customers about water impacts and reductions.

[Learn more](#)  
[> Detailed disclosures about our water programs](#)

## Goal

Save 10 billion liters of water in manufacturing by 2020, from a 2014 baseline

Liters of Water Saved



2020 GOAL ACHIEVED

11.2B liters of water saved since 2014

[Read more](#)  
[> How we got there \(p.55\)](#)

## CEO Water Mandate

We are a signatory to the [CEO Water Mandate](#), a UN Global Compact initiative, joining with other companies, governments, civil society and others to address challenges related to water scarcity, quality and governance, and access to water and sanitation.

In 2019, we collaborated with the CEO Water Mandate and seven other signatory companies – AB InBev, Diageo, Dow Inc., Ecolab, Microsoft, PVH Corp. and Cargill – to form the Water Resilience Coalition, pledging our commitment to collective action and net-positive water impact by 2050. Launched in March 2020, the coalition pledges to preserve the freshwater resources in water-stressed regions through ambitious, quantifiable commitments that deliver on three goals:

- **Net-Positive Water Impact:** Deliver measurable net positive impact in water-stressed basins. Net-positive water impact means contributing more to basin health than what is taken from it.
- **Water-Resilient Value Chain:** Develop, implement and enable water resilience practices across 100 percent of our company’s global value chain.
- **Global Leadership:** Raise the ambition of water resilience through public and corporate outreach, as well as inspire other industry leaders to join the Coalition.

## New Goal

Water-resilient value chain by 2030

## New Goal

Net-positive water impact in water-stressed regions by 2050



# Women + Water

**We seek to improve access to water, sanitation and hygiene (WASH) for women and communities touched by our business.**

Roughly 80 percent of the people who make our clothes are women, and access and affordability to WASH is a major challenge in many of our key sourcing countries. In many parts of the world, women are largely responsible for household duties such as cooking and cleaning; they shoulder a disproportionate burden when it comes to water stress.

India, an important country for both growing cotton and making textiles, is experiencing a significant water and sanitation crisis that is expected to worsen over the next five years. Across the country, more than half of all people face water stress: 163 million lack access to improved water sources and 210 million lack access to proper sanitation. Through water-risk assessments, we have identified India as a critical location for WASH services, which is why we focus many of our programs in cotton-growing and textile-manufacturing communities in India's Godavari, Narmada and Ganges-Brahmaputra River Basins.

The programs we lead tackle different aspects of the water and sanitation challenges, and we also collaborate to mobilize broader business action and raise awareness of these critical issues.

## SUPPORTING WOMEN'S ACCESS TO WATER, SANITATION + HYGIENE

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. Within Gap Inc. partner facilities, our Code of Vendor Conduct (COVC) requires that key WASH needs of garment workers are met. In addition, our P.A.C.E. (Personal Advancement & Career Enhancement) program, aimed at workers in our supply chain as well as global communities, provides additional capability to bring WASH education to women globally in both manufacturing facilities and communities. We are also spearheading the [Women + Water \(W+W\) Global Development Alliance \(p.51\)](#) with the United States Agency for International Development (USAID), which supports water stewardship and accelerates women's access to WASH financing and improved services.

## WASH4WORK

Gap Inc. is a partner in **WASH4Work**, a diverse group of stakeholders from the public and private sectors that aims to mobilize businesses that are working together to strengthen business contributions toward 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.

## RAISING AWARENESS

In addition to mobilizing business through WASH4Work, we are committed to raising awareness about the water crisis in our industry and beyond. In 2019, Gap Inc. brought together stakeholders from the W+W Alliance to talk about women's leadership on WASH at World Water Week in Stockholm. We also engaged our employees in the **#LoveYourWater** campaign, encouraging them to share simple ways to reduce their own water use by making small changes in their everyday lives.



# Women + Water

## USAID AND GAP INC. WOMEN + WATER ALLIANCE

In 2017, we launched the **Women + Water (W+W) Global Development Alliance** with the United States Agency for International Development (USAID) to improve and sustain the health and well-being of women and communities touched by the apparel industry.

Over the course of this five-year program, Gap Inc. is serving as the co-funder and primary program manager. The W+W Alliance operates in two Indian states critical to the apparel industry – Maharashtra, a key cotton-growing state, and Madhya Pradesh, a textile-industry hub. Four implementing partners – CARE, Water.org, Institute for Sustainability Communities (ISC) and WaterAid – are helping the program work toward two objectives, where women's self-efficacy and agency plays a critical role to:

- Encourage communities to adopt key WASH practices.
- Build access to and sustainably manage quality water resources and sanitation services.

This pioneering public-private partnership aligns closely to our goals related to sustainable water stewardship and empowering women with WASH education, services and products. The program is being implemented primarily in communities where cotton is grown and fabric mills are located. Through rigorous monitoring and evaluation, we are deepening our understanding of the WASH needs of women and girls in

communities while improving our ability to deliver programs that support their well-being. To catalyze progress, we are also learning and sharing best practices for WASH and water stewardship across the apparel industry and beyond.

### 2019 PROGRESS

In the Alliance's third year, we deepened our collaboration and expanded the capabilities of our partnership network by formalizing our partnership with WaterAid and aligning our efforts with the Indian government's robust new water agenda. Each of our partners applies unique expertise that allows the W+W Alliance to address the holistic needs of water-stressed communities while using adaptive management as a strategy to deliver focused interventions that respond to the unique challenges in each location.

- **WaterAid:** In 2019, WaterAid helped lead the creation of 60 water-security plans benefiting over 120,000 people, with the support of government funding. WaterAid also trained local women and youth to complete water-equality testing in 757 villages and supported collaboration with local government on solutions. We also worked with WaterAid, as well as other companies and consultants, to implement a framework we developed together in 2018 on the supply-chain business case for WASH. We are now testing the framework at a partner facility in India.
- **Institute for Sustainable Communities:** Another implementing partner, ISC, worked on two water-stewardship best practices projects. In one, ISC engaged 3,100 farmers – 45 percent of whom are women – on cotton-cultivation practices including the use of organic fertilizers and pesticides as a future livelihood opportunity for these women. Through this project, ISC helped the communities save 400,000 liters of water through water budgeting, smarter irrigation practices, and repair and renovation projects. In the other project, 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. This plan is one of the first of its kind for a mill partner.
- **Water.org:** To support access to finance, Water.org brought on a new microfinance partner and is working to get women access to funding for WASH needs. In 2019, Water.org's financing model helped catalyze over \$2.4 million in financing, benefiting more than 55,000 individuals to address their WASH needs.
- **CARE:** For its part, CARE surpassed its annual target for the number of women completing the P.A.C.E. curriculum and continued to enroll more women and men into the program. In 2019, CARE helped us reach more than 62,000 women with Gap Inc.'s P.A.C.E. program, putting us 39 percent of the way toward our program goal to enroll 200,000 women by 2022.

In 2019, we also enhanced our engagement with the Indian government and aligned our activities with the government's new Ministry of Jal Shakti, Abhiyan, which announced an ambitious commitment to expand piped-water

access across India by 2024. As part of this agenda, the government identified areas experiencing acute water stress, eight of which overlap with our program. WaterAid supported the government's water-conservation campaign in two districts, which resulted in the construction of 215 rainwater-harvesting structures across W+W Alliance districts to date. Moving forward, WaterAid will work with the over 3,000 communities where we implement to create village-level water action plans to improve access to safe drinking water to be funded by the government.

We continued to advance work on evaluation, applying and sharing what we have learned to improve and scale our impact. The International Center for Research on Women (ICRW) completed the first part of a longitudinal study on the impact of P.A.C.E. and WASH behavior change. The evaluation of these findings is helping us continually improve our trainings to P.A.C.E. CARE educators. Additionally, the Institute for Development Impact (IDI) completed a baseline study in Maharashtra and presented the findings at World Water Week.



# Resource Efficiency + Manufacturing

## 2019 PROGRESS

In early 2020, we achieved our ambitious goal to conserve 10 billion liters of water through sustainable manufacturing practices, including through an innovative technology deployed in 2019 at our longtime sourcing and franchise partner Arvind Limited's denim mill in India.

Also in 2019, we established Gap Inc.'s [science-based goal for Scope 3 supply-chain emissions \(p.60\)](#), a process that involved deep collaboration with cross-functional teams within our company as well as partnership with our suppliers.

In 2018, we set our sights high, committing to save 10 billion liters of water and we are proud that we met this goal in the first quarter of 2020. Our success was due to a simple but powerful strategy of engaging

with the mills and laundries in our supply chain through a suite of water-efficiency programs that support proven water-saving methods in the production of our clothing. In 2019 alone, we achieved 3.8 million liters of water savings – more than double the savings we saw in 2018.

Through our brands and our expansion of Washwell™ and other programs, we have helped to connect our design decisions with manufacturing improvements and innovative dye techniques, enabling us to save water in our supply chain while also educating our customers about water impacts and reductions.

[Learn more](#)

[› Detailed disclosures about our water programs](#)

**10B liters of water saved (our goal)**  
=  
**5B peoples' drinking water for one day**



## RESOURCE EFFICIENCY

Through our resource-efficiency programs, we collaborate with strategic mills and laundries to significantly reduce their water impacts.

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 have mapped all preferred facilities, representing 85 percent of our business, against the World Resources Institute's (WRI) Aqueduct Water Risk Atlas to help prioritize areas of focus and drive countrywide or basin-specific approaches.

Our resource-efficiency efforts comprise the following programs:

### Clean by Design + Apparel Impact Institute

We have collaborated with the Natural Resources Defense Council (NRDC) on its Clean by Design program since 2014. In 2018, we helped create the program's new home: the Apparel Impact Institute (Aii). Today, Aii is an important platform for cross-brand collaboration to support facilities in improving their operational efficiency and reducing their water, energy and chemicals use. The following programs were completed in 2019 and future work will be transitioned and streamlined under the Aii umbrella:

- China Mill Efficiency Program
- Taiwan Mill Efficiency Program
- Race to the Top (Vietnam)

In 2019, we participated in the creation of the Clean by Design Plus program in China, which works with mills that have graduated from the original program and want to capture additional, deeper opportunities for operational efficiency and sustainability. This new program not only focuses on energy and water reductions, but also establishes an in-house program to enhance continual improvement and develop long-range GHG- and water-reduction goals. Aii programming also expanded to India with a new pilot focused on water and chemistry efficiency.

### Partnership for Cleaner Textile (PaCT)

In Bangladesh and Pakistan, we work with PaCT to improve the environmental performance of the textile wet-processing sector. In 2019, we continued phase two of the PaCT Bangladesh program, which culminated in early 2020. PaCT Pakistan was one of the first industrywide programs in that country at its 2018 launch, and we are proud of the impacts realized in 2019.

[Learn more](#)

[› Resource efficiency programs in our supply chain](#)

# Resource Efficiency + Manufacturing

## How We're Saving 8 Million Liters of Water a Day: Using Reclaimed Wastewater at a Denim Mill in India

In 2019, we were able to make such significant gains in water reduction, in part, through our partnership with Arvind Limited and its innovative water-treatment facility. Instead of freshwater, Arvind's denim mill now uses reclaimed wastewater from the city of Ahmedabad.

By the end of 2020, this facility is projected to save nearly 2 billion liters of freshwater, helping to preserve the local community's vital resource. It will also support sustainability more broadly by using a chemical-free treatment method to clean domestic wastewater drawn from the surrounding community. Moreover, this sustainable approach will build business resilience for Arvind, Gap Inc. and other brands that source from the mill. As climate change and population growth contribute to water scarcity in countries like India – where 54 percent of the population faces high to extremely high water risk – the apparel sector must create solutions that reduce impacts on freshwater resources.

Looking ahead, we are working with Arvind to build an innovation center in 2020 that will promote the adoption of proven techniques and technologies to reduce water use in the textile-manufacturing industry. The 18,000-square-foot space will feature installations showcasing water-management best practices and recycling technologies; a library, lab and classroom; and conference spaces for apparel companies, manufacturing suppliers and vendors, and sustainability experts to advance water stewardship across the apparel sector.



Water-treatment facility at Arvind Limited



Future innovation center at Arvind Limited

# Resource Efficiency + Manufacturing

## MANUFACTURING

Our partnerships with suppliers support our water goal through improvements in resource efficiency, water quality and overall sustainability.

In 2019, we sharpened our understanding of the environmental impact of our mill suppliers through our use of the Higg FEM 3.0 and applied this knowledge to create our first science-based target for Scope 3 emissions.

Today, 97 percent of our cut-and-sew manufacturers and 91 percent of fabric mills and dyehouses use the Higg FEM 3.0 – among the highest response rates of any brand SAC members.

By deepening our engagement with suppliers through these programs, we aim to spur innovation so that our suppliers contribute additional ideas and pilot new technologies to reduce social and environmental impacts.

## WATER QUALITY PROGRAM

We actively monitor and help to improve wastewater quality at denim laundries through our Water Quality Program (WQP), which has been a requirement for over 15 years. All of the denim laundries from which we source must achieve our WQP standard, which requires complete compliance with Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines and chemical data reporting. In 2019, 48 denim laundries participated, with 87.5 percent of facilities meeting all conventional parameters and 79.2 percent of facilities meeting all ZDHC Manufacturing Restricted Substances List (MRSL) parameters. Appropriate corrective actions were undertaken to address non-compliance to our ZDHC requirements.

**Read more**  
[› ZDHC \(p.56\)](#)

## MILL SUSTAINABILITY PROGRAM

Our Mill Sustainability Program began through pilots in 2013 and in 2018, became a strategic initiative. We engage in three key industrywide efforts to help us meet our sustainability goals: the Sustainable Apparel Coalition (SAC), Zero Discharge of Hazardous Chemicals (ZDHC) and the Social & Labor Convergence Program (SLCP).

Since that transition, our strategic mills have been required to participate, enabling Gap Inc. to align our approach with industry standards that help us increase transparency and drive innovation. By leveraging our partnerships, we can analyze and improve the environmental performance of our supply chain. We have asked our wet-processing facilities to register for a chemicals-management platform to better track their ZDHC performance.

Our suppliers' involvement is key to our ability to calculate our energy, greenhouse gas and water baselines, helping us drive social and environmental performance. The data we gather using these tools is also instrumental in our sustainability strategy and goal setting. In 2019, we established a science-based target that includes our Scope 3 GHG emissions. We created a robust supply-chain climate strategy using real data from the SAC's Higg Facility Environmental Module (FEM) 3.0. We appreciate our suppliers' partnership and Gap Inc.'s cross-functional collaboration that made this important process possible.

**Read more**  
[› Our climate and energy programs \(p.59\)](#)  
[› Our social programs \(p.35\)](#)

We leverage three key industrywide efforts to support our Mill Sustainability Program:

### Sustainable Apparel Coalition (SAC)

As a founding member of the SAC, we use the Higg Index to evaluate suppliers' environmental performance and engage them to meet our goals. Since 2017, we have expanded our use of the Higg Facility Environmental Module (FEM) 3.0 to collect data from mills' self-assessments. Increasingly, these self-assessments are verified by a third party. In 2019, over 90 percent of our supplying mills completed the Higg FEM 3.0. We now ask our strategic mills, which represent over 75 percent of our total business, to complete the Higg FEM 3.0 annually.

### Zero Discharge of Hazardous Chemicals (ZDHC)

We joined ZDHC's Roadmap to Zero commitment in 2014 to work toward the elimination of hazardous chemicals in our supply chain. We integrated ZDHC Roadmap to Zero Programme tools and resources, such as the Manufacturing Restricted Substances List (MRSL) and Wastewater Guidelines, into our Mill Sustainability Program. Since 2018, we have required our strategic mills to test their wastewater twice a year and publish the results through the ZDHC Gateway.  
[› Read more \(p.56\)](#)

### Social & Labor Convergence Program (SLCP)

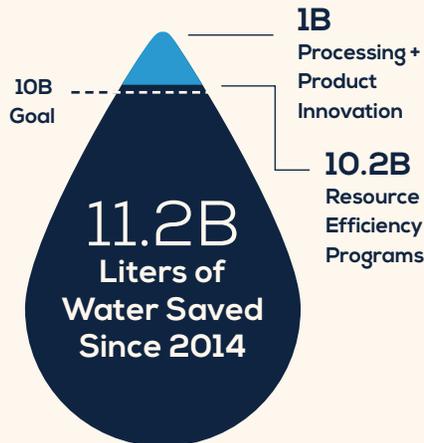
As a signatory to this collaboration among apparel and footwear brands, retailers, industry groups and civil society organizations, we continue to work with our strategic mills in key geographies to use the SLCP social and labor assessment. We support the shared data-collection tool that can assess the social and labor performance of manufacturing facilities across the apparel and footwear supply chain. Additionally, 28 mills participated in the SLCP pilot in 2019.  
[› Read more \(p.35\)](#)

# Resource Efficiency + Manufacturing

## HOW WE ACHIEVED 10 BILLION LITERS OF WATER SAVINGS

On Earth Day 2020, we announced that we had reached our 2020 goal to save 10 billion liters of water in manufacturing, achieved through product innovation and strategic business partnerships.

### Total Water Savings Since 2014

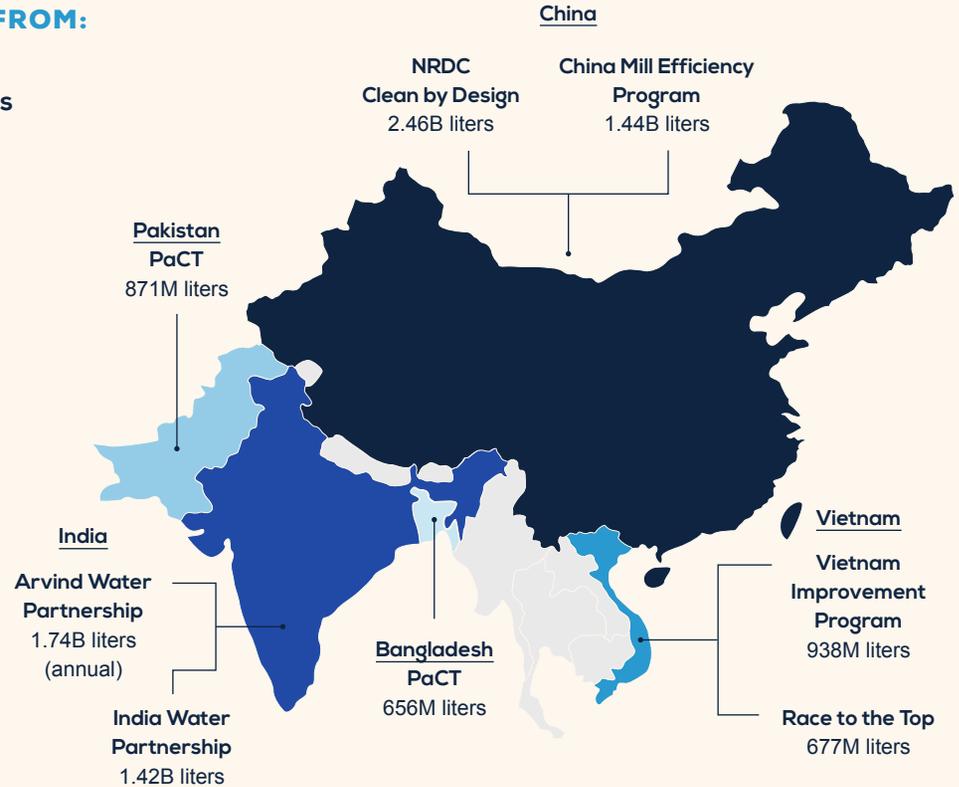


## TOTAL WATER SAVINGS FROM:

### Resource Efficiency Programs



Country	Liters Saved
China	3.89B
India	3.16B
Vietnam	1.61B
Pakistan	871M
Bangladesh	656M



GHG Emissions Reductions resulting from our Resource Efficiency Programs

↓ 126K Metric Tons CO<sub>2</sub>e

### Processing + Product Innovation



Process	Liters Saved
Washwell (sustainable denim wash)	979M
Various Innovative Dyeing + Wet-Processing Techniques	30M

### PROGRAM REACH

91 supplier facilities have participated in our Resource Efficiency Programs since 2014

# Chemicals Management

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

The global apparel industry accounts for high amounts of chemical use in manufacturing, and the discharge of these chemicals can threaten local water sources and affect the people working with them and living nearby.

Learn more

[› How we're reducing the impact of chemicals](#)



## OUR APPROACH

Our approach to chemicals management includes three key components:

### 1. Industry partnerships

We partner with industry groups, including Zero Discharge of Hazardous Chemicals (ZDHC), the Apparel and Footwear International RSL Management (AFIRM) Group and the Sustainable Apparel Coalition (SAC), to implement a consistent set of tools and processes to support best practices, monitor supplier performance and encourage the use of safer chemicals. In addition to helping us achieve our water and sustainability commitments, these partnerships help advance progress across the industry.

Gap Inc. chemical restrictions are informed by global regulations as well as hazard- and risk-based considerations. They include our Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL). Since 2008, Gap Inc. suppliers have been expected to comply with our RSL, and in 2016, we adopted the [AFIRM Group RSL](#). Since 2015, we have required all of our suppliers to comply with the [ZDHC MRSL](#).

### 2. Working with suppliers

We communicate chemical safety and usage requirements to our suppliers through our [Code of Vendor Conduct \(COVC\)](#) and Mill Minimum Expectations, and we require our suppliers to acknowledge and comply with these conditions. These requirements have been incorporated into our existing supply-

chain programs like our Water Quality Program and Mill Sustainability Program.

### 3. Compliance and monitoring

Through third-party testing of products, product components and wastewater effluent, as well as the use of industry data platforms, we monitor the performance of our supply chain and verify compliance with global chemical regulations and Gap Inc. chemical restrictions. Performance in our chemistry programs informs facility evaluation.

## Goal

**Work toward zero discharge of hazardous chemicals in our supply chain by 2020**



# Chemicals Management

## 2019 PROGRESS

### Commitment to Eliminate PFC-Based Finishes

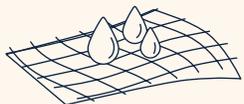
Increasing evidence shows that short-chain perfluoroalkyl and polyfluoroalkyl chemicals (PFCs) – which traditionally have been used in apparel to provide effects such as water repellency and stain protection – can have negative environmental impacts. In 2019, Gap Inc. committed to eliminating all PFC-based finishes from our supply chain by 2023. This expands our 2016 commitment to ban long-chain PFCs.

In 2019, we identified the primary uses of short-chain PFC-based finishes in our branded apparel and accessories and began communicating our intent to eliminate PFCs to our supply-chain facilities. We are committed to working with our suppliers to identify alternatives and solutions that provide similar performance benefits without the use of PFCs.

Learn more  
[> Our PFC Policy](#)

### New Goal

**Eliminate all PFC-based finishes from our supply chain by 2023**

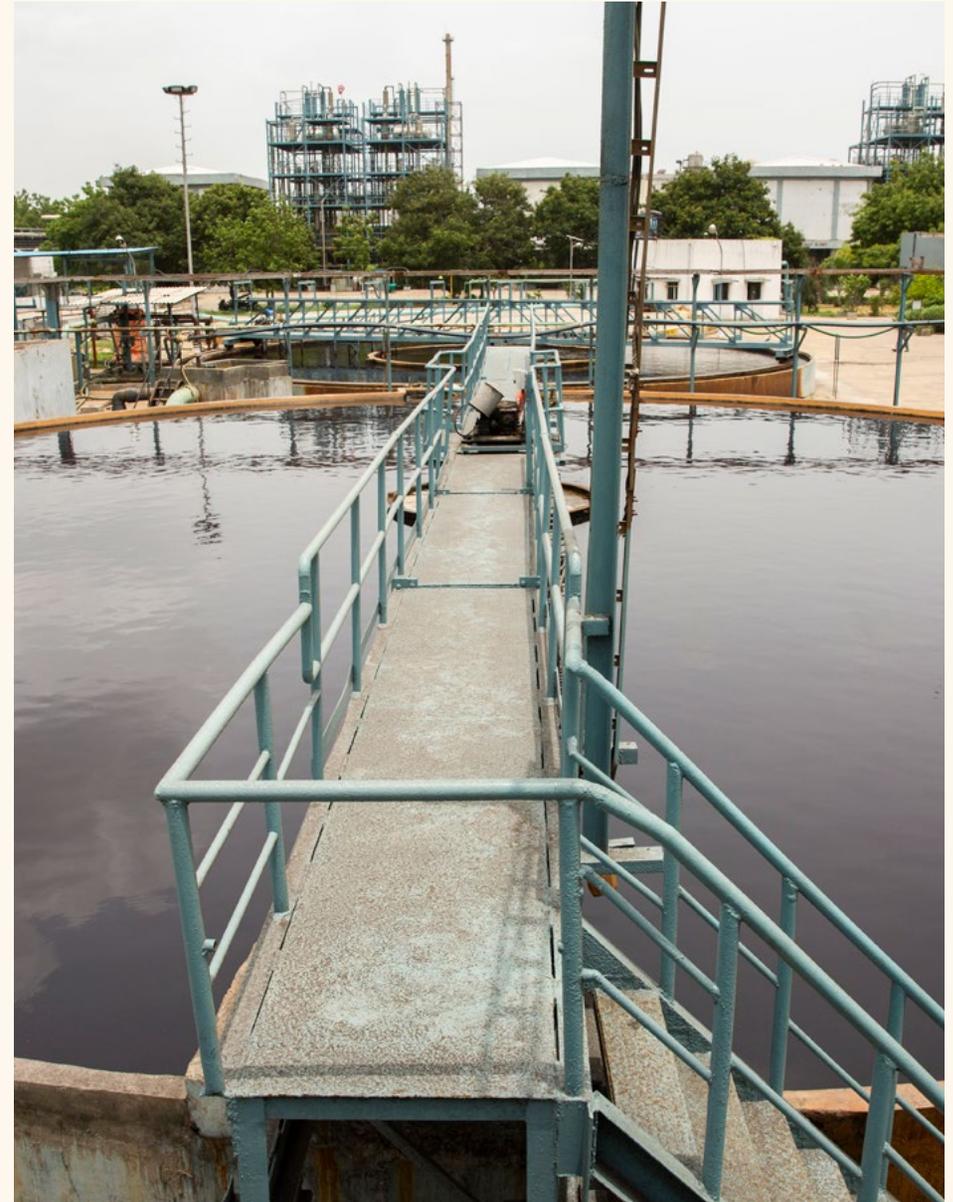


### Industry Tools

We adopted new platforms to support the collection and analysis of chemical inventory and usage data from 150 of our strategic vendors and mill facilities. These online tools complement the ZDHC Gateway, an industry platform that houses information related to the ZDHC Roadmap to Zero Programme, including Manufacturing Restricted Substances List (MRSL) conformance of commercially available chemical formulations. These platforms will provide Gap Inc. and our suppliers insight into conformance to the ZDHC MRSL and enable our transition to more sustainable chemistry.

### Apparel Impact Institute and Clean by Design Chemicals and Wastewater Pilot

As a founding member of the [Apparel Impact Institute \(p.52\)](#), we nominated three of our supplier facilities in India to participate in the 2019 Chemicals and Wastewater Pilot, which focused on determining opportunities to reduce environmental and human-health impacts relevant to wastewater compliance and hazardous chemical formulations. The goals of this new program are two-fold: to optimize and reduce chemicals used within the facility, and to improve monitoring and operations at the wastewater-effluent treatment plant. Initial results are promising and we are eager to expand the program to additional facilities in the coming years.



# Chemicals Management

## INDUSTRY INITIATIVES + STRATEGY

### Input Management



Our suppliers' input chemicals must comply with the **ZDHC MRSL** and other Gap Inc. policies

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 follow the ZDHC Roadmap to Zero Programme, which includes registering with the ZDHC Gateway, maintaining a chemical inventory list and using input chemicals that comply with the **ZDHC MRSL**.

We also have additional policies related to specific chemical formulations that go beyond the MRSL. In 2019, we publicly announced our commitment to phase out all PFC-based finishes.



### Process Management



Our suppliers must respond to the **Higg Index FEM 3.0**. Upon request, key suppliers must adopt and use chemicals-management data platforms.

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 COVC and Mill Minimum Expectations outline 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 3.0**, which enables us to evaluate suppliers based on whether they follow specific chemicals-management practices.

In 2019, we rolled out third-party chemicals-management platforms to monitor and evaluate suppliers' chemical inputs and support best practices.

We use our chemicals program data to inform the evolution of Gap Inc.'s chemicals-management strategy.



### Output Management



Our suppliers must comply with the **ZDHC Wastewater Guidelines**

Outputs of apparel and footwear manufacturing include finished products as well as wastewater discharge. Managing these outputs is a foundational component of reducing discharge of hazardous chemicals.

To address wastewater discharge, we have adopted and integrated ZDHC tools and resources for output management. Our strategic mills and laundries are required to test their wastewater to **ZDHC Wastewater Guidelines** and publish the results through the ZDHC Gateway, a data-sharing platform that allows brands to monitor supplier wastewater data. The ZDHC Gateway is also a repository for information on chemical formulations' MRSL conformance.



Finished products must comply with the **AFIRM RSL**

Finished products manufactured for our brands should comply with the **AFIRM RSL**; we use certified labs to test products to ensure they meet regulatory standards established by the countries where we sell our products.

# Climate

**Climate change is a global challenge that transcends boundaries, affecting people and communities everywhere.**

Climate risk is the key sustainability issue of our time and is both a human and environmental challenge. Managing this risk is critical for the long-term success of our business. We feel an ethical responsibility to address climate change by aligning our goals and strategies with the best science and industry practices.

As an apparel company, the vast majority of our climate impacts lie within our supply chain, and we are working closely with our suppliers to address those emissions and improve the efficiency of their facilities.

In recognition of the need to align our efforts with the scientific consensus and core commitment of the Paris Agreement to pursue efforts to limit global temperature rise

to less than 1.5 degrees Celsius, we signed on to the Science Based Targets initiative (SBTi) in 2017. SBTi – a partnership between CDP, World Resources Institute, World Wildlife Fund, and UN Global Compact – is leading an effort that now includes nearly 1,000 companies that have committed to emissions-reductions targets in line with climate science. In 2020, we established our comprehensive science-based targets for reducing emissions, which were approved by SBTi. Our goals include a target for our Scope 3 supply-chain emissions.

Looking ahead, we recognize the urgent need to transition to a low-carbon future, and we are exploring efficiency and renewable-energy opportunities in our supply chain in the years to come.

Learn more

[> How we're doing our part on climate](#)



# Climate

## 2019 PROGRESS

In 2019, we made significant progress toward our 2020 GHG-reduction goal by executing three renewable energy deals totaling 100.5 megawatts; these are expected to begin generating power in 2020. We also achieved an important milestone by establishing our first science-based target, including a target addressing our Scope 3 supply-chain emissions. In addition to these achievements, we continued investments that improve energy efficiency at our stores, offices and distribution networks. We also continued our efforts to support better climate policy and transition across the industry.

### Scope 3 Supply-Chain GHG Emissions Baseline (2017)



● Fiber Production	13%
● Yarn Production	22%
● Knitting + Weaving	20%
● Fabric Dyeing, Printing + Finishing	38%
● Garment Assembly	7%

## SCIENCE BASED TARGETS INITIATIVE (SBTi)

In 2017, Gap Inc. signed on to the Science Based Targets initiative (SBTi) to align our climate goals with the scientific consensus and core commitment of the Paris Agreement to limit global warming to less than 1.5 degrees Celsius. In 2020, through detailed work to gather and analyze emissions data across our operations and supply chain, we established our science-based targets for reducing emissions: Gap Inc. commits to reduce absolute Scope 1 and 2 GHG emissions by 90 percent and Scope 3 GHG emissions from purchased goods and services by 30 percent by 2030, from a 2017 baseline. Gap Inc. also commits to increase annual sourcing of renewable electricity from 0 percent in 2017 to 100 percent by 2030 for our owned and operated facilities globally.

In developing our target for Scope 3 emissions, which comprise the vast majority of our emissions impacts, it was important

that we worked from an accurate baseline. To arrive at these figures, we analyzed environmental data collected from our finished product (Tier 1) and textile manufacturing (Tier 2) suppliers using the Sustainable Apparel Coalition's (SAC) Higg index, a self-reporting tool that evaluates environmental performance and helps identify opportunities for improvement. Where actual data were not available, we used our known production volumes, coupled with leading industry data sources, to approximate our impact. The process of pulling and analyzing real data and integrating the work of our cross-functional teams allowed us to create a robust goal and strategy for tackling the biggest opportunities across our supply chain.

Looking ahead, we will be using this data to work closely with our top facilities to improve their energy efficiency. We will also explore investments and partnerships in renewable energy where the policy landscape enables those opportunities.



## New Goal

**Carbon neutral across our value chain by 2050**

## New Goal

**Source 100% renewable electricity for our owned and operated facilities globally by 2030, from a 2017 baseline**

## New Goal

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

## New Goal

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

# Climate

## RENEWABLE ENERGY

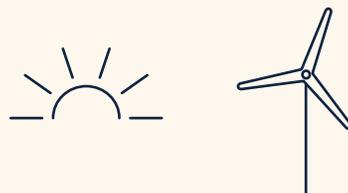
We were intentionally ambitious in setting our 2020 goal: to reduce greenhouse gas (GHG) emissions by 50 percent from our owned and operated facilities, from a 2015 baseline. For years, we have invested in energy-efficiency programs that have reduced the impacts of our operations, and the three renewable-energy deals that we secured in 2018 and 2019 have been the next phase of our journey, putting us on the path to achieve our 2020 goal. We are also pleased that this bold action will make Gap Inc. one of the largest purchasers of clean energy in the American retail industry.

Over the course of 20 months, we signed three contracts for projects that, once fully operational, will generate 400,000 megawatt hours of clean energy annually – enough to power 1,800 of our approximately 3,300 retail stores. These projects are:

- Aurora Wind Project:** We signed this 90-megawatt off-site wind project in April 2019 and it will begin generating power in late 2020. This North Dakota wind farm – one of the largest utility-scale installations ever contracted by a retail company – will generate enough clean power to address nearly 50 percent of our North American energy use across Gap Inc. The project, made possible through Gap Inc.'s commitment to purchase power from it for the next 12 years, will also green the electricity grid, supporting our nation's transition to a low-carbon economy.

- Fern Solar Project:** We signed this 7.5-megawatt off-site solar project in December 2018 and it will come online and start generating power in late 2020. The site will generate enough power to offset 100 percent of our Athleta brand's retail energy use. The innovative nature of this deal's contract structure – for which we partnered with Salesforce, Bloomberg, Workday and Cox Enterprise to combine our buying power and make this project possible – was highlighted in two awards: Smart Energy Decisions' Innovation Award and the Center for Resource Solutions' Green Power Leadership Award. It has also become a case study for other leaders in renewable energy to learn from our collaboration.
- Gap Inc. Fresno Distribution Center Solar Project:** We signed this 3-megawatt on-site solar project at our Fresno, California, distribution center in June 2018 and power generation began the first quarter of 2020. The project will generate more than half of the building's energy.

We recognize the urgent need to transition to a low-carbon future and we are excited about continuing these efforts, including by exploring energy-efficiency and renewable-energy opportunities in our supply chain in the years to come.



## ENERGY EFFICIENCY

In 2019, we achieved a 23 percent cumulative reduction of GHG emissions in our owned and operated facilities, putting us nearly halfway toward our 2020 goal to reduce GHG emissions by 50 percent from a 2015 baseline. In absolute terms, we reduced our GHG emissions by 107,715 metric tons of carbon-dioxide equivalents. We made progress on these reductions by transforming the energy-management systems of 207 stores in 2019 (bringing the total to 630 stores) and by replacing HVAC units with more energy-efficient models in 73 stores.

## CDP CLIMATE CHANGE

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

## ARCTIC SHIPPING PLEDGE

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

### Goal

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

Metric Tons CO<sub>2</sub>e GHG Emissions, Scope 1 and 2, Global Market-Based



# Waste

**We have a responsibility to help prevent waste in our operations, which can negatively impact the environment and add unnecessary cost to our business.**

In North America, 90 percent of our waste is discarded by our stores, and we are exploring ways to reduce and divert our packaging waste. By innovating to optimize packaging, reduce volume, lower business costs and support industrywide change, we aim to divert more than 30 million pounds of material from landfill every year.

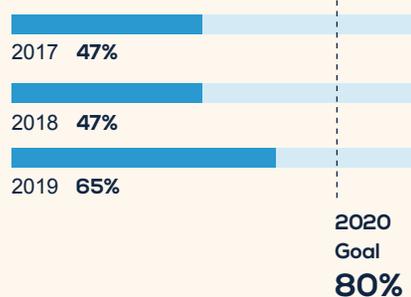
Learn more

[› How we're diverting waste](#)

## Goal

**Divert 80% of waste from landfill across our U.S. facilities by 2020**

% Waste Diverted from Landfill



## New Goal

**Eliminate single-use plastics by 2030**



Cardboard hangers replaced plastic packaging for Gap brand's line of baby essentials, First Favorites.

## 2019 PROGRESS

In response to growing global conversations around plastic waste, Gap Inc. is striving to do our part to reduce plastic, both upstream and downstream, in our business. We are placing particular emphasis on the need to reduce single-use plastics, an issue that has drawn greater attention in recent years. In 2019, we conducted a complete inventory of our plastic consumption and engaged in multiple efforts to reduce the quantity and volume of plastic packaging across our brands. We are also continuing to invest in recycling solutions.

To tackle this challenge, we are focusing on steps we can take as a company to innovate our packaging design, product labeling and recycling systems. One of the major changes we are making is implementing stringent requirements on retail polybag size and thickness, with an expected elimination of 5 million pounds of plastic every year.

Our brands are also taking action:

- Old Navy, Gap brand and Banana Republic have begun using 100-percent recycled tape for all content and care labels, a change that is projected to save over 830 tons of plastic annually. These brands have also implemented a new price ticket with smaller dimensions using FSC-certified paper, which saves 120 tons of paper.
- Old Navy is on track toward its commitment to recycle hangers from 500 stores. At the end of 2019, recycling was available at over 100 Old Navy locations and the brand had recycled 124,000 pounds of hangers. Old Navy is also

updating its standards on how apparel is folded for packaging and shipping, which is expected to reduce more than 40,000 pounds of plastic annually.

- In 2019, Gap brand's First Favorites line tested alternative materials, moving from plastic packaging to cardboard hangers, which eliminates more than 16,000 pounds of plastic every year.
- Banana Republic introduced recycled plastic into its woven product labeling saving 24 tons of plastic annually.

In addition to these efforts, we are continuing to test a suite of solutions that account for the fact that only a portion of our store locations are able to recycle soft plastics. Our ongoing solutions include better communication with store employees about current recycling opportunities at their location, collaboration across our brands to reduce the quantity of polybags shipped to stores, and creating and selecting in-store marketing materials with recyclability in mind. We are also continuing to engage the industry and our landlords to develop longer-term solutions to reduce waste and expand opportunities for recycling across the retail industry.

Looking ahead to 2020, we will be deepening our waste-reduction efforts by increasing the recycled content of polybags we use for shipping logistics, researching ways to further reduce our use of plastic packaging in online orders, and using more recycled content and paper for hangers across different brands, while expanding Old Navy's hanger-recycling program.

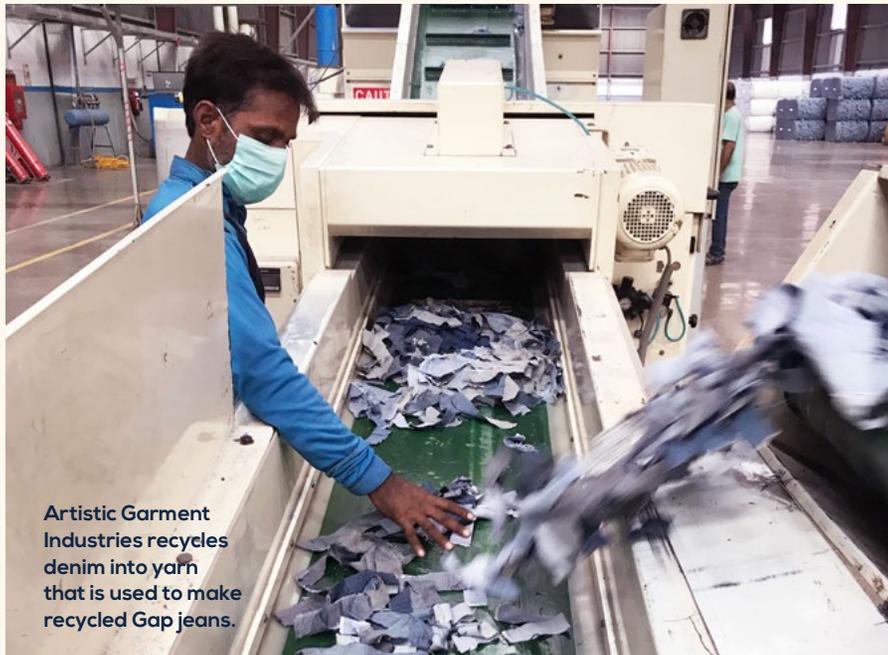
# Circularity

**In order to create truly sustainable fashion, we recognize that we must address the full life cycle of our garments, from raw materials to end of life – and back again.**

We are addressing product end of life because of the significant environmental impact of textiles – the majority of which end up in landfills or incinerated. Our programs and partnerships to address product end of life and create circular design systems are aimed at reducing waste and increasing recycling, upcycling and reuse.

Learn more

[› How we map the product life cycle](#)



Artistic Garment Industries recycles denim into yarn that is used to make recycled Gap jeans.

## 2019 PROGRESS

Our brands and Gap Inc. joined partnerships with different organizations, including thredUP, the Global Fashion Agenda (GFA) and Hong Kong Research Institute of Textiles and Apparel (HKRITA) to tackle clothing waste and solving technical challenges in textile recycling.

## INDUSTRY COLLABORATION

Gap Inc. is committed to joining partnerships that advance circular business models, create innovative solutions to outstanding issues, engage customers and scale new technologies.

## Make Fashion Circular

We are collaborating with leaders in the circular economy, including as a core partner in the Ellen MacArthur Foundation's Make Fashion Circular initiative. Through this initiative, we have made a three-year commitment to focus on safe and reusable inputs, sustainable-fiber models and recycling old clothing. Through our involvement, we participated in a [textile-collection effort in New York City \(p.64\)](#) that encouraged customers to bring their spent garments to select Athleta, Banana Republic and Gap brand stores for recycling.

## thredUP

In 2019 and early 2020, we took these efforts further through a partnership to tackle clothing waste. Today, more than 70 percent of materials used to make clothes end up in landfills or are burned at the end of their first life, and less than 1 percent of old clothing

is recycled to make new clothes. In early 2020, we announced a new partnership with [thredUP](#), the fashion-resale platform, to encourage customers to turn in second-hand clothes in exchange for shopping credit that can be redeemed at our Gap, Banana Republic, Athleta or Janie and Jack brands. thredUP is committed to reselling all clothing that meets its quality standards, which mitigates the carbon, waste and water footprint of a garment by increasing its usable life.



INTRODUCING

**GAP x THREDUP™**

Our clothes are built to last and made with the planet in mind.

But, when it's time to move on from some of those old favorites, sending them to thredUP is a great way to pass along the good Gap vibes.

[ORDER A KIT](#)

# Circularity

## Hong Kong Research Institute of Textiles and Apparel

In 2019, we embarked on a new partnership with the [Hong Kong Research Institute of Textiles and Apparel \(HKRITA\)](#) to address the technology challenge of recycling certain materials. Our shared mission is to develop more sustainable production processes and technology solutions that enable the industry to advance circular models across the life cycle of textiles. We have identified two initial priorities: separating spandex from used garments and decolorizing denim for recycling.

Spandex is commonly used to add stretch and improve the comfort of fabrics, but currently it is difficult to separate it from blended fabrics. HKRITA is partnering with Artistic Milliners, one of our key suppliers, to develop an environmentally safe method of separation using bio-solvents.

To create a new method of denim decolorization, which traditionally relies on chemical treatment that can be harmful to the environment, HKRITA is working with Arvind Limited, another key supplier. This mill has also pioneered [a method to use wastewater instead of freshwater in denim manufacturing \(p.53\)](#). We hope these investments make it easier to recycle, reuse or re-dye textiles that currently end up in the waste stream.



## Global Fashion Agenda

In addition to these partnerships, we continued our engagement with Fashion Positive and Global Fashion Agenda (GFA) to explore circularity opportunities. Through Fashion Positive Plus, we helped create the first Standard for Circular Materials guidance.

As part of our 2020 Circular Fashion Commitment with GFA, we have set three commitments to achieve by 2020:

- We will train our cross-functional Product teams for each of our brands on circular-design techniques and best practices.
- We will help to increase the volume of used garments collected globally through participation in pre-competitive, industry-led collection pilots.
- We will identify the most promising recycling technologies for post-consumer materials across multiple product categories and start scaling them in our supply chain.

These partnerships are supporting our strategy and setting the stage for large-scale industry-level innovation.

## CUSTOMER ENGAGEMENT

We are building on our communication with customers for a deeper form of engagement that encourages people who buy our clothing to make sustainable choices, beginning with what they purchase and ending with what they do with the clothes that they no longer wear. We communicate our product sustainability efforts through store displays, product descriptions, product labeling, social media and other channels, as well as educational campaigns and media around events like Earth Day and World Water Day.

We addressed clothing waste in 2019 through Make Fashion Circular's #WearNext campaign in collaboration with other brands. For this three-month initiative, our Athleta, Banana Republic and Gap brand stores in New York City hosted recycling bins from the Department of Sanitation for customers to drop off unwanted clothing for recycling or repurposing. In total, our brands involved in the effort collected and recycled over two tons of clothing from more than 1,100 collection points.

**2 TONS**  
of clothing  
collected + recycled  
at our NYC stores  
through the  
**#WearNext** campaign





# Product

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# Product Sustainability

**We design great products with sustainability in mind while collaborating across our business and throughout our industry to improve the sustainability performance of our brands and the apparel sector as a whole.**

Our brands approach impact reduction throughout the product life cycle, examining the materials they source, the products they design and the suppliers with which they work. Each brand takes ownership of its sustainability journey and uses its unique voice to communicate directly with its customers on the importance and impact of producing responsibly and shifting toward a circular economy. Together with our brands, Gap Inc. is making our efforts toward developing more sustainable products accessible and visible to our customers.

Learn more

[> Our work on product sustainability](#)



## 2019 PROGRESS

In 2019, all of our brands enhanced their dedication through new goals, expanded efforts to embed sustainability into product design and raw-materials selection, and deeper engagement in industry-leading initiatives. In doing this, our brands are strengthening their ownership of sustainability as a unique expression of their brand value to their customers.

We have several highlights from 2019 and the early part of 2020:

- Gap Inc. established a new goal to more sustainably source 100 percent of cotton for all of our brands by 2025.
- Banana Republic and Old Navy set their first public sustainability goals in honor of Earth Day.
- Our Washwell™ technology, which debuted with Gap brand in 2016 and has now expanded to Old Navy, Athleta and Banana Republic, contributed a savings of more than 1 billion liters of water toward our goal of conserving 10 billion liters of water, which we achieved in early 2020.

## PREFERRED FIBER + MATERIALS TOOLKIT AND TRAINING

Since launching our internal Preferred Fiber & Materials Toolkit – which we created alongside Textile Exchange and MADE-BY in 2018 – we have continued to empower our Product teams to select the best fibers based on sustainability impacts through expanded trainings that are

integrated into our companywide learning and development program. This strategic approach allows us to support progress in a holistic way by building a sustainability mindset in our employees, and by giving them the resources they need to make decisions and take actions that improve the sustainability of our products. In addition to life-cycle assessment data on global-warming potential, water use and eutrophication, we consider a holistic set of indicators while evaluating our preferred-fibers strategy including biodiversity, potential for circularity, chemistry, land-use change and social conditions within production.

In 2019, we trained more than 400 Product Design and Development employees through our workshops: Sustainability 101, Sustainability Claims, Fiber Sustainability, Conscious Design for Circularity, Sustainable Wet Processing and Sustainable Denim. To date, we've reached over 1,800 employees with these workshops. We also continued our monthly newsletter on product sustainability, which now provides the latest sustainability developments and best practices to 450 employees. In line with our support of the [Circular Fashion Commitment with Global Fashion Agenda \(p.64\)](#), we hosted intensive workshops for many of our Designers and other product-focused teams on how to incorporate circular thinking and sustainability into their product-creation process.

**1,867**  
Product Design +  
Development employees  
trained on sustainable  
practices through 2019

# Raw Materials

**We believe great products are created with sustainability at their core – which means going all the way down to the earliest stages of the product life cycle to reduce impacts.**

Our brands are empowered to improve the sustainability of their products by selecting the best raw materials that meet garments' performance requirements, while also meeting Gap Inc. standards for social and environmental sustainability. We continue to refine and evolve our strategy and engage in industry partnerships that focus on preferred raw materials and circular approaches to materials use and end of life.

Learn more

[> How we source more sustainable raw materials](#)



## 2019 PROGRESS

As in previous years, we continued our strategy in 2019 to focus on the materials that account for approximately 97 percent of our fiber consumption: cotton, polyester, nylon and manufactured cellulosics, such as rayon and modal.

Over the year, we focused on further improving our fabric-management systems to provide detailed data on our fiber consumption and volumes, and to increase our team's awareness through training programs and shared tools. Sustainable-fiber consumption reports are provided to internal decision makers on a regular basis to highlight progress and continue to drive improvements.

## Biodiversity

We commit to support the development of SBTs on biodiversity and the implementation of these targets within our industry to assure our contribution to the protection and restoration of ecosystems and the protection of key species. Specifically, we commit to develop a Gap Inc. biodiversity strategy to meet forthcoming SBTs on biodiversity.

## Sustainable Fiber Sourcing

Fiber Type	% of Fiber Type	
	2018	2019
<b>Natural Fibers</b>		
Organic Cotton	0.2%	0.3% of cotton
BCI Cotton	40%	57% of cotton
Recycled Wool	3.5%	15.7% of wool
<b>Synthetics</b>		
Recycled Nylon	0.3%	0.5% of nylon
Recycled Polyester	0.7%	0.7% of polyester
<b>Manufactured Cellulosics</b>		
Lenzing Modal	3.9%	2.4% of rayon
TENCEL	6.1%	5.4% of rayon



# Raw Materials

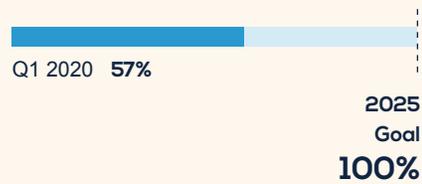
## Cotton

Cotton is one of the most important fibers for Gap Inc. 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. We are also seeking to use more sustainable cotton across all of our brands with Gap brand, Banana Republic and Old Navy having committed to use 100 percent sustainable cotton by 2025. As an enterprise, Gap Inc. has also committed to source 100 percent sustainable cotton. This includes Better Cotton Initiative (BCI), recycled and organic cotton.

## Goal

### Source 100% of cotton from more sustainable sources by 2025

% Cotton from More Sustainable Sources\*



## Synthetics

The synthetic materials in our products, including polyester, nylon and spandex, provide essential performance properties. However, since they are generally derived from nonrenewable, petroleum-based sources, there are concerns about their production and processing; they also do not biodegrade like natural fibers, providing limited end-of-life options.

We're taking steps to source more sustainable synthetic fibers, including recycled polyester and recycled nylon. We have been increasing our use of recycled polyester and nylon where possible, while also working to understand how to reduce manufacturing challenges and develop high-performance products with these materials. We are also an active member of the Textile Exchange Recycled Polyester and Biosynthetics Working Groups, investigating industry innovations toward more sustainable fibers. In 2019, we embarked on a [collaboration with the Hong Kong Research Institute of Textiles and Apparel \(HKRITA\) \(p.64\)](#) that aims to innovate a process to separate spandex from other fibers in used garments to increase its recycling opportunities.

## Manufactured Cellulosics

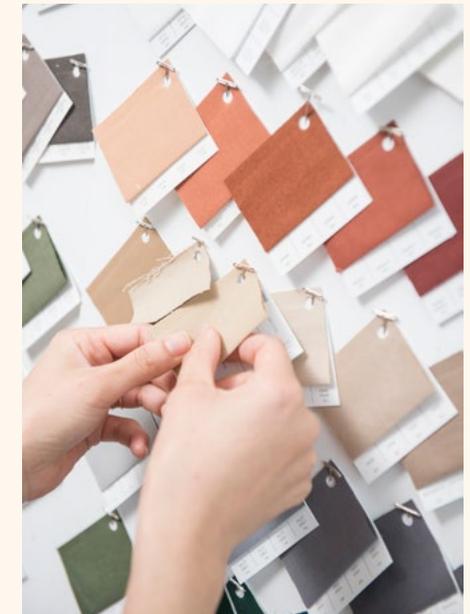
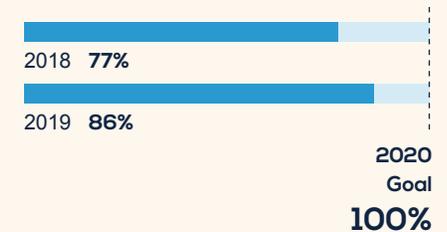
We are working closely with our top suppliers to support our policy to eliminate our use of wood-derived fibers from ancient and endangered forests by 2020. This commitment helps to protect critical forests and also supports our efforts to tackle climate change, as forest ecosystems are vital natural resources that promote biodiversity, protect watersheds and help to mitigate the release of carbon dioxide into the atmosphere. Our policy – developed in partnership with Canopy's sustainable fashion and forestry initiative, CanopyStyle – aims to ensure that our suppliers do not use ancient, endangered, high-conservation or high-carbon-value forest areas to make cellulose-based textiles, including rayon, modal, viscose and lyocell.

To achieve our commitment, we are partnering with mills on the following: identifying our raw-material suppliers in order to eliminate sourcing of wood-derived fibers from ancient and endangered forests; leveraging CanopyStyle's audit and remediation plan; and encouraging the development of innovative, more sustainable fabrics. In partnership with our major suppliers, we are also exploring ways to integrate recycled cellulosics into our products. In 2019, we gathered data on our supply chain representing more than 80 percent of our cellulosic-fiber volume through a detailed survey and follow-up conversations with suppliers. Through this data, we show that 86 percent of our cellulosic volume is compliant with our commitment. We still have work to do to engage additional suppliers to take the Canopy audit, and encourage some engaged suppliers commit to a remediation plan.

## Goal

### Eliminate the use of wood-derived fibers sourced from ancient and endangered forests by 2020

% Products Compliant with Our Commitment



# Brand Goals

## OLD NAVY

Old Navy's Heart Earth messaging, established in April 2019, targets focus on two areas of critical importance to the brand and Gap Inc.: water and cotton. Old Navy is helping to improve and scale water-saving efforts and sustainable-cotton sourcing, as well as educating customers on the importance of more sustainable apparel production and waste reduction.

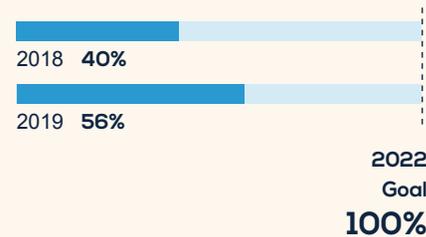
In 2019, Old Navy committed to recycling hangers from 500 stores, diverting 124,000 pounds of hangers from landfill. The brand is also updating its packaging standards with an aim to reduce more than 40,000 pounds of plastic annually. Old Navy's Heart Earth campaign celebrates these achievements and highlights the importance of everyday sustainable choices for its customers.



### New Goal

Source 100% of cotton from more sustainable sources\* by 2022

% Cotton from More Sustainable Sources

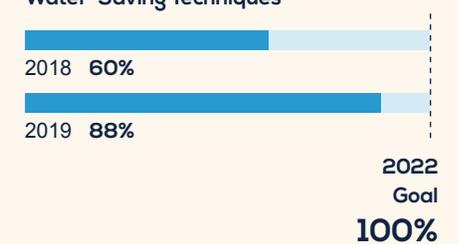


\*Primarily through BCI as well as verified, responsibly grown and recycled cotton

### New Goal

Make 100% of denim products using water-saving techniques\* by 2022

% Denim Products Made Using Water-Saving Techniques



\*Includes proven wash processes

88 percent of Old Navy's denim purchased for Spring 2019 was made using water-saving techniques, saving 20 percent or more water in the garment-wash stage, compared with conventional methods.

## MAKE IT PERSONAL

Going green isn't a trend. It's a lifestyle. Here are some ways to bring it home.



### KEEP IT CHILL

18% of the average home electric bill is used just to heat water. Go eco-friendly by switching on the cold cycle. Not only do you save money, cold washing is more delicate on your clothes and can help minimize color fading and shrinkage.



### AIR OUT YOUR (CLEAN) LAUNDRY

Another 5% of home energy usage is wasted on a clothes dryer, and that's about 100% too much. Instead, channel Grandma and air dry! To avoid crunchiness, shake out those clothes before placing on a rack, or hang them out in the wind — the breeze will fluff them right up.



### GOT BAKING SODA?

Stick an open box of baking soda in your closet or place one at the bottom of your hamper to absorb odors. Most odors are acidic and baking soda's pH lowers the pH of the air around it, nixing the smell. Less stinky clothes means less washing means a more happy planet.



# Brand Goals



## Gap for Good

Gap brand launched its consumer-facing Gap for Good platform in 2017 to highlight more sustainable fashion. The platform builds on Gap's Earth Day 2017 commitment to source 100 percent of its cotton from more sustainable sources by 2021. In 2019, Gap brand introduced BetterMade Denim, a collection of iconic denim pieces made with organic cotton and finished with 100-percent recycled thread – the brand's most sustainable denim to date.

## Washwell™

Since Gap brand's debut of Washwell™ – a denim wash program that conserves water in the laundry stage of production – the process is now used across all of our brands, and has contributed more than 1 billion liters of water savings toward our goal to save 10 billion liters of water, which we achieved in early 2020.

In 2019, 24 Gap brand vendors participated in Washwell™, an increase from 19 vendors in 2018. We saved 113 million liters of water through Washwell™ in 2019, an increase from 98.9 million liters in 2018.



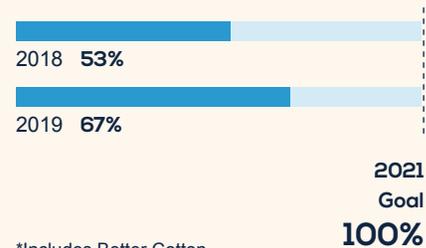
## GAP FOR GOOD WASHWELL

**113M**  
liters of water  
saved by Gap brand  
through Washwell™  
in 2019

### Goal

Source 100% of cotton from more sustainable sources\* by 2021

% Cotton from More Sustainable Sources

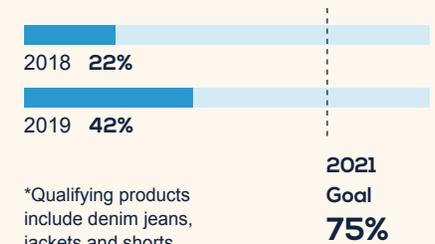


\*Includes Better Cotton Initiative (BCI), recycled and organic cotton

### Goal

Make 75% of qualifying products\* using Washwell™ water-saving techniques by 2021

% Products Made Using Washwell™ Water-Saving Techniques



\*Qualifying products include denim jeans, jackets and shorts.



# Brand Goals

## BANANA REPUBLIC

As a brand, Banana Republic is committed to creating timeless clothing designed with quality and durability in mind. After working in 2018 and 2019 to integrate sustainability into design and manufacturing decisions to reduce the environmental impacts of each garment, Banana Republic unveiled its sustainability goals on Earth Day 2019: source 100 percent of cotton from more sustainable sources, use environmentally preferred fibers, reduce water impacts and promote cleaner chemistry. In honor of Earth Day 2020, the brand introduced Better Republic, a forward-thinking ideal that underscores the brand's sustainability goals and commitment to do better for people and the planet, along with a Sustainable Shop on bananarepublic.com.

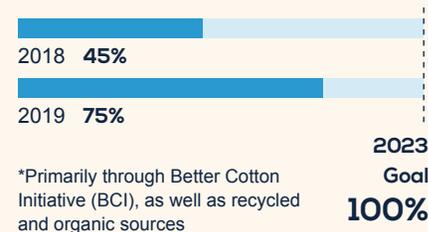
As part of its commitment to use less water and promote cleaner chemistry in the manufacture of its products, Banana Republic is partnering with the Spanish denim mill Tejidos Royo to use an innovative dyeing technique – Dry Indigo®. This process reduces water use by up to 99 percent (requiring just one teaspoon of water per pair of jeans), uses 89 percent less chemicals, and reduces energy consumption by 65 percent. The first products manufactured with this technology launched in stores and online in spring 2019.

## (★) BETTER REPUBLIC



### New Goal Source 100% of cotton from more sustainable sources\* by 2023

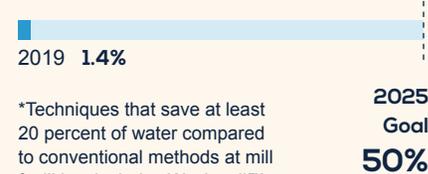
% Cotton from More Sustainable Sources



\*Primarily through Better Cotton Initiative (BCI), as well as recycled and organic sources

### New Goal Make 50% of products using water-saving techniques\* and cleaner chemistry practices\*\* in our supply chain by 2025

% Spring 2020 Products Made with Techniques that Save Water or Preserve Water Quality

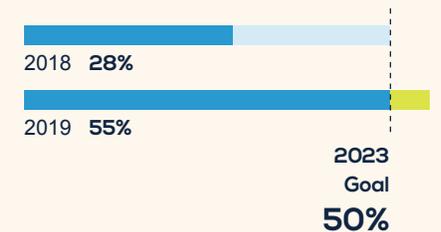


\*Techniques that save at least 20 percent of water compared to conventional methods at mill facilities; includes Washwell™

\*\*Through Gap Inc.'s Zero Discharge of Hazardous Chemicals (ZDHC) commitment, ongoing efforts to select preferred chemistry options, and preferred dyeing techniques

### New Goal Make 50% of products with sustainable fibers\* by 2023

% Products Made with Sustainable Fibers



\*Includes cotton through BCI, as well as recycled and organic sources; partnering with Canopy-compliant suppliers to source preferred manufactured cellulosics; recycled and responsible wool from vendors that are compliant under the Responsible Wool Standard; and recycled materials

### New Goal Make more eco-friendly\* denim by 2023

% Denim that is Eco-Friendly



\*Includes Washwell™; sustainable cotton primarily through BCI, as well as recycled and organic sources; more sustainable dyeing methods, such as foam dye; eco-friendly finishes, such as bio-softeners and laser technology; and trims made with recycled materials

# Brand Goals



Athleta has a strong commitment to environmentally conscious products and sustainable practices. The brand believes in protecting the Earth as a natural playground, positively contributing to the direction of the apparel industry, offering customers responsible options, driving demand for sustainable goods, and supporting the empowerment of women and girls.

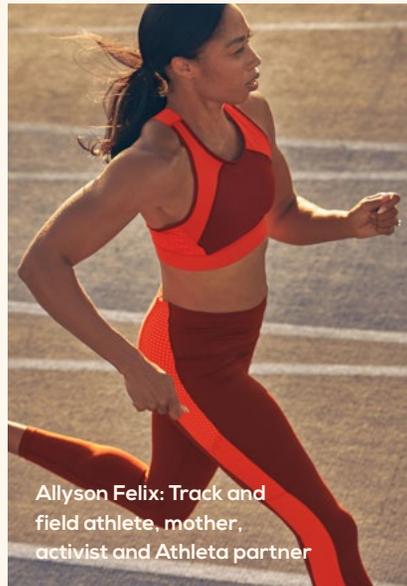
Following a significant year in 2018 when Athleta received its [B Corp certification](#) and formed an internal governance committee to support its sustainability efforts, the brand continued working toward its goals in 2019 to protect resources, conserve water, divert waste and empower women. Athleta also continued to engage customers in its sustainability story, using prominent messaging in stores and catalogs on the brand's five core values and progress toward its 2020 sustainability goals.

In 2019, Athleta joined forces with Allyson Felix to empower women and girls through sports. Allyson is one of the most decorated track-and-field athletes in U.S. history and is our first-ever sponsored athlete. In addition to building confidence in women and girls and encouraging them to use their voices, Allyson partners on the design of high-performance product and plays a key role in our Power of She campaign.

## POWER OF SHE



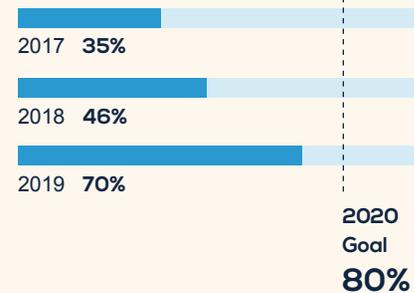
**16K+**  
women reached  
through P.A.C.E.  
and Fair Trade



Allyson Felix: Track and field athlete, mother, activist and Athleta partner

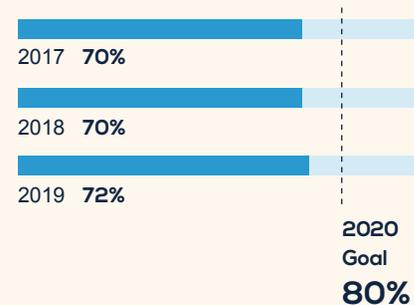
### Goal: Protect Resources Make 80% of materials with sustainable fibers by 2020

% Materials Made with 30% or More Sustainable Fibers



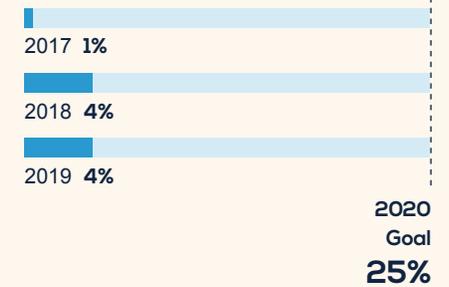
### Goal: Divert Waste Divert 80% of store waste from landfill by 2020

% Waste Diverted from Landfill



### Goal: Conserve Water Make 25% of products using water-saving techniques by 2020

% Products Made Using Water-Saving Techniques



### Goal: Empower Women Impact 10,000 women through P.A.C.E. and Fair Trade by 2020

Women Who Participated in P.A.C.E. or Received Premiums from Fair Trade USA\*



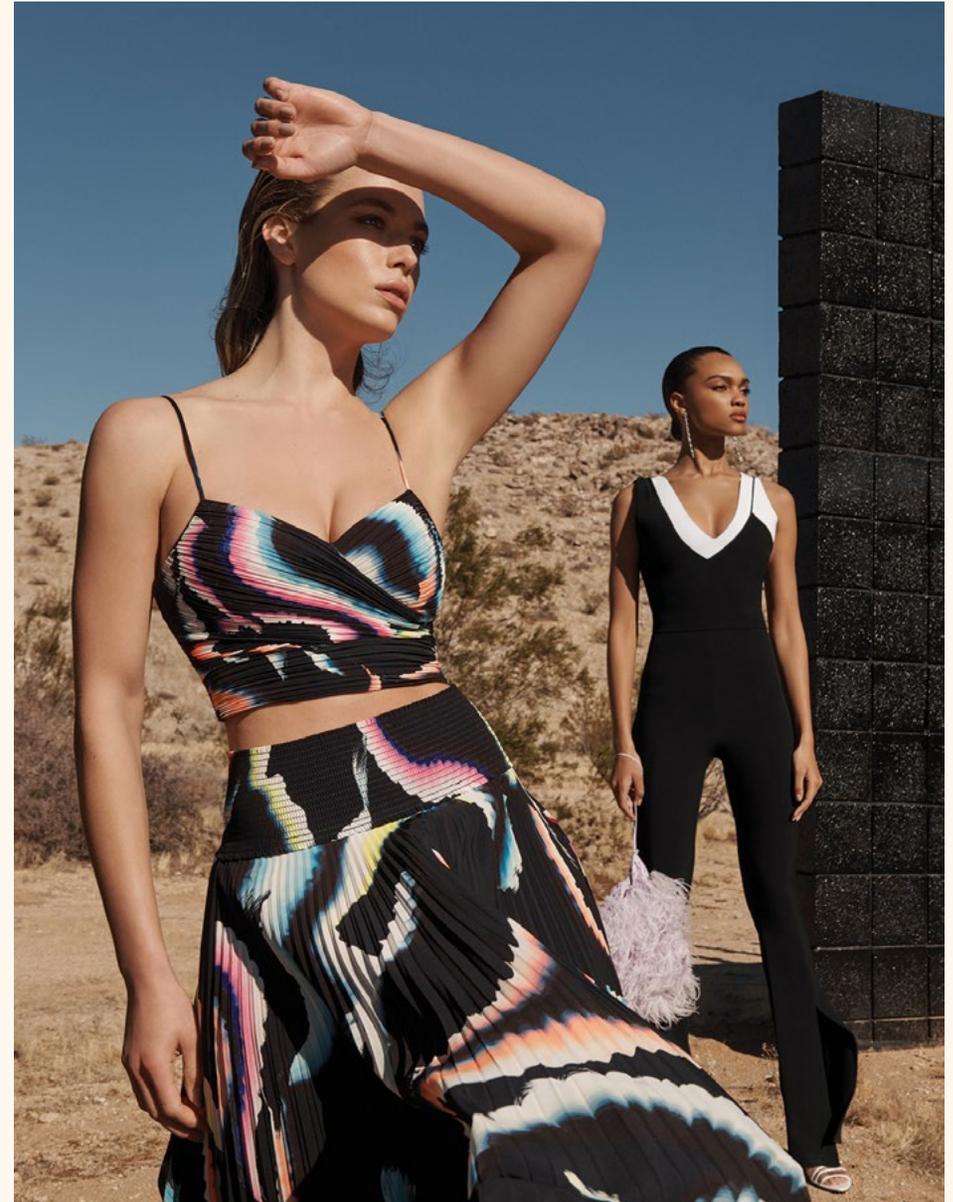
# Brand Goals

## INTERMIX

Intermix has taken a leadership role in sustainability within the multibrand contemporary market with a mission to educate its 300+ brand partners on more sustainable sourcing, to reduce single-use plastic in packaging and to demonstrate how contemporary fashion can be sourced with more sustainable raw materials through its private-label brand.

In 2019, Intermix, in partnership with the Gap Inc. Global Sustainability team, hosted its first Sustainability Summit with its New York-based top brands. At the summit, Intermix established its commitment to become more sustainable and held a workshop on the first steps that brands can take to source more responsibly. Since then, Intermix has worked to reduce the number of garments shipped on plastic hangers and source a new cardboard hanger to replace existing plastic hangers. The company is currently testing this new hanger and encouraging its brand partners to adopt this more environmentally friendly option, a switch that could have an exponential impact. Lastly, Intermix has begun to convert fabrics and yarns used in its private-label line, Intermix Collection, to more sustainable options, such as swapping polyester for recycled polyester.

Intermix has an internal “Green Team” of volunteer employees who champion and operationalize its sustainability goals.



# Appendix

Sustainable Development Goals 75

SASB Reference Table 76



# Sustainable Development Goals

The Sustainable Development Goals (SDGs) developed by the United Nations are a blueprint to achieve a better and more sustainable future for all.

To meet these goals, everyone – from business, to government to civil society – must do their part.

After the SDGs were adopted, we assessed Gap Inc.'s opportunities to advance progress on the individual targets. This assessment revealed that our company's sustainability efforts align most closely with six of the goals. While some of our programs may contribute to other goals, we have mapped Gap Inc. initiatives and goals against these six SDGs to demonstrate how we are contributing to achieving global targets.



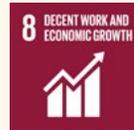
**Ensure inclusive and equitable quality education and promote lifelong learning**

#### Our Work

- > [Talent \(p.20\)](#)
- > [P.A.C.E.: Empowering Women \(p.43\)](#)
- > [This Way Ahead: First Jobs \(p.29\)](#)

#### Our Goal

Hire 5% of entry-level employees through This Way Ahead by 2025



**Promote inclusive and sustainable economic growth, employment and decent work for all**

#### Our Work

- > [Talent \(p.20\)](#)
- > [Equality + Belonging \(p.22\)](#)
- > [This Way Ahead: First Jobs \(p.29\)](#)
- > [Supplier Sustainability \(p.32\)](#)

#### Our Goal

100% of supplier facilities producing branded apparel are rated yellow or green by 2020



**Achieve gender equality and empower all women and girls**

#### Our Work

- > [Equality + Belonging \(p.22\)](#)
- > [P.A.C.E.: Empowering Women \(p.43\)](#)
- > [Women + Water \(p.50\)](#)

#### Our Goal

Reach 1 million women through P.A.C.E. by 2022



**Ensure sustainable consumption and production patterns**

#### Our Work

- > [Chemicals Management \(p.56\)](#)
- > [Waste \(p.62\)](#)
- > [Circularity \(p.63\)](#)
- > [Product Sustainability \(p.66\)](#)

#### Our Goal

Source 100% of cotton from more sustainable sources by 2025



**Ensure access to water and sanitation for all**

#### Our Work

- > [Women + Water \(p.50\)](#)
- > [Resource Efficiency + Manufacturing \(p.52\)](#)
- > [Mill Sustainability Program \(p.54\)](#)
- > [Chemicals Management \(p.56\)](#)

#### Our Goal

Save 10 billion liters of water in manufacturing by 2020, from a 2014 baseline



**Take urgent action to combat climate change and its impacts**

#### Our Work

- > [Climate \(p.59\)](#)

#### Our Goals

Carbon neutral across our value chain by 2050

Reduce absolute Scope 1 and 2 GHG emissions by 90% and Scope 3 GHG emissions from purchased goods and services by 30% by 2030 from a 2017 baseline

# SASB Reference Table

The **Sustainability Accounting Standards Board (SASB)** is an independent, private-sector standards-setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. This table references the Standard for the Apparel, Accessories & Footwear industry as defined by SASB's Sustainable Industry Classification System (SICS) with the location of that information in Gap Inc.'s Global Sustainability Report (GSR) and [gapincustainability.com](https://www.gapinc.com/sustainability).

Topic	Activity Metric	Category	Unit of Measure	Code	Data	Reference
	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	As of 2/1/2020 (FY'19), we sourced from 737 Tier 1 branded-apparel supplier facilities, defined as direct-relationship cut-and-sew facilities and their associated embroidery, laundry and screen-printing facilities. We have mapped out 191 mill facilities that represent about 75% of our business in 2019.	<ul style="list-style-type: none"> <li>› <a href="#">Social: Supply Chain</a></li> <li>› <a href="#">GSR: Assessment + Remediation (p.33)</a></li> <li>› <a href="#">GSR: Mill Sustainability Program (p.54)</a></li> </ul>
Management of Chemicals in Product	Description of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	N/A	CG-AA-250a.1		<ul style="list-style-type: none"> <li>› <a href="#">Environment: Chemicals</a></li> <li>› <a href="#">GSR: Chemicals Management (p.56)</a></li> </ul>
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	N/A	CG-AA-250a.2		<ul style="list-style-type: none"> <li>› <a href="#">Environment: Chemicals</a></li> <li>› <a href="#">GSR: Chemicals Management (p.56)</a></li> </ul>
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	Quantitative	Percentage (%)	CG-AA-430a.1	<p>100% of Tier 1 supplier denim laundries are expected to have wastewater meeting or exceeding legal requirements, in accordance with our Water Quality Program (WQP). In 2018, we enhanced the program by adopting Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines as WQP requirements for wastewater sampling and testing; 48 denim laundries participated, with 87.5% of facilities meeting conventional parameters and 79.2% of facilities meeting ZDHC parameters. Supplier Facilities beyond Tier 1</p> <ul style="list-style-type: none"> <li>• N/A</li> </ul> <p>Through strategic partnerships with the Sustainable Apparel Coalition (SAC) and Zero Discharge of Hazardous Chemicals (ZDHC), we expect strategic Gap Inc.-approved mill facilities to report compliance with wastewater-discharge permits and ZDHC Wastewater Guidelines.</p>	<ul style="list-style-type: none"> <li>› <a href="#">Environment: Mills + Laundries</a></li> <li>› <a href="#">GSR: Water Stewardship Strategy (p.47)</a></li> <li>› <a href="#">GSR: Resource Efficiency + Manufacturing (p.52)</a></li> <li>› <a href="#">GSR: Chemicals Management (p.56)</a></li> </ul>

# SASB Reference Table

Topic	Activity Metric	Category	Unit of Measure	Code	Data	Reference
<b>Environmental Impacts in the Supply Chain (continued)</b>	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Index Facility Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430a.2	<p>100% of Tier 1 suppliers were requested to complete the SAC's Higg Index Facility Environmental Module.</p> <ul style="list-style-type: none"> <li>97% of active Tier 1 branded apparel suppliers completed the 2018 data request.</li> </ul> <p>Suppliers beyond Tier 1 were requested to complete the Higg Index FEM.</p> <ul style="list-style-type: none"> <li>174 out of 191 Tier 2 mills have completed the Higg Index FEM (91% of strategic mills).</li> </ul>	<p>&gt; <a href="#">Measuring Our Progress: Environment</a></p> <p>&gt; <a href="#">GSR: Water Stewardship Strategy (p.47)</a></p> <p>&gt; <a href="#">GSR: Resource Efficiency + Manufacturing (p.52)</a></p>
<b>Labor Conditions in the Supply Chain</b>	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	CG-AA-430b.1	<p>90.6% of Tier 1 branded apparel suppliers that were active for the full year were audited to our Code of Vendor Conduct (COVC) during the fiscal year.</p> <ul style="list-style-type: none"> <li>34% of audits were conducted by a third-party assessor, primarily through ILO Better Work.</li> <li>Facilities with a consistently low non-conformance rate may be assessed on a biannual basis; all facilities are audited prior to initial production.</li> </ul> <p>Suppliers beyond Tier 1 audited to COVC</p> <ul style="list-style-type: none"> <li>N/A</li> </ul> <p>As part of our Mill Sustainability Program, we communicated to our entire mill base our expectations of their social and environmental performance, which are requirements of doing business with us.</p>	<p>&gt; <a href="#">Measuring Our Progress: Working Conditions</a></p> <p>&gt; <a href="#">Social: Working Conditions</a></p> <p>&gt; <a href="#">Gap Inc. Code of Vendor Conduct (COVC)</a></p> <p>&gt; <a href="#">Gap Inc. Supplier Facility List</a></p> <p>&gt; <a href="#">Environment: Mills + Laundries</a></p> <p>&gt; <a href="#">GSR: Assessment + Remediation (p.34)</a></p>
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate	CG-AA-430b.2	<p>As of fiscal year 2019, 2% of facilities received red ratings during assessments against our Code of Vendor Conduct.</p> <p>For issues open as of 2/1/2019, 82% of corrective action plans were resolved by 1/31/2020.</p>	<p>&gt; <a href="#">Measuring Our Progress: Working Conditions</a></p> <p>&gt; <a href="#">GSR: Assessment + Remediation (p.33)</a></p>
	Discussion of greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	N/A	CG-AA-430b.3	<p>&gt; <a href="#">Environment: Supply Chain</a></p> <p>&gt; <a href="#">GSR: Water Stewardship Strategy (p.47)</a></p> <p>&gt; <a href="#">GSR: Chemicals Management (p.56)</a></p>	<p>&gt; <a href="#">Social: Working Conditions</a></p> <p>&gt; <a href="#">GSR Supplier Sustainability (p.32)</a></p>

# SASB Reference Table

Topic	Activity Metric	Category	Unit of Measure	Code	Data	Reference																					
Raw Material Sourcing	Discussion of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	N/A	CG-AA-440a.1		<a href="#">&gt; Environment: Raw Materials</a> <a href="#">&gt; GSR: Raw Materials (p.68)</a>																					
	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440a.2	<table border="1"> <thead> <tr> <th>Fiber Type</th> <th>% of Fiber Type</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Natural Fibers</b></td> </tr> <tr> <td>Organic Cotton</td> <td>0.3% of cotton</td> </tr> <tr> <td>BCI Cotton</td> <td>57% of cotton</td> </tr> <tr> <td>Recycled Wool</td> <td>15.7% of wool</td> </tr> <tr> <td colspan="2"><b>Synthetics</b></td> </tr> <tr> <td>Recycled Nylon</td> <td>0.5% of nylon</td> </tr> <tr> <td>Recycled Polyester</td> <td>1.1% of polyester</td> </tr> <tr> <td colspan="2"><b>Manufactured Cellulosics</b></td> </tr> <tr> <td>Lenzing Modal</td> <td>2.4% of rayon</td> </tr> <tr> <td>TENCEL</td> <td>5.4% of rayon</td> </tr> </tbody> </table>	Fiber Type	% of Fiber Type	<b>Natural Fibers</b>		Organic Cotton	0.3% of cotton	BCI Cotton	57% of cotton	Recycled Wool	15.7% of wool	<b>Synthetics</b>		Recycled Nylon	0.5% of nylon	Recycled Polyester	1.1% of polyester	<b>Manufactured Cellulosics</b>		Lenzing Modal	2.4% of rayon	TENCEL	5.4% of rayon
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