

UK GENDER PAY GAP REPORT 2017

GAP INC. HAS HAD EQUALITY ON THE AGENDA EVER SINCE OUR FOUNDERS, DON & DORIS FISHER STARTED THE COMPANY BACK IN 1969. Women have had a seat at the leadership table from the beginning, starting with Doris and we continue to have strong female representation at all levels of our organization worldwide.

We have always been open about our commitment to equality for all and are proud of what this commitment has achieved;

1. Thomson Reuters Top 100 Companies for Diversity & Inclusion – Gap Inc. named 2nd out of 6,000 companies reviewed in 2017
2. Bloomberg Cross-sector Gender Equality Index 2018 – Gap Inc. named as the only US retailer in the index of more than 100 companies from 10 sectors
3. 2014 – Gap Inc. makes history by becoming the first **Fortune 500 company** to publicly confirm we pay men & women equally for equal work
4. 2014 – Gap Inc. signed the ‘**Women’s Empowerment Principles**’, developed by the United Nations Women and the United Nations Global Impact, giving business practical guidance on women’s professional development and the need to publicly report on progress about Gender Equality
5. **Catalyst Award** – 2016 Gap Inc. is awarded the Catalyst award which recognises companies that best exemplify progress for women and diverse groups through workplace inclusion

Specifically linked to equality of pay, **we operate a transparent job grading structure** with salary ranges linked to each grade, which are reviewed annually. We pay males and females equally, for equal work, working to this structure and our values of fairness and equality for all.



The United Kingdom introduced Gender Pay Gap Regulations which came into force in April 2017. These regulations require all legal entities of 250 or more employees to publish different pay gap statistics, in an effort to be more open about the gender pay gap and tackling gender inequality.

The difference between the gender pay gap & equal pay

Whilst both equal pay and the gender gap deal with the disparity of pay women receive in the workplace, they are two different issues:

1. Equal pay means that men and women in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010.
2. The gender pay gap is a measure of the difference between men’s and women’s average earnings across an organisation or the labour market. It is expressed as a percentage of men’s earnings.¹

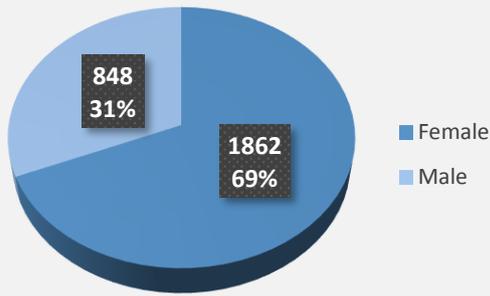
Summary of Gender Pay Results

GPS (Great Britain) Limited is the UK stores trading subsidiary of Gap Inc. and we employ more than 250 employees in this legal entity. Our Gender Pay Gap results have been calculated on this entity.

We currently operate 108 stores in the UK and the following information was correct as at 5th April 2017.

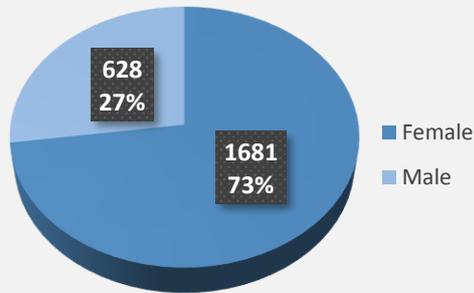
¹ Equality & Human Rights Commission

HEADCOUNT OF ALL 'FULL PAY RELEVANT' EMPLOYEES



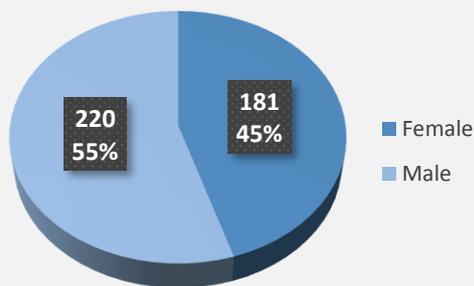
Just over two thirds of all employees included in the calculations are female.

HEADCOUNT OF 'FULL PAY RELEVANT' STORE BASED EMPLOYEES



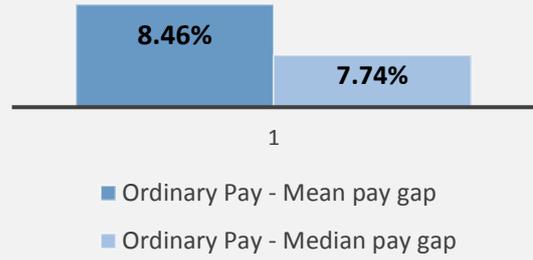
Just under three quarters of our store employees are female.

HEADCOUNT OF 'FULL PAY RELEVANT' HQ/DC BASED EMPLOYEES



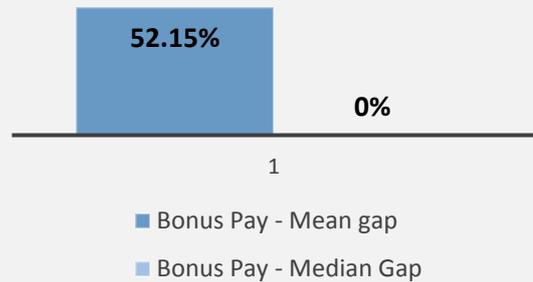
Forty five percent of all HQ and DC employees are female, however when split out between HQ and DC, fifty one percent of HQ employees are female and forty one percent of DC employees are female.

GENDER PAY GAP | ORDINARY PAY



Using the criteria and calculations as set out in the Gender Pay Gap Regulations 2017, **WE HAVE AN OVERALL MEAN GENDER PAY GAP OF 8.46% AND A MEDIAN GAP OF 7.74%.** The UK national mean gender pay gap according to the Office for National Statistics (ASHE Survey)² 2017 is 17.4% and the median is 18.4%. Females are being paid more in our HQ senior management level grades.

GENDER PAY GAP | BONUS PAY

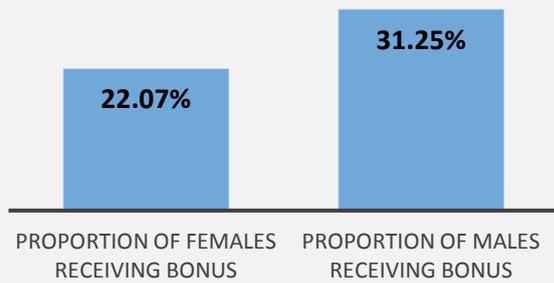


We have a bonus pay gap of 52.15%. Although this gap is large, this is not because of gender. It is being driven by differences in bonus divisions that employees are assigned to. Where bonuses paid to males are higher, this is attributable to mostly male employees being in roles with different business goals where business results have been higher and higher bonuses have been paid.

We have a median bonus gap of 0%. To have a gap of zero is rare, however in our case this is driven by a high number of employees working in the same job grade.

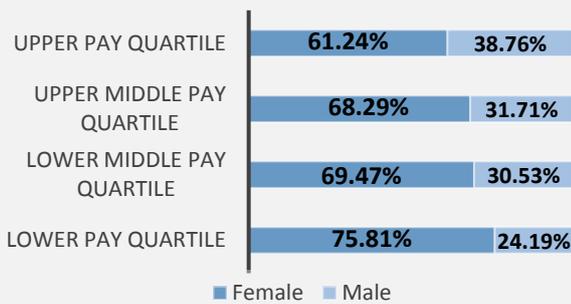
² Annual Survey of Hours & Earnings

PROPORTION SPLIT BY GENDER IN RECEIPT OF BONUS



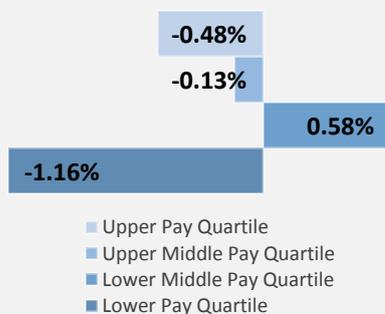
For our female employees, 22.07% of them received some form of bonus. For our male employees, 31.25% of them received some form of bonus. We have a higher proportion of females in more junior job grades where bonuses are not typically paid.

PROPORTION OF FEMALES TO MALES IN EACH PAY QUARTILE



In each pay quartile we are reporting on, the proportion of females decreases as pay increases however in each quartile at least 60% are female.

ORDINARY PAY GENDER PAY GAP BY PAY QUARTILE



The mean gender pay gap for each of these pay quartiles in all except the lowest quartile, is less than 1%. In three out of the four pay quartiles, females are being paid more than males.

Our Commitment

WHILE WE ARE PLEASED THAT OUR RESULTS ARE REFLECTIVE OF OUR COMPANY'S CORE VALUE OF EQUALITY FOR ALL, WE RECOGNIZE THAT THIS IS A COMPLEX ISSUE AND THERE IS ALWAYS ROOM FOR IMPROVEMENT.

Our plan of action is to ensure that our reported UK pay gap continues to shrink, with the ultimate goal of achieving full pay parity. We are focused not only on the numbers but what lies behind the statistics and how our employees continue to be engaged with our Company and brand to fulfil their potential. For example, we have family friendly policies in place however we have more work to do in communicating and developing our attitudes to flexible working.

In addition, we will look to focus on our departments where gender balance is more challenging e.g. in head office functions where they are traditionally male-dominated. Our diversity & inclusion agenda will bring greater focus to topics like unconscious bias training. Together we are committed to continue to publish gender pay figures and take all necessary actions to support diversity and inclusion in the workplace.

I confirm that the information contained within this report is accurate.

Jo Patterson
Senior Director HR, Europe