

TAX STRATEGY AND APPROACH - UNITED KINGDOM -

This published UK tax strategy satisfies Schedule 19 of the UK Finance Act 2016 in respect of our financial year ending 2 February 2019.

The overall aim of Gap Inc.'s ("Gap") tax policy is to support its business by maintaining a sustainable tax rate, while mitigating tax risks and complying with rules and regulations in the jurisdictions in which Gap operates.

The following document lays out the company's strategy and approach for the United Kingdom.

Governance

Gap maintains internal policies and procedures to support its tax control framework and provides training to its personnel to manage tax risk. Regarding roles and responsibilities: the Chief Financial Officer is ultimately responsible for Gap's overall tax risks, while the management of tax risks in global markets is performed by the company's VP of Global Tax, and the Senior Accounting Officer (SAO) is responsible for the day-to-day management of the UK tax risks.

Tax Planning

Gap complies with all tax rules and regulations on a worldwide basis and only engages in tax planning that is aligned with its commercial business activities. Gap adheres to the UK Double Tax Treaties and the relevant guidance issued by the Organisation for Economic Co-operation and Development (OECD) for international tax matters.

Tax Risk

Gap's tax arrangements are based on its commercial business and economic activities. Gap monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations, including transfer pricing guidelines.

Gap aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which Gap operates. Gap applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated. Consistent with Gap's tax policy, it regularly seeks professional opinions and advice from independent external advisors on tax matters.

Relationship with Her Majesty's Revenue & Customs (HMRC)

Gap is committed to the principles of openness and transparency with tax authorities. In the UK, Gap is in regular contact with HMRC and Gap has historically entered into advanced pricing agreements (APAs) with HMRC, who has reviewed and agreed with the economic theory behind our UK transfer pricing policies.