

# Climate | Gap Inc.

Climate change is a global challenge that affects people and communities everywhere, placing a particular burden on people who are already marginalized based on their gender, race, geography or economic circumstances. The risks associated with rising global temperatures include water scarcity, more frequent and severe weather-related natural disasters, sickness and displacement, food insecurity, disruptions to biodiversity and mass species extinction.

Climate risk is a key sustainability issue that has a significant and increasing impact across our value chain. In alignment with the Paris Agreement, governments at all levels are setting ambitious climate targets and more stringent climate regulations for companies.

## Our Approach

We view climate change as an environmental issue, a human rights issue, and a business issue. The Governance and Sustainability Committee of Gap Inc's Board of Directors is responsible for reviewing and evaluating company targets, policies and programs relating to climate change.

We also feel an ethical responsibility to align our goals and strategies with the best science and industry practices. We have a long-term goal to achieve carbon neutrality across our value chain by 2050. Our goals align 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 are part of the Science Based Targets initiative (SBTi), which has approved our science-based targets for reducing Scope 1 direct emissions from company facilities; Scope 2 indirect emissions from purchased products and services; and Scope 3 supply chain emissions from purchased products and services.

## Addressing Scope 1 and 2 Emissions

Our strategy includes reducing emissions and investing in renewable energy projects to reduce our Scope 1 and 2 footprints.

We focus our operational energy program on our retail stores and distribution centers, which generate approximately 85 percent of our direct (Scope 1 and 2) GHG emissions. We invest in energy-efficiency programs and store retrofits that reduce the GHG emissions of our owned and operated facilities. These include transforming the energy-management systems of our stores and replacing heating, ventilation and air conditioning (HVAC) units with more energy-efficient models. We also have protocols for new buildings, and have rated all stores to prioritize retrofit projects for greater energy efficiency.

To improve the efficiency of our distribution networks, we have been committed to using cleaner modes of transportation as an EPA (Environmental Protection

Agency) Smart Way Partner since 2011.

Our renewable energy projects, including power purchase agreements (PPAs) and onsite installations, accounted for 17% of our Scope 1 and 2 energy consumption in 2020. Additionally, Athleta's Fern Solar Farm project has achieved 100% renewable energy for their owned and operated footprint.

## **Addressing Scope 3 Emissions**

The vast majority of our climate impacts lie within our Scope 3 supply chain emissions, so we work closely with our strategic suppliers on programs to increase energy efficiency, set carbon-reduction strategies and goals and provide education and resources that help them set their own science-based targets. We focus on robust data collection from manufacturing facilities, product-impact modeling, and enhanced transparency to understand and pursue the biggest opportunities for emission reductions.

A strong part of our approach is partnerships with industry organizations that work in our key supplier markets. We joined the Apparel Impact Institute's (Aii) Carbon Leadership Program in 2020 and are working to identify rooftop solar opportunities for facilities in Vietnam. Many of our actions on [water](#) are also helping our supplier communities build their climate resilience through investments in local infrastructure and resource efficiency.

We also prioritize [raw material](#) conversion efforts to lower our Scope 3 footprint as we work to incorporate more low carbon fibers into our brand collections.

## **External Commitments**

We engage in advocacy with industry organizations to encourage policymakers to raise their ambition. All of our work is driven by ambitious goals, public commitments, strong partnerships and leadership from our purpose-focused brands. Some of our commitments include the Arctic Shipping Pledge, Fashion Pact coalition, United Nations Framework Convention on Climate Change (UNFCCC), United Nations Fashion Industry Charter for Climate Action, and Business Ambition for 1.5 degrees. We also partner on advocacy for smart climate policy in key sourcing markets. For instance, together with more than 20 other brands, we signed a call to the government of Vietnam to simplify and expand access to renewable energy.

To advance transparency across the industry, 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 \(TCFD\)](#). See our annual climate data [here](#).