19-May-2020

Gap, Inc. (GPS)

Annual General Meeting

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CORPORATE PARTICIPANTS

Bob L. Martin
Chairman, Gap, Inc.

Julie Gruber
Chief Legal Officer, Corporate Secretary & Chief Compliance Officer, Gap, Inc.

Sonia Syngal
Chief Executive Officer & Director, Gap, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the 2020 Annual Meeting for the Gap Inc. Our host for today's call is Bobby Martin, Chairman of the Board. At this time, all participants will be in a listen-only mode. I'll now turn the call over to your host. Mr. Martin you may begin, sir.

Bob L. Martin
Chairman, Gap, Inc.

Greetings, and thank you for joining our 2020 Annual Meeting of Shareholders. As Chairman of the Board, I'm pleased to welcome you, our shareholders today. Also joining us are members of our Board of Directors. And I'd like to introduce them to you now; Amy Bohutinsky; Bill Fisher; Mr. Bob Fisher who's also Chair of the Governance & Sustainability company, our committee for the company; John Fisher; Tracy Gardner, our Chair of the Compensation & Management Development Committee; Ms. Bella Goren; Amy Miles who joined our Board this year; Jorge Montoya; Mr. Chris O'Neill; Mayo Shattuck who also is the Chair of the Audit & Finance Committee; Elizabeth Smith who also joined our Board this year; and our President and CEO, Sonia Syngal.

Before I hand the meeting over to Julie Gruber, our Chief Legal Officer and Corporate Secretary, I'd like to take just a few moments to thank the entire Gap Inc., leadership team led by Sonia Syngal who admirably and confidently have been steering the company through one of the worst crisis this industry has ever seen. I've had time over the recent weeks and months to work closely with Sonia and want to commend her for her decisive action and strong leadership.

She stepped into the CEO role just as the company was beginning to grapple with significant and unprecedented issues and decisions as a result of the COVID-19 pandemic. And while the effects of this pandemic will continue for some time, the Board is confident that the company is focused on the right priorities and taking the necessary and prudent steps to emerge from this position to build for the future.

On behalf of the Board, I'd also like to thank our incredible employees for their hard work and dedication each and every day to the values on which this company was founded on. And we thank you, our shareholders for your continued commitment to Gap Inc., and we are proud of what we have built together and most importantly, again, we are excited for the future.

Now I'm pleased to introduce Julie Gruber, our Chief Legal Officer and Corporate Secretary. Julie?

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Julie Gruber
Chief Legal Officer, Corporate Secretary & Chief Compliance Officer, Gap, Inc.

Thank you, Bobby for calling the Annual Meeting of shareholders of Gap Inc., to order. Good morning, and welcome everyone. Today's meeting will be recorded and available on gapinc.com. The rules of this meeting can be found at the bottom of the virtual meeting page. We're holding this meeting pursuant to notice mailed to all shareholders of record as of March 23, 2020. As Bobby said, after the formal portion of the meeting, we will hear from Sonia, and then we will answer questions from our shareholders.

Please note, there's a two-minute limit for each person addressing the meeting and we'd ask that you limit yourself to one question. Derek Standifer of Deloitte & Touche, our independent registered public accounting firm is also available to respond to shareholder questions as appropriate. Please note, only shareholders may ask questions during this meeting.

We will now vote on the three proposals outlined in our proxy materials. The three items on the agenda are; one, the election as directors of the 13 nominees named in our proxy statement. Two, the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. And three, an advisory vote on the overall compensation of the company's named executive officers.

We have received an affidavit of mailing of notice to the Annual Meeting of shareholders of Gap Inc. from Broadridge Financial Solutions. This states that notice of the meeting has been mailed as required and outlined in our bylaws. The affidavit will be filed with the minutes of the meeting.

Trish Hodson on behalf of Broadridge Financial Solutions is here and acting as inspector of elections for this meeting. Trish tells me that a count of the shares represented by proxy shows that we have a quorum to conduct business at this meeting.

We will now proceed with the three items of business before the meeting. The first proposal is the election of directors of the 13 nominees names in our proxy statement. The second proposal is the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2021. The third proposal is an advisory vote on the overall compensation of the company's named executive officers.

The polls for the three proposals are now open. The polls for each proposal before the meeting are now closed, and the inspector has recorded the results of the voting. The results are as follows. The 13 nominees for director listed in the proxy statement have been elected. The selection of Deloitte & Touche as the company's independent registered public accounting firm has been ratified, and the overall compensation of the named executive officers has been approved on an advisory basis. The final report of the inspector of elections will be filed with the minutes of the meeting and the vote results will be filed with the SEC on a Form 8-K.

This concludes the formal portion of the meeting. The Annual Meeting is now adjourned. In a few moments we will hear from Sonia. Before I hand the meeting over to Sonia, I want to address some administrative matters. The information shared today may contain forward-looking statements. There are important factors that could cause our actual results to differ from these forward-looking statements. Information regarding factors that could cause results to differ can be found in our Form 8-K filed with the SEC on April 23, 2020, which is available on gapinc.com.

As a reminder, questions will be answered at the end of Sonia's presentation. I would now like to welcome Sonia Syngal, CEO and President of Gap Inc. Sonia?

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Sonia Syngal

Chief Executive Officer & Director, Gap, Inc.

Thank you, Julie. It is my privilege to join you all for our 2020 Annual Meeting of shareholders. As we gather today marking my eighth week in role, I'm certain it's not lost on anyone how much has changed since our last shareholder meeting. Since mid-March, we've closed 90% of our stores and made difficult but necessary decisions to manage against uncertainty including having to furlough store team and reduce head count across our global offices.

We've also seen the growth of our sizeable e-com channel. We reassessed every facet of our business, activated command centers and in the process we have moved faster and more united as an organization than we have in years. The impact of COVID-19 is forcing us to face unprecedented challenges both as an industry and as a company. That said, Gap Inc. has weathered many storms over its 50-plus years and we're well positioned to be amongst the companies who emerge from this and survive as the pandemic sort of subsides.

By leveraging our competitive strength and managing the business prudently, taking swift action and always [ph] be in service to our customer who's also evolving (00:08:37) to this crisis. I'm truly inspired by our teams who are seizing every opportunity to learn, change and innovate and play to win. I've never been more convinced of the potential of the company and the power of our brands. While we're in a highly competitive industry, we've also been a company that has led through our long-held values. And in this time, the love and commitment of our teams and customers has been enough to support and fuel our commitment to win.

As we embrace our opportunities from this crisis, we're accelerating the much needed change across the company that we had already identified coming out of last year, from rationalizing our fleet to scaling e-commerce and our omni capability, to unleashing our teams to move boldly toward the future. Throughout this crisis, our top priority remains the health and safety of our employees, customers and communities.

Just as customers look to our brands as a trusted place to find style they love, we've implemented enhanced safety measures that will make us the trusted place for our customers to return to shop. The intensive planning by the team balances the fact that taking care takes time with the urgent need to reopen the economy. We are welcoming back our team, and through deep work with government, public officials, we are ready to help shape the gold standard for operating safely.

As we've managed through the impact of COVID-19, we've also leaned into our full suite of omni capability, which has enabled us to fulfill e-commerce demand, meet customers where they are and position our teams to quickly reopen to the public when it's safely to do so. We have one of the largest e-com platforms in North America for sale of apparel clothing and we intend and are fully capitalizing on that potential.

And then our brands, our brands have enormous power, and each of our brands has a unique opportunity to meet the evolving needs of the customer. Now as we operate through the pandemic and even more importantly in the future as we know the retail landscape will look differently. Our brands personify the best of American values; individuality, community, fun, family and achievement. Casual American style, particularly now, plays to our product strength across the portfolio.

I'm also proud to say that we're getting masks to those who need them, from frontline healthcare workers to consumers. We have leveraged our extensive supply chain to connect hospital networks with millions of critical personal protective equipment for healthcare workers. And all seven of our brands are offering masks to customers including donations to organizations like the Boys & Girls Clubs of America.

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In the face of this pandemic, we have seen a great deal of unity with teams working together with extraordinary audacity and innovation to drive value for our customers and our shareholders. This has shown up in many ways throughout the company. The small but mighty team that chased the opportunity to pivot factory capacity and excess fabric to build millions of face masks for both hospital workers and customers is just one great example. This is when the best of Gap Inc., our tenacious team and our advantaged operations comes to bear. And this is one of the reasons I know we'll emerge from this crisis stronger than before.

As I look ahead, I see the challenges but more so I see enormous opportunity. I had a chance to visit 10 of our recently opened stores in Texas on Mother's Day weekend and I have to tell you how energizing it was. Our customers and employees were so happy to be back. Our stores are like a second home, a part of the community. The energy was palpable and our brands are resonating. Our brands' ethos have always reflected and amplified the decisive cultural moment of the time Old Navy emerged with the Democracy of Style for all in 1994. The generation gap in 1969 gave birth to the Gap. A life of style with no boundaries in 1978 became Banana Republic. And Athleta delivering the empowerment with the Power of She mantra to overcome what holds women back.

We have always been a company whose brands are a force for good. We tap into the zeitgeist to amplify human kindness, progress, renewal, boldly moving forward, the societal shift and regeneration that will allow us to define the next 50 years. Our values which include high integrity, equality, openness, doing good and doing more for each other in our community will be coupled with a focus on culture that unleashes our potential to win.

So with that, I want to thank you all for joining me today, and I'd like to hand it back to Julie for questions-and-answers.

Julie Gruber

Chief Legal Officer, Corporate Secretary & Chief Compliance Officer, Gap, Inc.

Thank you, Sonia. Now, we will open the meeting up for questions. Are there any questions?

On behalf of management and the Board of Directors, thank you for coming today. The meeting is now concluded. Good-bye.

Operator: This now concludes the meeting. Thank you for joining, and have a pleasant day.

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