



OUR WORLD, OUR BRAND

HIGHLIGHTS



GUESS FISCAL 2016 – 2017 SUSTAINABILITY REPORT

Message from our CEO, VICTOR HERRERO

It is with great pride and pleasure that I present our second GUESS sustainability report.

This report details our progress toward a higher standard for social and environmental performance, and provides the first formal GUESS Sustainability Plan - a milestone for our brand. Through my experience leading this truly global company, I see one constant across borders: people, particularly the younger generation, are deeply concerned about the future of this planet. At GUESS, we understand that we must continue to grow and contribute to the global community with increasing care for people and the environment; we aim to embrace existing solutions as well as try new ones to address the social and environmental challenges of our time.

Two principles drive our sustainability efforts. The first is transparency – our determination to provide an open and honest account of our sustainability journey. We have made good progress in understanding our current performance and what really matters to the future success of our business. In this report, you'll see year-over-year data covering more issues in more locations throughout our operations and supply chain. And as a member of the Global Reporting Initiative (GRI)'s Standards Pioneers

Program, we are among the first organizations to adopt GRI's rigorous international sustainability reporting standards. To aim for the balance and completeness that GRI encourages, we have also had our data externally validated. As you can see, our commitment to transparency is foundational to our strategy.

The second principle is purpose – we stay true to the GUESS brand and vision of creating a positive impact in the world through the products we sell and the organizations and people we work with. In 2016, we talked to people inside and outside the business about how they see the future fashion industry. This exercise highlighted the need to continue our efforts to protect workers in the supply chain and focus on diversity and inclusion. It also identified other priority topics such as water stewardship, reducing energy use and carbon emissions throughout our extended value chain, and raising awareness through sustainability education and engagement with our associates and partners.

I am proud to be a part of the GUESS brand and company, which continues to be a richly diverse, inclusive and community-focused organization; we value the perspectives and creativity this brings to our business.

SUSTAINABLE GROWTH FOR GUESS IS
BUILT ON TRANSPARENCY, PURPOSE, AND

creating positive impact

FOR OUR WORLD AND OUR BRAND.

I am also proud of the progress we're making to achieve the environmental goals outlined in this report. For example, this year we assessed the water footprint of our denim as an important first step to better manage our impacts, and created the company's first carbon emission reduction goal. We have also joined a global industry pledge to advance a circular fashion system – the idea that fashion should last, and be continuously repurposed, reused and recycled. As you'll read in the pages ahead, we are working on these initiatives and more to adapt our company and engage our employees, customers, and community on developing a more sustainable fashion industry.

Our customers continue to raise their expectations of us, and we at GUESS are keen to meet and succeed in this challenge. We are building sustainable foundations for our journey ahead and I am more excited and optimistic than ever that we will continue to create positive impact for our world and our brand.



VICTOR HERRERO

*Chief Executive Officer and Director,
Guess?, Inc.*



OUR SUSTAINABILITY COMMITMENTS



operating with integrity

Stakeholder Engagement
Good Governance
Ethics and Integrity

Risk Management
Transparency & Assurance

Industry Collaboration
Customer Experience

empowering people

CREATING A GREAT PLACE TO WORK

Champion Diversity and Inclusion

Diversity and inclusion have always been hallmarks of the way we operate. With a brand presence in more than 100 countries, we value diverse backgrounds, cultures and perspectives and the creativity they bring to our business.

PROTECTING WORKERS IN THE SUPPLY CHAIN

Improve Transparency and Social Responsibility

We will continue to expand and strengthen our supply chain corporate social responsibility program, striving for improved transparency, training and oversight to protect the safety and dignity of people making our clothes.

DEVELOPING SUSTAINABLE COMMUNITIES

Promote Sustainability Education and Engagement

We will harness the creativity and passion of our retail and corporate associates through learning and collaboration to address our environmental and social challenges. We will also engage with our customers and communities to support solutions to their sustainability challenges.

protecting the environment

MAKING SUSTAINABLE STYLE SEXY

Ensure Stewardship of Products Throughout the Life Cycle

We recognize the role we have in creating a more sustainable fashion industry, and will collaborate with other industry stakeholders to extend product life and recycling, and prioritize responsible chemicals management.

MANAGING ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Use Responsibly Sourced Materials and Be Good Water Stewards

The GUESS brand was founded on denim, a material reliant on water from cotton growing to fabric washing to customer care. GUESS will continue its industry leadership ambition by focusing on water stewardship in denim production, as well as responsible sourcing of other materials used to make our products.

GREENING OUR OPERATIONS

Reduce Energy Use and Carbon Emissions

Carbon emissions and climate change are global issues of concern to our stakeholders and bring business risk. We will contribute by reducing our use of fossil fuels and minimizing our climate impacts.

“My brothers and I created Guess to change the world by helping people feel confident, independent and beautiful. But beauty is not just skin deep: it must run through everything we do. What goes on behind the label gets more important every year as the next generation of GUESS customers look for brands that share their values.

It may seem a long way from the glamour, romance and dreams of La La Land, but making progress on empowering people and protecting the environment lies at the heart of our commitment to sustainability and our future success as a company, and I believe it is an important part of what GUESS will come to mean to our customers around the world.”

PAUL MARCIANO

*Co-Founder, Executive Chairman,
and Chief Creative Officer, Guess?, Inc.*



*(left) Maurice Marciano,
Co-Founder and former
Chairman of the Board,
Guess?, Inc. (right)
Paul Marciano.*

OUR SUSTAINABILITY GOALS

To be completed by 2021

empowering people

Champion Diversity and Inclusion

- Review and update current practices to ensure inclusive atmosphere and diversity throughout the organization.
- Increase associate opportunities for global work experience.

Improve Transparency and Social Responsibility

- Complete and publicly release a multi-tier supply chain map.
- Strengthen vendor training program and civil society participation.

Promote Sustainability Education and Engagement

- Create global opportunities for sustainability education for our associates, and sustainability engagement for our customers and community.

protecting the environment

Ensure Stewardship of Products Throughout the Life Cycle

- Fulfill our pledge to advance towards a circular fashion system.
- Assure adherence to and continuously improve our global List of Restricted Substances and Materials.

Use Responsibly Sourced Materials and Be Good Water Stewards

- Improve responsible raw material sourcing practices.
- Implement a Water Management Action Plan to be disclosed in 2018.

Reduce Energy Use and Carbon Emissions

- Reduce scope 1 and 2 carbon emissions per square foot by 15% by 2021; expand carbon footprint baseline to include scope 3 emissions.
- Transition current emissions reduction goals to align with science based targets.

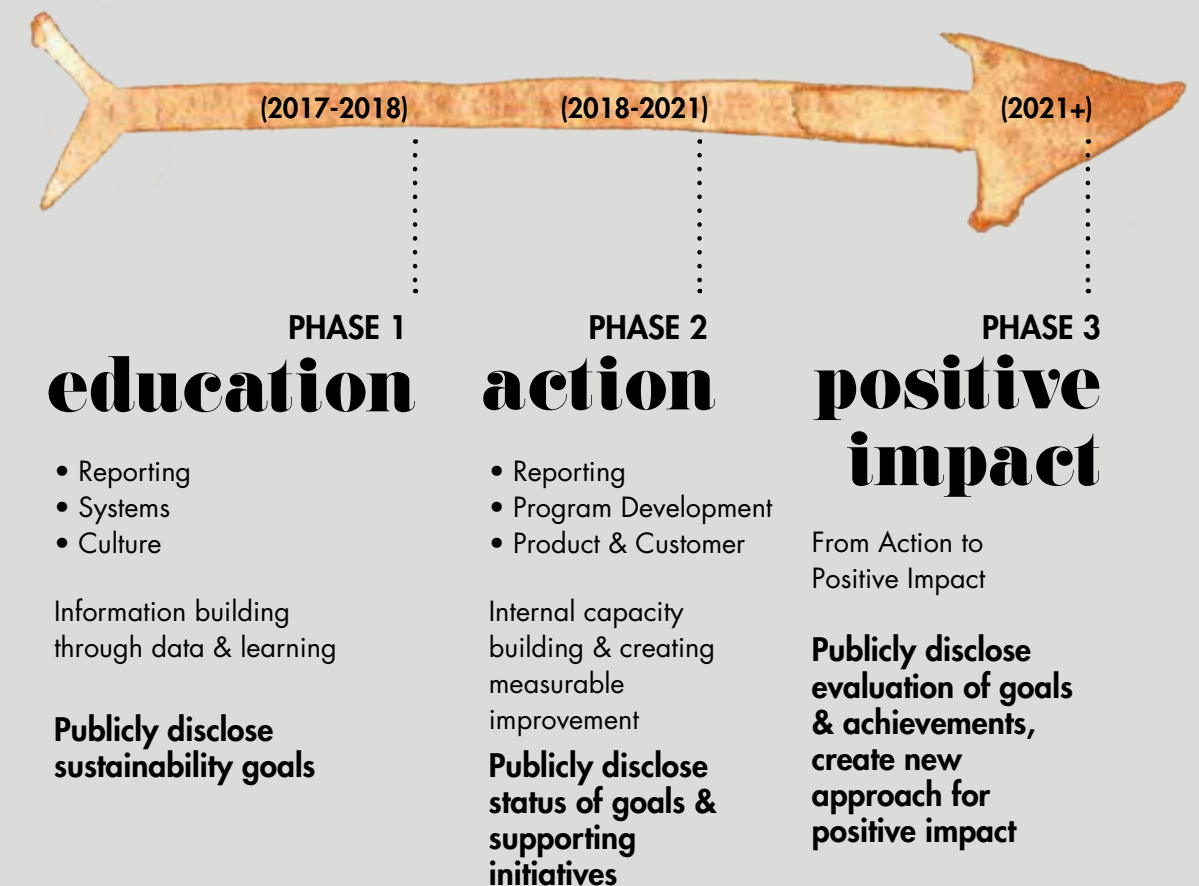
Our Sustainability Strategy:

OUR WORLD, OUR BRAND

We launched our company's first formal sustainability commitments and established new goals that will drive our efforts over the next five years.

Our sustainability strategy is organized into commitments and goals that focus on Our World – the people, operations and suppliers we work with – and Our Brand – the customers and communities we connect with.

COMMITMENTS TIMELINE





empowering people

highlights

CREATING A GREAT PLACE TO WORK

- Completed **diversity assessment** for senior leadership and associates
- Launched **Leadership Development Program**
- New retail assistant manager positions were **>55% internal promotions**

PROTECTING WORKERS IN THE SUPPLY CHAIN

- Developed **supplier factory training** program and held 3 training sessions with over 75 participants total
- Expanded program to **Tier 2 fabric mill suppliers** with launch of training and auditing pilot project

DEVELOPING SUSTAINABLE COMMUNITIES

- Launched **associate engagement program** and sponsored **sustainability classes** for students and associates
- Contributed more than **\$1.2 million to over 50 US non-profit organizations** through the GUESS Foundation
- Planned events for and provided **volunteer time and funds to more than 10 non-profit organizations** through employee-driven Guess Cares program



GUESS Retail Future Leaders



Worker sewing GUESS apparel

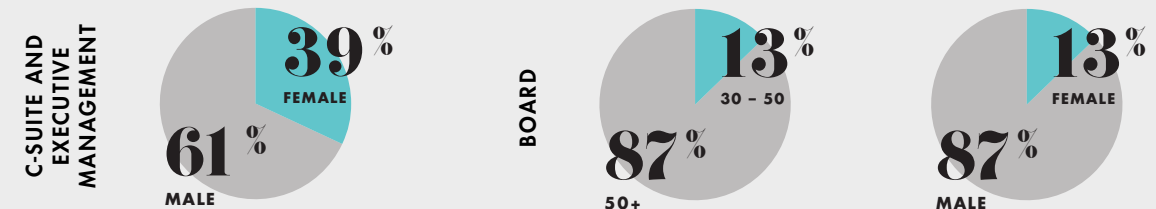


Employees learning eco-design

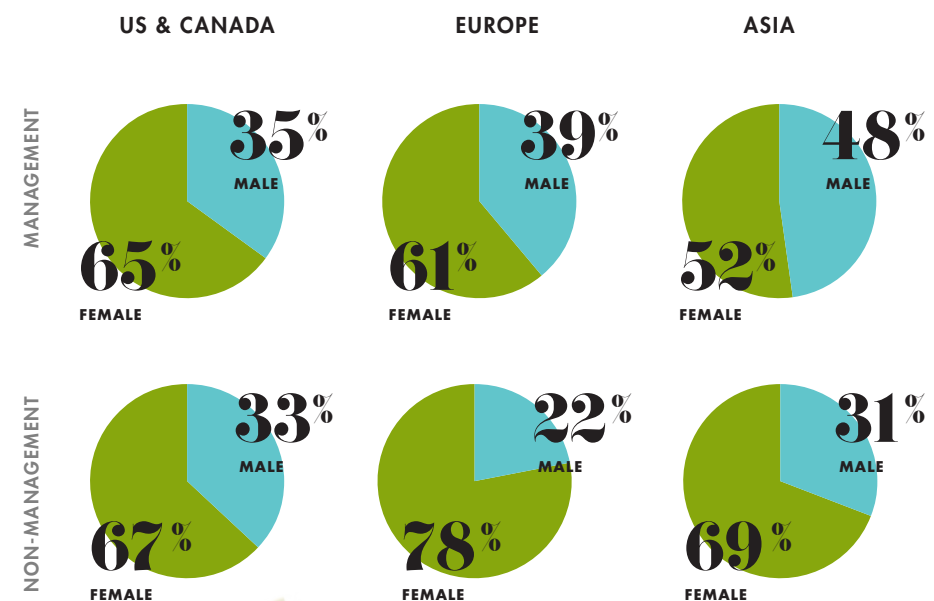
EMPOWERING PEOPLE SPOTLIGHTS

We completed **our first comprehensive diversity assessment** for senior leadership and associates.

GOVERNANCE BODIES BY AGE AND GENDER FY2017



ASSOCIATES BY GENDER FY2017



Our robust Supplier Code of Conduct addresses human rights, labor rights, health and safety for workers in the supply chain, and is managed through the following areas:

- Supplier factory approvals,
- Supplier education and training,
- Supplier factory monitoring, and
- Remediation and continuous improvement processes.



protecting the environment highlights



From the eco-collection

MAKING SUSTAINABLE STYLE SEXY

- Released the brand's first eco-collection—#GuessEco
- Pledged to a **Circular Fashion System** with the Global Fashion Agenda
- Reused and recycled products that were unsold to reduce waste to landfill



Cotton makes up 50% of our materials

MANAGING ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

- Banned **angora fibers** from GUESS collections
- Created our company's first **Denim Water Footprint** and Lifecycle Assessment
- Solicited top vendors, over 20% by volume, to complete industry's **Higg Index environmental assessment**



Efficient store lighting

GREENING OUR OPERATIONS

- Calculated our **first global carbon footprint** in FY2016
- Scope 1 and 2 **carbon emissions per square foot reduced by 8%**
- Diverted **90% of cardboard waste** from landfill at our largest distribution center

PROTECTING THE ENVIRONMENT SPOTLIGHTS

Our denim water footprint is the first by our company to assess water use in the whole value chain.

WATER USE FOR ONE SKINNY JEAN THROUGHOUT ITS LIFE CYCLE—
from cotton farming to consumer care



32% CONSUMER CARE
(880 LITERS)

2% FACTORY LAUNDRY
(48 LITERS)

2% FABRIC MANUFACTURING
(44 LITERS)

64% RAW MATERIALS
(1729 LITERS)

Our FY2017 GUESS global carbon footprint of 36,669 MTCO_{2e} is equivalent to:

84,896
BARRELS OF OIL CONSUMED



GUESS has proudly been an active member of the Sustainable Apparel Coalition since FY2016.

We have been reporting our global carbon footprint since FY2016 and we have seen a **reduction in our gross emissions per square foot by 8%**.

GUESS CARBON FOOTPRINT

GUESS Corporate Offices, Distribution Centers and Retail Stores

| ALL NUMBERS IN MTCO _{2e} (metric tonnes carbon dioxide equivalent) | BASELINE FY2016 | FY2017 |
|--|--------------------|--------|
| Total Gross Emissions | 37597 | 36669 |
| Total Gross Emissions per square foot | 0.009 | 0.008 |



Over the course of FY2016 and FY2017, 64 and 55 GUESS suppliers, respectively, have completed the Higg Facility Environmental Module assessments on environmental impacts, representing over 20% of product volume.



ABOUT OUR SUSTAINABILITY REPORT

Our report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report presents Fiscal Year social and environmental data to align with our **financial reporting**. Unless otherwise indicated, all data and information in the report pertains exclusively to Guess operations in the United States, Canada, and Europe. Our carbon footprint also included data for our Asia subsidiaries in China, Korea and Japan. For more information, please see our **full report**, or contact ir@guess.com if you have a question or feedback on sustainability at GUESS.

