



DOWNLOAD OUR FY16-17
SUSTAINABILITY REPORT

EMPOWERING PEOPLE

GUESS is dedicated to creating a great place to work, protecting workers in our supply chain, and developing sustainable communities.

Creating a Great Place to Work

We owe our iconic brand and global presence to our passionate and talented associates, and aim to create a great place for them to work. Inherently diverse as a global organization, we work hard to cultivate an inclusive company culture throughout the business.

Our Commitment: 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 our business.

2021 Goals:

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

We have conducted a diversity assessment for senior leadership and associates as recommended by the Global Reporting Initiative Standard for sustainability reporting, see below for the results. Associate data for Guess Europe and Asia is also available in our full [FY16-17 Sustainability Report](#).

To further reinforce our leadership in this area, we will review and update as needed our practices and benefits to ensure they support an inclusive atmosphere throughout the organization. We are creating more opportunities for international work experience, expanding education and training opportunities on bias and other pertinent topics, and are hosting events to celebrate our multicultural environment.

Through these efforts, we aim to strengthen our company culture of respecting and empowering all people.

Benefits and Talent Development

We believe that the entrepreneurial spirit on which Guess?, Inc. was founded is the basis of our success. This entrepreneurial spirit lives on today as we empower associates to take ownership of their work and pursue new ideas. To recruit and retain talented individuals that are a good fit with our company culture, we have developed an attractive benefits program as well as several initiatives that support early career development and associate recognition.

Some of our programs include the following:

GUESS Wellness Program

Our incentive-based wellness program promotes a healthy, balanced lifestyle and supports associates' personal wellness goals. Associates receive points for engaging in health-related activities and are rewarded based on the points they earn. Examples of our point-based activities include gym visits, healthy cooking demonstrations, nutrition seminars, optional medical physical exams, and meditation classes.

Dedicated walking groups are a popular part of the program with small groups taking walks at 15-minute intervals and earning points during their lunch, morning and afternoon breaks. To support healthy food choices, the GUESS Café at our headquarters provides fresh lunch options at discounted prices. We also have a fully equipped gym at our headquarters campus offering an extensive line-up of workout equipment and daily classes in activities like cycling and yoga. At the US headquarters, we are also engaged in a pilot partnership with HealthCheck360 to bring biometric screenings and personalized health management at no cost for our associates.

GUESS University

Developing our people is a top priority for GUESS because we know that our success depends on having a talented, confident and motivated workforce. To continuously engage our associates, we provide a comprehensive range of leadership and training opportunities delivered through one-on-one mentorship, instructor-led classroom sessions, interactive e-Learning modules and external seminars. Additional topics are added to the library every year.

Examples of topics covered in our global training programs:

- Leadership development
 - Coaching and delegation
 - Goal setting
 - Communications
 - Customer service
 - Industry and product knowledge
 - Compliance
 - Online privacy
 - Career paths and professional development
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- Recruitment
 - Foreign language skills
 - Team building
 - Time management
 - Sales
 - Safety and occupational risk prevention
 - Excel
 - Manager d'Univers Marchand (official Retail Store Manager certification in France)

Retail Training

District Training Manager Program – recognizes store managers in North America and Europe with a passion for training and the ability to deliver exceptional results in-store. These managers receive continuous development in leadership and training to support their role of onboarding new managers.

Future Leaders Program – develops high potential sales associates in the US for succession into management roles. The program is designed to build the strength of the store team, encourage internal promotions and improve the customer experience.

Career Development Plans – launched in FY2016 for all retail positions in the US, Career Development Plans provide step-by-step guidance, checklists and e-Learning resources for associates to help them with career advancement.

In addition to the training programs described above, we created a Top Talent Program in the US to recognize exceptional district managers, as well as a Senior Training Managers Program to support the consistent roll out of corporate training programs in the field.

We also provide tuition reimbursement for approved external courses that nurture professional growth at our Los Angeles headquarters. Through these training programs, we are developing the future leaders of the fashion industry and ensuring they will be able to thrive in a fast evolving market environment.

Protecting Workers in the Supply Chain

We share a connection with the people around the world who farm the cotton, work in the mills, and sew our garments with such skill and dedication. GUESS has had a longstanding commitment to sourcing apparel and accessories in a responsible manner.

Our Commitment: Improve Supply Chain 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.

2021 Goals:

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

As a condition of doing business, GUESS requires that suppliers comply with all laws applicable to the country in which the merchandise is manufactured. However, we believe that issues of business ethics, human rights, health, safety and environmental stewardship transcend geographic boundaries and we recognize that some countries have more stringent regulations than others. Therefore, in recent years we have evolved our Social Compliance Program to take a more proactive approach to supply chain management by focusing on supplier education and training, sharing best practice resources, action planning and continuous improvement.

To further ensure the protection of workers, GUESS has adopted and issued a detailed Supplier Code of Conduct and Global Sourcing Vendor Manual, which covers human rights; health and safety; labor, ethics and decent work; and payment and administrative issues in the supply chain. These standards are the foundation of our Social Compliance Program, which is administered through our Corporate Social Responsibility office. We ensure conformance with the standards by focusing on four core areas:

- ✓ Supplier factory approvals
- ✓ Supplier education
- ✓ Supplier factory monitoring
- ✓ Remediation

Supplier Factory Approval

Before a supplier factory is authorized to work with GUESS, the supplier factory's management must review and sign our Supplier Code of Conduct. In addition, we require factories to provide evidence of their social compliance record with audit reports and certificates issued by peer companies, third-party certification bodies or multi-stakeholder organizations.

For supplier factories located in high risk areas, an initial social compliance audit must also be conducted in accordance with the GUESS Supplier Code of Conduct. These audits not only assess compliance, but are also a key way for us to engage and educate new suppliers on our standards and create the groundwork for strong relationships based on continuous improvement.

Supplier Education

We have developed a supplier factory training program to increase supplier awareness and understanding of the Guess?, Inc. Code of Conduct, with the goal of preventing social and environmental issues before they occur. The program emphasizes taking a collaborative approach to capacity building through performance gap analysis, root cause identification and training.

Supplier Factory Monitoring

The ongoing monitoring and auditing of supplier factories is a fundamental component of our global Social Compliance Program. We assess finished product manufacturing factories, excluding licensee and private label vendor factories, for compliance with our Supplier Code of Conduct on a regular basis. The frequency of audits is determined by a supplier or specific supplier factory's compliance history and assessed level of risk. To conduct audits, we use internal or accredited third-party auditors that reflect our standards outlined in the Supplier Code of Conduct. In addition, the Social Compliance Team conducts oversight audits on a regular basis at key supplier factories.

Industry Collaboration to Improve Factory Monitoring and Remediation

We believe that a collaborative approach to addressing systemic social challenges within the industry will produce more sustainable solutions. For the last several years, we have reached out to like-minded brands using the same garment factories to share audits and coordinate remediation efforts. Working together with a consistent approach improves the efficiency and effectiveness of supplier factory monitoring and remediation efforts.

To reduce supplier audit fatigue, GUESS also recognizes up-to-date, comprehensive external audits of supplier factories using peer standards that meet or exceed our own corporate standards.

We believe that remediation of issues is preferable to terminating relationships with suppliers. Many improvement opportunities or noncompliance issues reflect wider social conditions in developing countries such as a culture of excessive working hours or local labor shortages. In these cases, it can take time for supplier factories to address environmental and social issues.

On occasion, significant and urgent concerns (“show-stoppers”) that cannot be remediated may be identified. In these cases, we will cease working with a supplier factory pending investigation, or terminate the onboarding process.

GUESS Social Compliance Program: Show-Stoppers

1. Use of forced, prison, indentured or bonded labor, including human trafficking and slavery
2. Use of child labor
3. Corporal punishment, mental or physical disciplinary actions
4. Harassment of workers, including sexual harassment
5. Discrimination of any kind
6. Unsafe working or living conditions
7. Workers are not paid
8. Unethical conduct

Looking Forward

We rely on many suppliers around the world to make our clothing and accessories while helping to control costs, improve quality, and operate in a responsible and sustainable way. It is a complex system that requires collaboration and continuous improvement of our sourcing policies, monitoring systems, education programs, and remediation practices.

Because the type and frequency of supplier audit issues have remained relatively consistent over the last three years, as made clear in our sustainability report data, we are continuing to broaden the scope of our social compliance program to create tangible improvements for workers that will be supported by the following high level initiatives:

- Complete a multi-tier supply chain transparency map;
- Strengthen auditing program for Tier 2 supplier factories (e.g. mills);
- Strengthen our supplier training program by increasing the number of sessions conducted, as well as the quality and format of the training;
- Develop partnerships with local Civil Society Organizations in key supplier regions to improve our positive impact on the workers, families, and communities; and
- Publicly report our progress.

Developing Sustainable Communities

Guess is committed to doing its part to advance sustainable development by working to integrate sustainability into our company culture and engage with customers and communities.

Our Commitment: 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.

2021 Goal:

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

Associate Engagement

Our associate engagement program at the Guess US and Guess Europe corporate offices aims to inspire a global mindset and culture of sustainability above and beyond the job requirements. We believe increasing awareness on environmental and social issues and engaging associates in fun and interactive ways is key to advancing the company's sustainability goals and enhancing the overall company culture.

We engage associates on sustainability with the following activities:

Earth Day – GUESS celebrates Earth Day annually to encourage dialogue on environmental issues and remind everyone how daily decisions – things like purchasing local products, turning off lights and computers, or carpooling to work – can help protect the planet.

Speakers & Events – GUESS invites guest speakers to present on various sustainability topics such as responsible textile sourcing and our global headquarter's local [City of Los Angeles Sustainability pLAn](#). We also hosted several farmers' markets to connect associates with local communities and healthy food, and held a fashion EXPO with the Fashion Institute of Design and Merchandising (FIDM) as part of our sponsored Sustainable Product Lifecycle Course. In Guess Europe, we offered special movie screenings exploring the science behind climate change as well as other educational campaigns.

Green Mobility Program – launched by Guess Europe to encourage greener commuting, the Green Mobility Program offers discounts on public transport and reserves parking spots for associates who carpool to work.

Ride Share Program – offers incentives to Guess US associates for carpooling, taking public transit, and even cycling to work, and provides Zip Code matching for anyone wishing to carpool to work. At the GUESS US headquarters in Los Angeles, paid electric vehicle charging stations are also available for associates to further encourage clean transportation.

Denim Take Back – to support and spread awareness of the Blue Jeans Go Green™ program at our Guess retail stores across North America, our Guess?, Inc. headquarters in Los Angeles collected hundreds of denim jeans from our associates to participate in the program.

Below are two examples of our academic partnerships that support the continuous development of sustainability-related skills, knowledge and experience:

Smart E-Fashion – This course was developed for the fashion industry by the [Ticinomoda Association](#) in partnership with the [Department of Innovative Technologies \(University of Applied Sciences and Arts of Southern Switzerland\)](#), or SUPSI). In FY2017, GUESS Europe enrolled five associates in the course to earn a Certificate for Advanced Studies. The one-year course is structured into four modules related to the future world of fashion: corporate social responsibility, new technologies, supply chain, and data mining.

Sustainable Product Lifecycle Course – Guess US partnered with the [Fashion Institute of Design & Merchandising \(FIDM\)](#) in Los Angeles to sponsor a new class on 'The Sustainable Product Lifecycle'. The class was offered in both Summer and Winter FY2017 at no cost to students selected through a competitive application process. While the primary goal of the class is to inspire the next generation of students to embrace sustainable fashion and design, it is also open to GUESS US associates – with approximately 50 attending at least one class session between July and September 2016. The course explores the environmental and social impacts of products from field to consumer and encompasses a variety of topics including: eco-friendly textiles, embedding sustainability thinking into product development processes, and post-consumer care.

Through these and other initiatives, we will continue to challenge our associates to think about how they can make the world a better place by incorporating sustainability into our daily routines.

Customer and Community Engagement

These efforts will continue to grow with our sustainability program, but we have already started to engage our customers and our community on topics related to sustainability. For example, we sponsor a sustainability course at our local fashion institute (see “Sustainable Product Lifecycle Course” in previous section) and promote in-store clothing take-back initiatives.

Blue Jeans Go Green™

In 2016 Guess US and Guess Canada retail stores promoted the [Blue Jeans Go Green™](#) denim recycling program. Customers who recycled their used denim clothing (both GUESS and non-GUESS branded) helped to convert denim into UltraTouch™ Denim Insulation for organizations such as [Habitat for Humanity](#), which builds houses for communities in need. Since its launch in 2006, Blue Jeans Go Green™ has collected over one million pieces of denim and diverted over 600 tons of denim from landfills.

During the Guess North America campaign, a variety of media channels were used to engage customers on the importance of recycling and donating clothing.

We will continue to support and expand customer-facing take back initiatives as part of our pledge to advance towards a [circular fashion system](#).

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