

THOMAS P. DINAPOLI  
STATE COMPTROLLER



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

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January 28, 2014

Mr. Jason T. Miller  
General Counsel and Corporate Secretary  
Guess?, Inc.  
1444 South Alameda Street  
Los Angeles, California 90021

Dear Mr. Miller:

The Comptroller of the State of New York, Thomas P. DiNapoli, is the sole Trustee of the New York State Common Retirement Fund (the "Fund") and the administrative head of the New York State and Local Employees' Retirement System and the New York State Police and Fire Retirement System. The Comptroller has authorized me to inform Guess?, Inc. of his intention to offer the enclosed shareholder proposal for consideration of stockholders at the next annual meeting.

I submit the enclosed proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

A letter from J.P. Morgan Chase, the Fund's custodial bank, verifying the Fund's ownership, continually for over a year, of Guess?, Inc. shares, will follow. The Fund intends to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the board decide to endorse its provisions as company policy, we will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact me at (212) 681-4823 and/or [pdoherty@osc.state.ny.us](mailto:pdoherty@osc.state.ny.us) should you have any further questions on this matter.

Very truly yours,

Patrick Doherty  
pd:es  
Enclosures

## **WHEREAS:**

The 2013 collapse of the Rana Plaza Factory in Bangladesh, which resulted in more than 1,100 fatalities, has drawn increased attention to issues related to workers rights and safety in factories in the developing world that supply major retailers in the U.S., such as Guess?, Inc..

Prudent management of such corporate sustainability issues is critical to risk mitigation and investors and consumers increasingly ask that companies report on their environmental, social, and governance (ESG) business practices.

Managing and reporting environmental, social and governance (ESG) business practices helps companies compete in a global business environment characterized by finite natural resources, changing legislation, and heightened public expectations. Reporting allows companies to publicize and gain strategic value from existing sustainability efforts and identify emerging risks and opportunities.

As recent events have demonstrated, ESG issues can pose significant risks to business, and without proper disclosure, stakeholders and analysts cannot ascertain whether the company is managing its ESG exposure.

More than 1,200 institutional investors managing over \$33 trillion have endorsed the UN-sponsored Principles for Responsible Investment and are publicly committed to seek comprehensive corporate ESG disclosure and incorporate it into investment decisions.

The link between strong sustainability management and value creation is increasingly evident. A 2012 Deutsche Bank review of 100 academic studies, 56 research papers, two literature reviews, and four meta-studies on sustainable investing found 89% of studies demonstrated that companies with high ESG ratings show market-based outperformance, and 85% of the studies indicated that these companies experience accounting-based outperformance.

The majority of large corporations also recognize the value of sustainability reporting. As of December 2012, 53% of the S&P 500 and 57% of the Fortune 500 published a corporate sustainability report; 63% of S&P 500 reporters utilized the Global Reporting Initiative (GRI) Guidelines. According to a 2011 KPMG report, 80% of Fortune Global 250 companies produce GRI-based sustainability reports.

Guess?, Inc., does not currently publish a comprehensive sustainability report. A number of Guess?'s industry peers, such as American Eagle and Abercrombie & Fitch, publish annual sustainability reports.

## **RESOLVED:**

Shareholders request that Guess?, Inc., issue an annual sustainability report describing the company's short- and long-term responses to ESG-related issues. The report should be prepared at reasonable cost, omit proprietary information, and be available to shareholders by December, 2014.

**SUPPORTING STATEMENT:**

We recommend that Guess?, Inc., use the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines to prepare the report. The GRI is an international organization developed with representatives from business, environmental, and human rights communities. The Guidelines cover environmental impacts, labor practices, human rights, product responsibility, and community impacts, providing a flexible reporting system that allows the omission of content irrelevant to company operations.

Within the requested report, we would also encourage Guess?, Inc., to report on its position relating to the Bangladesh Accord on Fire and Building Safety ("Accord") and the feasibility of the Company – consistent with a number of the Company's peers – becoming a signatory to the Accord.