



With the close of 2020 we leave behind a year without equal in recent memory. The changes to social as well as business activities continue. The effect of the adjustments everyone has had to make will surely be analyzed, studied, critiqued, and documented for years to come.

Social compliance monitoring adapted with the inclusion of virtual audits. New realities, such as travel limitations, social distancing rules and unique requirements at the city, state and federal levels, worldwide, challenged the traditional audit model.

Our team is again engaged at levels slowly increasing towards those of the beginning of 2020, but headwinds seem imminent. ICG looks to 2021 with optimism, aware of the responsibility to support our client brands and production facilities, and honored to be part of the growth, improvement, and contribution that social compliance monitoring contributes to the social fabric across the world.

North America

Target Expands Customer Loyalty Program

Revenues for 2019 for Target was \$23 billion, a 24.7% increase over the prior year. The increase appears to have been helped along by the nationwide expansion of their Target Circle free rewards program which returns 1% of purchases to their customers. The program now has over 70 million members. The program also allows their customers to direct their savings to over 2,500 charitable programs which have gained over \$7 million to those organizations.

Source: [https://www.retaildive.com/news/targets-free-loyalty-program-nears-80m-members-1-year-after-launch/588896/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-12%20Retail%20Dive%20Newsletter%20%5Bissue:30840%5D&utm_term=rebound Retail%20Dive](https://www.retaildive.com/news/targets-free-loyalty-program-nears-80m-members-1-year-after-launch/588896/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-12%20Retail%20Dive%20Newsletter%20%5Bissue:30840%5D&utm_term=rebound%20Retail%20Dive)



VF Buys Supreme

VF Corporation, owner of the Dickies, Vans, Timberland and North Face brands announced they have agreed to purchase Supreme for \$2.1 billion. Share price in VF popped up a bit with the announcement.

Source: https://www.retaildive.com/news/victorias-secret-lifts-l-brands-as-q3-profits-soar/589387/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-19%20Retail%20Dive%20Newsletter%20%5Bissue:30978%5D&utm_term=Retail%20Dive

US Cotton Crop Projected to be Smaller in 2020

Planted acreage for the 2020 crop is about the same as for 2019 but the yield is expected to be about 2% lower than the final estimate. The yield is forecast at 825 pounds per harvested acre, about two pounds above the 2019 yield estimate.

Source: <https://agfax.com/2020/05/22/cotton-outlook-global-production-mill-use-projections-more-closely-balanced/#:~:text=With%20U.S.%20cotton%20production%20forecast,stock%20level%20since%202007%2F08>

Bluestar Buys Tween Brand Justice

Ascena Group agreed to sell the tween brand Justice to Bluestar Alliance for \$90 million for certain intellectual property, assets and debt during a bankruptcy auction.

Source: <https://www.prnewswire.com/news-releases/bluestar-alliance-to-acquire-tween-favorite-brand-justice-301170962.html>

Pandemic Drives Black Friday Sales

"Black Friday", the day after Thanksgiving, has become one of the biggest shopping days leading up to Christmas when retailers traditionally announce sales of certain items. The current global pandemic has dramatically driven down in-store sales with consumers favoring on-line sales. Several sales analytics companies projected that those Black Friday sales may have grown 42% over the



same time last year giving some hope that on-line sales will continue through the Christmas buying season.

Source: https://www.retaildive.com/news/black-friday-2020-online-sales-on-pace-to-grow-as-much-as-42/589771/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-30%20Retail%20Dive%20Holiday%20Edition%20%5Bissue:31075%5D&utm_term=Retail%20Dive:%20Holiday%20Edition%20Recipients

Ann Taylor, LOFT and Lane Bryant Sold to Sycamore Partners

Ascena Group, owner of Ann Taylor, LOFT and Lane Bryant filed for bankruptcy protection July 23, 2020. On November 27, 2020 the company announced they agreed to sell Ann Taylor, LOFT and Lane Bryant to Sycamore Partners for \$540 million with closing of the transaction planned for mid-December. Sycamore also owns Talbots, The Limited and Staples. A statement from Sycamore indicated they plan to grow the three chains.

Source: <https://nypost.com/2020/11/27/ann-taylor-loft-and-lane-bryant-sold-to-buyout-firm-for-540m/>

Under Armour Launches Curry Apparel Brand

Under Armour is launching the new Curry Brand of apparel to better compete with Nike's Michael Jordan brand, and to entice younger shoppers. Initially, the brand will include apparel and shoes for basketball and golf with plans to expand into performance apparel, women's and running. The plan is to have performance basketball footwear on store shelves by December 11 in time for holiday shopping.

Source: <https://www.nbcnews.com/business/business-news/under-armour-launches-brand-nba-star-steph-curry-rival-nike-n1249361>



L Brands Announces New C-Suite Team

Martin Waters, previously head of L Brands international division was named CEO to replace John Mehas. They also promoted Becky Behringer to EVP of North American store sales and operations and hired Janie Schaffer as the chief design officer for Victoria's Secret Lingerie. Same store sales of Victoria's Secret are up 4% largely driven by sleep and lounge wear.

Source: <https://www.cnbc.com/2020/11/25/l-brands-names-a-new-chief-to-lead-victorias-secret.html>

High Flying Dick's Sporting Goods Names New CEO

With the pandemic driving more sales of at-home workout equipment and with online sales leaping 95% of sales and profits exceeded expectations. The company also promoted Lauren Hobart from President to Chief Executive Officer replacing Ed Stack who will continue in executive management roles.

Source: <https://www.cnbc.com/2020/11/24/dicks-sporting-goods-dks-names-new-ceo-announces-q3-2020-earnings.html>

Nordstrom Sales Growth Exceeds Expectations

Share price of the upscale department store increased 4% in recent trading on the good news of a 54% jump in online sales exceeding previous estimate. Earnings were 34 cents per share versus an expected 6 cents per share loss. Store closings, driven by the Covid-19 pandemic, drove overall sales down to \$3.09 billion for the year versus \$3.67 billion last year.

Source: <https://www.cnbc.com/2020/11/24/nordstrom-shares-rise-as-retailers-earnings-top-estimates.html>

Arcadia Files Bankruptcy, Debenham at the End of the Road

Debenham has been seeking a buyer for several months to no avail and today announced that its administrators will begin shutting down the business. Over 12,000 associates across the business face job loss as 124 stores will close. The



announcement of bankruptcy by Arcadia, which was announced Monday, drove the closing of Debenhams which is closely associated with Arcadia. Arcadia's stores will reopen but over 13,000 jobs are in peril as a buyer for the company is sought.

Source: https://www.wd.com/business-news/business-features/debenhams-collapses-hours-arcadia-files-12-01%20Retail%20Dive%20Newsletter%20%5Bissue:31136%5D&utm_term=Retail%20Dive

Walmart to Lay Off 1,241 in Omnichannel Business

Walmart confirmed that the 1,241 employees to be permanently laid off in the omnichannel business will exit their jobs on January 31 following the July 2020 announcement. The cuts are being made to streamline this section of business and to be more efficient. The affected employees will have the opportunity to apply for new positions in the company.

Source: https://www.supplychaindive.com/news/Walmart-lay-off-omnichannel-operations/589827/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-12-01%20Supply%20Chain%20Dive%20%5Bissue:31142%5D&utm_term=Supply%20Chain%20Dive

Latin America

\$20 million Investment in Guatemala Textile Factory

Vestex, Pronacom and Camcor all confirmed that a Korean company is in the final stages of work on legal contracts and registrations to invest in a new facility which will make fabric to support the Guatemalan apparel sector. This investment is expected to boost the competitiveness of the country.

Source: [https://www.centralamericadata.com/en/article/main/Textile_Industry_20_Million_Investment_Announced?utm_source=newsletter&utm_campaign=daily_2020_11_30&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=\[MESSAGEID\]&utm_medium=Textile_Industry_20_Million_Investment_Announced](https://www.centralamericadata.com/en/article/main/Textile_Industry_20_Million_Investment_Announced?utm_source=newsletter&utm_campaign=daily_2020_11_30&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=[MESSAGEID]&utm_medium=Textile_Industry_20_Million_Investment_Announced)



About Corporate Social Responsibility

The London-based SEDEX organization (Supplier Ethical Data Exchange) released a brief on the business benefits of sourcing product in an ethical manner:

- Complying with national and international laws, securing the “license to operate”. Operating responsibly helps a company to meet or exceed the requirements set by laws. Failure to comply with these laws can result in sanctions being imposed on a company, in heavy fines, or even imprisonment for company officials.
- Protecting business reputation and being an attractive investment prospect. Business practices that exploit people or the environment are a huge reputational risk. Poor practices and mistreatment of workers can turn into international scandals, generating significant negative press coverage and deterring both consumers and investors. Operating responsibly protects companies against these risks.
- Better business performance with reduced operational costs. Protecting workers and providing safe working conditions reduce injury rates, absenteeism rates, employee turnover rates and worker error rates, all of which cost a company. Academic research¹ has shown that companies with robust sustainability practices demonstrate better operational performance – which ultimately translates into cashflow.

Note: *International Compliance Group is an active member of SEDEX and provides its related SMETA audits around the world, for agriculture and apparel products. A SMETA audit is becoming an option for an increasing number of global brands and retailers.

https://www.sedex.com/what-is-responsible-sourcing/?utm_source=Sedex+Mailing+List&utm_campaign=9ecb06b8cd-EMAIL_CAMPAIGN_2020_03_06_04_15_COPY_01&utm_medium=email&utm_term=0_bb4a4aebb3-9ecb06b8cd-215627833

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About International Compliance Group

www.ic-group.com

International Compliance Group is a privately held, US based organization focused on social compliance monitoring. Since 1999 our auditors around the world have supported Corporate Social Responsibility programs through third party audits. Our auditors leverage decades of combined experience in labor-intensive industries to provide a unique, operationally relevant set of audit skills, treating social compliance as a business supporting activity and not a required checklist exercise. ICG is a WRAP approved monitor, member of the Sedex Stakeholder's Forum, member of APSCA and signatory of SLCP, and an accredited 17021, ISO 9001:2015 Certifying Body.



Learn more about ICG: www.ic-group.com