



ICG's new website address is www.ic-group.com. Our services have expanded. We are also excited to share new relationships in the Social Compliance space, in particular with the addition to our offering of SLCP Verification services and our growing association with the Sustainable Apparel Coalition. We spotlight SLCP in this issue of the newsletter.

Americas

Guatemala Pitches for US Business Coming from China

As the frosty relationship between China and the US continues to get colder, and US companies seriously look to move all or parts of their supply chain out of China, business leaders in Central America believe their region presents a beneficial location for those concerns. For companies that send raw materials or inputs to China, the shipping distance to Central America is closer and less costly. Guatemala is pitching its strong financial position, plus established industries in textiles/apparel, electronics and more.

Source:

[https://www.centralamericadata.com/en/article/main/ChinaUS_Relations_Opportunities_for_the_Region?utm_source=newsletter&utm_campaign=daily_2020_06_04&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=\[MESSAGEID\]&utm_medium=ChinaUS_Relations_Opportunities_for_the_Region](https://www.centralamericadata.com/en/article/main/ChinaUS_Relations_Opportunities_for_the_Region?utm_source=newsletter&utm_campaign=daily_2020_06_04&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=[MESSAGEID]&utm_medium=ChinaUS_Relations_Opportunities_for_the_Region)

Tailored Brands Considering Bankruptcy

The owner of Men's Wearhouse, Jos. A Bank, Moore's and K&G is working through bankruptcy options. With in-store and E-Commerce sales down for all four brands, the company laid off most of their headquarters staff and store personnel, delayed paying suppliers. With \$1.4 billion in debt and \$200 million in cash, not many options are available for the retailer. Sales were down 60.4% for the first quarter.

Source: <https://www.retaildive.com/news/tailored-brands-says-it-may-have-to-file-bankruptcy-if-covid-19-crisis-wear/579629/>



Stein Mart in Trouble

In its 10-K filing, Stein Mart indicated that reduced sales and cash flow, due to the Covid-19 pandemic, causes concern that it may not be able to continue as a going business. It is seeking additional funding sources but recent agreements with two banks leave it in a tougher position to borrow funds.

Source: https://www.retaildive.com/news/stein-mart-warns-it-might-not-survive-pandemic-disruption/579985/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-06-17%20Retail%20Dive%20Newsletter%20%5Bissue:27978%5D&utm_term=Retail%20Dive

Children's Place to Close 300 Stores

The ongoing pandemic has seen online sales grow 300% in the quarter to date while 95% of their stores located in malls were closed. Due to the pandemic and changes in the sales mix, they plan to close 300 stores over the next 20 months. The swing in sales caused a loss of \$114.8 million compared to a profit the year before.

Source: <https://www.retaildive.com/news/the-childrens-place-to-close-300-stores-pivot-to-e-commerce/579724/>

Francesca's May Need to File Bankruptcy

The boutique retailer whose 703 relatively small apparel and accessories are scattered amongst malls in the US is having difficulty maintaining operations because of drastically reduced sales due to mall closings from the Covid-19. It is already in default on some of its lending covenants and will be late in filing its quarterly report.

Source: <https://www.retaildive.com/news/francescas-floats-possibility-of-bankruptcy/579878/>

Gap, Inc. is Sued by Mall Owners Over Failure to Pay Rent Monies Owed

For the past several months, Gap failed to pay over \$2 million in rent to the mall owner Brookfield Property Partners and \$69.5 million to the Simon Property Group.



Gap is trying to renegotiate lease arrangements due to the downturn in business caused by Covid-19 which helped drive a near \$1 billion loss with revenue down 43%. Gap announced the closure of 230 stores last year and may be forced to close additional stores this year. The company has opened 1,600 stores, or 55% of its fleet.

Source: <https://www.retaildive.com/news/brookfield-takes-gap-inc-to-court-over-unpaid-rent/580168/>

JC Penney Announces 13 More Store Closings

As part of its previously announced liquidation process, the company announced on June 22 that 13 stores would be closed in addition to the 154 store closures previously announced.

Source: <https://www.retaildive.com/news/jc-penney-announces-13-additional-store-closures/580352/>

Over 350 Companies Drops Facebook Ads Due to Poor Policing of Advertisers

The North Face, Best Buy, Volkswagen, Adidas, Patreon, Microsoft and Pepsi are just a few of the 350+ group of major brands to heed the call to boycott Facebook over its hosting of racist and homophobic content and earning revenue for it. The Many of the companies will also drop its paid advertising on Instagram which is owned by Facebook.

Source: <https://www.forbes.com/sites/jemimamcevoy/2020/06/30/target-best-buy-join-over-350-companies-in-growing-facebook-boycott/#17ff47cc5798>



A brief note on SLCP



The Social & Labor Convergence Program SLCP is an initiative of multiple stakeholders focused upon the apparel and footwear industry which got together to develop a framework to reduce audit fatigue and improve working conditions throughout the apparel and footwear supply chain. The vision of SLCP is to create a single, converged assessment process and foster collaborative actions among stakeholders to yield improved working conditions. Its mission is to implement the converged assessment framework to support stakeholders' efforts to improve working conditions in global supply chains.

SLCP has created the Converged Assessment Framework (CAF), which consists of a Data Collection Tool, a Verification Protocol and Verifier Guidance mechanism. Through the implementation of the CAF, SCLP "aims to eliminate duplicative proprietary social audits and to free up resources that can be redirected to improving working conditions."

For more information on the Social and Labor Convergence program visit www.slconvergence.org



EAME

Belgian Apparel Retailers See Loss of €1.2 Billion in Quarter

Apparel retailers in Belgium saw a consolidated loss for the quarter of March, April and May of €1.2 Billion with no way to make up the loss as the pandemic continues to keep shoppers away from retail outlets.

Source: <http://www.retaildetail.eu/en/news/fashion/coronavirus-costs-belgian-fashion-industry-12-billion>

Celio Loss of €100 Million Due to Pandemic

The French men's fashion chain was forced to shutter 1585 stores for two months resulting in a massive loss of €100 million. The group put its French business under judicial protection as it reorganizes to find a profitable pathway forward. Celio's Belgian stores were not affected. The company employs 4000 people in 60 countries.

Source: <http://www.retaildetail.eu/en/news/fashion/celio-financial-difficulties>

Primark to Reopen in UK

The closure of all stores in the UK for three months forced the loss of €764 of sales for each month of closure. The retailer is in discussion with the landlords to work out an arrangement for lease payments while the 189 stores will reopen June 15.

Source: <http://www.globalretailnews.com/primark-in-discussion-with-landlords/?lang=en>

Luxury Retailer MCM Expands to United Arab Emirates

The German-Korean luxury brand (Modern Creation München) has signed an agreement with Al Tayer Insignia to open its newest store in the Dubai Mall. MCM has 123 stand alone stores but sells its wares in 650 outlets worldwide. The brand sells leather jackets for US\$4330 and sequined T-shirts for \$235.

Source: <http://www.globalretailnews.com/german-korean-luxury-label-mcm-enters-the-u-a-e/?lang=en>

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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.

Third Party Assessment Services:



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