

Flexibility, while being sustainable,
is our never-ending resource

2021 BROCHURE

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1. Who we are?

Southern Textile Network (STN) is a Peruvian leader in supplying premium knitted fabric apparel, servicing key markets worldwide for over 20 years.

Cut, Make and Trims del Sur (CMT del Sur) is our wholly owned subsidiary that concentrates all the manufacturing operation: cutting, sewing, printing, embroidery, garment washing and finishing. The facility is located in Chincha, 200 km south of Lima.

STN has strategic long-term partnerships with mills for the development and production of a wide range of fabrics, from man-made and natural fibers.

1. Who we are

STN export sales have grown from US\$ 30.6 M in 2008 to US\$ 60. MM in 2019, representing an uninterrupted average increase of 5.1% per annum over the last 11 years.

As of 2019, STN was among the top 3 Peruvian apparel exporters and was part of the top 50 Peruvian exporters of non traditional products.

- 1605 full time employees as of 2018
- Plant facility in Chincha with 220,000 sq. feet plus area

**STN Group sales includes STN export sales and sales of CMT to third parties*



1. Services

We understand that our clients operate in particular business environments, reaching customers through various channels and go through different stages in the development of their businesses. Which brings us to design and enforce flexible types of attention that are adapted and integrated into our customer's processes, contributing to their robustness and efficiency. Some examples of models currently in operation:

Quick Response

Quick response scheme based on the raw material or semi-finished products inventories maintenance, capacity reserves management that can be activated until the last minute, and on programming and implementation of activities simplified mechanisms throughout the productive process and dispatch.

Product Development

Resources and procedures that are highly prepared to accompany our customers from the crystallization of their ideas and design concepts, until its transformation into products chosen for commercial distribution.

Quality Assurance System

The company's strong orientation towards quality & compliance is reflected in its integrated Quality Management System (QMS). We have a certified laboratory, with early and exhaustive deficiencies identification processes for products and processes, and controls throughout manufacturing process that generate agile information for pass/fail decisions and activation of corrective actions. Various groups of information captured by the system are reported to our customers according to custom and agreed upon frequency, form and content schemes.

Trends Research

We devote valuable resources to research and development of new materials, functional attributes and clothing techniques, in accordance with advancing technology and latest fashion trends. We include the results of these pursuits in our early offer, brought directly to our customers according to their calendars per season.

Strategic Alliance

We recognize that having a good team of suppliers or partner companies facilitates the work, therefore our strategic alliances with spinning or textile mills go through a quality assurance process and thus we have a highly trained professional team.

3. Our Capacity



3. Our Capacity

Our production capacities are constantly evolving, and we keep adapting them to the challenges posed by the market forces and specific needs of our customers. In general, we cover a broad range of industrial processes, in addition to capacities obtained from third parties via joint ventures and consistent trade links.

Our industrial capacity overview by the beginning of year 2019 is shown below:

Throughout our history we have acquired knowledge for optimizing processes and quality standards

Design capabilities

Monthly capacity: 550,000 pcs

Sample capacity: 2,000 pcs/month

Design abilities: Yes

Fabric: 450,000 pc/month

Minimum / Style: 2000pcs.

Minimum / Color: 500 pcs.

Solids: 60 – 75 days / Yarn dyeing: 90 days

Delivery time: 45 days / Yarn dyeing: 60 days

Production period: 25 days

Term of turnaround time: 5 days

4. Our Strategic Partners

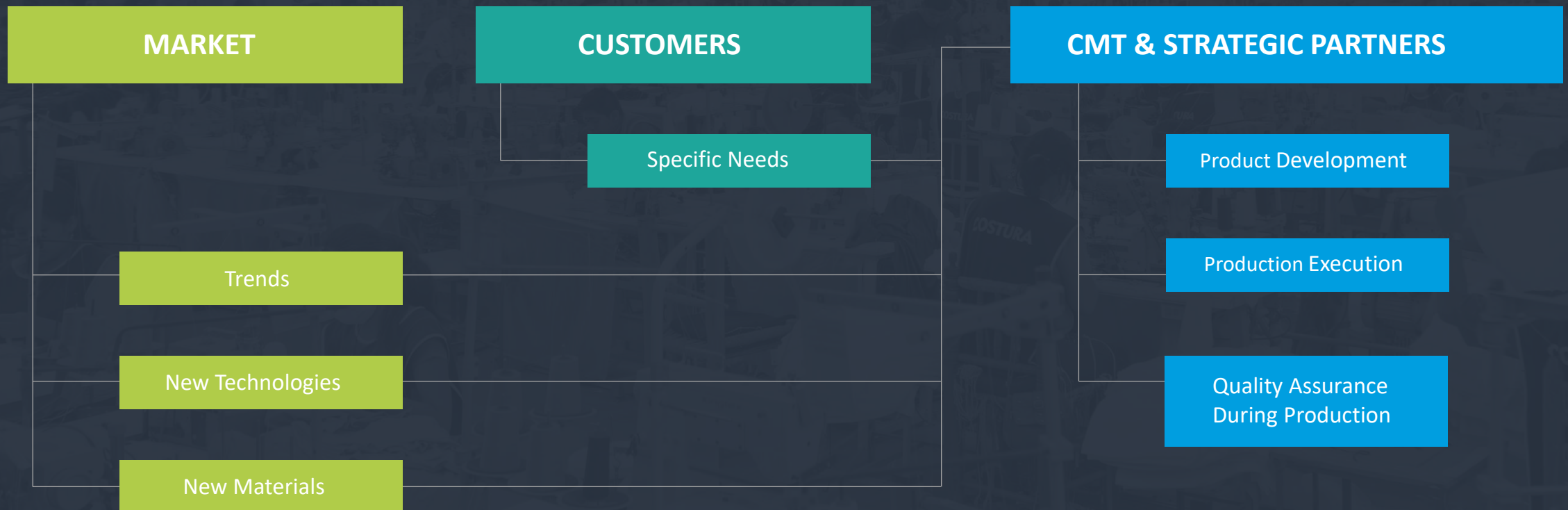
STN's apparel production is complemented by Joint Ventures in both knitting and dyeing operations, ensuring a wide range of dyes, fabrics, flexibility and the highest quality in every step of the manufacturing process.

Our strategic partners are: Texfina, Filasur, Cotexsur and WG company.



5. How We do it

And integrating PD, Production and Quality Assurance functions into one solid operational block



6. Our Clients

Building strong, long-term partnerships with internationally renowned and established fashion brands



13 Years
Working
together



8 Years
Working
relationship



11 Years
Working
together



13 Years
Working
together



4 Years
Working
relationship





7. Strategic partnerships and solid financials



7. strategic partnerships and solid financials

EST. 1892
Abercrombie
& Fitch
NEW YORK

September 23, 2011

To Whom It May Concern:

This letter is being written as a recommendation for Thimble Sourcing S.A.C. with respect to our business here at Abercrombie & Fitch.

Thimble Sourcing has been a valued vendor partner with Abercrombie & Fitch since 2000, supplying graphic tees and fashion knit products to Abercrombie and Fitch. As one of our key vendors, they have worked with Abercrombie & Fitch on both male and female product across all of brands: Abercrombie & Fitch, abercrombie kids, Hollister Co., and Gilly Hicks.

Thimble Sourcing has been integral to our company's quick response strategy: their fast lining is key to Abercrombie & Fitch being able to deliver trend-right product on time and even ahead of the specialty retail industry.

I would recommend Thimble Sourcing as a partner in the textiles business for the quality product that they have been proven to deliver year after year.

Sincerely,



Matt Del Vecchio
Group Vice President, Sourcing
Abercrombie & Fitch

EVERY SEASON STARTS AT
DICK'S
SPORTING GOODS

345 Court Street • Coraopolis, PA 15108
Main Phone: 724-273-3400

September 23, 2011

To whom it may concern,

This letter is being written as a recommendation for Thimble Sourcing S.A.C. with respect to our business here at Dick's Sporting Goods.

Thimble Sourcing has been a valued partner since 2002 supplying first quality apparel to Dick's Sporting Goods under our private label brands Walter Hagen, Lady Hagen, Acuity and Slezenger. As a partner they have worked with Dick's on fabrications, designs and development of a variety of men's and women's apparel styles that have driven fashion as well as key item selling.

The business has grown to over five million USD per year in cost shipments with continued planned growth based on the product diversification and current store expansion.

I would highly recommend Thimble Sourcing as a partner in the textiles business as they deliver quality apparel in a full service array of design, development, testing and logistics.

sincerely,



William Brombacher
Sr Product Manager
Golf - Tennis - Footwear - Socks

m | *travis Mathew*

To Whom It May Concern,

August 16, 2021

This letter is in recommendation of Southern Textile Network, SAC with respect to our partnership in business at TravisMathew. Southern Textiles had been a valued partner since 2019, supplying premium product to TravisMathew. Southern Textile has become a key supplier for TravisMathew due to their strong ability to source new fabrications, as well as, produce top quality product and deliver goods on time.

We have seen STN quickly grow into being one of TravisMathew's top ten suppliers globally. We expect that growth to continue as TravisMathew continues to expand with additional retail stores and a focus on Ecommerce.

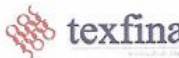
STN brings a lot of talent to the world of apparel and textile manufacturing. Highly respected within the Peruvian apparel and textile industry, their commitment to open communication, top-notch quality, compliance, product safety and on-time delivery sets them apart from others. STN has been a great partner to TravisMathew over the years and we look forward to many more.

Sincerely,

KB Kelso

Kristin Brun Kelso,
Senior Director of Sourcing & Development

7. strategic partnerships and solid financials




Lima, March 2, 2018.

Partnership Announcement Letter

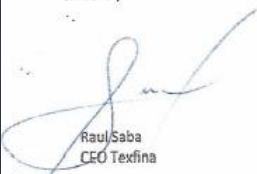
Lima based Texfina, performance fabric leader and one of Peru's finest apparel manufacturer Southern Textile Network SAC have signed an strategic partnership agreement.

Texfina will provide high quality and innovative fabrics while at the same time focusing on reducing lead times and costs. It is also expected to follow an integration of product development and operational staff, thus enabling them to deliver expert knowledge and exceptional projects to their customer base.

Southern Textile Network will focus on revenue growth, marketing intelligence and diversification with synergies in fabric development and operations while sharing specialized staff.

Ultimately, we expect this joint venture to be mutually beneficial and solidify Southern Textile for the years to come as one of the leading apparel exporters in Peru, delivering the highest standards in performance fabrics while strengthening our expertise, knowledge and market share.

Sincerely


Raul Saba
CEO Texfina


Jorge Velarde Alvarez
CEO Southern Textile Network SAC



Lima, April 09, 2019

Dears sirs,

SOUTHERN TEXTILE NETWORK

Of our consideration:

We hereby inform you that your company **SOUTHERN TEXTILE NETWORK SAC**, identified with RUC N° 20376729126, is a client of our bank since 1999, keeping your current accounts in PEN and dollars always in order, complying punctually with all your obligations with our institution and being qualified as Normal.

Currently our entity confirms it has an approved credit line of USD 4'000,000.

We clearly stated that the approved facilities are subject to constant evaluation by the Bank, in accordance with its credit policy and with the rules that regulate its activity.

We extend the present at the request of the interested party for the purposes it deems appropriate and without any responsibility for the Bank or its Officers and in accordance with the rules and banking practices legally accepted.

Best regards,


JOSE LUIS CERECEDA CASTAÑEDA
Funcionario de Relación MR


PAOLA VILLEGAS E.
Funcionaria de Relación



Lima, April 05 th, 2019

TO WHOM IT MAY CONCERN:

By means of this letter we would like to introduce **SOUTHERN TEXTILE NETWORK**, based in Lima, Perú.

Southern Textile Network has been a client for Banco de Crédito del Perú since the very beginning of their operations back in 1998.

During all this time we have to say that we have had an overwhelming business relationship which has heavily relied on their knowledge of the Peruvian Textile Industry, high quality standards, excellent track record performance and on top of everything, well reputed and respected business people.

Over the years Southern Textile Network has worked with highly demanding and respectable clients, both in the USA, Europe and Latin America. Their annual turnover has ranged between \$ 50 US Million to \$ 60 US Million.

Finally, it is also important to point out that as of this year's semiannual financial review, Southern Textile Network keeps showing a very healthy financial situation and the necessary working capital and credit lines to sustain their future growth.

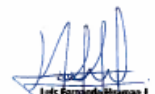
The present letter is issued upon the request of our client, for the purposes they deem conveniently, implying no responsibility for the bank or its officers, in accordance with the generally accepted banking practices and laws.

Please feel free to contact us in case you need any additional information.

Tel: 511 311-9500
E-mail: pvillegas@bcp.com.pe

Yours Sincerely,
Banco de Crédito del Perú.


Paola Villegas E.
Sub Gerente Adjunta de Banca Empresarial
DNI 70821950 / MAT 554150
División Banca Empresarial


Luis Fernando Huamani A.
Analista de Negocios - Banca Empresarial
DNI 70893340 / MAT 578406
División Banca Empresarial

8. Our Products and Services

- Men, Women and children **activewear** and **sport** collections.
- **Fine Peruvian** Pima and tangüis **cotton-based** fabrics and blends.
- Ability to **design** and implement **customized service** schemes.
- **Innovative** man-made fabrics with specific performance attributes, including **Polyester** and **Nylon micro-fiber** in complete range of gages and articles.
- Ability to **manufacture complex styles** under consistent quality conditions.

OUR APPROACH TO SERVICE IS BASED
IN 5 MAIN FACTORS:



9. Sustainability



At Southern Textile Network we are committed to make sustainability affordable for your brand. We have the knowledge and the experience to guide you on your journey

Main sustainability initiatives:

- Review of STN's purpose which included sustainability as part of our core values and our culture: "To dress the world with quality, social responsibility, and sustainability"
- Use of Higg Index FEM methodology for the assessment of our environmental impact: Years 2019 and 2020
- Carbon footprint measure for 2019 and 2020
- Carbon credit purchase for offsetting 2020 carbon footprint. STN is a carbon-neutral* company for all its operations
- Water footprint measure for 2019 and 2020
- Reductions and reuse plans for plant waste. In addition, waste management allow STN to donate plastic, paper, cardboard to NGOs aiming to help local hospitals
- Sustainable certifications such as: GOTS, GRS, US Cotton Trust Protocol, Cotton Leads, WRAP, etc.
- Manufacture of recycled blankets from our fabric scraps that are donated to our employees and local communities
- Innovation grants from the Peruvian government to develop projects for water efficiency and circular economy

*(Scope 1 and 2)

9. Sustainability

Certifications and recognitions



10. Corporate Social Responsibility

STN is committed to high standards of corporate management and practices.

Corporate responsibility is at the center of its management philosophy and business.

- Our CSR program guarantees equal opportunity
- No forced labor. Child abuse and hiring minor is totally prohibited
- Respect for health and safety throughout our production processes
- Fair employment by continuously maintaining working hours within local laws and regulations
- A growing training program on safety and health standards.
- Freedom and Association.
- We have sports areas so staff can have physical activity in their leisure time.



We are certified by:



11. Peruvian Apparel Industry

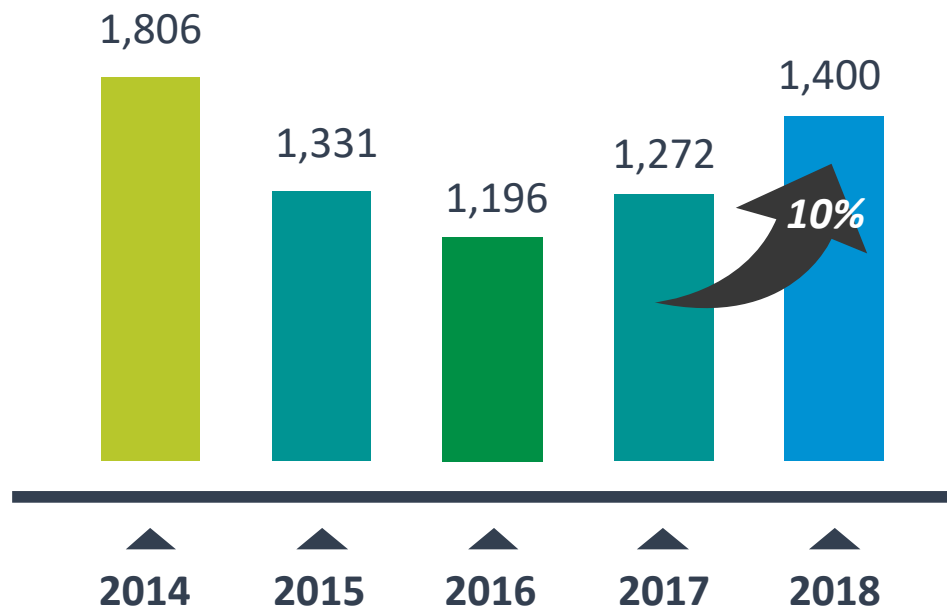


- Peru has its legacy in ancient **Pre-Columbian** cultures. Because of the high quality of the raw materials used, Peruvian textile products are demanded by the most exclusive markets
- Worldwide recognized fibers: Pima and Tangüis cotton. Camelids wools. Full package" producer
- Qualified available labor force (SENATI)
- Mature organizations and industry cluster. Automatic sewing machines, centralized dyestuff dispensing units, modern dyeing machines, hydroextractors, compacting machines, foulards and other finishing equipment ensure the highest quality textiles
- Apparel industry has an important impact in labor since it is an important employer. As of 2018, 250 thousands employees were part of the apparel industry, representing 12.5% of the total non traditional export labor force*

*Source: National Statistics Institute – INEI / ADEX

12. Peruvian Textiles to the conquest of the World

Apparel exports (US\$ millions)



Main Products (US\$ millions)



Main Destination Markets 2018 (US\$ millions)



13. Peru at glance

Year 2018

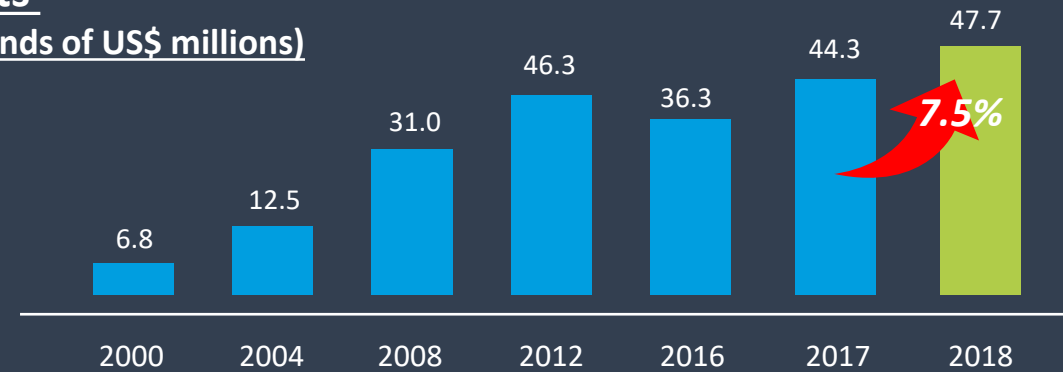
POPULATION	32.1 M
GDP (US\$ BILLIONS)	US\$ 215 M
GDP PER CAPITA PPP(US\$)	US\$ 13,334 M
GDP ANNUAL GROWTH	0.04 M
EXPORTS	US\$ 47.7 M
UNEMPLOYMENT RATE	6.9%

*On basis of the 2017 economically active population

Source: INEI, World Bank, IMF,
MINCETUR

Exports

(thousands of US\$ millions)



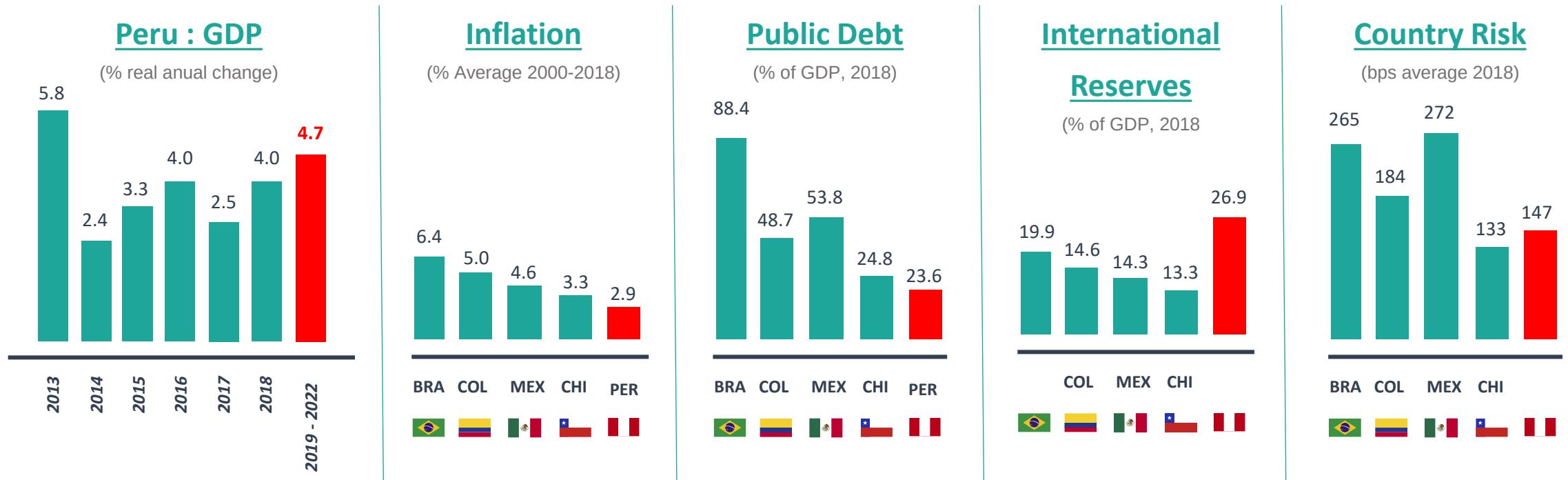
89% OF 2018 EXPORTS GO TO MARKETS WITH TRADE AGREEMENTS IN FORCE (US\$ MILLIONS)



14. Why Peru? Free trade agreement with US and EU

A great place to do business

Robust macroeconomic conditions: Solid and sustained economic growth over the last 20 years with low inflation. Independent Central Bank ensures a controlled exchange rate



14. Why Peru?

Friendly investment environment

- Non discriminatory treatment: Foreign investors receive the same treatment as local investors
- Unrestrictive access to most economic sectors*
- Free transfer of capital
- Free competition
- Guarantee for Private Property
- Freedom to purchase stocks from locals
- Freedom to access internal and external credit
- Access to international disputes settlement mechanism
- Peru participates in the Investment Committee of the Organization for Economic Co-operation and Development (OECD) – It promotes the implementation of the Guidelines for Multinational Enterprises.

Investments that require authorization: Located within 50 km in the frontier line and those destined to arms, ammunitions and explosive. Likewise, a principal local partner for investments in maritime cabotage as well as in air transport is required.



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Factory: Chincha Baja District - Ica Peru

Video : <https://www.youtube.com/watch?v=lnXGk13ppVU&t=21s>

www.perustn.com.pe

