

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

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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 Chinchá, 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.

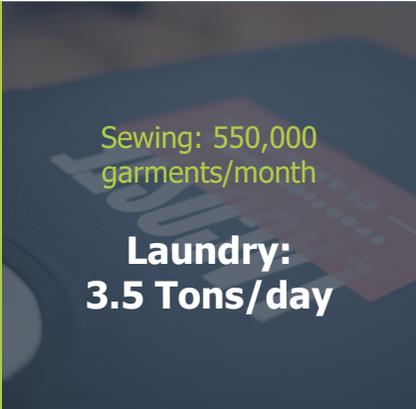
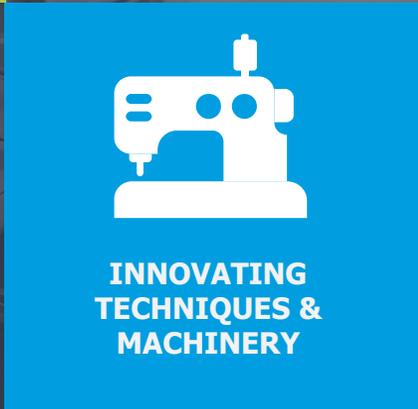
Trends Research

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

 <p>Production capacity: Cutting:</p> <p>20,000 garments/day</p>	 <p>QUICK RESPONSE</p>	 <p>Sewing: 550,000 garments/month</p> <p>Laundry: 3.5 Tons/day</p>	 <p>SPECIALIZED CLIENT SERVICE</p>	 <p>Screen Printing:</p> <p>420,000 prints/month</p>
 <p>TREND RESEARCH</p>	 <p>Embroidery: 9.4 million stiches/day</p> <p>Finishing and Packing Internal certified Laboratory</p>	 <p>IN HOUSE LAB</p>	 <p>Lead Times : Production LT: 75-120 days Protos LT: 15 - 30days SMS LT: 60</p> <p>Sample production capacity: 2,000 garments/month</p>	 <p>INNOVATING TECHNIQUES & MACHINERY</p>

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

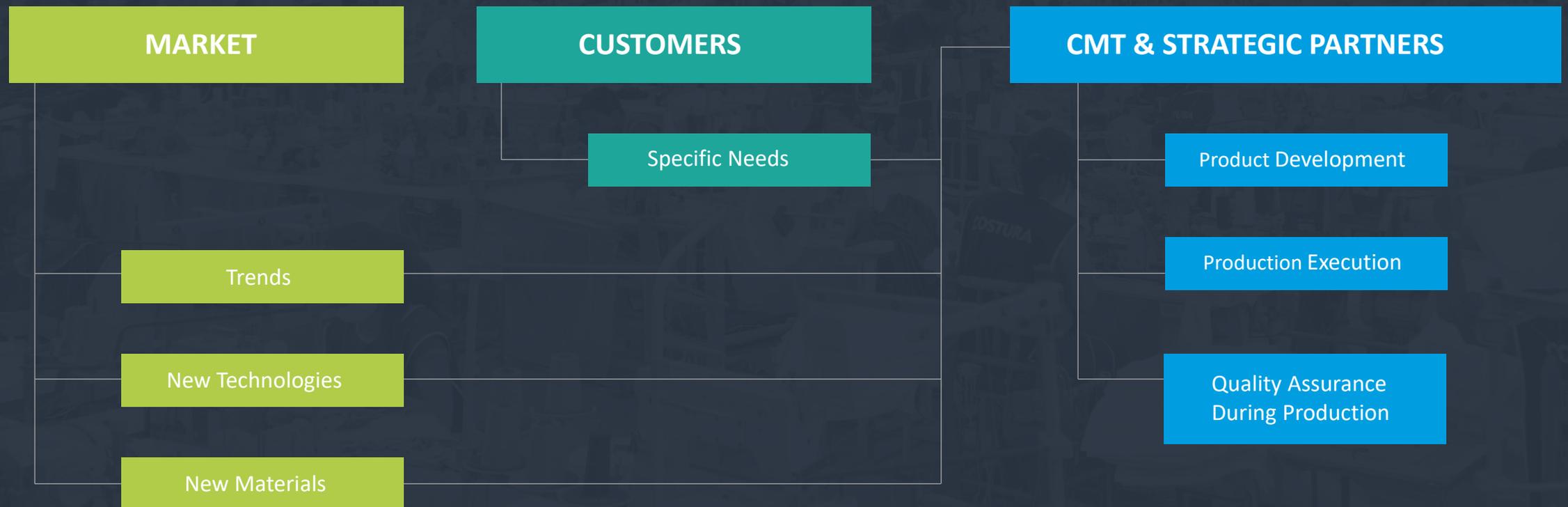
STN's apparel production is complemented by Joint Ventures in both knitting and dyeing operations, ensuring a wide range of dyes, fabrics, flexibility and the highest quality in every step of the manufacturing process.

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



6 Northmain Intrepid
Devos, PA 19003 | phone 215.291.6140 | alphabroder.com

January 7, 2019

To Whom It May Concern,

It is with great privilege that I write to you in recommendation of Southern Textile Network, SAC. My affiliation with Juan Miquel Raffo and the staff of Southern Textile Network, SAC (STN) has been on a professional basis since the start-up of our Devon & Jones® private label brand in 2002. Since this time, STN has produced and shipped more than 20 million garments to alphabroder! I am pleased to say that we have never had to return a shipment to STN in with the vast number of units produced and shipped by STN.

In October 2015, alphabroder had the honor of recognizing STN during our National Sales Meeting. The recipient of the highest award given to our Private Label supplier partners. STN was awarded the Supplier of the Year award for 2015. In addition to this premier award, STN was also presented with the Top Revenue (2014) and their Ten (10) plus years of service awards.

In my opinion, STN brings a rare 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 alphabroder over the years and on behalf of the company, I look forward to many more.

Thank you for the opportunity to provide this letter of recommendation for STN. Without reservation, I highly recommend them. If you have any questions, please feel free to contact me at (215) 266-1140 or via email at ccoleman@alphabroder.com.

Sincerely,

Cheron Coleman,
Vice President, Private Brand Product Development & Global Supply Chain



Dated- May 7, 2018

To whom it may concern,

Please accept this letter as my personal and professional endorsement of Southern Textile Network. Vineyard Vines has worked with STN since 2003. In all our years of partnership we have never encountered a quality concern and STN continues to be a standard for our other suppliers for its quality and consistency. The business that started with tee shirts has now expanded to polos and other fashion knits. Over the last years we have seen steady growth with STN due to its commitment to quality, compliance, product safety and open communication.

Our successful partnership has been possible due to Jorge Velarde's leadership and his strategic vision for STN. No challenge was ever turned down by STN. In the last two years, they have successfully set up a speed center to cater to the new business needs at Vineyard Vines. STN continues to invest in building new capabilities and continuing to stay relevant in the ever changing needs of the world of apparel. As Vineyard Vines continues to expand, we are proud of STN's partnership and look forward to many more years of growing the business together.

I highly recommend STN as a strategic business supplier. Should there be any further questions, I am available to provide detailed feedback at the contact below.

Sincerely

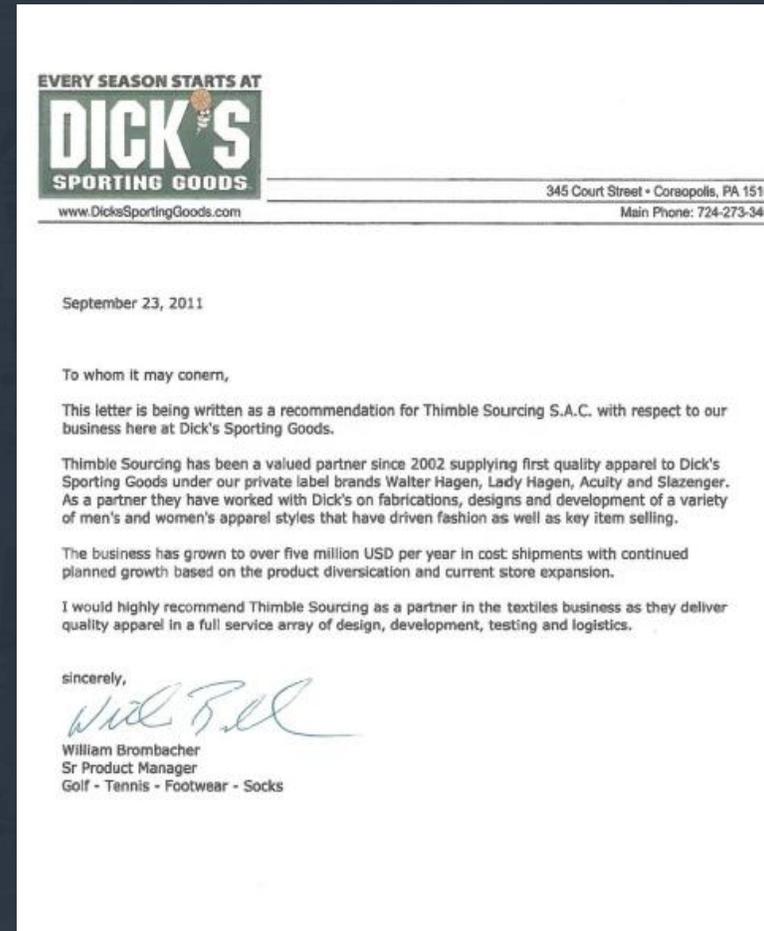
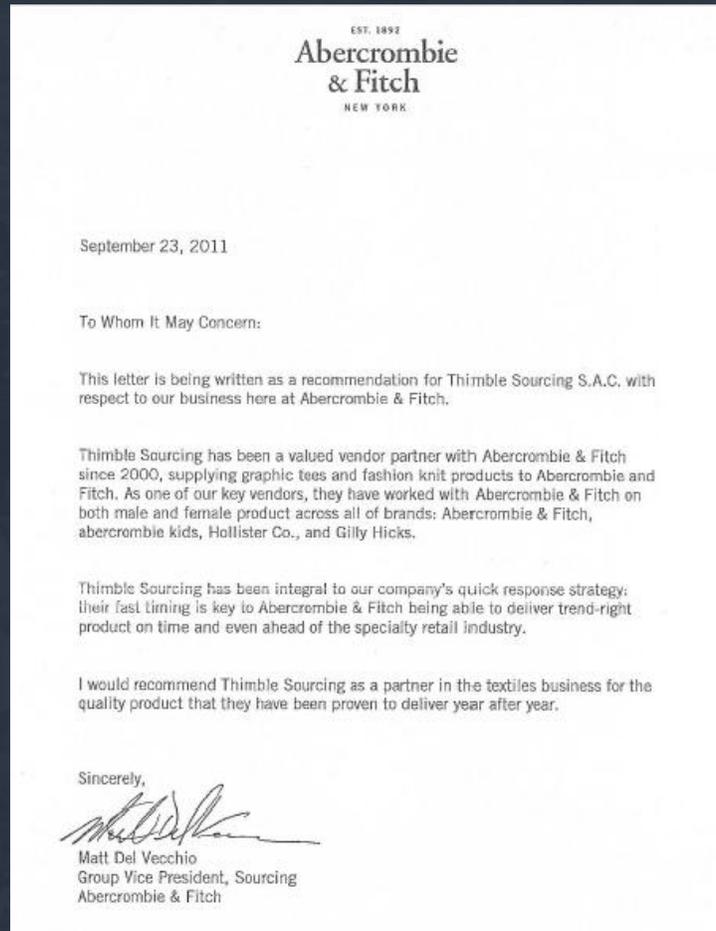
Apama Tewari

VP (Sourcing/ Production/ Product Development / Tech Design)

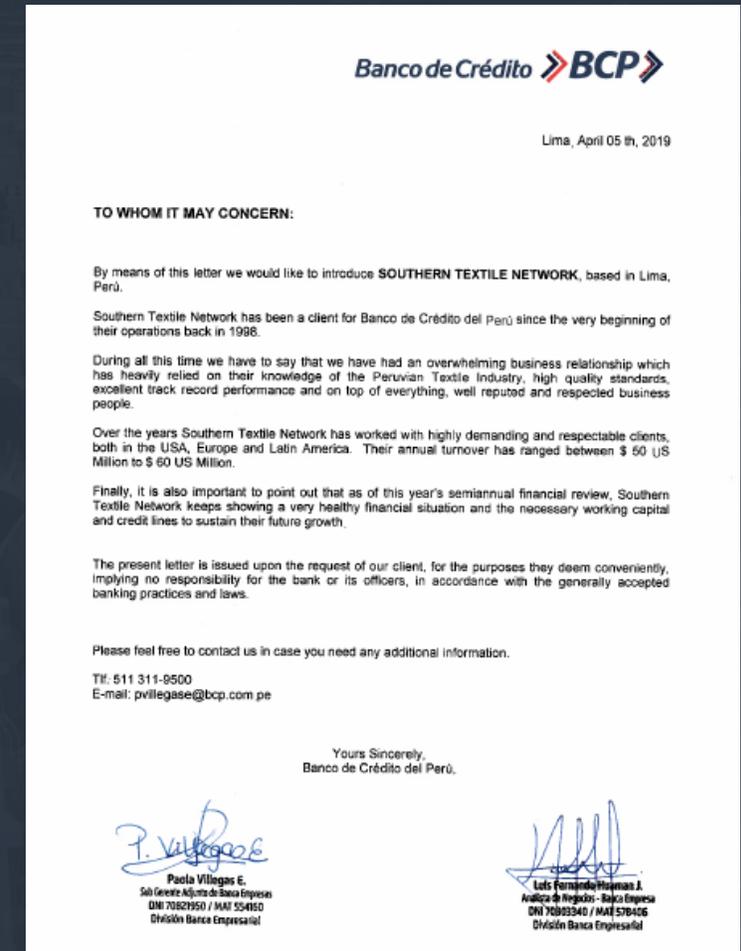
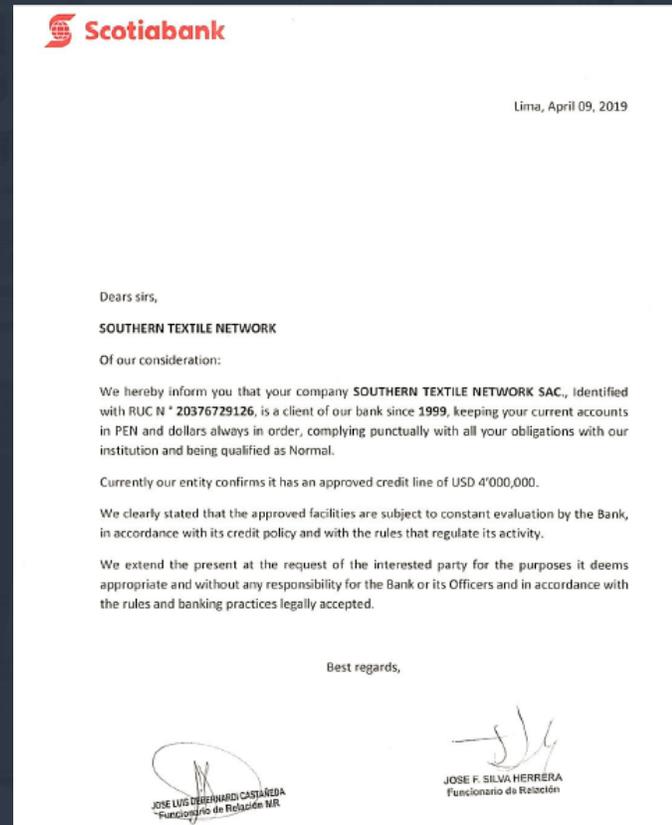
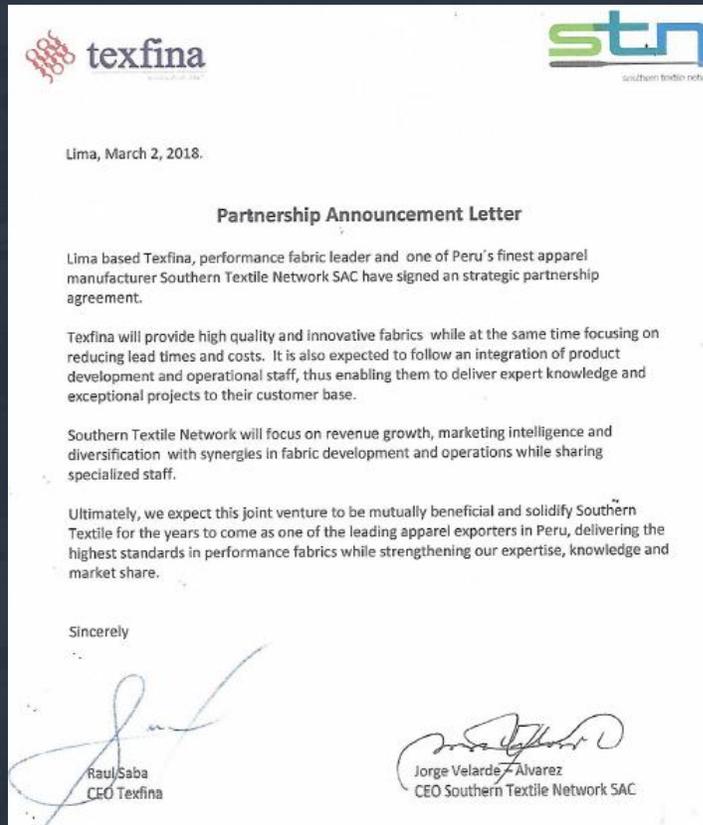
181 HARBOR DRIVE | VINEYARDVINES.COM
STAMFORD, CT 06902 | P: 1-800-892-4982

Every day should feel this good. 

7. strategic partnerships and solid financials



7. strategic partnerships and solid financials



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

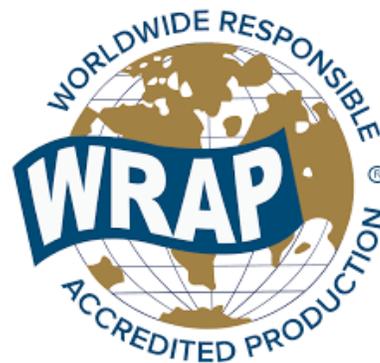
Main sustainability initiatives:

- 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: Supplier Qualification Program, 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

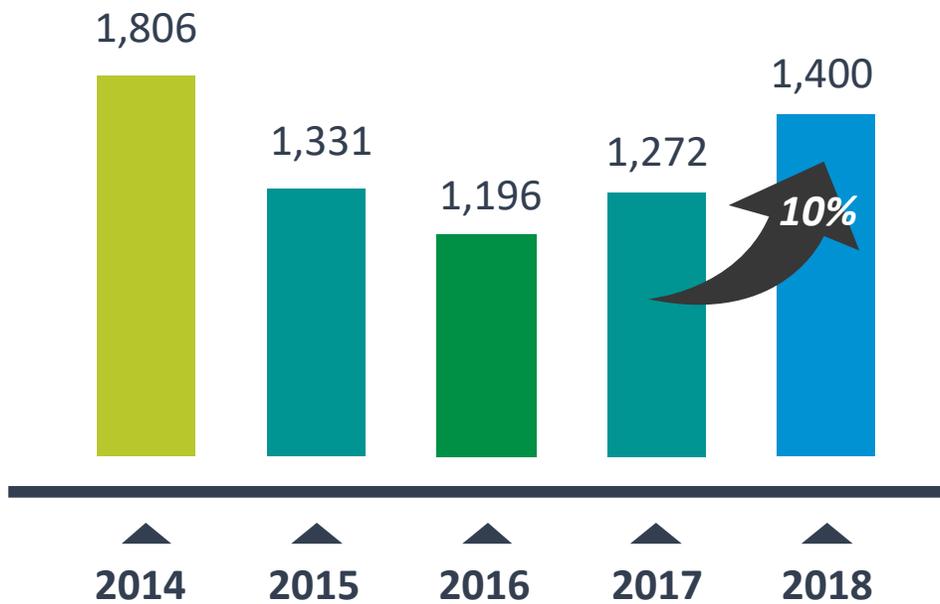


- Peru has its legacy in ancient **Pre-Columbian** cultures. Because of the high quality of the raw materials used, Peruvian textile products are demanded by the most exclusive markets
- Worldwide recognized fibers: Pima and Tangüis cotton. Camelids wools. Full package" producer
- Qualified available 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)	U\$ 215 M
GDP PER CAPITA PPP(US\$)	U\$ 13,334 M
GDP ANNUAL GROWTH	0.04 M
EXPORTS	U\$ 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)



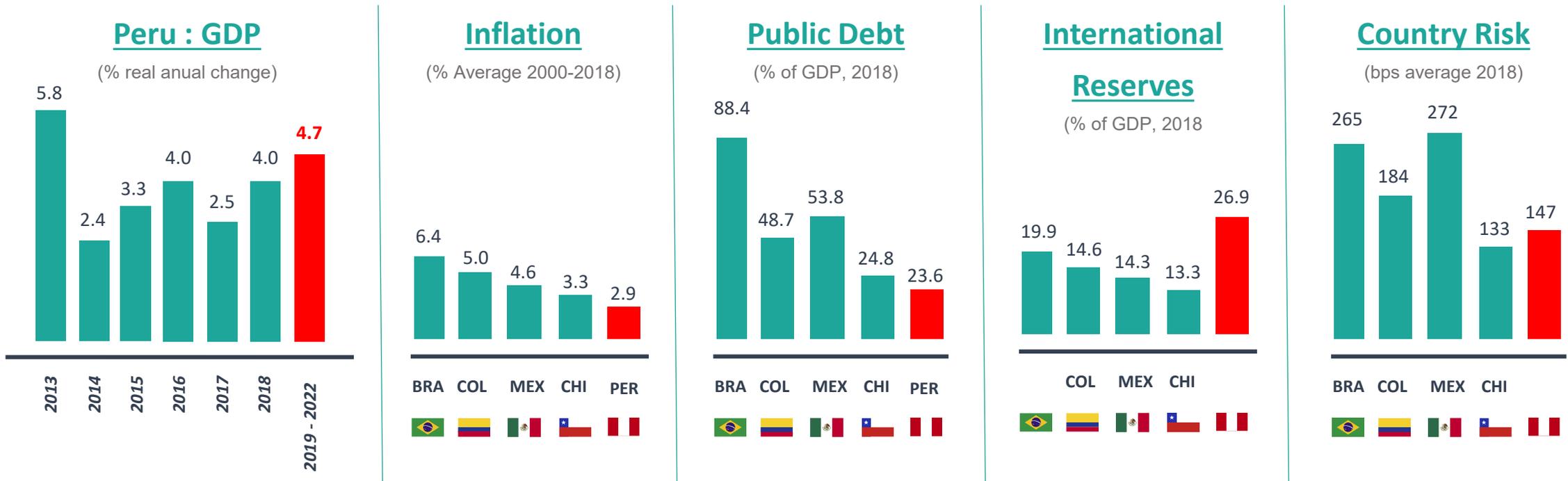
89% OF 2018 EXPORTS GO TO MARKETS WITH TRADE AGREEMENTS IN FORCE (US\$ MILLIONS)



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



Source: IMF, Peruvian Central Bank, Peruvian Ministry of Economics

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=InXGk13ppVU&t=21s>

www.perustn.com.pe



southern textile network