

Sustainability Initiatives 2019-2020

Sharing our journey in
helping your brand become
more sustainable.



Dear Client,

In 2019, the group completely reviewed its strategic planning which resulted in a redefinition of its purpose which included sustainability as part of our core values and our culture.

DRESS THE WORLD WITH QUALITY, SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our purpose revolves around sustainability. That means taking our value proposition to the next level to adapt to our client's needs, the market's needs, and what society expects, not just today but in the future as well.

We seek to be an example of how a business can be more sustainable and, at the same time, profitable.

We are aware that we do not have all the answers and that not all the solutions exist yet, but we work tirelessly to fulfill our commitments.

Any action we take, we take into account our clients and their business. Our approach seeks that our efforts to be more sustainable and contribute to the sustainability of your brand.

Our clients can trust when they require an ally to initiate projects and provide innovative more sustainable solutions. At Southern Textile Network, when we set our minds to something, we work to deliver.

We present our progress for the years 2019 and 2020. They have been some difficult years for the industry, but we have worked tirelessly to continue offering quality and sustainability at the best price to our customers.

We invite you to learn more about our progress.

Evolving our sustainability governance

- Since 2020, an Environmental Health and Safety (EHS) area has been incorporated into our operations. The head of this area is in charge of implementing an environmental management system that involves local regulation, international practices, and other sustainable certifications. On top of that, a senior management committee has been established in order to monitor all the sustainable actions.
- During 2021, a “2030 sustainability plan” was designed which will result in the guideline of our operations and expected KPIs within the next 10 years. This plan is aligned with 9 of the Sustainable Development Goals.
- Our company is not 100% vertically integrated. We rely on strategic partners such as spinning, weaving, and dye industries. Therefore, we have established an internal committee whose main task is to engage our partners within the sustainable efforts
- A sustainability training program was implemented in 2021 for key employees in order to enhance and embrace circular economy and sustainable principles. In addition, employees will participate in co-create sustainable projects to implement during 2021-2022.

Establishing a baseline

ENVIRONMENTAL AND SOCIAL MANAGEMENT

Since 2019 our group is measuring its environmental impacts through the Higg Index Platform.

The Higg index was developed by the Sustainable Apparel Coalition (SAC), which is the apparel, footwear, and textile industry's leading alliance for sustainable production. SAC members represent a combined annual revenue that exceeds US\$750 billion.



The Higg tools establish a framework that standardizes value chain sustainability measurement and scoring for all industry participants: brands, retailers, and facilities of all sizes. The data collected includes aspects of both Environmental and Social Management.

- Since 2019 we have measured our performance with the Facility Environmental Module (FEM) of the Higg Index.
- Since 2020, we started filling in the social and labor module (FSLM) of the Higg index in order to ensure that our social and labor initiatives are under world-class standards.
- With this data, we have identified hotspots to continuously improve our sustainability performance.
- **Our goal is to achieve level 1 of the Higg Index by the end of 2021 and level 2 by 2025.**

CARBON FOOTPRINT



- In 2019 we started to measure the carbon and water footprint of our operations. The measurements are in charge of a third party on a yearly basis. With this information, we have established a baseline.
- For our carbon footprint have designed actions in order to mitigate and compensate our carbon footprint.
- We have offset our emissions by purchasing carbon credits and became neutral carbon (scope 1 and 2) for our 2020 operations.

WATER FOOTPRINT

- We will implement projects in order to reduce the water and wastewater used in the plant among other initiatives of shared value within our influence area.

WASTE MANAGEMENT

- Since 2019, all the waste generated at our plant is measured. In 2021, a plan for reduction and reuse is being developed in order to introduce circular economy criteria among our operations.

SOCIAL RESPONSIBILITY

- Some important projects are already in place, such as donations of blankets made of our recycled textile scraps, and donations of plastic, paper, and cardboard to NGOs aiming to help local hospitals.
- Different social initiatives are in place: subsidized bicycles for plant employees, WRAP certification, Covid free facility protocol certified by Bureau Veritas, among others.



Certifications

- In July 2021, STN successfully achieved sustainability certifications which allow us to manufacture garments with organic fibers, recycled textiles.
- We have renewed our WRAP certification ensuring our facilities keep proper environmental and social conditions.
- In addition, since October 2021 STN is part of the US Cotton Trust Protocol and Cotton Leads which help retailers to show that the cotton of their supply chain is more sustainably grown.



Innovation

- In 2021, STN won a national innovation contest (Innovate Perú) and was granted government funds for developing and implementing sustainable pilot projects.
- As of October 2021, we are currently finishing phase 1 of the contest and we have identified opportunities in the waste and water challenges. The pilots will be executed in 2022.



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