

DELTA

GALIL INDUSTRIES LTD.

2010

CORPORATE
CITIZENSHIP
REPORT

Committed to Sustainability







Dear Stakeholders,

I am glad to present the 2nd GRI report for Delta Galil Industries, Ltd. This corporate citizenship report is a statement of Delta Galil's policy and commitment to all its stakeholders. Our reporting process supports our global efforts to minimize the company's environmental impact and position ourselves among those that recognize the need for action towards sustainability, transparent reporting and corporate social responsibility. We have improved our reporting infrastructure and have widened the scope of this report to include 100% of Delta Galil's plants and facilities.

Inside you will find a summation of what we have been doing in the last two years and a declaration of our continuous efforts to improve in the coming future. Among our new, relevant and important issues is our own supply chain program aimed at improving environmental performance, a logistics team working on improving our logistic infrastructure, and more.

We believe in conducting activities with honesty, integrity and fairness so as to conform to high ethical standards. We engage in activities that reflect our sense of social responsibility, concern for the environment, and our ceaseless intention to create a fun and nurturing environment in a safe, fairly-run workplace for all our employees and co-workers.

Delta Galil is a diverse team of individuals spanning the globe. The variety of our employees makes us a multicultural company. We are people of various languages, cultures and religions respecting one another, working in co-existence, speaking the ONE Delta Galil language while maintaining familiar surroundings. Our associates are the heart of the Company. It is in the Company's DNA to provide all our employees with the opportunity to grow and develop within the Delta Galil family.

Our 2010 report follows the structure of Delta Galil's new Code of Ethics in order to emphasize how our statements are translated into actions. I'm confident we have thus delivered our most material social and environmental activities to all of our stakeholders.

We remain committed to bring our customers and the market the best products and newest innovations while furthering sustainability and profitability.

We thank our stakeholders for partnering with us as we strive on a daily basis to not only do good business, but to do good.

Yours,

Isaac Daban
CEO



Dear stakeholders,

I am proud to introduce Delta Galil's second GRI report for 2010. During the last 2 years, since publishing our first report, Delta has been working on improving its environmental management systems as well as improving performance and integrating a new way of thinking into all of our units, starting from design and operations through procurement and transportation. I can say today that being a more sustainable company for us is already an integrated part of the way we conduct our business.

In terms of improving our environmental management systems, we have started regularly measuring our carbon footprint and reporting it to the CDP organization as well as other local Israeli organizations. Also, we have started implementing two new programs: a logistics program and our own supply chain program.

Our supply chain program included a successful pilot this year in which environmental data was collected from strategic partners. During 2011-2012 we intend to broaden the program and our shared knowledge base. Our logistics program aims to reduce our scope 3 carbon emissions. We have started mapping out all transportation lines – air, sea and land. We believe there is a lot that can be done in that area with the support of our customers and suppliers. We hope our next report will include more data on these two new programs, especially our data on our strategic partners along the supply chain as well as more details regarding Delta's transportation of materials and finished goods.

Most importantly, we have been implementing different sustainability attributes to our product development methods. Beginning with choice of materials, product design, and ending with our product's life span. Our latest innovations, which are elaborated in the report, incorporate these attributes and are designed to reduce environmental impacts of textile.

All of these challenging tasks have become feasible thanks to a committed team that is fully dedicated to improving Delta's environmental performance.

We strongly believe that the future is still in our hands to change and to take care of.

Sincerely,

Esti Maoz,
SVP Chief Marketing Officer
Corporate Sustainability Leader

TABLE OF CONTENT

PERFORMANCE AND TARGET SUMMARY	08
Target Summary	
Performance Summary	
WHAT WE DO	11
About US	
OUR Mission	
Company Structure	
Global Presence	
Engaging Our Stakeholders	
HOW WE CONDUCT OUR BUSINESS	
A. Personal Responsibility	22
B. Responsibility Towards Our Associates	24
Equal and Fair Employment	
Safety and Health	
C. Responsibility to Our Company	32
Corporate Culture	
Precautionary Principle	
D. Responsibility to Our Customers	38
High-End Innovation	
Committed to Safety and Quality	
E. Responsibility to our Business Partners	46
Ethics in the Supply Chain	
Delta's Supply Chain Program: (AD)Dressing a Sustainable Future	
F. Responsibility to Our Community	50
G. Responsibility to the Environment We Live In	54
Energy Use	
Emissions	
Materials & Waste	
Water & Wastewater	
Logistics	
OUR GRI REPORT	70
GRI INDEX	72

PERFORMANCE AND TARGET SUMMARY

As part of the textile industry, Delta Galil has a wide range of effects on different issues of sustainability. Mainly, in terms of environmental effects: large amount of water and energy use, material use, wastewater and waste. In order to better address these issues and keep Delta's performance ahead of basic compliance, we have created a sustainability team. Each team member is responsible for a different topic and works according to an annual program to fulfill Delta's objectives. The following table summarizes Delta's main objective and status:

Target Summary				
Index	Objective	Target date	Steps for execution	Page
ENVIRONMENTAL RESPONSIBIITY AND PERFMANCE				
Carbon Footprint	Measure carbon footprint	2015	✓	60
	Measuring Scope 3 carbon emissions from transportation of finished goods and raw materials	2012	new target	60
	5% reduction	2015	new target	60
Energy Consumption	5% reduction	2015	✓	55
Water	10% reduction	2015	🔄	65
Wastewater	Quantitatively record all chemical discharges to wastewater treatment systems and operate an aggressive chemical discharge reduction program	2015	🔄	65
Materials & Packaging	To base 5% sales on more sustainable materials	2012	new target	62
	To base 10% of production on eco-friendly materials	2012	🔄	62
	Operate an aggressive corporate-wide chemical maintenance, storage and reduction program	2012	🔄	62
	Meet all requirements of our customers packaging efficiency programs	2012	🔄	62
	Use efficient packaging for Delta's own brands	2012	🔄	62
Waste	Expand waste reporting to all of Delta Galil's sites	2015	✓	62
	5% reduction in waste generated	2015	🔄	62
	5% growth in recycling rates	2015	🔄	62
INNOVATION				
Innovative Products	\$30 million sales of innovative products	2010	✓	40
	\$50 million sales of innovative products	2012	new target	40

RESPONSIBILITY THROUGHOUT OUR VALUE CHAIN				
Supply Chain	Create a transparent reporting infrastructure for main strategic suppliers	2012	new target	48
Logistics	Create a wide reporting infrastructure for transportation of raw materials and products	2012	new target	68
TRANSPARENCY AND SOCIAL RESPONSIBILITY				
Transparency	Cover 100% of Delta's facilities in 2010 GRI report	2010	✓	70
Promoting of stakeholder discourse	Publish CDP report	2009 and on	✓	60
Social responsibility	Update Delta's Ethical Code	2010	✓	21

* All reduction targets refer to reduction from 2009 since not all sites were included in Delta's 2008 report.



Performance Summary

This table summarizes Delta Galil's 2010 performance in accordance to GRI's key environmental, social and economic indices:

	2009	2010	Change in %	GRI index
BUSINESS ASPECTS				
Manufacturing	Total in million tons	6.04	7.25	20.03%
FINANCIAL INFORMATION				
	Operating Profit in millions of dollars	16.2	33.3	105.6% EC1
	Sales in millions of dollars	572.5	620.1	11.31% EC1
	Donations in thousands of dollars	80	93	16.25% EC1
ENVIRONMENTAL COMMITMENT AND RESPONSIBILITY				
Energy	Energy (fuel) consumption in GJ	271,255	256,555	-5.42% EN3
	Electricity consumption in kWh	186,457	180,263	-3.32% EN4
Water and Wastewater	Water consumption in m³	315,010	304,025	-3.49% EN8
	Wastewater in m³	76,729	99,264	29.37% EN21
Carbon Footprint	Carbon Emissions (CO ₂) in tons	32,469	31,779	-2.1% EN16
Waste	Total waste recycled in %	73.6%	71.1%	-2.5% EN22
	Total waste landfilled in %	26.3%	28.9%	+2.6% EN22
SOCIAL COMMITMENT AND RESPONSIBILITY				
Fairness and work procedures	Number of employees	7,500	6,713	-11.7% LA1
	Work accidents*	11	11	0% LA7

* Does not include minor injuries (first aid).

We have added new sustainability targets and are working on new programs such as our supply chain program, our logistics program and our stakeholder dialogue. We continue to nurture our company's DNA - employment diversity and empowerment, full compliance with laws and regulations and contribution to the societies in which we live in.

Being a more sustainable company for us today is already an integrated part of the way we conduct our business. **It is our way of living.**



WHAT WE DO

-
- About Us
 - Our Mission
 - Company Structure
 - Global Presence
 - Engaging Our Stakeholders

ABOUT US

Delta Galil Industries is a **global manufacturer and marketer** of private label and branded **apparel** products and **socks** for men, women and kids. Delta is spread over 4 continents and employs about **6,800 associates**. Delta Galil serves **customers in the US, the UK, continental Europe and Israel**. Some of our leading customers include: Wal-Mart, Target, JCPenney, Marks & Spencer, Kohl's, HEMA, Victoria's Secret, Calvin Klein, Hugo Boss, Maidenform, Spanx, Odlo, Bjorn Borg, Lululemon, Under Armour and Tommy Hilfiger.

At Delta Galil, we create products that follow a **Body Before Fabric™** philosophy, placing equal emphasis on **comfort, aesthetics and quality**. We offer an extensive range of made-to-order products, including: intimate apparel for women including panties, bras, camis/vests, daywear sets, shapewear; intimate apparel for girls, extensive lines of underwear for men and boys, variety of socks offering including dress, casual and sport-professional lines; leisurewear, sleepwear and active wear including professional seamless sport suits.

Newness and innovation are an important part of Delta's DNA. Our products' success is driven by state of the art knitted fabrics, unique product design and advanced technologies; that perfectly answer consumers' rapidly changing needs, wishes and dreams. In order to maintain Delta's leadership and innovative reputation in the market, the company invests in its **owned R&D facility** that includes cut & sew, bonding and seamless technologies as well as owned fabric development mill.

2010 marked **35 years** since Delta Galil was founded by Mr. Dov Lautman in Israel as a privately held company. Today Delta Galil is a public company traded on the Tel-Aviv Stock Exchange (DELT) and the company's ADS are traded on the OTCQX International Prime US. (for Delta's full time line see 2008 GRI report, pg. 12-13)



OUR MISSION

Delta Galil's mission is to continue our tradition of **global leadership in high quality & innovative apparel and socks** and to commit ourselves to promoting universal ideals of **community and service**.

We create products that make people feel **stylish, comfortable and special** from birth to maturity. We aim at an integrative approach in designing and producing our products which emphasizes on **innovation, advanced technologies** and special attention to our **customer's needs and lifestyles**.

Delta Galil is committed to **supporting our customers, fulfilling and exceeding their expectations**, and enabling them to **be more competitive** in the market place.

Delta Galil employs individuals from all over the world. We are proud of being a **multi-cultural global** firm and believe in **mutual respect** and **co-existence** within the Delta Galil family and in the **communities and environments** in which we work.

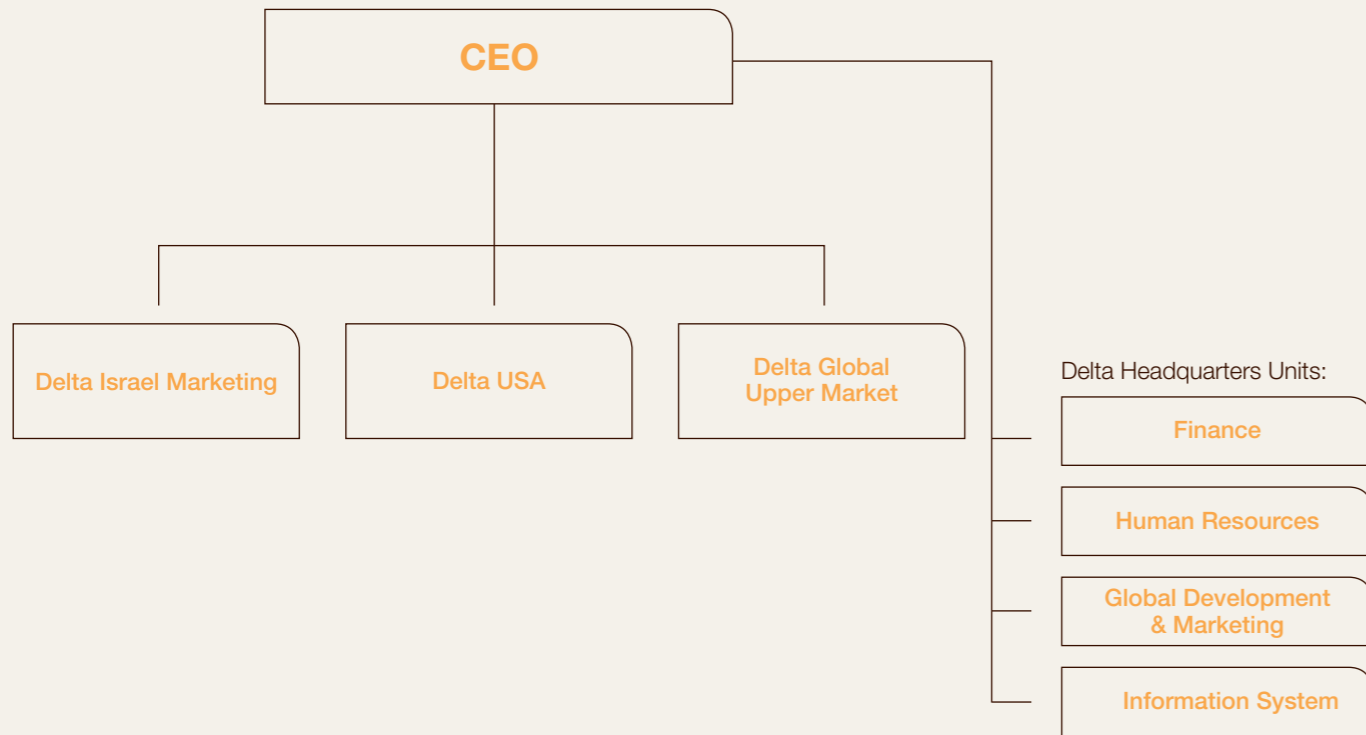
The company is committed to being a **safe and healthy** work place that provides its employees with the opportunity to grow and develop within the Delta Galil family.

We are committed to continue to grow and evolve as a company and to **considering our corporate social and environmental responsibilities** and stewardship throughout the process.



COMPANY STRUCTURE

Organizational Structure



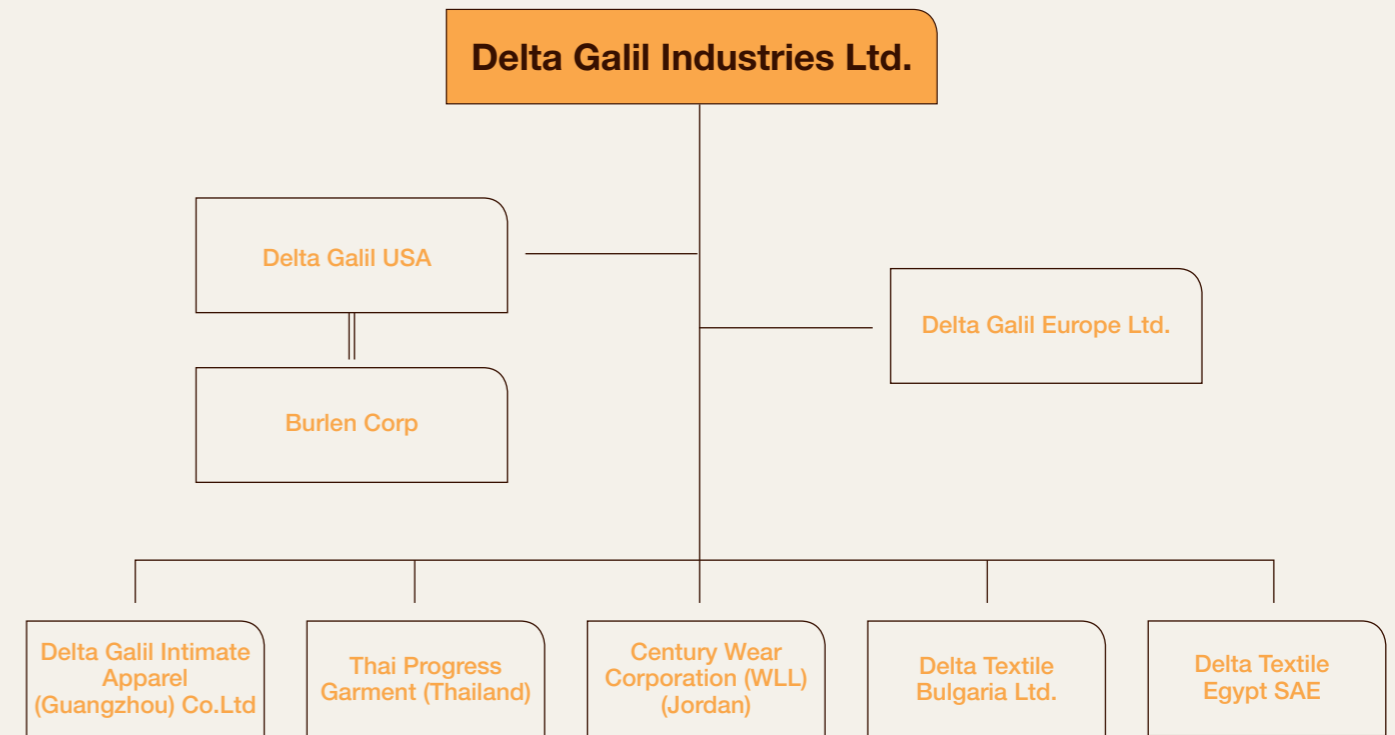
Delta Galil Industries Ltd. is a global company, headquartered in Tel-Aviv, Israel. The group is composed of three operating segments backed-up by four headquarter units and includes subsidiaries worldwide.

Delta Galil is controlled by Mr. Isaac Dabah, who has been the company's CEO since 2008, with a controlling interest of about 56%. Mr. Dov Lautman, Delta Galil's founder, holds approximately a 10% stake in the company.

The remaining shares (34%) are publicly traded, of which 10% are held by Clal Holdings Insurance Business Ltd.

Company Holdings

The following chart presents the group's main subsidiaries:



Corporate Governance

Delta Galil's Board of Directors consists of eight members. The Board meets quarterly to review and approve the company's financial results. The board also meets to go over the company's future strategic plans.

The Board of Directors consists of three committees which monitor its activities from financial and managerial aspects: A minimum of two board members must have accounting and financial skills.

- **Audit Committee** - The audit committee consists of three members, two of which are independent directors. Committee members are elected by shareholders appointed by the shareholders' assembly. The committee appoints an internal auditor. Internal and external audits are regularly conducted by Delta Galil's accountants. The Committee meets to discuss audit reports and their findings at least three times a year.
- **Financial Reports Committee** - The committee consists of three members, two of which are independent directors. The Committee meets quarterly to discuss the financial results and makes recommendations to the Board for approval.
- **Compensation Committee** - The committee consists of three board members. The committee deals with salary and employment conditions, as well as, bonuses and options for senior executives. Delta Galil operates a compensation plan for senior management. The plan includes compensation based on individual achievements, division achievements and meeting consolidated budget goals.

GLOBAL PRESENCE

Delta Galil operates in 10 different locations: Israel, Egypt, Bulgaria, Thailand, USA, UK, Turkey, Jordan, China and Bangladesh. This 2010 report discloses data from all of Delta's global operation facilities.

Delta's Global Presence

Country	Average Annual Production (ton)	Employees	Size (m ²)	Main Use
Israel	1,200	1,442	77,600	Headquarters Seamless Plant Sock Production Plant Fabric and Sock Development Department Offices Stores Warehouses
Egypt	1,500	2,589	38,554	Knitting Plant Cut & Sew Plant Packing Operation Storage
Bulgaria	690	597	8,640	Sock Production Plant
Thailand	300	881	1,707	Cut & Sew Plant Warehouse
U.S.A	na	538	86,555	Distribution Centers in Pennsylvania and Georgia Offices in New York and New Jersey
Jordan	600	552	21,637	Cut & Sew Plant
China	na	114	11,666	Office Sourcing & Development Center

* This table only includes Delta's employees at main sites. it does not include 2 small local offices in Turkey and the Far East.

Most of our reported sites are located either in industrial or urban areas.
The distribution center in Pennsylvania is located in flood plain, adjacent to Black Lick Creek.

Economic Performance

	units	2008	2009	2010
Operating Profit*	million \$	0.8	16.2	33.2
Sales (net)	million \$	622.8	572.5	620.1
Operating Costs**	million \$	622.8	557.1	589.4
Employee wages and benefits	million \$	125.5	105.3	110.4
Payments of bank loans (net)	million \$	19.8	26.6	49.3
Gross Taxes	million \$	2.5	1.6	2.1
Tax Rebate	million \$	0.7	3.2	2.2

* Before non recurring items.

**Excluding non-recurring items and other income.

Financial figures for 2008 have been updated according to 2010 Financial Report.



China team with Isaac Dabah, CEO



Bangladesh team



Thailand team



Egypt team



Bulgaria team

ENGAGING OUR STAKEHOLDERS

Delta is well aware of the importance of an open, transparent dialogue with its stakeholders. We have identified our stakeholders through processes of risk and impact analysis. We have identified 8 main stakeholder groups. The following table summarizes the different stakeholder groups and Delta's dialogue channel with them.



Thai team with guests



Sewing facility, Egypt



Bra compressor, Thai Plant



Socks facility, Bulgaria

Stakeholders		Key Topics of Interest	Dialogue Channel and frequency
Customers	Retails, brands	Innovation, compliance, transparency.	Periodical meetings and interviews, quarterly and annual reports that Delta submits.
Consumers	End users	Comfort of products, product quality, innovative added value	Focus groups for products, interviews, questionnaires, wear trials.
Employees	The company's employees in productions facilities, logistic centers and offices.	Employee welfare, business success	Questionnaires, annual round tables, town hall meetings, internal global newspaper 3-4 times a year in 3 language, feedback meetings and more.
Suppliers	Suppliers of finished goods and raw materials.	Sustainability programs and audits	Second and third party compliance audits, Environmental Awareness program for suppliers (see pg. 48).
Shareholders	All the shareholders of the company.	Economic growth, business success	Annual Shareholder's assembly.
Authorities	Mainly local and national environmental units.	Environmental compliance	Emission and wastewater standards.
Civil society	Industry and professional organizations	Innovation	Disclosures and feedback.
Surrounding Communities	Mainly around production sites: Karmiel, Tel-Aviv, Rosh-Haain (Israel), Ayutthaya (Thailand), Naser (Egypt),Irbid (Jordan), New-Jersey (USA)	Environmental compliance, social involvement, donations	Community well-being, based on community needs and Delta's programs.



Williamsport team, PA, USA



HOW WE CONDUCT OUR BUSINESS

The structure of this report is based on the pillars of Delta Galil's recently updated Code of Ethics. This structure emphasizes how our declarations and intentions match the parameters we measure and programs in which we participate.

- A.** Personal Responsibility
- B.** Responsibility Towards Our Associates
- C.** Responsibility to Our Company
- D.** Responsibility to Our Customers
- E.** Responsibility to Our Business Partners
- F.** Responsibility to Our Community
- G.** Responsibility to the Environment We live In

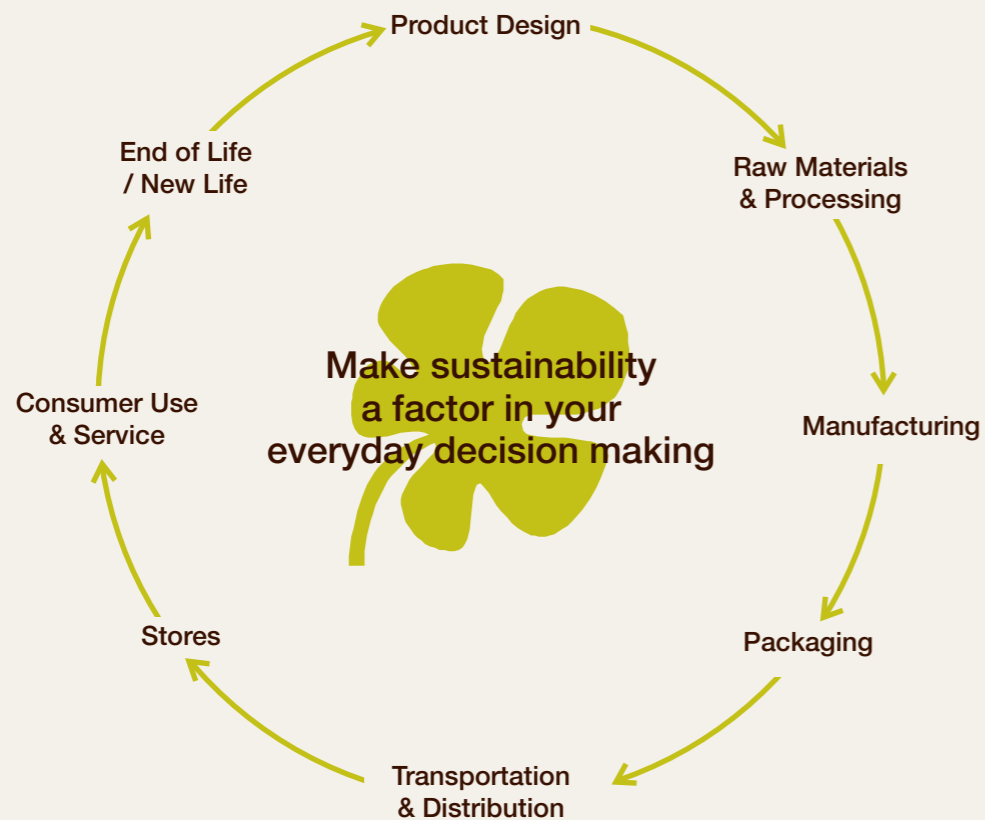
A. PERSONAL RESPONSIBILITY

Responsibility for the conduct of the company starts with the personal responsibility of each and every one of us for our actions and behavior.

Delta is made up of thousands of associates, each with a unique culture and aspirations. We want to be proud of the work we do and the lives we lead.

The important values we all share are **integrity, compliance with law, fairness, respect and accountability** for actions we have taken and for their outcome.

Our personal responsibility is also directed towards the society and environment in which we live in. Each one of us at Delta embraces the importance of sustainability and aspires to make it a factor in our everyday decision making.



DELTA GALIL INDUSTRIES LTD.  Adopt a green habit

- ## FIRST STEPS TOWARDS GREEN LIVING
1. Reduce, Reuse, Recycle
 2. Turn off a light
 3. Turn off computer at the end of the day
 4. Live with the season: heat to 20c, cool to 25c.
 5. Save water
 6. Print only if necessary
 7. Use durable (glass) cups
 8. Walk, Cycle, Use public transportation or carpools
 9. Grow a plant, Plant a tree
 10. Volunteer to be Green: green@deltagalil.com

*"We are committed to continue our growth and development as a company while addressing environmental and social responsibilities."
(From Delta's vision)*

B. RESPONSIBILITY TOWARDS OUR ASSOCIATES

We are responsible for each other.

Delta promotes employee empowerment and believes our success as a company depends on the unique contribution of each one of us. It is our duty to treat all of our associates with integrity, dignity and without bias.

We value our employees and listen to their feedback. In addition to conducting **annual feedback meetings**, Delta holds **round table meetings** led by one of our management members. We encourage all employees to attend at least one round table annually in order to share their thoughts, ideas and improvement suggestions.

Delta Gallil invests in its human capital through different **courses, workshops and training seminars**. During 2010, we held English courses for associates from different segments of the organization, global marketing workshop for client managers, a managers seminar and more.

We believe in creating **our leaders of tomorrow**. In order to promote and develop management skills, we held this year an extensive training seminar for layer 2 managers, aimed to strengthen and empower managers in order to create Delta's future leaders.



Tal Almog, Organization Development & Training Director:

Our strength is in the people who make Delta what it is and it is our responsibility to continue nurturing their development. In 2011 we are planning to put more emphasis on professional development at all levels. Our training plan is built on four main pillars: mandatory training, internal training led by Delta employees and managers, external training, and orientation days for new employees. In order to promote our new training program we recently founded two new professional development centers.



Outdoor activity for senior management, October 2010

Equal and Fair Employment

Delta is firmly committed to the fair and equitable employment of all its associates. All applicants and associates are judged by their qualifications, demonstrated skills and achievements. Delta condemns any violation of employment laws and regulations, and prohibits child labor, forced labor, exceeded working hours or any other violation.

Employment Data 2010

	Total	Contractor Employees	Fixed term Contract	Temporary Contract	Full time	Part time	Employees covered by collective bargaining
Bulgaria	597	0	522	75	597	0	0
China	114	0	2	112	114	0	0
Egypt	2,589	0	0	0	0	0	0
Israel	1,442	0	1,442	0	1,182	260	1,290
Jordan	552	0	0	0	0	0	0
Thailand	881	0	881	0	881	0	313
USA	538	0	378	160	530	8	0
Total	6,713	0	3,255	347	3,304	268	1,603
Total in %	100%	0%	48.5%	5.2%	49.2%	4%	23.9%

In every country it operates in, **Delta supports laws prohibiting unjustified discrimination** based on a person's race, color, gender, national origin, age, religion, disability or other characteristics.

Delta recognizes and respects the legal rights of employees to associate and act together to maintain their rights. We respect Delta's employee's right to associate and join collective bargaining agreements. No cases of discrimination in the company have ever been reported.

Delta provides **support for employees when ending their career in the company**, through counseling and training. The training is built to support both on a personal level and on an occupational level (for employees seeking employment).



Jamil Haj, Egypt Quality & Compliances Director:

"Delta Textile Egypt management is with the employees and for the employees. we have established a communication committee where employees and management meet twice a month to discuss different issues of interest, suggest improvements and solve difficulties."

Diversity

Delta actively seeks and promotes diversity within its workforce. The diversity of Delta associates is a tremendous asset.

Delta's unique composition of **cultures, religions, costumes and languages** are what makes our company so colorful and diverse. Delta promotes this cultural wealth throughout all our chain of employment and management. The strong emphasis we give to strengthening our **multi cultural** composition is what makes us **unique** and innovative and what aspires us to excellence.

Employment Diversity

	Total	Employees under 30 years old	Employees between 30-50 years old	Employees over 50 years old	Female employees	Male employees
Bulgaria	597	144	350	104	473	124
China	114	35	76	3	75	39
Egypt	2,589	1,843	641	106	2,071	518
Israel	1,442	257	806	379	1,051	391
Jordan	552	123	415	13	491	61
Thailand	881	94	743	38	800	81
USA	538	54	252	232	403	135



Motti Fireman, SVP Global HR:

"Delta operates in several continents, countries and cultures and employs a wide variety of employees from different nationalities and religions. Sensitive and considerate management that personally and professionally respects all employees are the way to employee commitment and solidarity and the key to our success. I'm sure we will continue to succeed in maintaining a unique community for the benefit of our employees and company."

Delta Galil Annual Calendar

To demonstrate our respect for diversity in our global operations, Delta Galil's annual company calendar marks all national and religious holidays from the countries we operate in and all of our employee's religions.

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JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
				121 Labour Day Sun 1							
				122 Labour Day Mon 2							
				123 Labour Day Tue 3							
				124 Labour Day Wed 4							
				125 Labour Day Thu 5							
				126 Labour Day Fri 6							
				127 Labour Day Sat 7							
				128 Labour Day Sun 8							
				129 Labour Day Mon 9							
				130 Labour Day Tue 10							
				131 Labour Day Wed 11							
				132 Labour Day Thu 12							
				133 Labour Day Fri 13							
				134 Labour Day Sat 14							
				135 Labour Day Sun 15							
				136 Labour Day Mon 16							
				137 Labour Day Tue 17							
				138 Labour Day Wed 18							
				139 Labour Day Thu 19							
				140 Labour Day Fri 20							
				141 Labour Day Sat 21							
				142 Labour Day Sun 22							
				143 Labour Day Mon 23							
				144 Labour Day Tue 24							
				145 Labour Day Wed 25							
				146 Labour Day Thu 26							
				147 Labour Day Fri 27							
				148 Labour Day Sat 28							
				149 Labour Day Sun 29							
				150 Labour Day Mon 30							
				151 Labour Day Tue 31							



Sompop Tanthatsawat, Administration Manager, Delta Galil Thailand:
In 2010, Delta Thailand established an organic community garden for its employees in a field located on factory premises. This was done as part of an effort to promote healthy eating and stimulate social interactions among employees. The garden has not only yielded local, delicious and fresh vegetables it also has strengthened the sense of communal identity among our employees.



Celebrating the Chinese New Year, January 2010



Celebrating Purim, Karmiel, March 2009



Celebrating Purim, Karmiel, March 2009



A donut for Hannuka, Karmiel, December 2009

Safety and Health

Delta is committed to providing a safe and healthy work environment.

Delta's standard is to comply with **all safety and health laws and regulations**. Each facility is required to have a **safety program** in place that includes appropriate **training** and meets applicable laws and government regulations.

To support this commitment, each employee is responsible for observing the safety and health rules and practices, and report on accidents, injuries or hazardous practices.

All of Delta's facilities have health and safety **guidebook** that specifies standers and procedures that must be followed. Delta also has joint **management-worker health and safety committees**, in which employees and management are equally represented.

Accidents by injury degree

	Minor	Mild	Severe
2009:			
Israel	12	5	1
Jordan	5	2	2
Thailand	4	1	0
2010:			
Egypt*	21	1	1
Israel	14	5	1
Jordan	13	1	0
Thailand	4	2	0

* Data not available for Egypt for 2009

ISO 18001

Facilities in Israel are ISO 18001 certified - Occupational Health & Safety Standard



Medical room & treatment at our Thai Facility

C. RESPONSIBILITY TO OUR COMPANY

Each one of us represents Delta and is responsible to full compliance with laws, regulations and high ethical and moral standards, while pursuing the company's goals to maintain growth, innovation and a winning culture.

Corporate Culture

Delta's corporate culture is based on the values of **tolerance, mutual respect & pluralism**. Beyond these values, which guide us through all of our actions, we are guided by two main internal policy guidelines. **Delta Galil's Ethical Code** and **Sustainability Policy** lies at the bedrock of what we stand for. Our recently updated **Ethical Code** sets forth principles that guide our corporate culture by serving as our company's moral compass.

Delta's **Sustainability Policy** was set in motion two years ago, a measure that has enabled us to better apply principles of sustainability to the process of innovation.



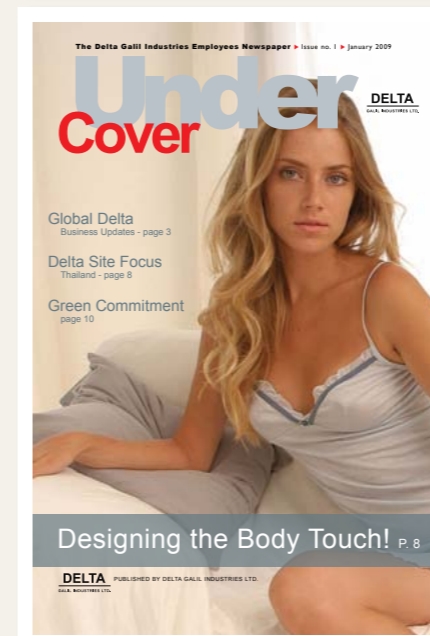
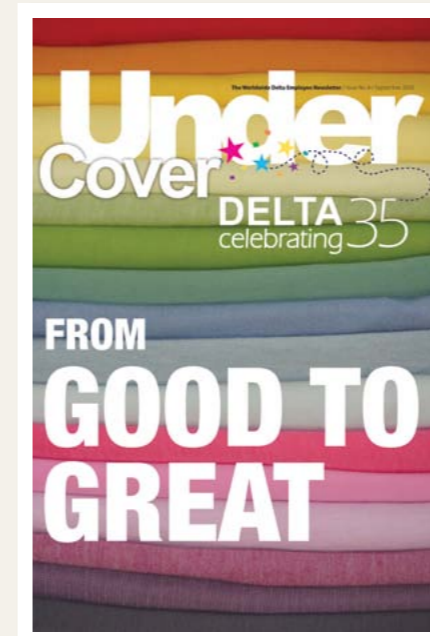
Delta's soccer tournament in Thailand



Trophies from soccer tournament

UnderCover

Delta's internal magazine, an important communicating tool, published three times a year in three languages and distributed to 6800 employees worldwide.



Delta's Sustainability Policy:

Climate Change and Energy

- Energy Efficiency - Aggressively pursue energy conservation at our offices and production facilities.
- Green Building – Consider building and retrofitting factories and offices that are carbon efficient and environmentally responsible, including the use of renewable energy where feasible.
- Materials Transportation - Reduce the environmental impact of materials transportation by optimizing methods and packaging techniques.

Waste Management

- Aggressively promote each of the 3 R's: Reduce, Reuse, Recycle.
- Continuously expand our recycling program in terms of percentage and materials recycled.

Water Management

- Minimize water pollution at our production facilities.
- Actively pursue water conservation strategies.

Products, Production Processes and Packaging

- Continue to develop and promote environmentally friendly raw materials in our products, including developing our own eco-brand.
- Continuously optimize our production processes to reduce chemical use and improve chemical selection.
- Optimize product packaging including reduction and material selection.

Corporate Culture

- Promote environmental awareness in all areas of sustainability.
- Promote environmentally responsible behavior including energy use, recycling, and transportation amongst all employees.
- Provide procedures, objectives and targets for all Delta Galil facilities regarding energy use, water use, recycling, and waste management.

Corporate Citizenship

- Strive to operate a zero-accident facility.
- Promote the health and safety of our employees.
- Provide sound employee benefits that stand by local regulations and prohibit child labor.
- Support the community, including peaceful co-existence, education, arts and culture.
- Encourage employee community involvement and volunteering.

Precautionary Principle

Delta Galil's **risk management system** sets a clear process for risk identification, measurement and follow-up. Our internal auditing team is responsible for enacting these processes, which include conducting regular risk surveys.

Identifying Climate Change Risks and Opportunities

Delta Galil's green team conducts **risk assessment** for decisions related to the impacts and opportunities climate change will have on the company's operations, based on stakeholder dialogues, market analysis, legislative trends and textile industry benchmarking on environmental issues, such as material use, energy consumption, water consumption etc.

Delta Galil, as a global corporation, is subject to international and local environmental regulations. The uncertainty surrounding the **cost of future climate change regulation** will affect business decisions over the next 5 years. In preparing for the financial implications that carbon regulation will have on our business and value chain, we will continue to evaluate and invest in a **less carbon intensive supply chain** and develop **supplier support and awareness programs**. Delta Galil's early move towards sustainability in 2008 enabled it to gain a competitive advantage and market recognition for its efforts on this subject.

To hedge against the risk that extreme weather patterns will have on the **price of cotton**, we will continue to diversify our suppliers from different regions. Additionally, Delta Galil is developing fabrics from different yarns in order to offer alternatives to cotton.

Delta Galil has developed **sustainability guidelines for its supply chain**. These guidelines will help us measure our suppliers' performance and help us promote issues of sustainability with our value chain. Our green team is working to achieve the goals we set in our 2008 GRI report. This report includes carbon reduction targets.

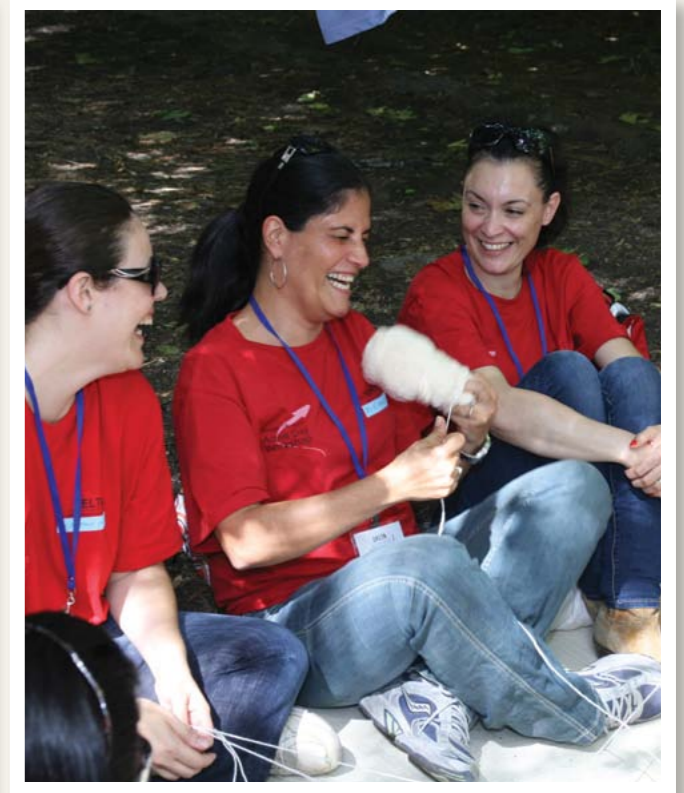
Membership in Associations



Ma'ala - Delta Galil is a member of the non-profit organization Ma'ala-Business for Social Responsibility. Ma'ala is Israel's leading advocate on corporate values and citizenship. As a member of the organization, Delta receives updated professional information and is connected to a local and international network of socially responsible companies. Joining Ma'ala is a declaration of Delta Galil's support for corporate responsibility.



Manufacturers Association of Israel - Delta Galil is also a member of the Manufacturers Association of Israel which promotes economic independence and security. The Association influences decision-making at the macro-economic level, including labor and foreign trade – both at the level of proposed parliamentary legislation, as well as the execution of laws.



Delta's senior management world wide in an outdoor activity - part of our organization development

D. RESPONSIBILITY TO OUR CUSTOMERS

Delta's business success is based on responsible relationships and accountability.

We have a responsibility to our customers. Each one of us is part of Delta's overall service and quality system, whether it is in a direct interface with customers, or an internal service to other departments. The level of quality and safety of our products, as well as service we provide our customers, are the sum total of our daily actions.

We embody professionalism and excellence in every action.



Shlomo Doron, COO and Deputy CEO:

"Delta together with its customers can create an impact in terms of sustainability. We have a joint responsibility to improve the life cycle of our products by different environmental attributes and provide consumers with more responsible goods. In terms of Delta's responsibility as part of a long value chain, we are continually working on improving our production processes, sourcing more sustainable materials from more sustainable suppliers, and improving our transportation methods, all to support more sustainable products."




Licensees	Brands	Retailers
MEXX	BOSS HUGO BOSS	MARKS & SPENCER
M maidenform	Calvin Klein	VICTORIA'S SECRET
Wilson.	UNDER ARMOUR® PERFORMANCE APPAREL	TARGET
CONVERSE	SPANX® BY SARA BLAKELY	JCPenney
NEARLY NUDE™	NIKE	HEMA
AVIA®	Prime Body	KOHLS expect great things™
TOMMY HILFIGER	M maidenform	SAM'S CLUB
	odlo	Walmart Save money. Live better.
	Triumph	Sears
	lululemon athletica	lanebryant
	saucony®	ASDA
	TOMMY HILFIGER	Bhs

High-End Innovation

Delta Galil's power-house of **innovative technologies and intellectual properties** gives our customers a leading advantage in their markets.

Our R&D facility, Delta Galil Labs™, works to create products that feel natural and comfortable. We explore human physiology, examine the body's interaction with different textile materials, keep up to date with changing lifestyle needs and deliver the one thing in all of our creations that never goes out of fashion – comfort.

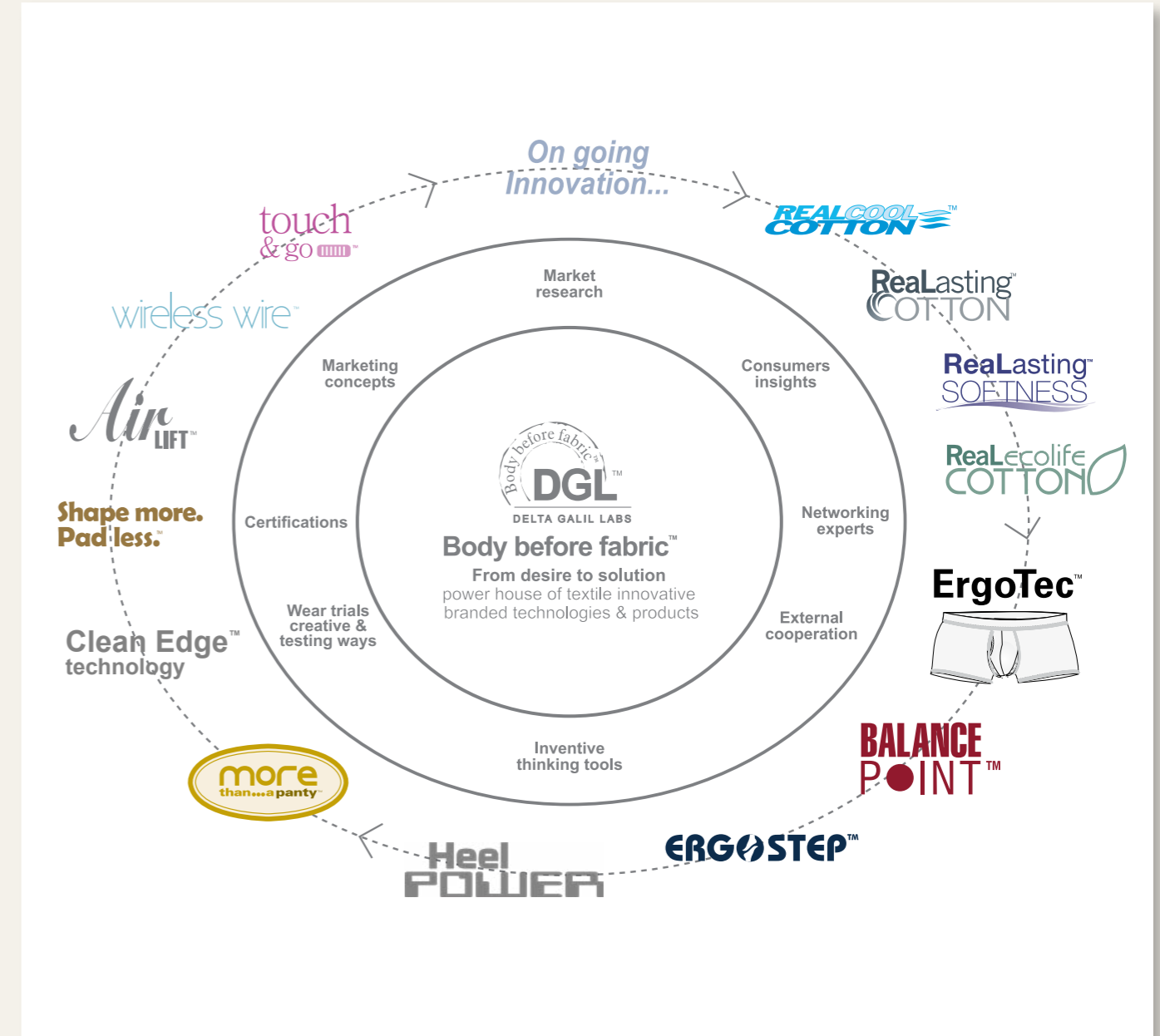
GOALS

- \$30 million sales of innovative products - 2010 
- \$50 million sales of innovative products - 2012 
- Expand our sustainable product lines among our private label offerings as well as in our own brands 



Esti Maoz, SVP Chief Marketing Officer and Corporate Sustainability Leader:

"Innovation is part of our company DNA - a key element in the Company's marketing and business strategy, and will continue to serve as major driver of growth in the foreseeable future. Innovation is the comparative advantage and added value that sets us apart from the competition. Delta invests substantial resources in our employees and infrastructures in order to generate true, groundbreaking innovation. In recent years sustainable developments have been a key driver for our innovative developments and we intend to keep seeking new ways to reduce the environmental impacts of our products."



Delta Galil Labs™ strives to improve apparel and socks for men & women by developing products that introduce real innovation and reflect a **Body-Before-Fabric™** approach. We explore human physiology, examine the body's interaction with different textile materials, consistently consider changing lifestyle needs and deliver the one thing in all of our creations that never goes out of fashion – comfort.

In recent years we have placed greater emphasis on developing sustainable products with positive environmental and health attributes.

In the effort to do so, Delta has developed various innovative sustainable products that are grouped into four sustainability pillars.

<p>Healthy</p> <ul style="list-style-type: none"> • Foot health and comfort • Specialty bras for health and comfort 	<p>Long Lasting</p> <ul style="list-style-type: none"> • ReaLasting Cotton™ • ReaLasting Softness™ 	<p>Energy Saving</p> <ul style="list-style-type: none"> • Real Ecolife Cotton™ • Thermal Comfort sleepwear • EcoLife® 	<p>Resource Efficiency</p> <ul style="list-style-type: none"> • One Size fits all • One Size for plus size
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Healthy

Foot health and comfort

DELTA MEDICARE™ *taking care of feet* Diabetic socks engineered with ergonomic design for the ultimate fit, with moisture management yarns that wick away moisture from the foot and help reduce the risk of infection. Support compression socks allow more blood circulation, providing energy and relieving leg fatigue.

ERGOSTEP™ Innovative sock designed with an innovative grip area that supports and stabilizes the foot.

Heel POWER Supports the heel and the ankle during sport activities that can cause injuries and affect the overall feeling of the body.

BALANCE POINT™ Unique technology and construction that creates three cushioning levels that balance the body.

Specialty bras for health and comfort

wireless wire A bra which incorporates non-metal wire, with a flat and wide design that distributes pressure evenly. It significantly reduces strain on the breast and eliminates the risks of wired bras.

Air LIFT™ A smart push support system bra to enhance shape and support for the full figured woman. The bra reduces strain and stress from the shoulders.

Long Lasting

ReaLasting COTTON™ Lasts longer than ordinary cotton, this cotton fabric looks as good as new after many washes, allowing for longer use & wear.

ReaLasting SOFTNESS™ Breakthrough technology that prolongs the life of Lenzing Modal® fabric even after many washes. This new patent pending fabric has no pilling even after many washes.

Energy Saving

RealEcolife COTTON 100% Egyptian Giza Cotton Egyptian cotton products, grown and produced in ONE location, avoid the energy and environmental costs of transporting raw materials through the global supply chain.

From crop to product. **one location**  Made in Egypt from **Egyptian Giza Cotton**

ECOLIFE® Energy saving brand, made from anti-bacterial cotton that is designed to be washed in cold instead of hot water, reducing dramatically energy usage during the product's life.

Resource Efficient

ONE SIZE One Size and One Size for Plus-Size are two clothing lines that deliver one-size products that fit all sizes. This innovation cuts packaging, storage and stock management waste, improving efficient resource use. Additionally, these products reduce the number of SKU's (stock keeping units).

ONE SIZE for PLUS SIZE

Committed to Safety and Quality

Delta's policy is to provide our customers with quality products that are innovative and safe, meeting the highest standards; and on time.

Delta uses strict procedures and principles to ensure that its products are quality manufactured in a safe, consistent and reliable manner during the design, development and production stages of the product.

We promote objectives of high level service, safety and quality, by:

- Specific working procedures and specifications.
- Monitoring systems.
- Precise use of raw materials.



Egyptian facility

Delta's sites in Israel and Egypt are Oeko-Tex

Oeko-Tex Standard: Confidence in Textiles:

- Do not contain allergenic or carcinogenic dyes
- Do not contain pesticides and chlorinated phenols
- Have been tested for the release of heavy metals under artificial perspiration conditions
- Free from formaldehyde or contain trace amounts that are significantly lower than the required legal limits
- Have a skin friendly pH
- Free from chloro-organic carriers
- Free from biologically active finishes



ISO 9000

Our quality management system complies with the standards of the International Organization for Standardization (ISO). We have had our facilities in Israel ISO 9001 certified, and ISO 9000 certified in Egypt.



Facility in Thailand



Facility in Thailand



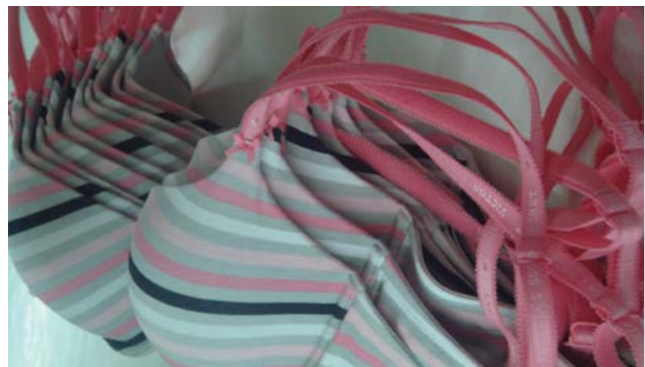
Williamsport logistic team, PA, USA

E. RESPONSIBILITY TO OUR BUSINESS PARTNERS

We strive to choose and work with business partners who are committed to ethical standards and who help us in providing the high quality and value products that meet our customer expectations.

During 2010, a large percentage of our finished goods suppliers were audited for human rights against various codes of conduct such as the Ethical Trading Initiative, BSCI, WRAP and others.

We are committed to taking action to ensure that our Business partners' activities are based on proper ethical standards. Therefore, each entity or firm engaging in substantial business relationships with Delta receives Delta's Code of Ethics and is required to follow it, as well as full compliance with ethical standards.



Ethics in the Supply Chain

Delta believes in doing business with those **suppliers**, contractors, joint venture partners, agents, sales representatives, distributors and consultants who **embrace and demonstrate high standards of ethical business behavior**. Delta will not knowingly engage entities that operate in violation of applicable laws or regulations, including local environment, employment and safety laws.

Delta will also not knowingly do business with entities that employ anyone who is under the legal age of employment, employ forced-labor or use corporal punishment to discipline their employees, regardless to whether such practices are permitted by applicable law.

Demonstrating our commitment to social responsibility, we have allied ourselves with the **Ethical Trading Initiative** and have also been audited by **WRAP** (Worldwide Responsible Accredited Production: <http://www.wrapcompliance.org/>).

We also make an effort to adhere to specific customer standards, including environmental and **C-TPAT** (Customs – Trade Partnership against Terrorism) requirements.

The Ethical Trading Initiative - <http://www.ethicaltrade.org>

The initiative brings together a wide range of organizations working to promote and improve the implementation of corporate codes of practice for working conditions. The Base Code consists of 13 principles that ensure certain worker rights, including prohibiting discrimination as harsh or inhumane treatment, while guaranteeing that living wages are paid, working hours are not excessive, etc.

(For elaboration please see Delta's 2008 GRI report pg. 92)

BSCI – Business Social Compliance Initiative - <http://www.bsci-intl.org>

The organization unites over 600 companies worldwide around one common Code of Conduct. The organization support the companies in their efforts towards building an ethical supply chain by providing them with a step-by-step development-oriented system, applicable to all sectors and all sourcing countries.

Our finished goods suppliers are regularly audited by our customers for compliance with ethical standards, as well as product quality and safety. During 2010, a large percentage of our finished goods suppliers were audited for human rights against various codes of conduct such the Ethical Trading Initiative, BSCI, WRAP and others.

Our own production facilities are also audited, at least once a year by a second or third party, in addition to internal audits that are carried out regularly. Our facilities have always passed audits successfully. All correctional and recommended requests by auditors were fully addressed.

In some countries there may be a certain risk of child labor or compulsory labor. Potential suppliers are screened and periodically internally and 3rd party audited.

Delta's Supply Chain Program: (AD)Dressing a Sustainable Future

GOALS

- Create a transparent reporting infrastructure for main strategic suppliers - 2012



Leslie Shull, Global Compliance Manager and Director of Delta's Supply Chain Program:

"Sustainability has become a keyword that may open or lock the door to a successful business. It is now one of the parameters for approval to supply the leading Brands and Retailers worldwide, on a level with price and quality.

The spotlight is no longer only on the first tier supplier of goods, but is demanded from the full supply chain. Delta Galil has taken the initiative in working together with our suppliers in order to ensure sustainability of our supply chain. This also affords us the opportunity to learn and implement different approaches used by them that will assist Delta in its quest for continual improvement in its standards."

Delta Galil started an Environmental Awareness Program along its supply chain.

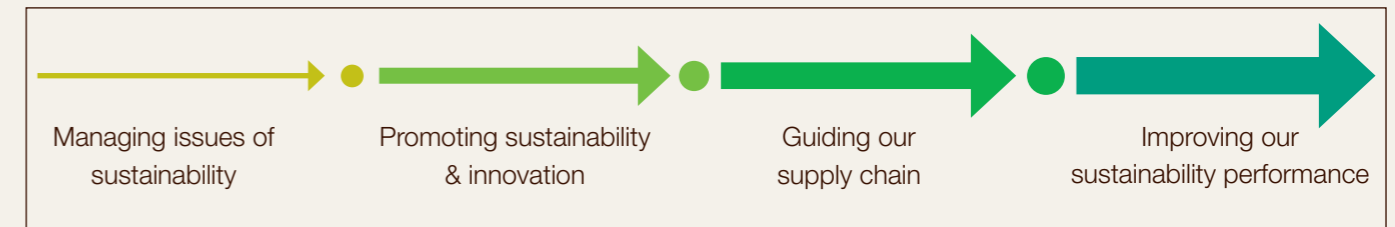
Delta Galil sees sustainability as a key driver of innovation, especially when it comes to optimizing its supply chain. Developing a **sustainable supply chain** can be a source of cost reduction, risk mitigation, and revenue growth.

To help Delta's suppliers understand the values and principles of a sustainable supply chain, Delta produced **sustainability guidelines report**, titled, **"(AD)Dressing a Sustainable Future"**. The report presents **environmental, social and governance** issues that should be addressed by Delta's suppliers and offers different **tools** for assisting their **implementation**.

During 2010 Delta began implementing an **Environmental Awareness Program** with a select base of **strategic suppliers**. This Program was established in order to create a **more environmentally transparent and efficient supply chain**. In working with our supply base we aim to help implement measurement procedures for environmental parameters and share knowledge and experience. We believe that by implementing environmental data measurement, sharing best practices and understanding where improvements can be made along our value chain, we can **promote environmentally preferred solutions** and a more sustainable supply chain.

Our suppliers have reported on environmental indicators and surfaced different environmental risks that they are facing such as chemical spills, wastewater amounts, air emissions, hazardous waste and more. In this process, Delta will try to assist its suppliers in resolving these issues and mitigating the relevant risks.

In the coming years, the program will be broadened to include more suppliers.



Some success stories from our suppliers:

- Implementation of a company policy regarding chemical management, including relevant employee training.
- Reduction of electricity usage thanks to the installation of a heat recovery process.
- Establishment of a new biological wastewater treatment facility.
- Water use reduction.



F. RESPONSIBILITY TO OUR COMMUNITY

Delta aims to make a positive contribution to communities in which it operates. We strongly encourage each of our units to become actively involved in various activities for the community.

Through our contributions to the community, Delta wishes to promote the values of **co-existence, education** and **minimizing inequality**.

Delta Galil supports a variety of communal activities and service initiatives. Delta is proactive in strengthening local communities by supporting **community centers** which offer sport, culture and education services. We promote education by supporting activities at **day-care centers, schools, youth centers** and **universities**. Delta Galil also pays special attention to activities promoting **peaceful co-existence** between Jews and Arabs in Israel.

As part of our continual effort to strengthen ties between our employees and local communities, Delta employees are devoting work hours to perform community service. In addition to the importance of giving back to our local communities, volunteering enhances employee relations and strengthens their commitment to the company.

In 2010, we started a tradition of giving to and working on behalf of the less fortunate. Volunteering activities in Israel focus on helping children, teens, and the economically disadvantaged. The activities took place in three different locations, where our facilities are located: in Tel Aviv we initiated a cooperative project with the Association for the Promotion of Education in Jaffa; in Rosh Ha'ayin, where Israel's Retail group is located, we partnered with the "Latet" ("to give") organization and packed food boxes for the needed; and in Karmiel we worked at the "Children's Village" – where children are living under foster care where our employees renovated two big family homes. In addition to these activities we added weekly volunteering opportunities at after school club for children in the city of Lod.

In 2011 will expand our volunteering activities and aim to enlarge the number of Delta's employees involved in such activities.



Hila Ephrati Halper, Head of Corporate Communication and Community Relationships Leader:

"It's in the Company's DNA and part of our winning Culture to donate and do for others. The positive feed back we received from employees participating in community involvement activities and the eagerness of others to volunteer in future activities, strengthens our believe in the importance of these actions. Only a strong company can give and do to its communities and surroundings. We find these activities rewarding not only for the communities we operate in but also to our associated, who are proud to be Delta employees."

Community Donations- cash and in-kind donations (Thousand \$)

	2008	2009	2010	2011 goal
Educational and Cultural Institutions	119	64	30	90
Coexistence and other	10	16	63	30
Total	129	80	93	120



Linda Nash Merker, SVP HR Delta Galil USA:

"At Delta USA, caring is sharing, it is giving and serving to those in need. It is our opportunity to get involved and make a difference. This is our mantra. The US has had a number of charitable giving events in the past, however now we are making it an integrated part of our culture. We recently did a food drive in all of our offices for Thanksgiving. We have committed to do "Toys for Tots" for the holidays."



Rachelle Ann Salvador, Country Manager of Delta Galil Bangladesh:

"Delta's office in Bangladesh has been volunteering at the Mother Theresa Foundation orphanage. We go there once every few months to help out the 150 kids there, bringing them food, medicine, toys and clothes. As part of the local community we feel a responsibility to help our neighbors and contribute where we can."

Delta and Its Employees Mobilize for the Victims of the Carmel Fire

Following 2010's tragic Carmel Forest fire in Israel, in which dozens of families in the surrounding communities lost their homes and possessions, Delta mobilized and donated some 15,000 items of clothing to those who were evacuated from their homes and to the students at the Yemin Orde Youth Village.

Employees were asked to help and they also contributed useful items, including housewares and kitchenware, electrical tools, clothing and linens, as well as children's books and games. The items were collected and sorted at collection points that were set up at all the company's Israeli locations and were sent to the victims in need.

Flooding in Ayutthaya

In October 2010 severe flooding hit several areas in Thailand. Amongst those, the area of Ayutthaya, where Delta Galil's factory is located, home too many of our employees. Many of our employee's houses and neighborhoods were flooded.

Delta Galil, sent every employee a set of basic goods to help them through this rough time. We strengthen all of our employees at the Thai Progress Garments facility and hope these incidents of extreme weather do not reoccur.



Haim Navon, VP Far East Region Director :

"During the flooding in Thailand, Delta supported its employees and donated different necessities. Similar donations were sent to the embassy in order to assist other people in the country as well. Delta is happy and obliged to assist its employees and their communities in difficult times."



Thai team planting in Ayutthaya



Delta's assistance to Thai employees families during a flood in Thailand



Israeli employees in a community outreach activity

G. RESPONSIBILITY TO THE ENVIRONMENT WE LIVE IN

Delta is committed to a responsible management of its environmental effects, wherever it operates around the world.

As responsible inhabitants of our world, we are taking, as part of our daily routine, steps to **creating a positive environmental impact**. We are committed to obeying the laws and regulations pertaining to the environment and to acting according to the 'green policy' the company has adopted, including:

- Improving **products, packaging** and **production processes** while reducing environmental impact.
- Reducing quantities of generated **waste**.
- Reducing the amounts of **energy** and **water** consumed at company sites.
- Increasing the share of **materials** sent for **recycling**.

The commitment to the goals that we set for ourselves in the area of sustainability is also expressed in the development of sustainable products (see pg.42-43)



Meirav Jones, Global Marketing & Innovation Director and Sustainability Manager:

"we believe that intensive work, in committed teams and a global cross boundary activity, can pave the way to achieve the goals we have set for ourselves. we manage several teams of social and environmental responsibility: energy and water, waste, supply chain, green offices, community and communication and logistics - a new team established in 2010. Every team is managed by a senior manager at Delta who has taken responsibility over the field in addition to his position and is personally committed to sustainability."

Energy Use

While the nature of our industrial operations can be energy intensive, we value energy efficiency as an opportunity to reduce costs and emissions. In 2010, Delta Galil consumed 257 thousand GJ of energy, representing a 5.4% reduction from 2009.

GOALS

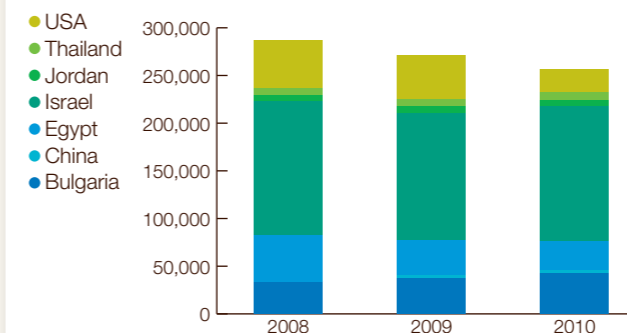
- 5% reduction by 2015 (from 2009) - _____



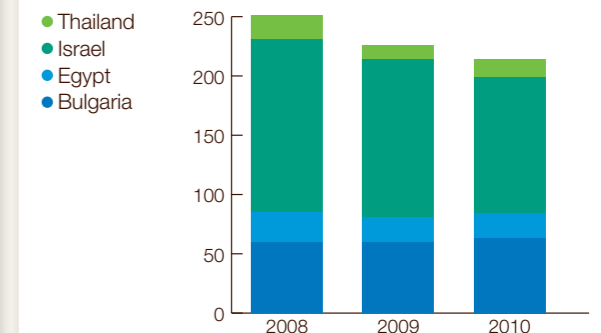
Delta Galil has been working broadly across the company to reduce energy consumption:

- **Reduced** the **dying time** of products in our facility in **Israel by 8%** since 2008, saving electricity, fuel and water.
- **Reduced** amount of **fuel oil** by using **natural gas** in the facility in Israel.
- Reduced the amount of **electricity used** in Israel, Bulgaria and Thailand, thanks to new **centralized machinery** and better adjustment of the **air conditioning** system and **lighting**.
- Started installing **air conditioning sensors**, as well as **lighting sensors** in different units.

Total Energy Consumption (GJ per year)



Energy Consumption per Product* (GJ/ton per year)



* The graph only presents production sites.



Planting trees in Ayutthaya, Thailand

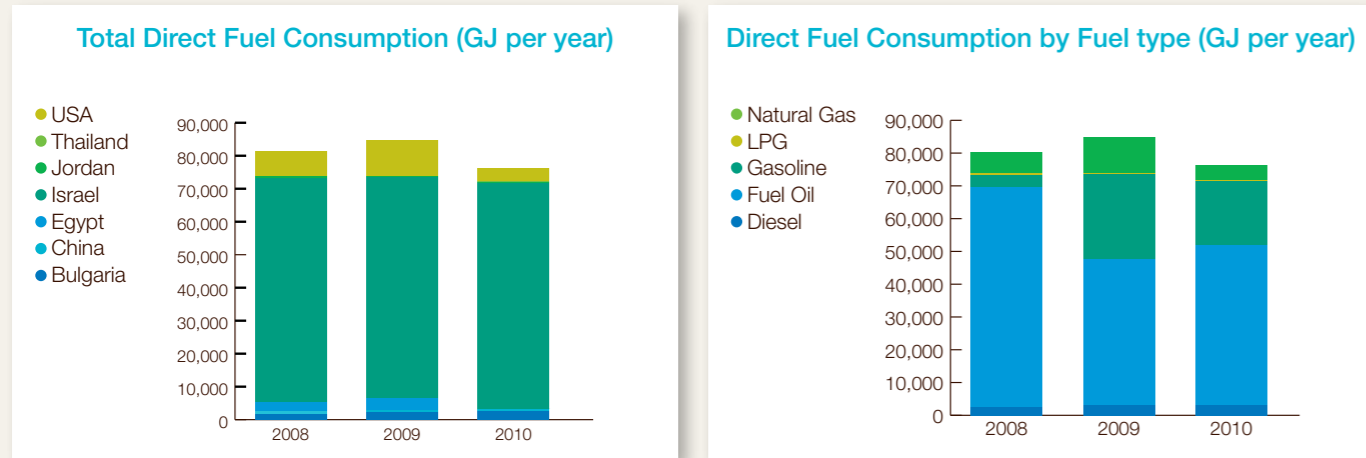


Planting Delta's forest in Karmiel, Israel



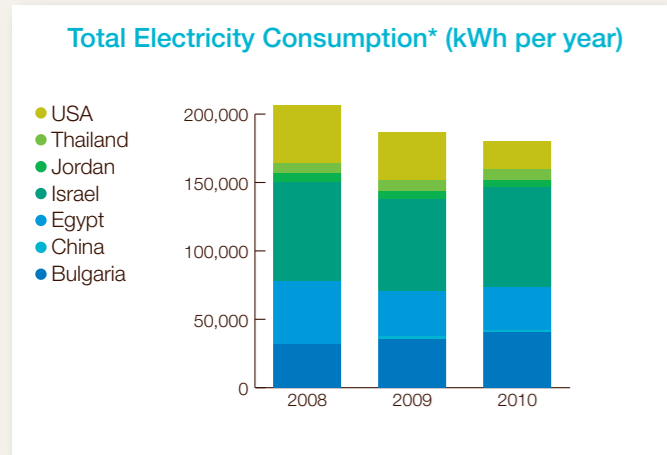
Fuel

Delta's global operations are powered by a diverse fuel mix that varies from factory to factory.



Delta has shifted its facility in Jordan to a 5 day work week, saving both electricity and fuel consumption.

Electricity



* All electricity purchased by Delta is manufactured from non renewable sources such as coal, and natural gas.

Delta's facility in Israel reduced electricity use per ton of product thanks to the reduction in dyeing time during 2010.

The reduction saves 6.58 kWh per ton of product.

Delta's facility in **Bulgaria saved 310,000 kWh in 2010**, thanks to the installation of new machinery and electronic ballasts.

Emissions

Air emissions are created in the different stages of our products' lifecycles.

The air emissions reported here are calculated from Delta's fuel use, transportation fuel natural gas.

Total Air Emissions (ton)				
	PM	CO	NOx	Sox
China	0	475	31	0
Jordan	8	51	41	0
USA	12	201	55	1
Bulgaria	37	655	381	0
Egypt		1,363	89	1,575
Thailand		332	22	
Israel	774	11,824	5,199	1,574
Total	831	14,900	5,817	3,151



Yossi Saar, COO Delta Socks & Seamless:

"In operations we try to implement sustainability and environmental excellence in every aspect. We feel the immediate value in terms of energy reduction, water reduction etc. Our new upcoming project is a green factory in Bulgaria, expected to be built by July 2011 according to the LEED standard."



Representatives from around the globe at Delta's yearly conference, NY 2010

Carbon Footprint

Delta's Carbon Footprint was reduced by 2.1% since 2009.

GOALS

- Measure total carbon footprint - 2015
- 5% reduction of GHG emissions - 2015
- Measuring Scope 3 carbon emissions from transportation of finished goods and raw materials - 2015

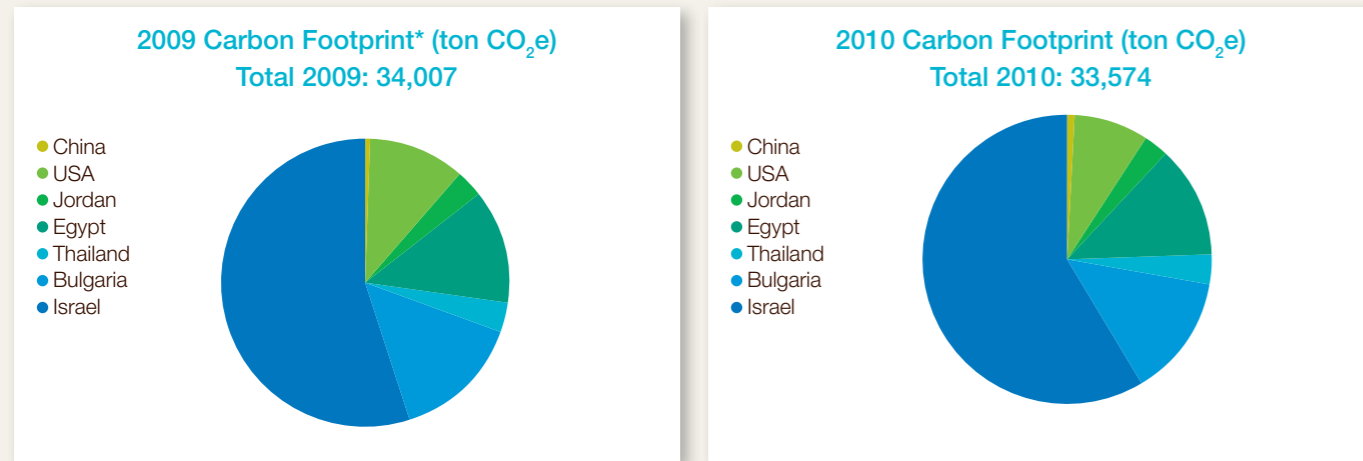


CARBON DISCLOSURE PROJECT

During 2010 Delta Galil reported its total carbon footprint to the **Carbon Disclosure Project** (www.cdproject.net).

Delta has also joined the **Israeli voluntary carbon disclosure mechanism** that was recently established. The mechanism aims to prepare the Israeli market to future carbon regulation. Delta is proud to be one of the first companies to join.

Our carbon footprint has decreased since we have reduced energy consumption and started using natural gas and less fuel oil.



* This data includes 100% of Delta's sites and is not the same as the data presented in the 2008 GRI report.

Delta has reduced its carbon footprint by 2.1% and intends to reduce another 5% by 2015.

Green Offices



Orit Horev, Coordinator of the ISO certification processes and Green Offices Leader:

Our Green Office project is expanding every year. We have managed to implement Delta's green office procedures at all of our sites worldwide and constantly monitor performance. We see the impact it has on employee awareness at the office and at home.

Delta has been operating a Green Office program since 2008, mainly building awareness throughout the company and saving energy, water and paper use. A Green Office Manual was spread throughout the company, explaining the necessary infrastructure and procedures. The program now runs in all of Delta's sites and is maintained by a green office representative in each site. Quarterly reports are filled out.

Main issues of the program:

Energy Conservation

- All incandescent light bulbs were replaced with efficient ones.
- Central air conditioners were set to optimal temperatures: 22°C in winter and 24°C in summer.
- Excess lighting was removed.
- Light sensors were installed.
- All of the computers were set with "Power Saving" mode as the default status.

Water Conservation

- Toilets were upgraded to enable choosing a full tank flush or only a half tank flush.
- Taps were upgraded with water saving devices.

Waste

- Print only when necessary, on 2 sides of the paper.
- Recycling bins for paper, electronic waste, toner cartridges, batteries and plastic bottles were installed.
- Double-sided printing was made the default setting.

Procurement

- Only "Energy Star" qualified computers will be purchased.
- Only "A" level (energy consumption) electrical appliances will be purchased.
- Green cleaning products are being used by our housekeeping staff.

Materials & Waste

In 2010 Delta broadened its reporting routine to include all its facilities. Our recycling rate has increased from 62.4% in 2008 to 71.1% in 2010.

GOALS

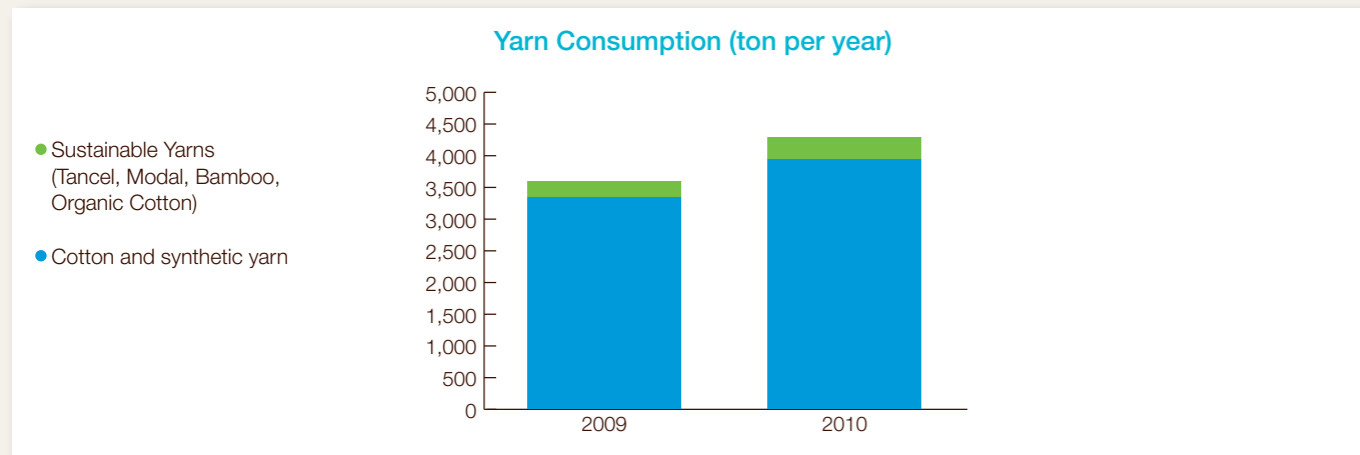
- To base 5% sales on more sustainable materials - 2012
- To base 10% of production on eco-friendly materials - 2012
- To operate an aggressive corporate-wide chemical maintenance, storage and reduction program - 2012
- To meet all requirements of our customers packaging efficiency programs - 2012
- Use efficient packaging for Delta's own brands - 2012
- 5% reduction in waste generated (from 2009) - 2015
- 5% growth in recycling rates (from 2009) - 2015
- Expand waste reporting to all of Delta Galil's sites - 2015



Raw Materials

Yarns and fabrics used in Delta Galil's products are all analyzed by different experts in order to **best fit the human body**.

Delta Galil's products are made from different yarns and fabrics, mostly cotton, man-made and synthetic fibers. All our production facilities use raw yarns to produce textiles, except for our Thailand factory where ready-made fabric is used and our facility in Jordan that receives fabric produced in our facility in Israel.



The organic cotton used in Egypt is SKAL approved for GOTS standard.



- International inspection and certification organization that tests and supervises organic growth.



- (Global Organic Textile Standard) This standard for organic textiles covers the production, processing, manufacturing, packaging, labeling, exporting, importing and distribution of all natural organic fibers.

Delta Galil is using yarns from fibers that are made out of Cellulosic (wood) fibers. Cellulosic yarns are made out of sustainably produced fibers including Lenzing Modal®, a natural fiber manufactured from Beech wood and TENCEL®, a 100% biodegradable organic fiber. In 2009 these fabrics were used in about 6.8% of Delta Galil's production. **In 2010 more sustainable yarns compose of 7.8% of Delta's production.**

Waste

Since 2008, many Delta sites have been reporting their waste amounts on a monthly basis. **During 2010, all of Delta's sites joined the reporting routine.**

Total Waste Amount ton

Material	Units of measurement	Disposal method	2009	2010
solvents	kg	Landfill	3,927	11,130
Metal	kg	Landfill	52,259	100,533
Cardboard	kg	Reuse	129,206	214,686
Paper	kg	Recycle	65,768	45,211
Nylon/Plastik	kg	Recycle	46,341	45,590
Cotton textile Waste	kg	Recycle	475,918	800,770
Non cotton textile Waste	kg	Landfill	101,124	197,668
Wood	kg	Reuse	1,064	35,686
Mud	kg	Landfill	22,900	31,300
Fluorescent Tubes	units	Landfill	1,727	1,385
Chemical Containers	units	Reuse	709	237
Oil Containers	units	Reuse	56	39
Mixed	Kg	Landfill	77,261	125,187
Total Recycling/Reuse	%		73.6%	71.1%
Total Landfilling	%		26.3%	28.9%



Hamzi Fatum, Senior Quality Assurance Manager of Delta Socks & Seamless and Waste Leader:

The growth in recycling was created by adding plastic, threads and carton reels to the recycling system, which already included paper, carton and plastic.

Sixty-eight percent of the waste produced in Israel is textile waste, for which we are still checking out solutions.

During 2010 a large scale waste disposal program took place in Delta's facility in Egypt. Due to this program the amount of waste disposed of in 2010 was doubled compared to 2009.



* Data does not include waste measured by units.

In 2010 Delta Galil's Israeli sites recycled 1592.5 ton of electronic waste.

Minimizing Disposables Dishes

When eating during the week-long Jewish holiday of Passover, it is a tradition to eat off of cutlery and plates only used during the holiday, since they cannot come into contact with food that is not Kosher for Passover. Whereas in the past, Delta used to provide disposable dishes during the holiday, in 2010 Delta purchased a set of dishes to be used every year during Passover.

Water & Wastewater

Delta's facility in Israel reduced water consumption by 4.07% per Kg of dyed fabrics in 2010, compared to 2009.

GOALS

- 10% reduction in water use by 2015 (from 2009) - 2015
- Quantitatively record all chemical discharges to wastewater treatment systems and operate an aggressive chemical discharge reduction program - 2015

The textile industry is water intensive, as a great deal of water is used in the process of dyeing fabric. As Delta operates in the water-scarce Mediterranean region, we must follow strict regulations on water consumption. We are committed to reducing our water footprint. We have set a goal of reducing water consumption by 10% by 2015. We will do so by employing various technologies geared to optimize water usage.

Only Delta's sites in **Israel and Bulgaria** incorporate processes that create **industrial wastewater that need treatment**.

Chemical use

Delta Galil adheres to a **strict code** of practice to ensure that no materials, dyes or chemicals used in the production process of our fabrics and garments present an unacceptable risk to health or to the environment during their manufacture, use or disposal.

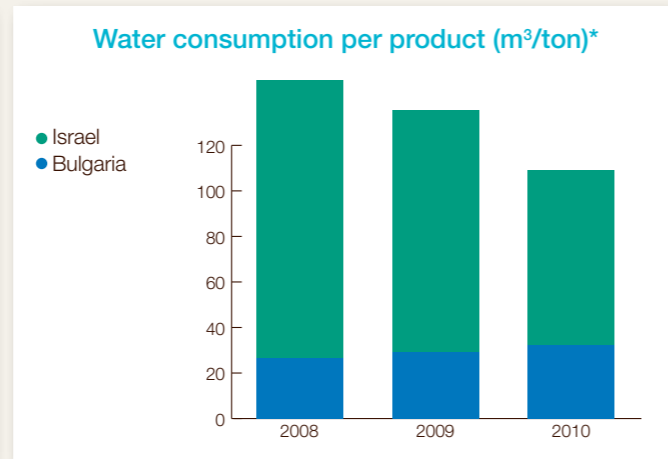
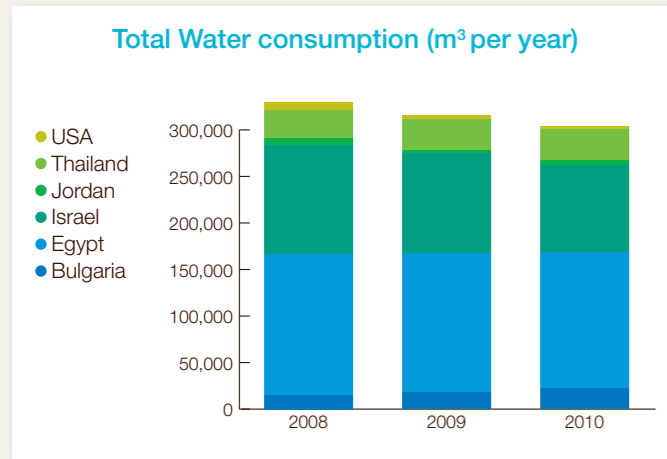
All of the **dyes** and **chemicals** used in the manufacturing process are accompanied by a **safety data** sheet from the supplier giving adequate warning of the health, safety and environmental hazards of that product and advice on appropriate measures for its safe storage, use and disposal. We purchase dye materials from suppliers that are members of the **ETAD** (Ecological and Toxicological Association of Dyes and Organic Pigment Manufacturers). ETAD aims to minimize any adverse impact of organic colorants on health and the environment.



Elidan Shmul, Israel Production Site Manager and Energy and Water Leader:

"In the past year we have been dealing mainly with improving our wastewater quality and energy saving. By changing certain chemicals we managed to improve the quality of the wastewater recycled through municipal facilities. In terms of energy saving we have installed energy saving sensors in Karmiel and are working on installing more in other locations in Israel, Egypt, Bulgaria and Thailand."

Water



* Only the facilities in Israel and Bulgaria use water in the production process.

Delta's facility in Israel reduced water consumption by 4.07% per Kg of dyed fabrics in 2010, compare to 2009. Water consumption per ton of product was 1 liter for 12 tons of product, compared to 1 liter for 12.49 tons in 2009. The savings were achieved thanks to implementation of better technology and improvements in our dye processes.

We are planning to conduct a **pilot in Israel for reusing water from the dyeing process**. This should take place by the end of Q1 2011.

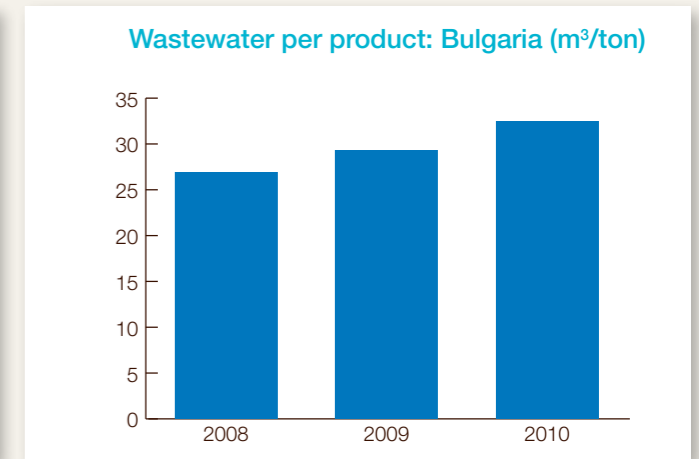
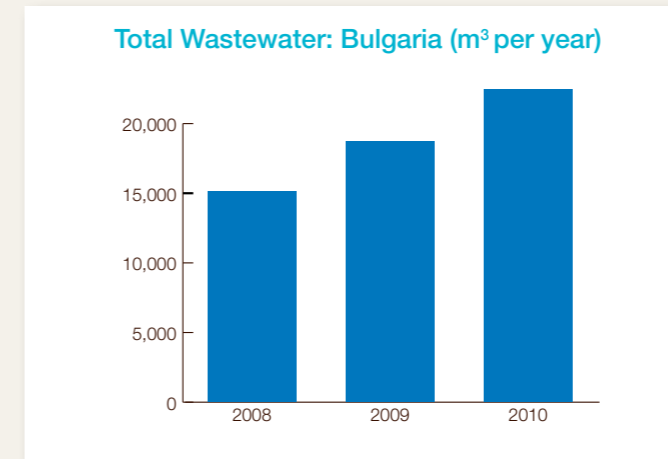
In 2010 Delta's facility in **Bulgaria** stopped conducting bleaching processes. This change caused a slight increase in water consumption but has dramatically **reduced the chemicals used in the process**.

Wastewater

Our intense work to improve the quality of the wastewater has resulted in a very large reduction in the amount of wastewater sent to the end brine facility. Since 2007 we have reduced the amount of wastewater sent from 30% to only 5% in 2010.

Wastewater from the dyeing process can contaminate water sources and land if not properly treated. Delta Galil uses dyes and chemicals for the dyeing and washing processes that are carried out in Israel and Bulgaria. Wastewater in both the facilities is treated on site.

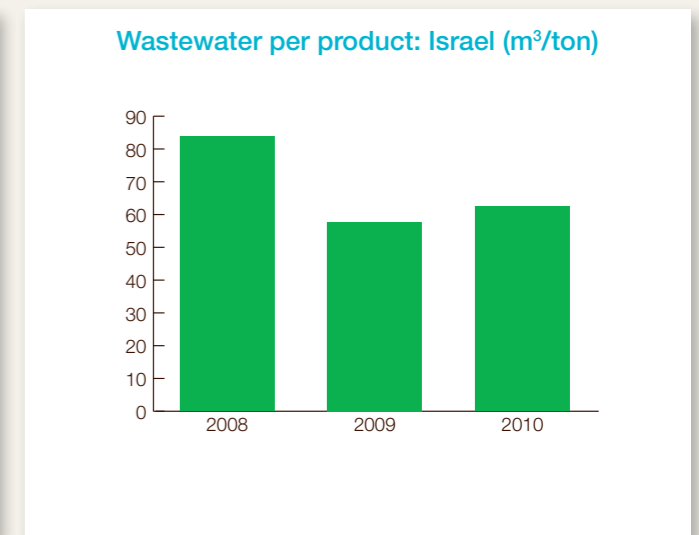
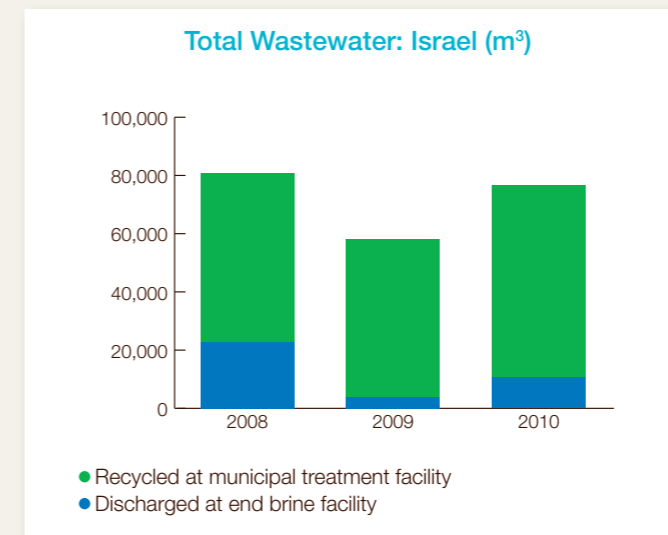
In **Bulgaria** there are no salts or chlorides in the wastewater and **once treated** to adjust acidity levels, is **safely discharged to the municipal sewage system**. In addition to internal monitoring, samples are periodically sent for various chemical analyses to an independent lab, in accordance with local regulatory requirements.



Water use in Bulgaria has gone up per ton of product since it is used for cooling the receiver of the knitting machines and our production capacity has grown. Also, some new sock styles require a larger amount of water per unit for the wet process.

In **Israel** there are two streams of wastewater. One is **treated on site** and the other is **safely discharged to the municipal wastewater treatment facility and recycled for agriculture**. The stream treated on site is sent to an end brine facility once it meets the discharge standards. Sludge from the onsite treatment is sent to a certified landfill.

Wastewater is tested for different pollutants on a weekly basis. Other tests are conducted on a monthly and quarterly basis. Our intense work to improve the quality of the wastewater has resulted in a very large reduction in the amount of wastewater sent to the end brine facility. Since 2007 we have reduced the amount of wastewater sent from 30% to only 5% in 2010. Wastewater that is sent to the municipal wastewater treatment facility is recycled and used for agriculture.



Logistics

2010 marks the first year Delta has approached company logistics from a sustainability point of view. Delta's management believes that by **optimizing shipping and packaging practices** throughout the supply chain, Delta can minimize (in big scales) its **environmental impact** and at the same time optimize costs.

As a first stage in this project, we have started to track all our air, sea and land import and export freights (volume and cost). Data collection and trend analysis started in Q4/2010. The next step is to initiate logistic solutions that will enable improving freight efficiency in each of the aforementioned types.

GOALS

- Create a wide reporting infrastructure for transportation of raw materials and products - 2012



Our primary mile stones in this project are:

- Reduce air shipment volume especially in our import shipments from the vendors, by using more sea and land freights.
- Consolidate cargo ordered by 2-3 different units of Delta from the same geographical zone.
- Reduce packaging volume in coordination with the customers / vendors.

During 2010 we started working on improving different aspects of the company's logistics, in order to **reduce carbon emissions and waste**. The logistics program addresses different stages of production and marketing and focuses on **transportation and packaging**.

Our primary transportation goals in this process are:

- To **minimize deliveries by air**
- To **maximize production transferred by sea and land**.

We have developed the infrastructure so each business unit will report quarterly on the amount and type of shipments.

Additionally, we are in the process of writing an **internal guidebook**, explaining how to optimize shipments. This guidebook will emphasize the cost and emissions saving opportunity that more efficient packaging create.



Harel Sobovitz, Head of Internal Audit Department Sustainable Logistics Leader :

"Shipments and packaging design optimization are a good example of how economic benefits and environmental benefits go hand in hand. Delta plans to set targets during 2011 that will enable achieving these goals simultaneously."



Auburn team, NJ, USA



Williamsport Logistic team, PA, USA



D2 team, NY, USA

OUR GRI REPORT


As part of our company strategy and commitment for transparency, we are proud to release Delta Galil's Corporate Citizenship Report 2010. This report covers **100% of Delta's production, manufacturing and logistics sites** compared to 67% of our previous 2008 report.

The report does not include small local offices in Turkey and the Far East and does not include electricity use in local stores in Israel.

This report, presenting information for the fiscal years of 2009-2010, follows the GRI methodology (www.globalreporting.org) and fits the level B application level, GRI checked. We intend to publish a full report once every 2 years.

Report Application Level	C	C+	B	B+	A	A+	
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14, - 4.15	Report Externally Assured	Report on all criteria listed for Level C Plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: A) reporting on the Indicator or B) explaining the reason for its omission.	

* Sector supplement in final version

Report Application Levels		C	C+	B	B+	A	A+
Mandatory	2002 In Accordance						
	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
	GRI Checked						

In our first report, began the important process of communicating the company's values, environmental impact and emission reduction targets with employees, customers and other stakeholders. Committed to continuing the process of improving environmental and social performance, we have established a solid infrastructure for internal data collection. This process will increase data accuracy and help us understand where future improvements can be made.

This year, the report structure follows the company's new Code of Ethics, in order to emphasis how the company's declarations and intentions match the parameters we measure and the programs we have decided to engage in.

All data presented in the report is collected through direct measurement unless stated otherwise. A few changes in calculation methods were made: air emissions in the 2008 report included emissions from purchased energy. This year the calculation only includes emission from direct energy use and includes all of Delta's sites. Also, Delta reported its carbon emissions for 2009 to the CDP organization. In the CDP report, two data sets were accidentally dropped: one site in the USA that consumes electricity and the steam purchased in Delta's facility in Bulgaria.

Since this report covers 100% of Delta's facilities, as opposed to 67% presented in the 2008 report, it's not a valid comparison. Accordingly, all reduction targets that were defined from 2008 have been updated and refer to reduction from 2009, the year Delta started measuring all of its sites.

The topics emphasized in this report are derived both from the GRI methodology and our stakeholder dialogue. (For further information regarding stakeholder dialogue please see pg.18-19)

Focus points for determining reporting content



GRI INDEX

General

PROFILE

1.1	Statement from the most senior decision-maker of the organization	4	100%
1.2	Description of key impacts, risks, and opportunities	8-9, 35	100%

ORGANIZATIONAL PROFILE

2.1	Name of the organization	12	100%
2.2	Primary brands, products, and/or services	12	100%
2.3	Operational structure of the organization	14	100%
2.4	Location of organization's headquarters	14	100%
2.5	Number of countries where the organization operates	16	100%
2.6	Nature of ownership and legal form	14	100%
2.7	Markets served	12	100%
2.8	Scale of the reporting organization	16	100%
2.9	Significant changes during the reporting period regarding size, structure, or ownership	No significant changes	100%
2.10	Awards received in the reporting period	No awards	100%

REPORT PARAMETERS

3.1	Reporting period (e.g., fiscal/calendar year) for information provided	70	100%
3.2	Date of most recent previous report	70	100%
3.3	Reporting cycle	70	100%
3.4	Contact point for questions regarding the report or its contents	76	100%
3.5	Process for defining report content	71	100%
3.6	Boundary of the report	70	100%
3.7	State any specific limitations on the scope or boundary of the report	70	100%
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other	70	100%
3.9	Data measurement techniques and the bases of calculations	71	100%
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	71	100%
3.11	Significant changes from previous reporting periods	71	100%
3.12	Table identifying the location of the Standard Disclosures in the report	72-75	100%
3.13	Policy and current practice with regard to seeking external assurance for the report	No external assurance	100%

GOVERNANCE, COMMITMENTS AND ENGAGEMENT

4.1	Governance structure of the organization	14	100%
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	No	100%
4.3	Number of members of the highest governance body that are independent and/or non-executive members	15	100%
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body	19	100%
4.5	Linkage between compensation of the highest governance body and the organization's performance	15	100%
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	15	100%
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	15	100%
4.8	Internally developed statements of mission or values, codes of conduct, and principles	32, 34	100%
4.9	Procedures of the highest governance body for overseeing the organization's identification and management	15, 35	100%
4.10	Processes for evaluating the highest governance body's own performance	15	100%
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	35	100%
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	30, 44, 47, 63	100%
4.13	Memberships in associations	35	100%
4.14	List of stakeholder groups engaged by the organization.	19	100%
4.15	Basis for identification and selection of stakeholders with whom to engage	18-19	100%
4.16	Approaches to stakeholder engagement	19	100%
4.17	Key topics and concerns that have been raised through stakeholder engagement	19	100%

Economic

ECONOMIC PERFORMANCE

DMA EC		13, 32	100%
EC1	Economic value generated and distributed (Core)	16	100%
EC2	Financial implications, risks, opportunities for the organization's activities due to climate change (Core)	35	100%
EC4	Significant financial assistance received from government (Core)	16	100%

Environmental

DMA EN		54	100%
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MATERIALS

EN1	Materials used by weight or volume (Core)	62	<input type="checkbox"/>
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ENERGY

EN3	Direct energy consumption by primary energy source (Core)	58	100%
EN4	Indirect energy consumption by primary source (Core)	58	100%
EN5	Initiatives to reduce energy consumption	58	100%
EN6	Initiatives to provide energy-efficient or renewable energy based products and services (Additional)	42-43	<input type="checkbox"/>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (Additional)	55	<input type="checkbox"/>

WATER			
EN8	Total water withdrawal by source (Core)	66	100%
EN10	Percentage and total volume of water recycled and reused (Additional)	67	100%

BIODIVERSITY			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value (Coe)	16	100%

EMISSIONS, EFFLUENT, AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight (Core)	60	100%
EN18	Initiatives to reduce greenhouse gas emissions an reductions achieved (Additional)	55, 58	100%
EN20	NOx, SOx, and other significant air emissions by type and weight (Core)	59	100%
EN21	Total water discharge by quality and destination (Core)	67	100%
EN22	Total weight of waste by type and disposal method (Core)	63	100%

PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services (Core)	42-43	
EN28	Non-compliance with environmental laws and regulations in 2009-2010.	No incidents	100%

Social

SOCIAL PERFORMANCE: LABOR PRACTICES & DECENT WORK			
DMA LA		24	100%
LA1	Total workforce by employment type, employment contract, and region (Core)	26	100%
LA4	Employees covered by collective bargaining agreements (Core)	26	100%
LA7	Rates of Injury rates (Core)	30	
LA11	Career endings assistance (Additional)	26	100%
LA13	Employee Diversity	27	

SOCIAL PERFORMANCE: HUMAN RIGHTS			
DMA HR		26	100%
HR4	Total number of incidents of discrimination and actions taken (Core)	No incidents	100%
HR5	freedom of association and collective bargaining rights (Core)	No such operations	100%
HR6	Measures taken to contribute to the elimination of child labor (Core)	No such operations	100%
HR7	Measures to contribute to the elimination of forced or compulsory labor (Core)	No such operations	100%

SOCIAL PERFORMANCE: SOCIETY			
DMA SO		50	100%
SO5	Participation in public policy development and lobbying	Do not participate	100%
SO6	Financial and in-kind contributions to political parties and politicians (Additional)	Do not contribute	100%
SO7	Fines and total number of non-monetary sanctions for non-compliance with laws and regulations (Core)	No sanctions	100%

SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY			
DMA PR		44	100%
PR4	Non-compliance with regulations and codes concerning product and service information (Additional)	No fines	100%
PR7	Non-compliance with marketing communications regulations (Additional)	No incidents	100%

Apparel & Footwear Sector Supplement

AF. 1	the content of the code of conduct; identify the extent of supply chain covered by the code	47	100%
AF. 3	Compliance audit process	47	100%
AF. 8	Number of audits conducted and percentage of workplaces audited	47	
AF. 9	Incidents of non-compliance with legal requirements of collective bargaining agreements on wages	No incidents	100%
AF. 10	Incidents of non-compliance with overtime standards	No incidents	100%
AF. 11	Incidents of non-compliance with standards on pregnancy and maternity rights.	No incidents	100%
AF. 12	Incidents of the use of child labor	No incidents	100%
AF. 13	Incidents of noncompliance with standards on ender discrimination	No incidents	100%
AF. 14	Incidents of non-compliance with code of conduct	No incidents	100%

Partially Fully

We Thank

All of **our employees** for the tremendous help in writing this report

Assif Strategies for the consulting throughout the process

Merav Cohen - Desing and production of the report

For further information on any aspect of this report please contact:

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