

# DELTA

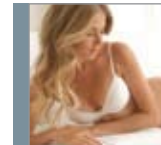
GALIL INDUSTRIES LTD.

## CORPORATE CITIZENSHIP REPORT 2008

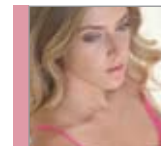
DELTA GALIL INDUSTRIES LTD.  Adopt a green habit



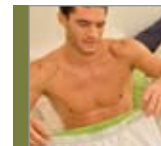
CEO Statement



1. Delta Galil's Profile



2. Our First Report



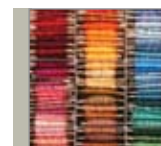
3. Our Products



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# CORPORATE CITIZENSHIP REPORT 2008



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	
	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

## CEO Statement



I am glad to present to you Delta Galil's first **Global Corporate Responsibility Report**.

This report is handed out to all of our associates, managers, employees and their families, our communities, suppliers, shareholders and customers.

The era we live in requires taking extreme measures regarding our physical and socio-economic environment. This report reflects the importance Delta Galil is giving to these issues. By writing this report we are committed to taking responsibility for our corporate influence on our globe, our customers and the communities we operate in.

We started our Green Journey in May 2007. Since then we have made significant achievements:

We launched the Greener Delta Plan worldwide, mapping out the various subjects we needed to deal with and taking actions in different areas such as reducing our water usage and creating a waste reporting routine.

As part of our corporate responsibility we have put five major pillars on the agenda:

Climate Change and Energy

Waste and Water Management

Products, Production Processes and Packaging

Corporate Culture

Corporate Responsibility

For the major sustainable issues we have set out goals for the future, in which you can further read in the report.

Later that year we introduced the Ecolife® brand – an energy efficient apparel line ([www.ecolifeunderwear.com](http://www.ecolifeunderwear.com)). The brand has been launched in April 2009.

During our ongoing actions for reducing environmental impact we learned that most of the energy use during apparel lifecycle is expended after the product is bought, during the everyday washing and drying activities. Understanding that, we started an ongoing search to develop products that are more energy efficient during consumer use. The Ecolife® brand was our first outcome.

On top of it, we are taking actions, as part of our daily routine and as responsible citizens of the world to create a positive social and environmental impact as described in this report. Socially, we are proud to present a co-existence company where people from various cultures and religions work together under one roof, respect each others customs and create a co-existing culture that is so special and unique in our world.

We at Delta, see Corporate Responsibility as a positive engine for growth and innovation. We aim to improve on a constant basis and lead the apparel business in the path towards sustainable growth. We believe that it is possible by managing each step in the product's lifecycle from the design through the supply chain, consumer use and eventually the end of product's lifecycle.

We remain committed to continue growing and evolving as a company and to considering our corporate social and environmental responsibility and stewardship throughout the process.

By our next report we hope to expand our scope; to retrofit our production sites to become greener, to continue implementing the system for measuring our carbon footprint emissions; deepen our indicators for sustainability measurement with our supply chain partners; and eventually cover and measure 100% of our activity. We know that reaching these objectives will not be an easy task but at Delta Galil we are determined to do so and are ready to invest the resources needed for this process.

These are our fist steps. I invite you to explore this report and to join us while we continue to strive for a better world.

Yours,

Isaac Dabah  
CEO



# Delta Galil's Corporate Citizenship Report | 2008



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# 1. Delta Galil's Profile

# What Makes Us Unique?



multi-cultural. experience  
**innovation**  
partnerships  
success

## Global Multi-Cultural Company

Operates in 4 continents and over 9 countries.

## High Quality Products

Over 8,000 employees working to create our high-end products.

## Innovation

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

## The DGL™ (Delta Galil Labs) Philosophy

Body Before Fabric™

## Since 1975

Over 30 years of leadership, experience and excellence in the global apparel and socks market.

## Strong Partnerships

Long-term relationships with over 15 leading retailers and brands around the world.

## Customized Solutions

Tailoring the best supply chain strategy for each customer, using the right mix of our own facilities and sub-contractors.

## Comprehensive Services

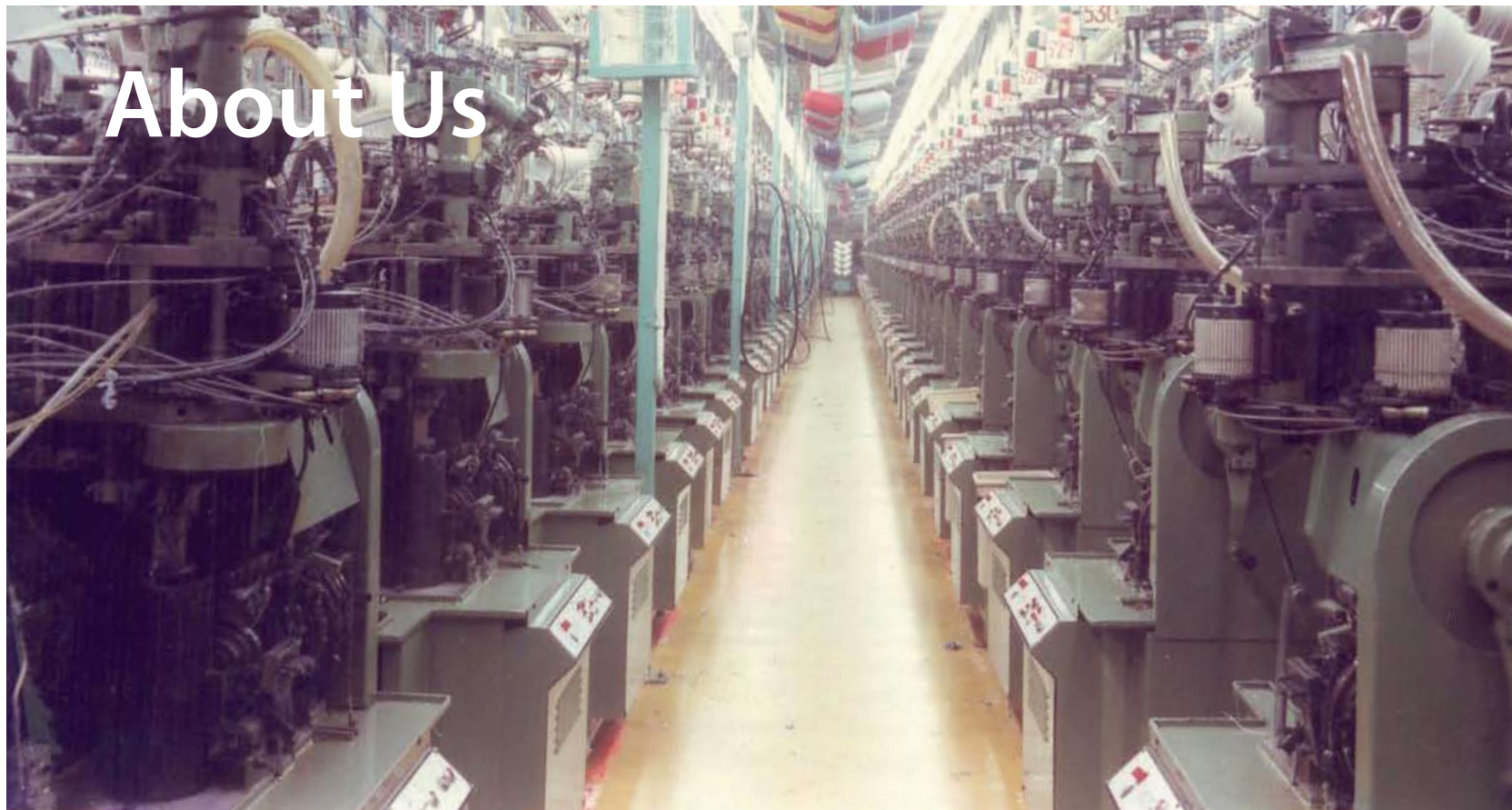
Working closely with our partners to provide a comprehensive package of services, including design, development, manufacturing and marketing of new product lines.

## Community Relations

34 year tradition of supporting a variety of organizations and activities.

...And our **People** that create **Fashion, Business** and **Success** for over 30 years.

# About Us



global high-quality  
manufacturer  
marketer

Delta Galil Industries is a **global manufacturer and marketer** of private label and branded **apparel** products and **socks** for **men, women** and **kids**. The company is spread over 4 continents and employs **over 8,000 associates**. Delta Galil serves customers in the **US**, the **UK**, **continental Europe** and **Israel**. Among our leading customers are Wal-Mart, M&S, Hema, Target, JCPenney, Victoria's Secret, Calvin Klein, Hugo Boss, Dim, Maidenform, Tommy Hilfiger and more.

Since its inception in 1975, the company has continually strived to create products that follow a Body Before Fabric™ philosophy, placing equal emphasis on comfort, aesthetics and quality. Delta develops an eclectic offering of made-to-order products, including intimate apparel for women; innovative bras; extensive lines of underwear for men; underwear for kids; variety of socks offering; leisurewear and nightwear; activewear; and state of the art knitted fabrics offerings.

“ We provide the world’s premier retailers and brands with end-to-end solutions for the design, development and manufacture of high-quality products - private label apparel as well as our own brands. ”



## Since 1975

Delta Galil was founded in Israel in 1975 by Mr. Dov Lautman as a privately held company. The company began with two sewing plants and a fabric production site.

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, and is one of the world's leading apparel and sock companies.

1975 | 1976 | 1978 | 1981 | 1982 | 1983 | 1984 | 1985 | 1988 | 1989 | 1991

- Delta Galil Industries Ltd. founded
- First sewing plants established in Karmiel and Nazareth, Israel
- Hired hundreds of workers in Israel
- Acquired state-of-the-art equipment
- Cultivated relationship with Marks & Spencer
- Established sock plant in Karmiel
- IPO on Tel-Aviv Stock Exchange
- Established leisurewear factory in Scotland
- Initial penetration of US market
- Expanded activities in US market
- Sara Lee Corporations purchases Delta Galil shares and becomes a partner
- Established Ladies Intimate Apparel division and Leisurewear Division in Israel
- Developed Cotton-Lycra fabric that became the primary fabric for ladies intimate apparel world wide

1995 | 1996 | 1998 | 1999 | 2000 | 2001 | 2003 | 2004 | 2005 | 2007 | 2008

- Established sewing plant in Egypt
- Acquired Sabrigum, an elastic-tape factory in Israel
- Established manufacturing activities in Jordan through joint venture with CIG
- Began seamless apparel operation
- IPO on NASDAQ
- Acquired Wundies, a US mass-market underwear manufacturer
- Acquired Inner-Secrets, a US ladies intimate apparel manufacturer
- Merged Inner-Secrets and Wundies to form Delta Galil USA
- Acquired Auburn hosiery mills, including the Wilson license, expanding sock market in the US and Europe
- Acquired TAGA and Yodfat licenses in Israel
- Acquired Burlen Corporation which bolstered our position in Ladies' Intimate Apparel and in the US mass-market
- GMM acquires Delta shares from Sara Lee and becomes the second biggest shareholder of the company holding 28.5%
- Launch of manufacturing operations in Bulgaria
- Mr. Dov Lautman sells ownership to GMM Capital LLC (Mr. Isaac Dabah)
- 'Greener Delta Plan' launch
- Created the new Ecolife® brand (launch expected in 2009)
- Exit from NASDAQ, registered in OTCQX





# Our Mission

mutual respect  
global leadership  
social and environmental responsibilities

Delta Galil's mission is to continue our tradition of **global leadership in high quality 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 through 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.

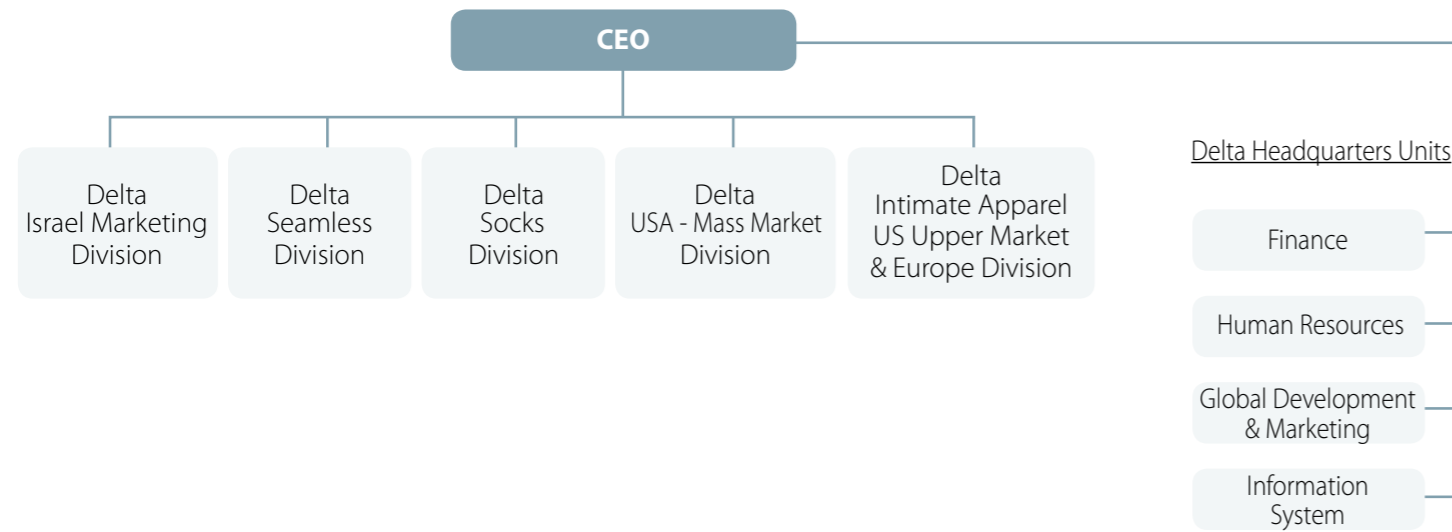
Delta Galil employs individuals from all over the world. We are proud of being a **multi-cultural global** firm and believe in **mutual respect** and **co-existence** within the Delta Galil family and in the **communities** and **environments** in which we work.

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

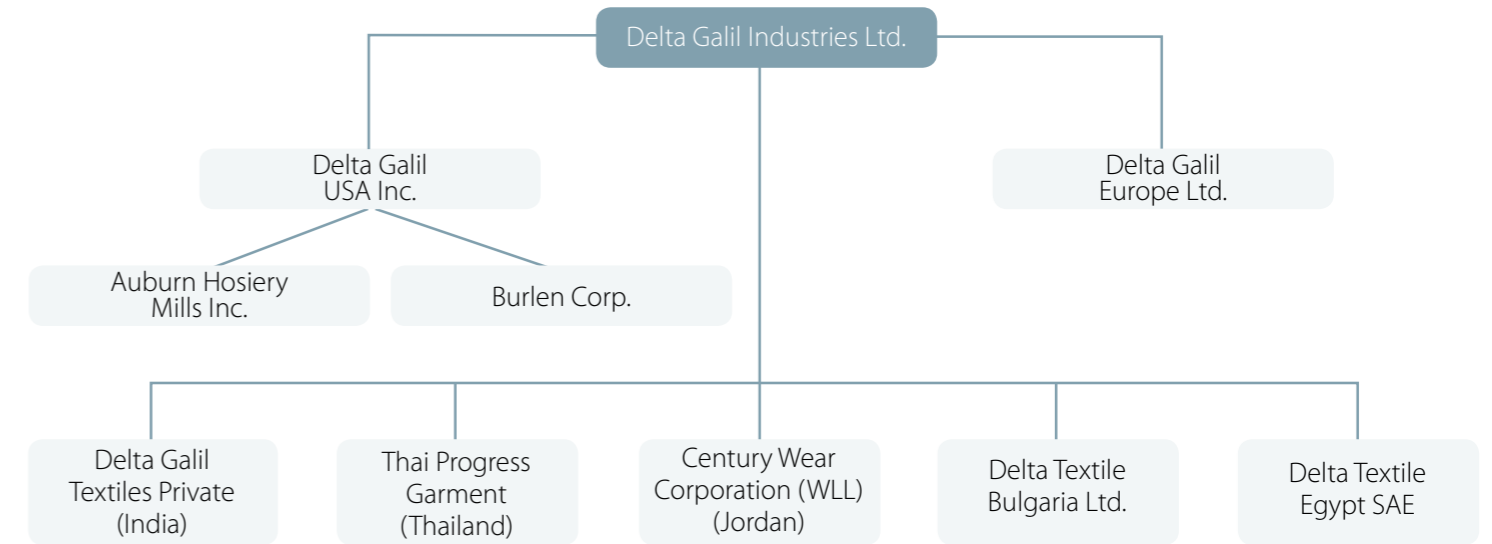


Delta Galil Industries Ltd. is a global group with headquarters in Tel-Aviv, Israel. The group operates in five operating segments backed-up by four headquarter units and includes subsidiaries world-wide. Strategic discussions are conducted directly between the CEO and the managers of the different segments and units.

## Company Holdings

Delta Galil is held by GMM Capital LLC. In September, 2008, Mr. Isaac Dabah replaced the Company's CEO, Mr. Aviram Lahav, and became both Chairman and CEO of the company. Mr. Dabah has a controlling interest of about 54%. Mr. Dov Lautman has approximately 11% stake in the company, the rest, 35%, is publically traded of which 10% are held by Clal Holdings Insurance Business Ltd.

The following chart presents the group's main subsidiaries:



In view of changes in the business environment and price erosion of products, the company began a restructuring program in 2005. The re-structuring included closing facilities in the USA and Canada and the transfer of operations to sub-contractors in the Far East. The company decided to reduce manufacturing operations in Israel and Jordan along with expansion of operations in Egypt and the Far East. Organizational changes were also made at the headquarters in Israel in order to improve efficiency. These included changes in the development, design, marketing, sales and finance departments. The re-structuring plans resulted in man power downsizing and the reduction of employment of over 3,000 employees over a four year period.



# Global Presence

urban areas  
**industrial areas**  
 over 4 continents

Country	Employees	Facilities' Area (m <sup>2</sup> )	Main Use	Reported in this GRI report
Israel	1,430	64,450	Headquarters Seamless Plant Sock Production Plant Fabric and Sock Development Department Offices Stores Warehouses	Seamless Plant, Sock Production plant and the offices in Karmiel. A total of 42,771 m <sup>2</sup> and 1,050 employees. Delta Galil also owns an undeveloped property in Israel of 255,484 m <sup>2</sup> .
Egypt	3,530	38,554	Knitting Plant Cut & Sew Plant Packing Operation Storage	Included in this Report
Bulgaria	520	8,640	Sock Production Plant	Not Included in this Report
Thailand	1,112	2,787	Cut & Sew Plant Warehouse	
U.S.A.	630	108,138	Distribution Centers in Pennsylvania, Kentucky and Georgia Offices in Kentucky, New York, New Jersey	Distribution Centers in Pennsylvania and Kentucky. A total of 73,050 m <sup>2</sup> and 179 employees.
U.K.	50	1,400	Office	Not Included in this Report
Jordan	700	21,637	Cut & Sew Plant	
China	73	14,585	Office Sub-Let Property	
India	295	7,060	Sock Productin Plant	

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.

Delta Galil is also engaged with strategic sub-contractors in different countries such as: China, Turkey, Bangladesh, Sri-Lanka, Indonesia and Vietnam.

# Our Customers



“ We are proud to serve our customers; the leading brands & retailers around the globe. We are committed to providing high quality products, reliability, flexibility and superb service. ”

The company produces customized, innovative fashion and basic apparel and socks for leading retailers around the world, including:



And for leading brand names, including:



We also sell our products under brand names licensed to Delta Galil, such as:



Delta Galil also owns several brands:



# Financials

## Management Approach:

Delta Galil is committed to openness, honesty and fairness in all business dealings and communications with employees and public constituencies. Delta Galil is a publicly traded company and publishes annual and quarterly financial reports that provide information regarding economic performance and market presence. Delta Galil offers employees competitive compensation and benefits which are equal to or better than the compensation and benefits offered in similar industries and locations.

## Economic Indicators (\$ million):

	2006	2007	2008
Operating profit*	25.6	15.7	0.8
Sales (net)	706.7	647.4	622.8
Operating costs**	681.8	632.5	622.8
Employee wages and benefits	132.3	126.0	125.5
Repayments of bank loans (net)	22.6	-1.3	19.6
Gross taxes	5.5	4.1	2.5
Tax rebate*** (Export Subsidiary)	2.6	1.3	1.1

\* Before non recurring items

\*\* Excluding restructuring costs, goodwill impairments and capital gains

\*\*\* Given by the Egyptian and Indian governments



# Future Challenges



returns for investors  
multiple values  
stringent regulations

Delta Galil is challenged by the difficult world economic situation, fluctuating raw material prices and availability, and increasing regulations.

The recent economic crisis in the global market is affecting businesses from all sectors. It has led to a massive reduction in consumer confidence and spending. This, in turn, has minimized the demand for goods and services and has greatly affected the apparel and sock industry.

**In times like these, consumers are keen on buying products that represent multiple values. Delta Galil aims to produce products that adhere to the ethical and socially responsible standards that we aim for as a corporation.**

The company is also committed to delivering returns for investors and aiming toward revenue growth and stability. The environmental effects of climate change, population growth and increased consumer demand have put pressure on energy and raw material markets, causing fluctuation in price and availability.

In addition, the trend towards an increased regulatory environment requires additional company resources to address. In recent years, Delta Galil has been making substantial investments both in infrastructure and in innovation in order to stay competitive and also meet more stringent international rules and regulations.

Both increased environmental regulation and market instability are putting intense pressure on prices and make the challenge of future planning more sensitive and paramount to the company's continued long-term success. Delta Galil is ready for these challenges and taking the necessary steps to maintain its proud tradition of excellence and innovation.

# Corporate Governance



## Global Operating Principles

Delta Galil is committed to being a **fair employer** and a **responsible** and **socially conscious corporate citizen** in all locations in which it operates.

In order to accomplish these objectives, Delta Galil has established global operating principles which set forth the standards by which the corporation will operate and conduct business. These global principles are meant to convey Delta Galil's values, commitments and goals to our employees and to the public.

Delta Galil is committed to the promulgation, application, and continued development of these principles:

We at Delta Galil:

- will not be involved in activities that it believes are ethically questionable.
- is committed to full compliance with all laws and regulations in the locations where the corporation operates and conducts business.
- observes environmentally conscious practices in all locations where the corporation operates.
- encourages each of its operating facilities to become actively involved in the life of the community through sponsorship and active involvement in local initiatives.
- will actively seek out opportunities to contribute funds, products, materials, time, expertise and other assistance to local causes and projects, in every community where the company operates.
- strives to create a working environment that empowers each employee to reach his or her full potential in order to attract and retain the best, brightest and most talented individuals.
- believes employees have valuable ideas and should be given the opportunity to voice those ideas.
- hires employees based on their ability to do the job and not on the basis of personal characteristics or beliefs.
- is committed to openness, honesty and fairness in all business dealings and communications with employees and public constituencies.
- is committed to providing a safe and healthy working environment.
- will not hire underage workers and has maximum shift and workweek hour limits.
- offers employees competitive compensation and benefits which are equal to or better than the compensation and benefits offered in similar industries and locations.

## Management and Control Systems

Delta Galil's Board of Directors consists of eight members, two of which are independent. The Board meets quarterly to review and approve the company's financial results. The board also meets from time to time 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. This committee, with an additional Director, meets quarterly to discuss the financial results of each quarter and recommend to the Board to approve the results.

### Compensation Committee

The committee consists of three board members of which one is independent and one is the chairman and CEO. The committee deals with salary and employment conditions, as well as, bonuses and options for senior executives.

### Banking Committee

The Banking committee consists of three members from the board of directors. They discuss and approve the dealings of the Company with the banks.

### Management Compensation

Delta Galil operates a compensation plan for upper management. The plan includes compensation based on individual achievements, division achievements and meeting consolidated budget goals.

## Memberships 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.



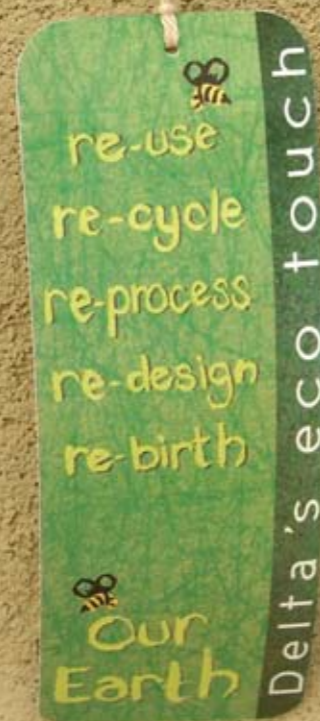
### Manufacturers Association of Israel

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.





# Corporate Sustainability Policy



Delta Galil is embracing the environmental challenges of today by continuing its tradition of innovation while applying the principles of sustainability.

We aim to produce the best apparel and socks that encapsulates social and environmental excellence today and for future generations.

We are committed to full transparency in all aspects of operation.

## 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

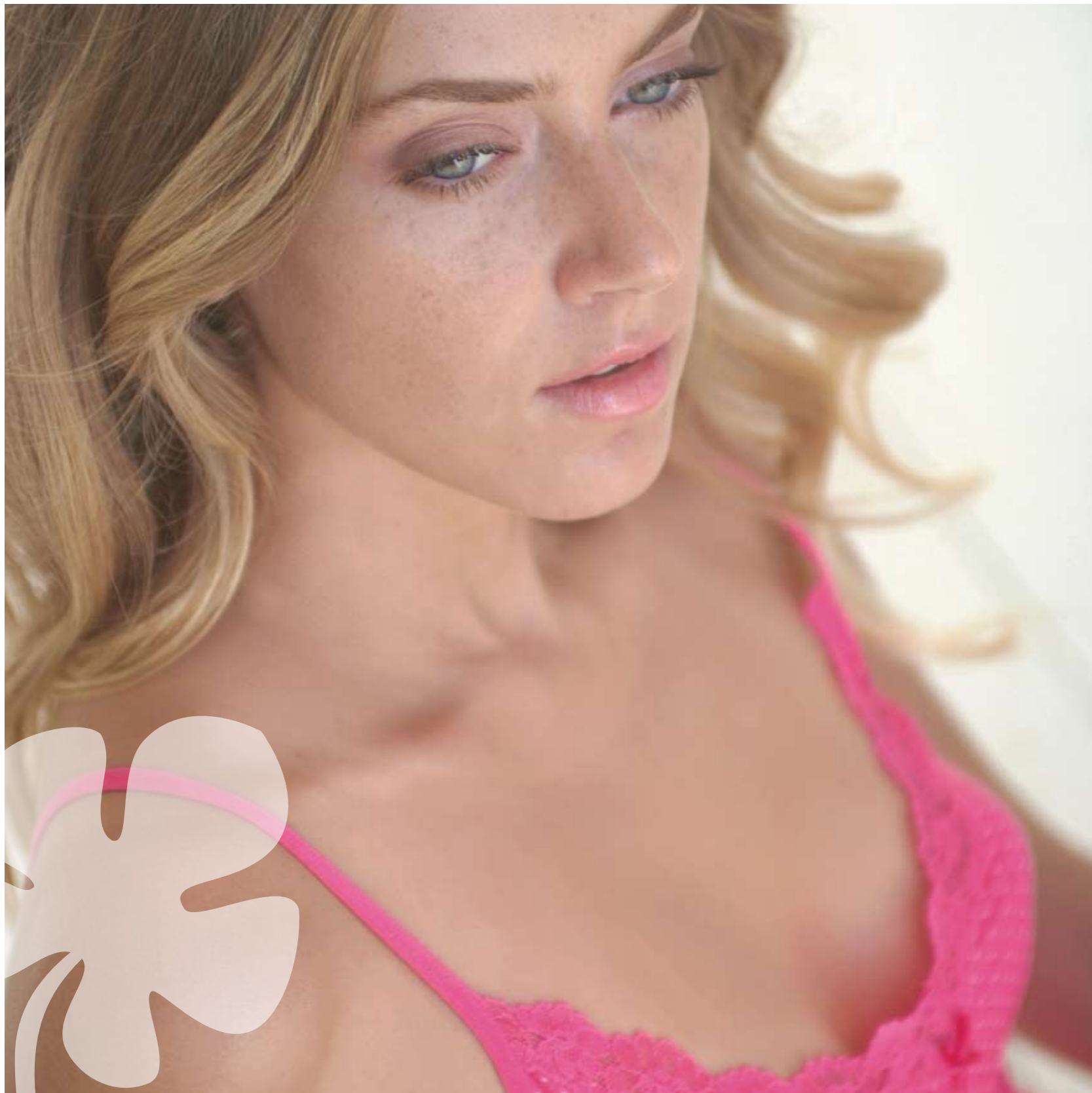
- Continue to develop and promote environmentally friendly raw materials in our products, including developing our own eco-brand.
- Continuously optimize our production processes to reduce chemical use and improve chemical selection.
- Optimize product packaging including reduction and material selection.

## 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.



## 2. Our First Report



# We are Proud to Present Our First Report

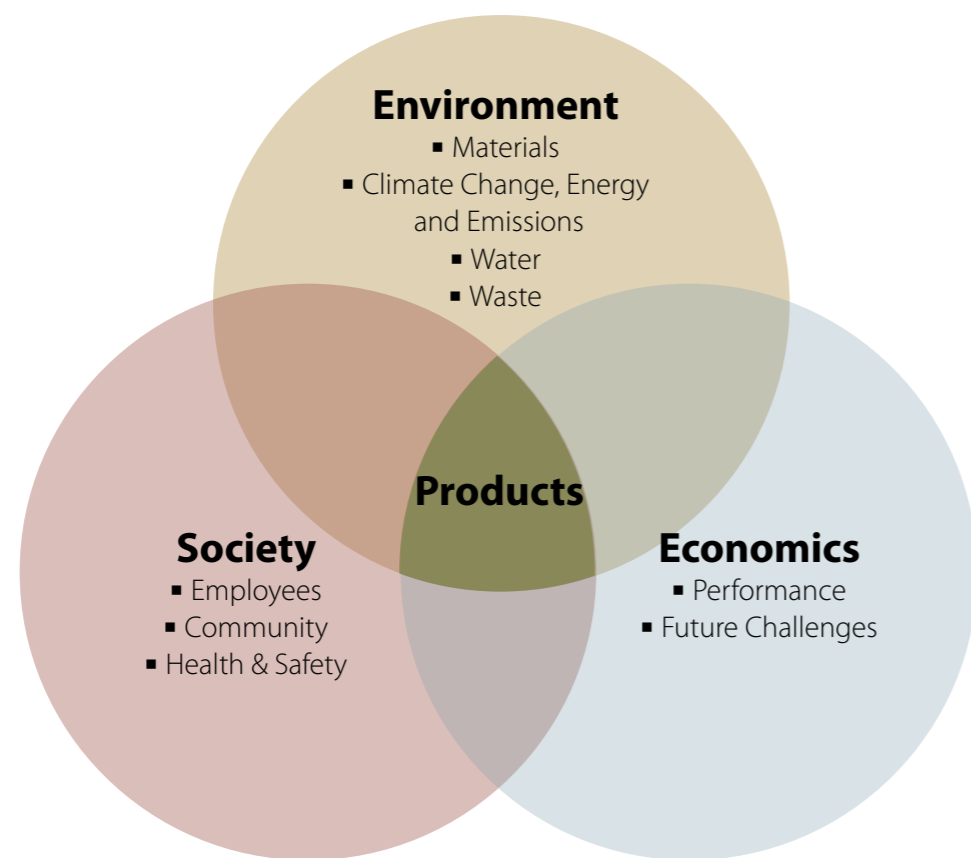
Delta Galil understands the importance of taking responsibility for its actions in its spheres of influence. This report is an important step toward fulfilling that responsibility and represents the **company's commitment to establishing processes to increase transparency and corporate social responsibility.**

This Corporate Citizenship Report is the first of its kind at Delta Galil and provides information for the fiscal year of 2008. The report follows the guidelines of the GRI (Global Reporting Initiative: [www.globalreporting.org](http://www.globalreporting.org)), the world's most trusted format of sustainability reporting. This report is the **beginning of a larger initiative** to communicate the company's values with employees, customers and other stakeholders.

This report compiles information of interest to stakeholders based on market analysis, legislative trends and on textile industry benchmarking. The combination of this analysis, along with the Global Operating Principles and our Policy Principles helps identify the main material impact areas.

The corporate citizenship reporting process supports our global efforts to minimize Delta Galil's environmental impact and position the company among those companies that recognize the need for action towards sustainability, transparency, reporting and corporate social responsibility.

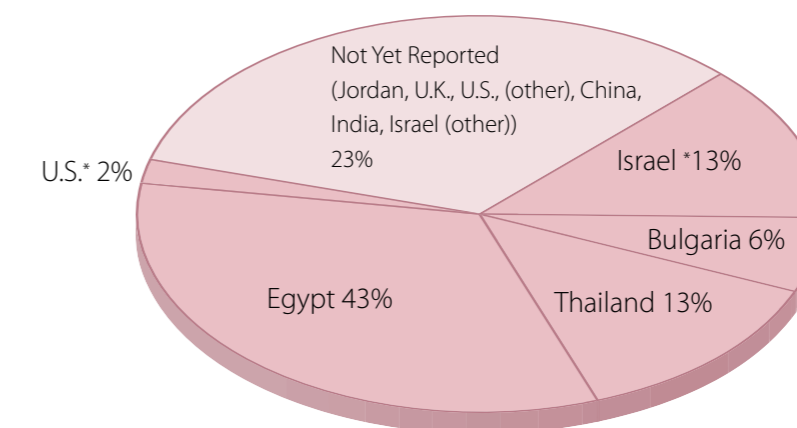
# Our Spheres of Influence



## Reporting Scope

This is Delta Galil's first Corporate Citizenship Report, and we are still in the process of building the reporting infrastructure throughout the company. Thus, some of our facilities are not included in this report. We expect that our next Corporate Citizenship Report will include more facilities and activities worldwide. This 2008 report includes 67% of Delta Galil's employees, including the main production facilities.

Facilities Included in this Report (by % of Employees)



\* Some of the facilities in Israel and the U.S. are not included in the report. See page 19.

## Data Quality & Reliability

Throughout 2008, Delta Galil has been working on creating a reporting routine. The company believes that the collection of data on a regular basis helps in increasing efficiency and improving our practices. **Delta Galil is committed to providing honest and reliable information in a transparent way.**

We have a reporting infrastructure in place for many social aspects, and our challenge is to create an improved reporting infrastructure for all corporate citizenship indicators. The data assembled from our facilities presents information and statistics to the best of our knowledge. We are working to improve data collection practices and increasing the scope of our reported information.

## Stakeholder Inclusiveness

This report is being published in order to provide information to our stakeholders: employees, suppliers, partners, customers, authorities and community organizations.

Analysis of changing orientations in the global apparel and sock market shows an emerging demand for more responsible and environmentally friendly products. Our stakeholders help us understand this and have had a major influence on the company's environmental efforts.

We hope to create an open dialogue with our stakeholders and to work together to develop responsible policy and business initiatives.



### 3. Our Products

# Our Products



Delta's extensive product lines are designed with the full understanding of market trends and a focus on the needs of our customers in terms of innovation, quality, price points and time to market. Our experienced design, marketing and commercial teams work closely with each of our customers to ensure that we fulfill consumer needs.

Delta's range of product categories covers every age group from birth to maturity and includes ladies and teens intimate apparel, men's underwear, sleepwear, socks, kids underwear, leisurewear and activewear.

## Our Product Lines Focus on:

### Intimate Apparel

Ladies and teens underwear items, including panties, seamless products, shapewear, bras, camis / vests.

### Men's Underwear

Underwear for men and teens, in various styles.

### Sleepwear

Home wear and sleeping outfits.

### Socks

Socks for men, women and kids in dress, casual and sporting styles, in different prints.

### Kids

Underwear for boys and girls.

### Leisurewear

Basic and fashionable casual clothing in a range of styles and materials, including T- shirts, golf shirts and fashionable tops.

### Activewear

Sweat shirts and training outfits.

## Goals:

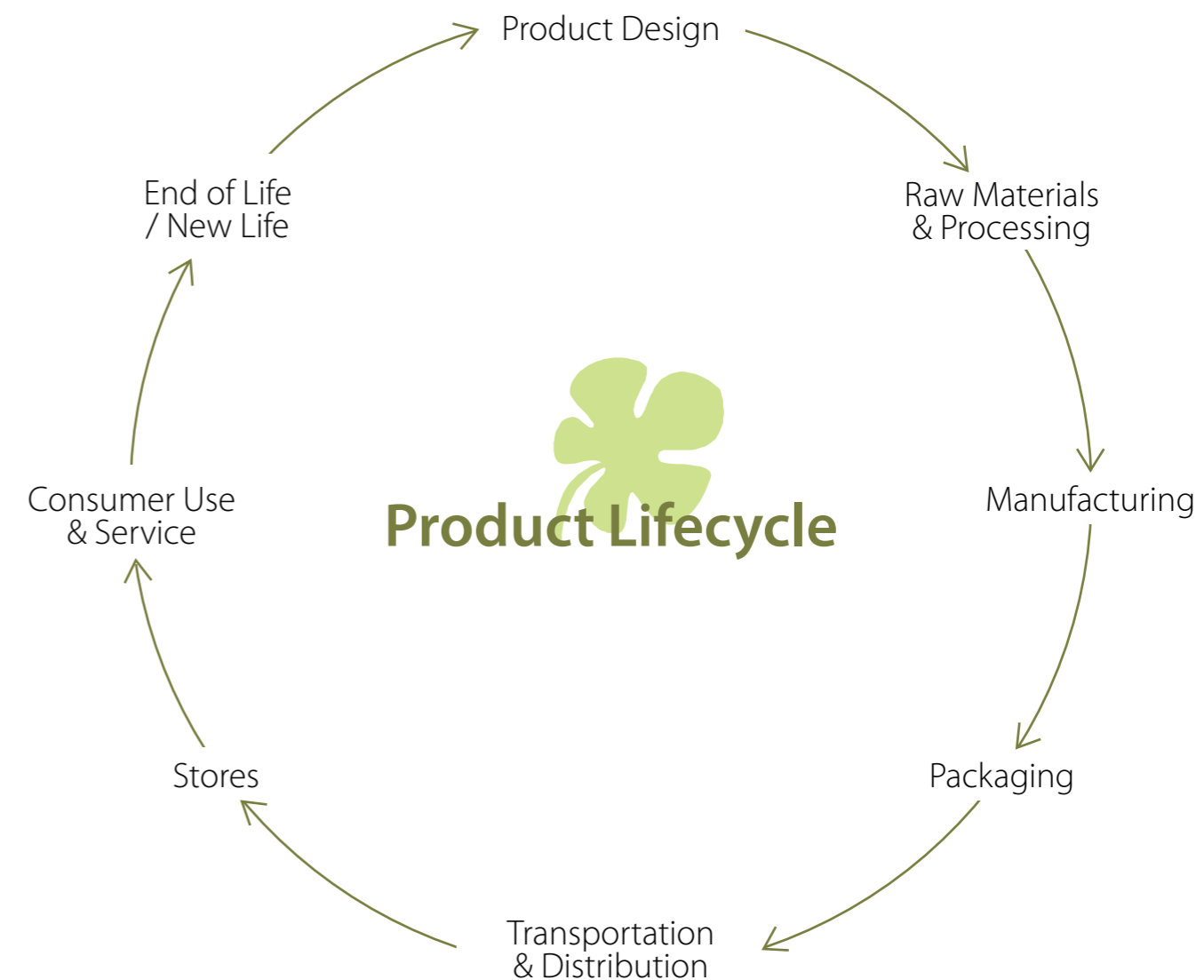
- Launch Ecolife® in 2009
- Expand our sustainable product lines among our private label offerings as well as in our own brands
- 30 million sales of innovative products in 2010





# Introducing: ECOLIFE® Brand Energy Saving Apparel

“ We feel our responsibility for products is not limited to the manufacturing phase and doesn't end once production is finished. That's why we developed our Ecolife® brand ([www.ecolifeunderwear.com](http://www.ecolifeunderwear.com)). ”



At Delta Galil we examine the whole lifecycle of our products and aim to manufacture products that cause minimal environmental damage throughout that cycle.



Recently-published research shows that **most of the energy invested in textiles and clothes** is not expended during the production process but rather **comes from consumer use**. Throughout their lifecycle, **about 75% of the energy** used on textile products is derived from **washing and drying** the product. At Delta Galil we have been researching **ways to decrease the amount of energy** used in washing and drying our apparel.

"The Ecolife® brand is the umbrella idea for what we are trying to achieve here and because we see this opportunity extending beyond underwear to all kinds of apparel. The big idea is how can we save the consumers money, [and] how can we be more efficient in energy usage. Rather than building more plants we just need to be much more efficient with the energy that we are currently using and that is what we are doing with Ecolife®".

(Interview: Sky News, March 2009  
with Nicholas Graham,  
head of menswear at Delta Galil USA)

## Energy Savings

Ecolife® is made from "energy saving" anti-bacterial cotton that is designed to be **washed in cold instead of hot water**, reducing dramatically energy usage.

## Long Lasting

Ecolife® is made from ReaLasting Cotton™, a process that **extends the fresh look of cotton after many washes allowing for longer wear**.

## Packaging

Ecolife® garments are packaged in recycled carton, designed in a way that minimizes the amount of material necessary.

## Ecolife® helps restore Gulf Coast forests

Ecolife® launched the iPhorest mobile application that allows users to plant a tree from their mobile phone. For each virtual tree planted, The Conservation Fund will plant a native tree in real life, beginning with restoration of vulnerable wildlife habitat along the Gulf Coast.

As the virtual iPhorest grows, the Fund will work with the nation's leading public natural resource agencies to ensure the real trees are protected for the long-term.



# Body Before Fabric™



leading advantage  
innovative  
technologies  
natural and comfortable feeling

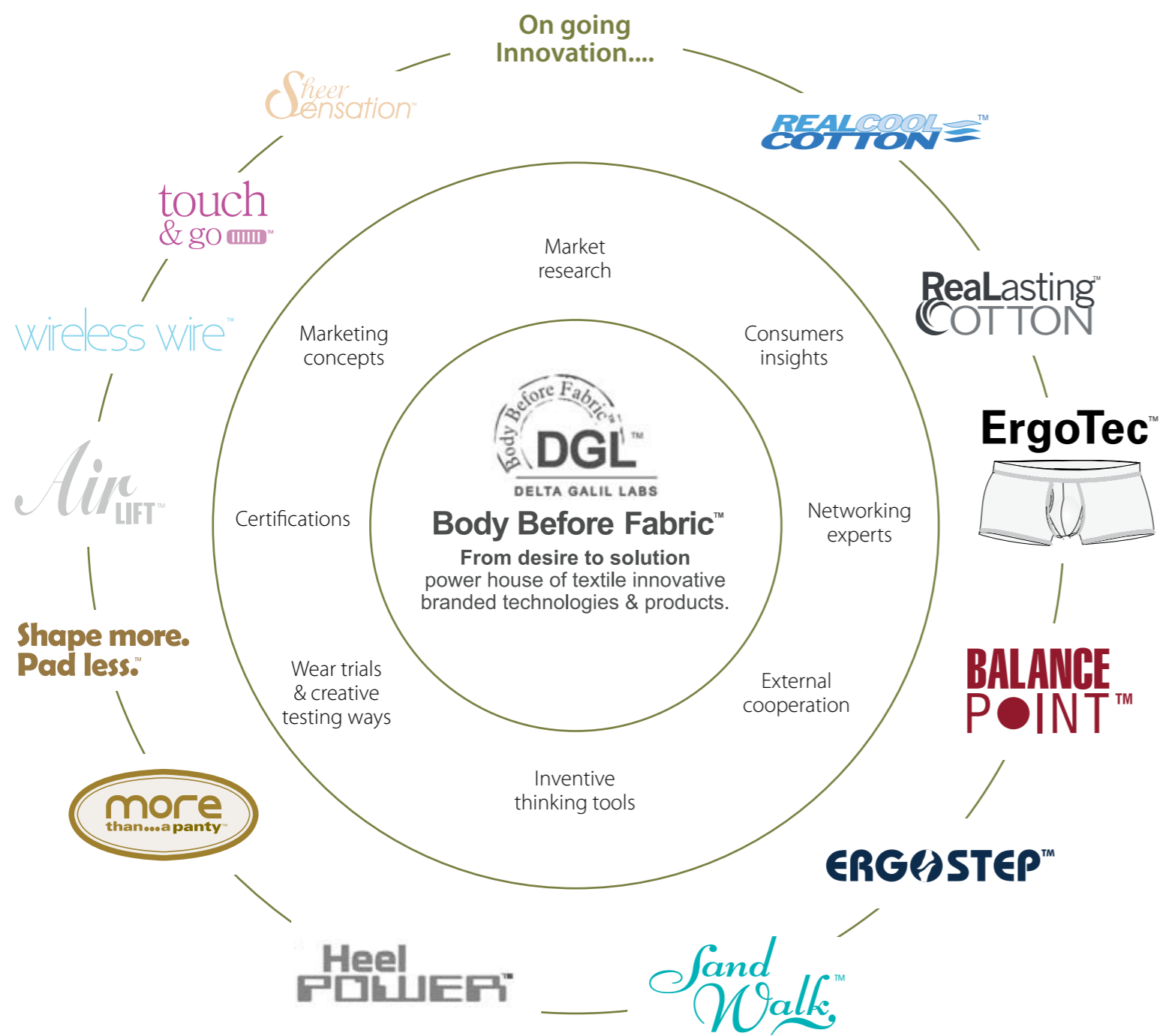
“Delta Galil’s power house of innovative technologies and intellectual properties gives our customers a leading advantage in their markets.”



Our R&D facility, Delta Galil Labs™ works to create products that allow a natural and comfortable feeling. 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.

We strive to minimize our environmental impacts through our commitment to research and innovation in design and manufacturing.







### Keeps U Cool & Fresh

RealCool Cotton™ was introduced with tremendous success in 2005 as "the next generation" of cotton textiles. It integrates the familiar comfort of natural, pure cotton fibers and the hydrophilic functionality that was previously associated only with synthetically-blended performance fabrics. As opposed to regular cotton that absorbs moisture, RealCool Cotton™ is upgraded cotton with evaporating features. It allows sweat to pass to the surface of the fabric for evaporation.

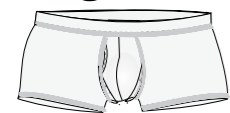
RealCool Cotton™ fabric is approved by the PPT laboratory and complies with the industry's standards for absorption, wicking (vertical), evaporation and skin sensitivity. RealCool Cotton™ is patent pending.

**In line with Delta Galil's corporate commitment to the environment, Eco-RealCool Cotton™ is being developed to reduce the carbon footprint of clothing throughout its lifecycle.** The product is treated with anti-bacterial and odor-repelling agents that allow consumers to wash the products using more moderate temperatures, saving heating energy as well as extending the life of the product. These significantly help protect the environment.



### Lasts longer than ordinary cotton

In line with Delta's commitment to continuously invent the next generation cotton fabric, ReaLasting Cotton™ was recently launched. ReaLasting Cotton™ is a cotton fabric which extends the fresh look of cotton after many washes, allowing for longer wear and use. ReaLasting Cotton™ products have a longer lifespan than regular cotton products thanks to an advanced and unique cotton finishing technology.



An innovative men's underwear that uses a unique pouch technology for enhancing men's everyday comfort.



A new sock designed with an innovative grip area that supports and stabilizes the foot.



Unique technology and construction that creates three cushioning levels for socks with maximum comfort.



An advanced technology sock with a beach-sand sole constructed of engineered cells filled with sea sand to implement reflexology principles.



A pad-free shaping bra with an innovative system that enhances shape with great support, patent pending.



A smart push support system bra to enhance shape and support for the full figured woman.



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



Innovative and smart new bra Hook & Eye design, patent pending.



Invisible look with natural bare sensation.



A new panty category offering different lines of solutions designed to answer women's everyday needs.

More to come...

## High-End Standards



production  
**quality and safety**  
excellent raw materials

“ We have a responsibility to make sure that no product leaves our warehouse without our quality assurance. ”

It's our policy to offer our customers **high standards of quality and safety** in all our products. We maintain **quality management principles and practices** throughout the **design, development and production stages**.

We achieve our quality assurance by ensuring that:

- Specifications which define safety, fit, construction, composition and performance are expressed in detail.
- Realistic and unambiguous standards are set which define specific requirements.
- Systems are controlled by monitoring each stage of the production process.
- Excellent raw materials are used in order to ensure high standards of safety, appearance and performance.



## Eco-Tex

Delta Galil's facilities in Israel and Egypt are approved by the global Eco-Tex standard that assures the safety of our garments.

### Eco-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.

We are also audited by our costumers for quality and safety. For more information see our Social Performance chapter (page 89).





# 4. It's Our Planet

# It's Our Planet



“ We care. We strive to be a world-class environmental leader in apparel and socks. ”

## Management Approach:

Delta Galil observes environmentally conscious practices and is committed to full compliance with all laws and regulations in the locations where the corporation operates and conducts business. The company is creating benchmarks in order to address environmental impacts relating to materials, energy, water, emissions, waste, and compliance. Delta Galil is concentrating on developing technologies and products that require less energy consumption during consumer use.

Specific environmental impact reduction goals are part of the management approach and are included in this report.

## We Have Started Our Journey to "A Greener Delta"

Delta Galil's most important challenges are both to **produce sustainable products** (see Our Products chapter, page 39) and to reduce our carbon and ecological footprints.

In order to **face this challenge** with the appropriate tools, we launched the "Greener Delta" program in May 2008 worldwide.

The "Greener Delta" program sets **new policies and actions** that will help the company become more environmentally responsible.

The program focuses on the following areas:

- Climate Change and Energy
- Waste and Water Management
- Products, Production Processes, and Packaging
- Corporate Culture

“ We have established a cross company “Green Team” to deal with all the topics above. The team builds action plans and coordinates environmental processes. ”

# Materials



sustainable yarns  
**eco-friendly**  
quality of materials

7.2% of Delta Galil's production is based on sustainable materials.

We understand the concerns people have with the quality of the materials that are in direct contact with their body.

At Delta Galil we have a long history of abiding by health standards, ensuring that our products are non toxic and use the minimum amount of chemicals required.

## Challenges

- Increasing legislation and regulations regarding the use of certain materials.
- Changes in customer preferences and growing desire to minimize environmental impacts.

## 2012 Goals:

- To base 10% of production on eco-friendly materials.
- To operate an aggressive corporate-wide chemical maintenance, storage and reduction program.
- To meet all requirements of our customers packaging efficiency programs.
- Use efficient packaging for Delta's own brands.

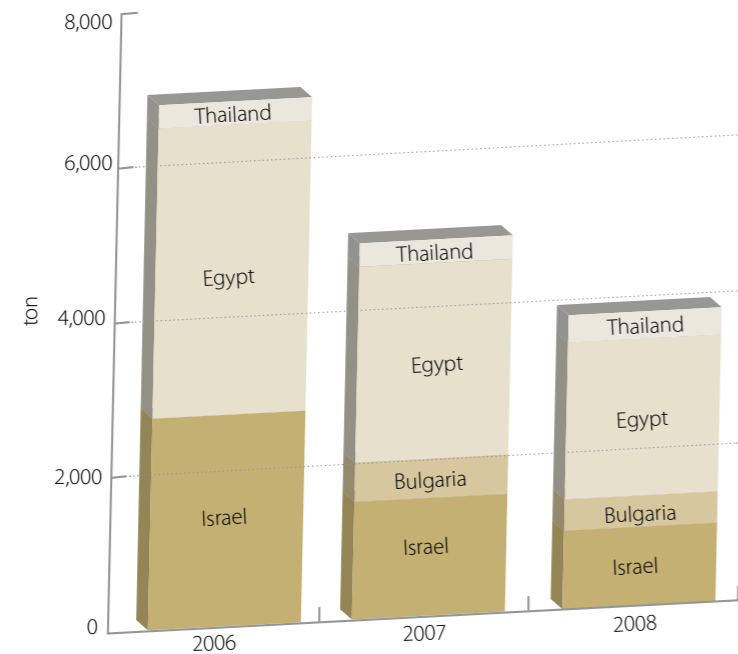


## Yarns and Fabrics

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

Yarns and fabrics are the main material used in our facilities. Apart from Thailand, where ready-made fabric is used, our facilities use raw yarns. Most of our production is in Egypt and since some of our operations in Israel are shifting to Egypt, yarn consumption in Israel is lessening.

Yarn and Fabric Consumption



\* The data for Thailand is fabric consumption. Data from Egypt, Bulgaria, and Israel is yarn consumption.

\*\* Data not available for Bulgaria for 2006.

## Organic Cotton

Delta Galil uses organic cotton in some products. All cotton socks produced for Nike contain 5% organic cotton. In accordance with customer requirements, Delta Galil produces other garments that contain organic cotton.

The organic cotton used in Egypt is **SKAL** and **GOTS** approved.



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.



## Lenzing 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. These fabrics are used in about 7.2% of Delta Galil's production.

### Sustainable Materials: what's in our pipeline?

**Delta Galil Labs™ is testing different fibers and yarns in order to develop fabrics from natural and more sustainable materials.** We are exploring the following developments:

- Fabrics from natural and sustainable yarns like hemp, kapok and linen.
- Fabrics made of recycled cotton.
- Fabrics made of recycled polyester.
- Fabrics from recycled plastic sources such as fishing nets, bottles and more.
- Light colors – a dyeing technology that does not use salts or alkalis and which is very efficient in energy use. Water from this process can be reused.

## Packaging

The packaging of our products is generally discarded once the product reaches consumers.

Growing awareness of the environmental impact of packaging material has resulted in specific requests from customers to improve our packaging program. We are operating according to customers demands and hope to further encourage them to consider more sustainable and efficient packaging.

**Delta Galil has been trying to minimize cardboard use for internal packaging. 80% of the cardboard cartons used in the Seamless facility in Israel were replaced with special plastic boxes for continued reuse. This environmental upgrade saves 40,000 cartons annually. Since purchasing these boxes two year ago not one has been thrown out.**



## Dyes and Chemicals

“Delta Galil has gone through a process of discontinuing the use of certain chemicals, improving dyeing technologies and minimizing contact with chemical powders.”

The textile industry uses large quantities of water and complex chemicals. New laws and regulations, as well as increases in prices for water consumption and effluent disposal are creating significant challenges. Companies need to address these issues to remain compliant and competitive.

Delta Galil uses dyes and chemicals for the dyeing and bleaching processes that are carried out in Israel and Bulgaria.

In the last decade, Delta Galil has discontinued the use of certain chemicals and improved dyeing technologies. This has led to the removal of all flammable chemicals from our products.

New technologies such as automatic weighing and dissolving plastic bags help minimize human contact with chemical powders that can enter respiratory systems during production.

### Chemical use in Israel: 821 tons

- 152 tons deemed hazardous
- 669 tons of non-hazardous dyes and other chemicals.

### Chemical Usage

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.

In 2007, two other chemical improvements were made. Potassium-based chemicals were introduced which are less hazardous to the environment than the chemicals they replaced.

We started using KCl (potassium chloride) instead of NaCl (sodium chloride) in our production process. After its use, KCl acts as a fertilizer in the resulting waste water which is good for agriculture.

We now also use potassium hydroxide (KOH) instead of Caustic Soda (NaOH) in the bleaching process.

# Waste



recycling reuse  
reporting routine  
reduce solutions

We have developed a monthly waste reporting routine at all of our production facilities. 62.4% of our waste is recycled. Almost 100% of our waste in our biggest production facility, Egypt, is recycled.

At Delta Galil we believe that most waste has recycling solutions, especially industrial waste.

### Waste Reduction Initiative:

We have developed a **monthly waste reporting routine** at all of our production facilities, including the facilities that are not covered in this year's GRI report. The waste report will be the basis for internal benchmarking and future assessment of improvement. This will help us **identify steps in the production process** which can be made **more efficient**. It will also assist us in findings **ways to reduce the quantities of waste** that we produce. We are working on extending the reporting routine to include water usage as well.

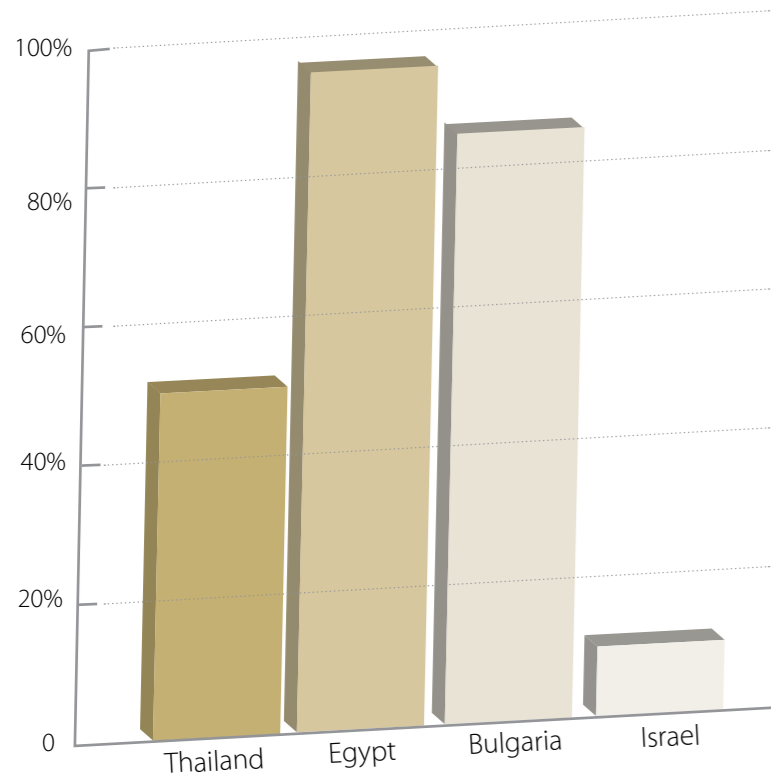
## Challenges

- Improving use of raw materials
- Addressing the increasing stakeholder pressure to reduce the amount of solid waste
- Meeting more stringent recycling laws
- Dealing with rising prices of landfilling

## 2015 Goals

- 5% reduction in waste generated
- 5% growth in recycling rates
- Expand waste reporting to all of Delta Galil's sites

### Recycling Percentage in Production Facilities



### Recycling Rates by Material

Type of Waste	Amount (Kg)	% Recycled or Reused
Solvents	22,530	0%
Metal	5,162	4.6%
Cardboard	60,062	100%
Paper	28,638	100%
Nylon	10,348	100%
Plastic	1,758	100%
Textile Waste	570,933	61.3%
Cotton Textile Waste	52,976	100%
Chemical Containers*	6,246	100%
Oil Containers*	44	100%
Fluorescent Tubes*	417	0%
Mud	58,400	0%
<b>Total**</b>	<b>817,053</b>	<b>62.4%</b>

\* The data is number of units

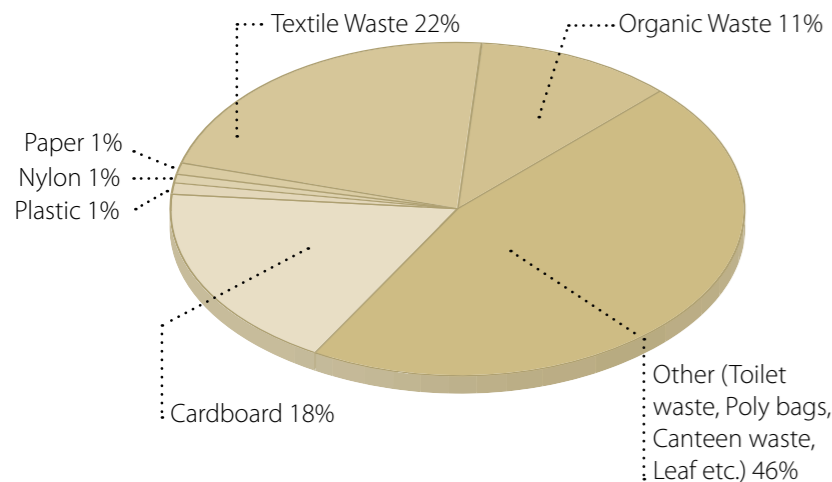
\*\* Not including data in units

For the production facilities in the reporting scope, an average of 62.4% of our waste is sent to recycling. We continue to look for recycling solutions for the remaining 40% of our textile waste which amounts to over 200 tons a year.

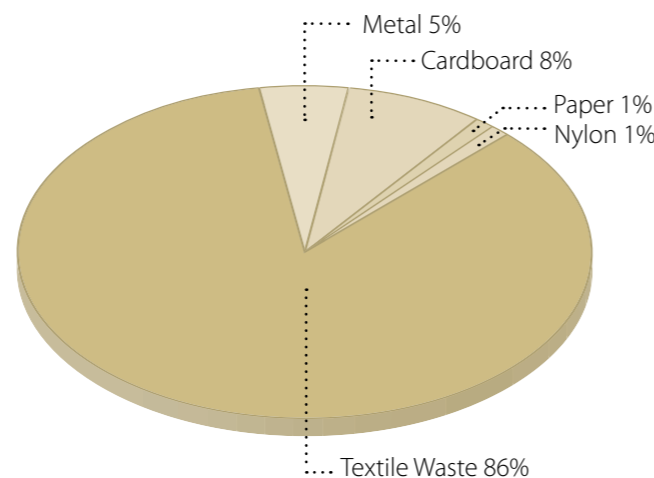


Waste Distribution at Delta Galil's Production Sites

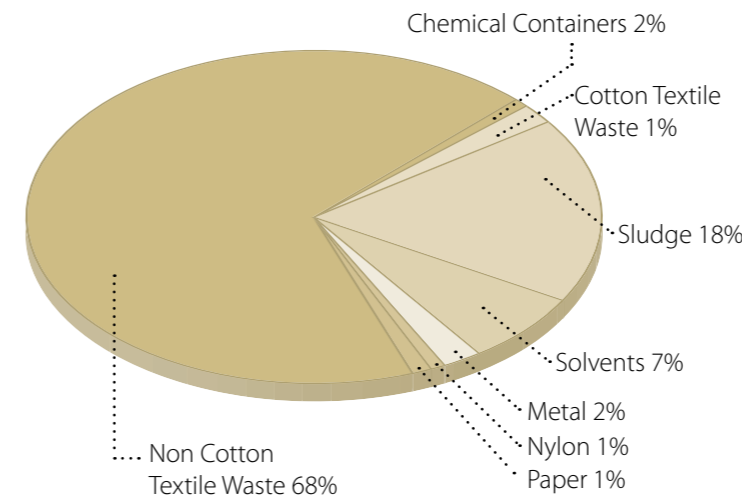
Thailand



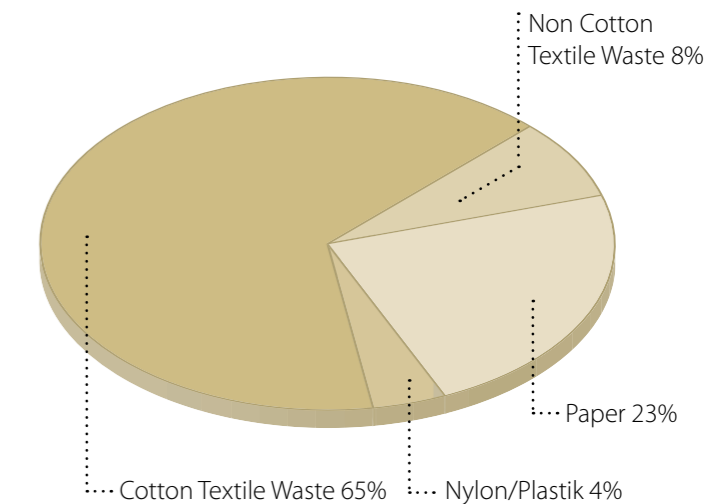
Egypt



Israel



Bulgaria



Delta Galil's distribution centers in Kentucky and Pennsylvania are not yet in the process of routine reporting, but they monitor the total amount of waste generated and the amount of waste recycled. This year 45% of the waste from these facilities was recycled. We plan to extend the waste reporting routine to include our distribution centers in the near future.

Solutions

For most of our waste we have already found reuse or recycling solutions. All of our cardboard, paper, nylon, plastic and cotton waste is recycled. Oil and chemical containers are reused.

**We have an average monthly gross income of \$14,000 from selling our waste materials.**

Israel:

Since recycling rates at the Israeli production facilities were only 7%, we focused our 2008 waste program efforts there.

**Recycling was increased by adding plastic and cardboard thread bobbins to our recycling stream which had already included paper, cardboard and plastic.**

68% of the waste produced in Israel is textile waste which we are still trying to find a solution for. We have been in contact with a cushion manufacturer to try to produce cushions filled with waste from the sewing machines. We are also looking into selling (instead of discarding) labeled excess production and defected products to RDF (Refused Derived Fuel) manufacturers.

# Climate Change, Energy and Emissions



energy  
reducing the carbon footprint  
consumption  
measurement  
system

We are exploring different ways to minimize our carbon footprint - from manufacturing to customer use.

We have developed the Ecolife® brand that can be washed in cold water and reduces energy consumption.

Climate Change is one of the greatest challenges we face today. Delta Galil is conscious of the developing mechanisms that are evolving in order to minimize greenhouse gas emissions globally.

Our first step in reducing the carbon footprint of our products is to measure and monitor our industrial emissions. Delta Galil is committed to reducing our contribution to the emission of greenhouse gases and has established a timeline for achieving these reductions.

## Challenges

- Increasing legislation and regulations
- Rapidly growing demand from stakeholders to reduce carbon footprint

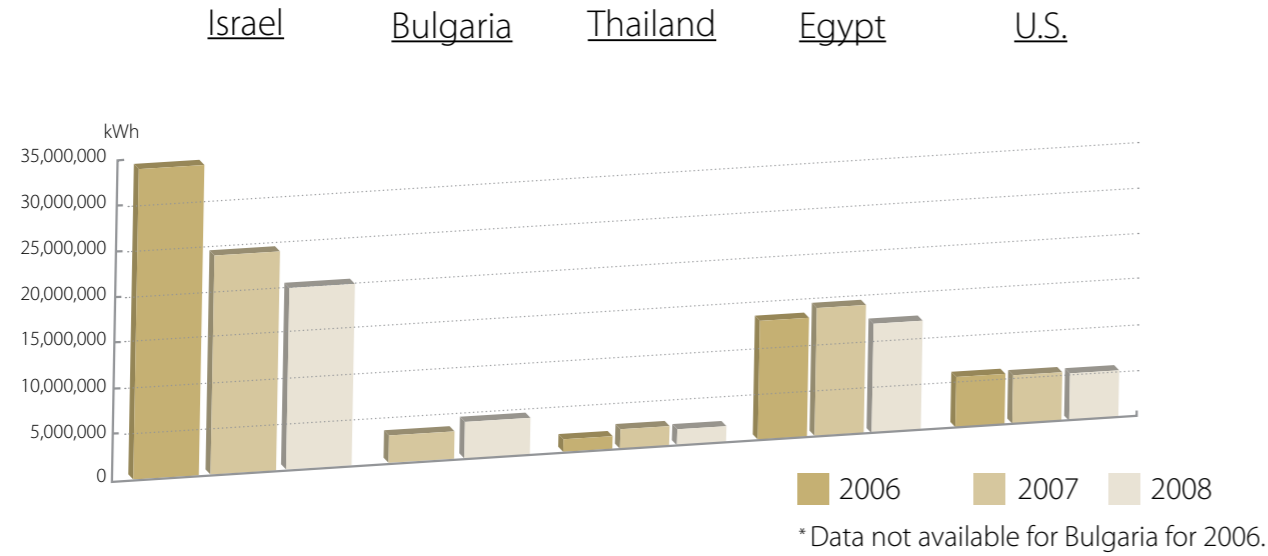
## 2015 Goals

- 5% reduction in energy consumption
- Measure our CO<sub>2</sub> and other air pollutant emissions

# Energy Consumption

## Electricity

Electricity Consumption (kWh)



## Fuels

2008 Car Fleet Fuel Consumption (GJ)

	Gasoline	Diesel
Israel	14,913.9	463.8
Bulgaria	0	1,422.1
Thailand	251.1	0
Egypt	1,823.0	0
U.S.	167.8	109.1

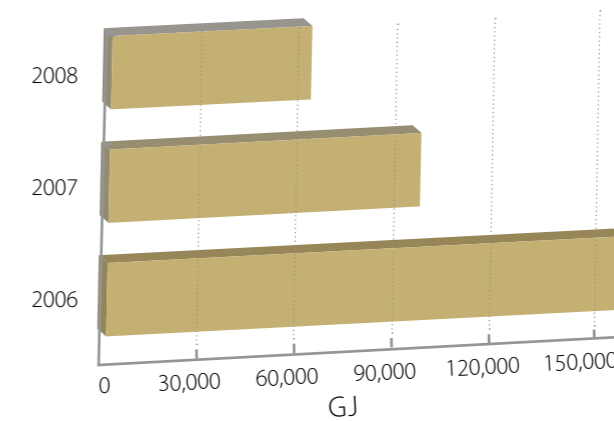
### Israel:

We use low sulfur oil with an additive to reduce emissions.

We intend to replace the heavy oil fueled boiler with a more environmentally friendly natural gas boiler.

In the dyeing and fixation processes in Israel we use heavy oil to fuel steam and oil boilers. In order to reduce emissions, low sulfur oil is used together with a burning additive. A newly purchased natural gas system is scheduled to replace the older oil boiler system. This will reduce our greenhouse gas emissions.

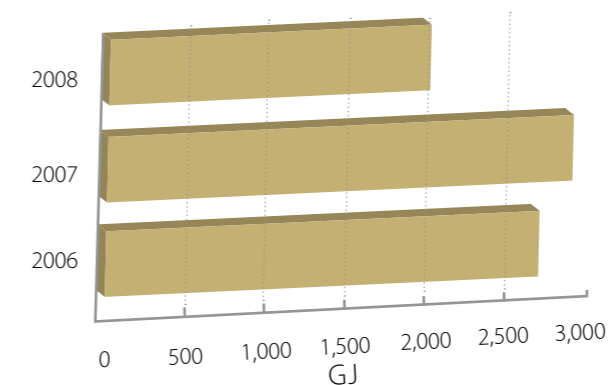
Heavy Oil Consumption: Israel



### U.S.:

The distribution center in Pennsylvania consumes natural gas for heating purposes.

Natural Gas Consumption: U.S.





## Initiatives to Reduce Energy Consumption

### Israel

- Movement-activated sensors were installed for external lighting.
- Incandescent light bulbs were replaced with fluorescent lighting.
- Unnecessary lights were removed.

### Bulgaria

- Standard lamp throttles were replaced with electronic throttles that generate less heat and consume less energy. Since this replacement, the factory only consumes 80kW from the electrical network instead of the 160kW that were consumed previously.
- An energy efficient desert cooler system is used instead of a typical air-conditioning system.

### U.S. (Pennsylvania)

- Fluorescent lighting levels were decreased by 50%.
- Lights throughout the pallet rack locations, shipping loading dock, and receiving loading dock are shut off at the end of the first shift each day.
- Air curtains were installed between the air conditioned and non air conditioned areas.
- The air conditioning thermostat was set to optimal temperatures for seasonal energy efficiency.

## Delta Galil's Green Office

In 2008, a program to make our offices more environmentally conscious was established. The program was implemented in Israel, U.S. and U.K, and is intended to be expanded worldwide.

The program began by measuring the offices' environmental impact and reporting on paper, water and energy consumption levels. According to the findings, different initiatives were taken:

### Energy Conservation

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

### Waste Reduction

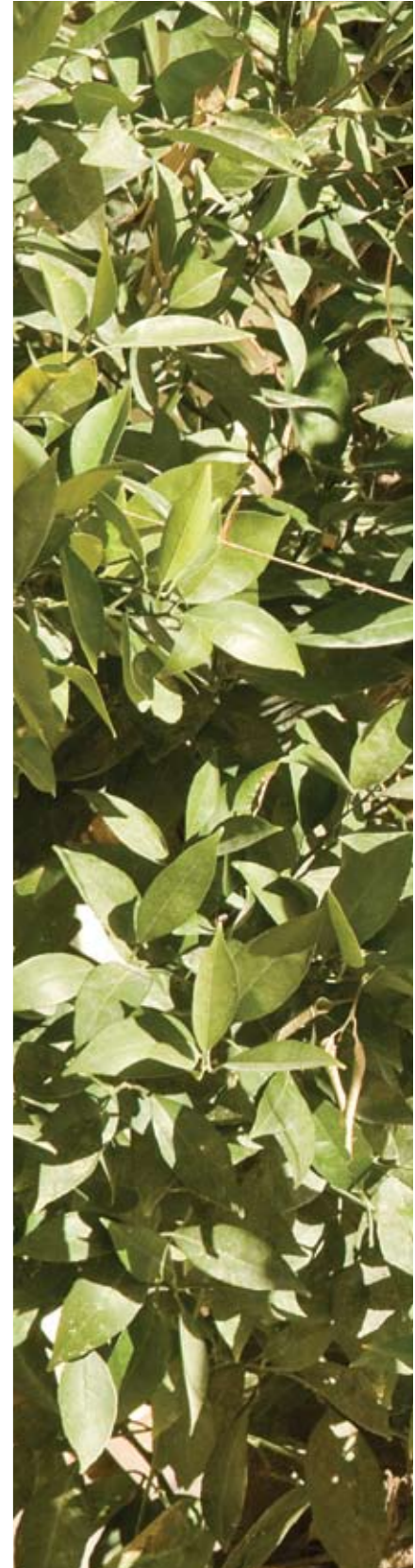
- Recycling bins for paper, electronic waste, toner cartridges, batteries and plastic bottles were installed.
- Double-sided printing was made the default setting.

### Water Consumption

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

In addition, new policies have been established:

- Only "Energy Star" qualified computers will be purchased.
- Only "A" level (energy consumption) electrical appliances will be purchased.



## Air Emissions

In order to manage our air emissions, we recently began to implement an emissions measurement system.

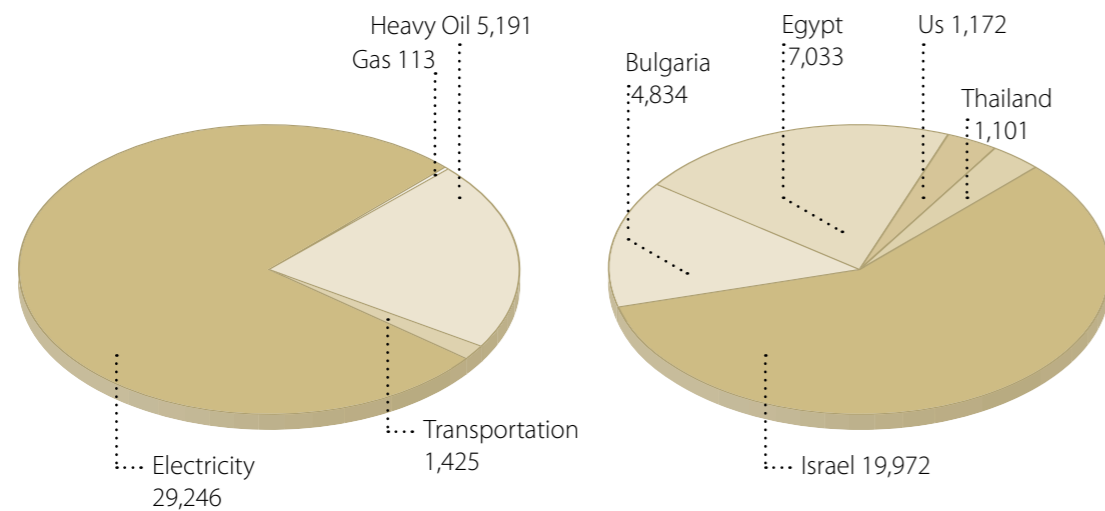
Our next step will be to finish implementing the system, including setting and achieving annual reduction goals.

Air emissions are created in the different stages of our products' lifecycles. Partial air emissions data is provided in this report with the goal of increasing the reporting scope in the future.

### Carbon Emissions

The data includes corporate CO<sub>2</sub> emissions based on energy consumption (heavy oil, electricity and gas) and the company's car fleet.

2008 Carbon Footprint measured (Tons of CO<sub>2</sub>)

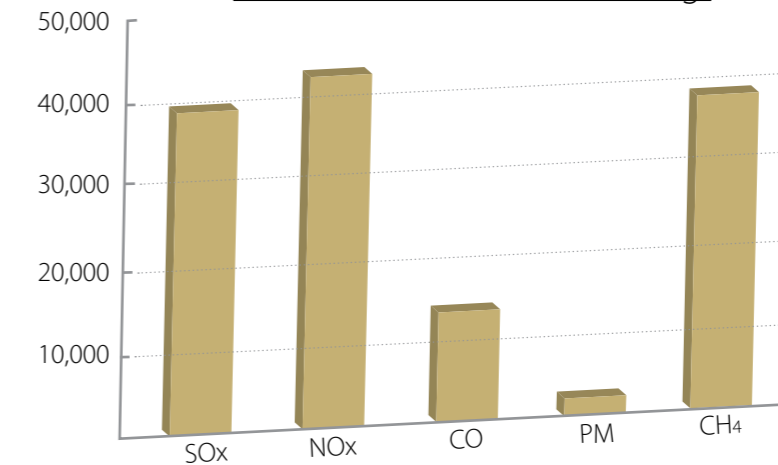


In total our measured carbon footprint for 2008: 36,135 ton CO<sub>2</sub>.

### Other Air Emissions (Israel)

This report also covers SO<sub>x</sub>, NO<sub>x</sub>, CO, and Particular Matter (PM) that are emitted from our car fleet and energy use in Israel. This report also includes the greenhouse gas methane (CH<sub>4</sub>) data from our wastewater.

Other Air Emissions in Israel (kg)



# Water & Wastewater



We are taking different measures to reduce water usage particularly from the dyeing process. Within the past 2 years, we reduced water usage in Israel by 13.2%.

The textile industry is water intensive, and as such, we are required to be as efficient as possible. Most of our water consumption is used for fabric dyeing processes carried out in Israel. Delta Galil operates in the water-scarce Mediterranean region and must follow strict regulations on water consumption. We must put an emphasis on reducing our water footprint in the production process. We are using different technologies to reduce water usage in our dyeing process as well as taking other steps to minimize water consumption. Additionally, wastewater from the dyeing process can contaminate water sources and land if not properly treated. At Delta Galil, we are addressing the proper treatment of all of the wastewater produced in our facilities.

## Challenges

- Many of the locations we operate in are suffering from water shortages and climate change might make the situation worse.
- Water and sewage prices are expected to rise by 100% in Israel due to a serious water crisis. Similar trends are seen world wide.
- Wastewater in the Textile Industry usually contains chemicals from the dyeing and bleaching processes.
- Wastewater regulations are getting stricter.
- Pressure from stakeholders for water conservation is mounting.

## 2015 Goals

- 10% reduction in water use
- Quantitatively record all chemical discharges to wastewater treatment systems and operate an aggressive chemical discharge reduction program

## Water Consumption

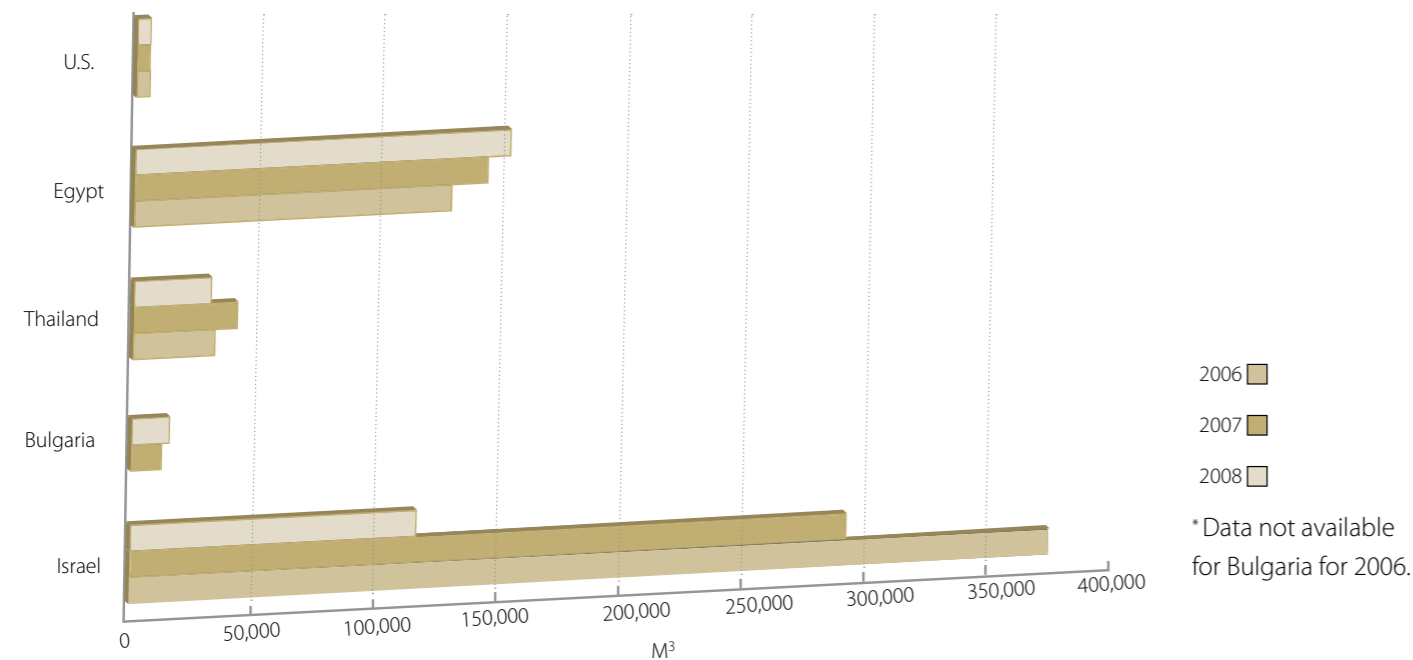
### In Israel

Delta implemented several initiatives in order to reduce water consumption in its facilities in Israel:

- The dispenser in the dyeing process is programmed to feed the machine with the exact amount of water and color needed to fit the amount of materials dyed. This technique prevents unnecessary water use.
- Since May 2008, a new technique was implemented that allows internal recycling of water by using water from the steam boilers in the dyeing process.

“ These improvements have resulted in a 13.2% decrease in water usage per ton of product from 2006 to 2008 in Israel. ”

Total Water Consumption



## Wastewater

Delta Galil's facilities generate industrial wastewater as well as sanitary wastewater. Over 60% of the wastewater generated in our facilities in Israel is recycled; the rest is treated in a facility on site.

Delta Galil's facilities generate industrial wastewater as well as sanitary wastewater. Sanitary wastewater does not require special treatment and is disposed of in the local sewage system. Industrial wastewater is disposed of in different measures and is treated according to its composition and the instructions of the ministry of environment (special permit).

The industrial wastewater is a by-product of the dyeing and bleaching process of textiles and is treated before disposal. Among the production facilities included in this report, only Israel and Bulgaria have on-site dyeing and bleaching processes.

Other dyeing processes are outsourced to subcontractors and therefore are not included in this report. We hope to be able to expand the reporting scope of future environmental reports to include outsourced processes.

Industrial Wastewater (m³/year)

	2007	2008
<b>Local Sewage</b>		
Israel	120,464	72,459
Bulgaria	12,102	15,127
<b>Discharged to Sea</b>		
Israel	60,519	22,799

\* According to governmental permit

### Textile Bleaching in Bulgaria

Textile bleaching is carried out in Bulgaria. Wastewater from the process has no salts or chlorides 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.

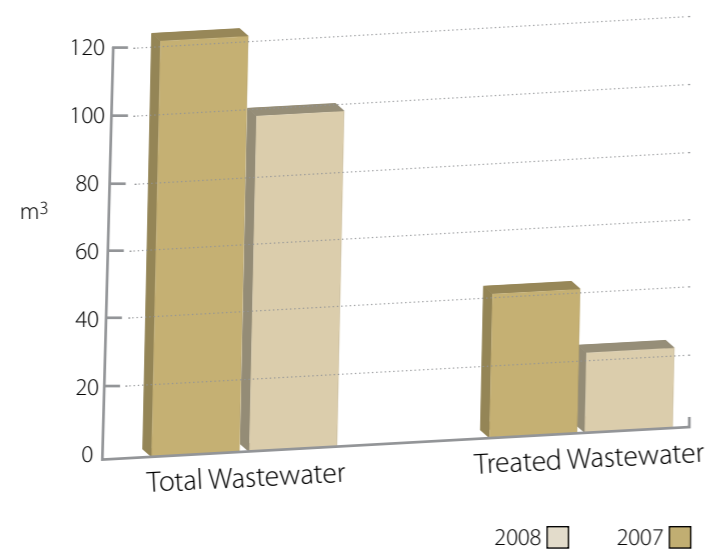
### Textile Dyeing in Israel

In 2008, there was a 21.9% drop in the amount of wastewater created per ton of product.

In 2004, a system was installed in the Seamless facility in Israel to treat wastewater from the dyeing process. This system separates the wastewater from the sludge. The sludge is sent to a certified landfill and the wastewater is treated on-site to meet the legal standards appropriate for brine discharge.

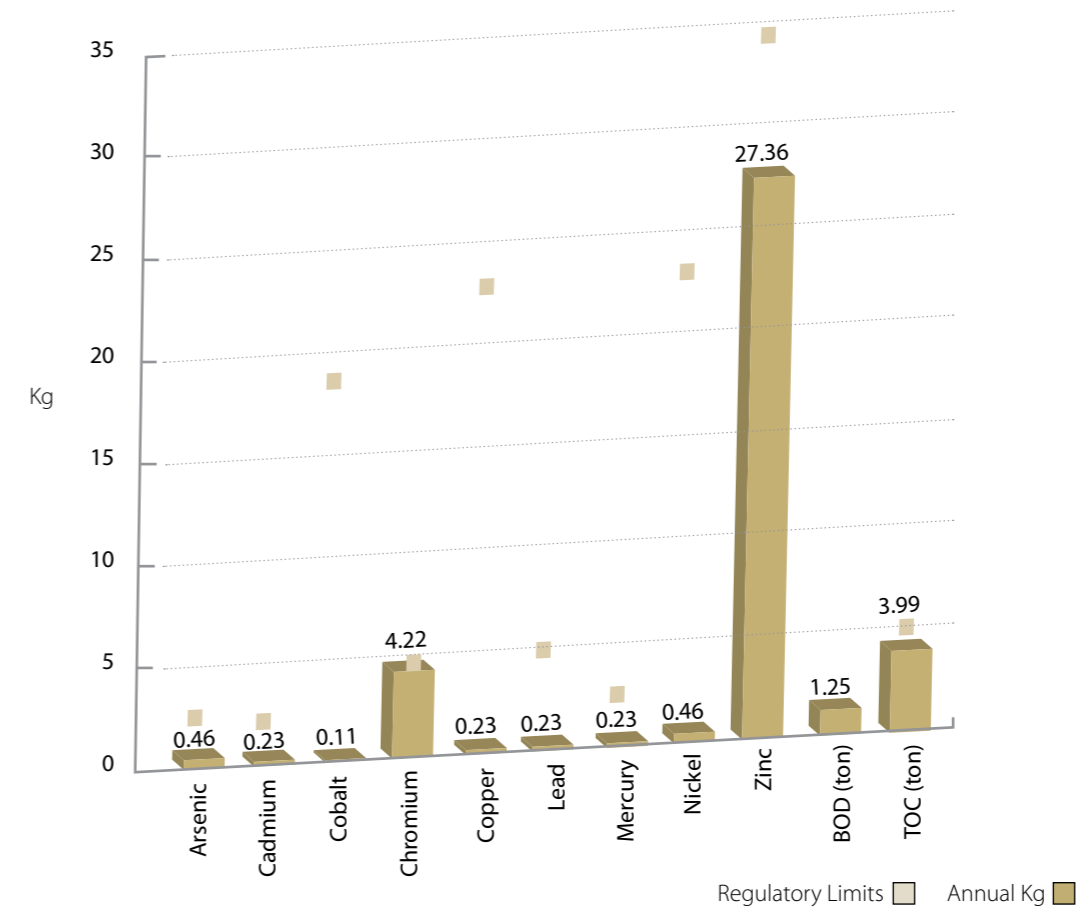
In 2008, there was a 21.9% drop in the amount of wastewater created per ton of product. The reductions were reached by more efficient use of water and a reduction in the amount of chemicals used. Accordingly, there was an 8% reduction in the amount of wastewater that required special treatment.

Wastewater per ton product in Israel



The wastewater that is treated on-site is tested for different pollutants. Three tests are done on a weekly basis, one test is done on a monthly basis and another test is done on a quarterly basis.

Wastewater Brine Discharge in Israel: Actual Vs. Regulatory Limits



### Wastewater Recycling:

All the wastewater discharged to the sewage system in Israel (industrial and sanitary) is sent to a municipal wastewater treatment facility. The recycled wastewater is used mostly for agriculture.

Water sent to recycling: 93,663 m³



# 5. Social Performance

# Compliance



“Complying with ethical standards has for years been an important value at Delta Galil. We have always maintained high compliance, caring about our employees and their working environment.”

Facilities are regularly audited by our customers for compliance with ethical standards, as well as product quality and safety. Each of our production facilities is 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.

We have adhered to the Ethical Trading Initiative and where necessary have also been audited against WRAP (Worldwide Responsible Accredited Production) and specific customer standards. These standards include environmental and C-TPAT (Customs – Trade Partnership against Terrorism) requirements.

## Worldwide Responsible Accredited Production

(<http://www.wrapapparel.org/index.php>) WRAP is an apparel certification Program that ensures lawful, humane and ethical conditions at sewn goods factories.

## Management Approach

Delta Galil will not be involved in activities including child labor, the barring of collective bargaining, forced labor, discrimination and other activities that it believes are ethically questionable. Delta Galil will not hire underage workers and has maximum shift and workweek hour limits and hires employees based on their ability to do the job. Company policy does not discriminate on the basis of personal characteristics or beliefs. Delta Galil is committed to providing a safe and healthy working environment for all employees and the company strives to create a working environment that empowers each employee to reach his or her full potential in order to attract and retain the best, brightest and most talented individuals.

## This is what We Believe in and Comply with: 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:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labor shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practiced
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed
10. Only workers with a legal right to work shall be employed
11. Ethical Code principles need to be implemented in the organization
12. There should be no sub-contracting unless previously agreed and home-working should be properly managed.
13. Environmental performance should comply with local and international laws and regulations and continuously improve.

“We believe in conducting activities with **honesty, integrity** and **fairness** and in conforming to high ethical standards.”

We do not condone illegal payments to any person, organization, or governmental body, nor will the company be involved in activities or practices that it believes are ethically questionable. Delta Galil is committed to full compliance with all laws and regulations in the locations where we operate and conduct business and will not knowingly act in violation of any such law or regulation. The company has never been fined for non-compliance with laws and regulations concerning employment rights or conditions.

### 2008 Auditing

10 audits were carried out at the reported factories (not including internal audits):

- Socks Israel – 2 audits
- Seamless Israel – 3 audits
- Egypt – 2 audits
- Bulgaria – 1 audit
- Thailand – 2 audits







# Our Employees

- Over 8,000 employees
- World wide spread
- Multi-cultural

We are striving to create a challenging, inspirational and a safe working environment.

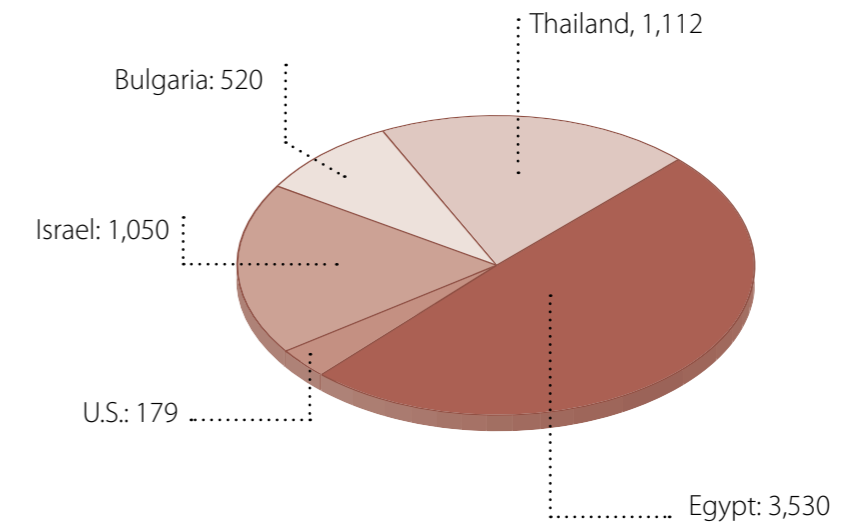
All together we are ONE big Delta Family.

We at Delta Galil maintain a productive relationship with our employees and promote a fair employment policy. As a responsible corporate citizen and a socially sensitive company, we believe in providing employees with fair compensation and benefits. Delta Galil also believes that compensating employees at competitive levels helps motivate and retain the best employees.

## Employee Wages and Benefits

	2006	2007	2008
million \$	132.3	126.0	125.5

## Distribution of Workforce\*



\* Of the GRI reporting scope.

All employment is freely chosen and employees have the right of association and the right to collective bargaining.

Employment Types

	Full Time	Part Time
Israel	1,038	12
Bulgaria	520	0
Thailand	1,112	0
Egypt	3,530	0
U.S.	179	0
<b>Total</b>	<b>6,379</b>	<b>12</b>

We believe in employing on the basis of ability to do the job, rather than on the basis of personal characteristics or beliefs. The corporation actively seeks and encourages diversity within the workforce. Delta Galil furthers this principle on a global basis through on-going training, development, and education programs designed to create a positive environment in which each individual is empowered to reach his/her fullest potential.

Hours worked each day and days worked each week do not exceed the legal limits of the countries in which we operate. Despite the legal definition of "children" sometimes varying from country to country, Delta Galil will not knowingly employ individuals who are under 15 years of age.

All of Delta Galil's employees receive our Business Standards booklet that describes the company's operating policy in regard to fellow workers, suppliers, and product quality. Employee compliance with this policy is considered critical to maintaining our business standards and principles.

Employment Contracts

	Permanent	Temporary
Israel	1,050	0
Bulgaria	520	0
Thailand	99	1,013
Egypt	3,530	0
U.S.	160	19
<b>Total</b>	<b>5,359</b>	<b>1,032</b>

\*The numbers apply to the facilities that are reported in this report.

**Health & Safety**

“ We provide a healthy and safe working environment. ”

Delta Galil is committed to providing a safe and healthy work environment. **Each facility is required to have a safety program** in place that includes appropriate training and meets applicable laws and government regulations, as well as Delta Galil's own high standards.

To support this commitment, each employee is responsible for observing the safety and health rules and practices that apply to his or her job. Employees are also responsible for taking precautions necessary to protect themselves and their co-workers, including immediately reporting accidents, injuries, and unsafe practices or conditions. Appropriate and timely action is taken to correct known unsafe conditions.

The health and safety of all employees and the quality and productivity demanded by consumers and stockholders require each employee to report to work free from the influence of any substance that could prevent him or her from conducting work activities safely and effectively.

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

Injury Rate

	Rate
Israel	1.5%
Bulgaria	0%
Thailand	0.7%
Egypt	0.11%
U.S.	0%





# Community Affairs

Delta Galil has over 30 year tradition of supporting a variety of organizations and activities that foster mutual respect and co-existence in Israel.

At Delta Galil, we believe that we are an **important part of the communities** in which we operate. Since our founding, we have actively promoted **social responsibility** with a sincere commitment to improving the environments in which our employees and partners live.

Delta Galil has a **30 year tradition** of **supporting a variety of organizations and activities** that foster mutual respect and co-existence in Israel. In the last year, the company has made most of its contributions to **cultural and educational projects** through the city of Karmiel's municipality. Karmiel is the community in which most of our employees and their families live in Israel. Delta Galil supports a variety of community activities and service groups including

local community centers which provide the community with sport, culture and education services. Some examples of these endeavors include: **the Maccabi club, The Karmiel Dance Festival**, and the **'Computer for Every Child' project**. 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**.

## Community Donations

(thousand \$- cash and value of in-kind donations)

	2006	2007	2008
Educational and Cultural Institutions	27	147	119
Coexistence Ventures	47	20	10
Other	13	10	
<b>Total</b>	<b>87</b>	<b>177</b>	<b>129</b>

Delta Galil was one on the founders of the Karmiel branch of the **"College 4 All"** program. The program includes tutoring and mentoring four times a week in mathematics, English, Hebrew language skills, sports and more.

The "College 4 All" program began with 43 children grades 3-6, in which 30% were immigrants from the Former Soviet Union and Ethiopia. "College 4 All" has since expanded throughout Israel and operates in 21 locations with total youth participation of about 1,200.

Delta Galil established a branch of the national **"Aharai!"** ("Follow Me!") program in Karmiel in 2007-2008. The "Aharai!" program aims to educate and motivate at-risk youth to be involved in their communities through high school completion programs and community service projects. "Aharai!" participants receive mentoring to obtain the knowledge, values and skills that enable them to pass their matriculation exams, and be successful members of their communities.

The "Aharai" project currently comprises a nationwide network of 2,500 youths from all sectors of Israeli society- average teenagers, new immigrants from Ethiopia and the Former Soviet Union, high school dropouts, at-risk youth, former delinquents and many others.

Apart from donations of sums of money we **donate our products to people in need**: Darfur refugees, day care centers for children, and people from low social economic backgrounds.



# General

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\* Partial data included

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## We Thank

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