

## Transparency in Supply Chains Act

In compliance with the regulations of the California Transparency in Supply Chains Act (SB 657) and the UK Modern Slavery Act of 2015, the following document discloses our policies and actions relating to slavery and human trafficking in business and the supply chain.

### Our Company

Delta Galil is a global apparel manufacturer doing business in California and in the UK. We provide goods which, bring in annual, worldwide, "gross receipts" that exceed \$100M, and has an annual turnover of £36M. We are a publicly traded company on the Tel Aviv Stock Exchange. A significant portion of our business involves manufacturing private label or licensed apparel for some of the world's largest brands. In addition to this, we have 10 brands that we own, in which we sell to retailers across the globe. The main focus of our compliance efforts revolves around meeting the high standards and expectations of the brands (customers) for which we produce.

At Delta Galil, our core values of honesty, integrity and respect are embedded in everything we do and are publically declared in Delta's Code of Ethics and Code of Conduct. We believe in partnering with others who share our values and who understand the importance of always conducting business ethically.

We are committed to taking steps to end forced labor, whether in the form of human trafficking, indentured labor, prison labor or otherwise. We do not knowingly work with factories that use forced labor, are involved in human trafficking, or slavery. This statement outlines many of our efforts to eradicate forced labor from our direct supply chains.

### Risk Management & Verification

We practice risk management in our supply chain through a variety of methods, mainly by auditing our tier 1 suppliers. Auditing enables us to evaluate compliance with our company code of conduct as well as our customers' standards. 100% of our tier 1 suppliers, which produce either private label or licensed goods, are audited through either our own internal auditors, our customers or a qualified third party auditing firm. The majority of our audits are announced or semi-announced. With respect to our owned brands, we audit a minimum of 30% of the facilities that run our production and are committed to increasing this annually. These suppliers are audited through a combination of internal and 3<sup>rd</sup> party firms and these audits are generally announced.

In addition to auditing, we use a variety of industry tools, such as the US State Department's Trafficking in Persons Report, to help focus our efforts in areas where we believe slavery and human trafficking have the greatest risks. These areas can include countries which host and/or employ migrant workers, areas in which entities or governments are not playing a crucial role in preventing slavery and human trafficking, as well as suppliers further removed from our immediate supply chain (Tier 2 and Tier 3). Some of these countries include China, Thailand, Cambodia, India, and Vietnam.

At Delta Galil, we have set forth policies to address human trafficking and slavery in our supply chain. We have developed our internal [code of conduct](#), aligning with our customers' and Fair Labor Association codes of conduct. These codes are issued to all tier 1 suppliers and are typically the basis against which the audits are conducted. Through acceptance of our business and our code, contracted factories are agreeing to comply with all of the principles outlined in our code. These principles address topics such as child labor, forced labor, legal wages, discrimination, and harassment, and prohibit human trafficking and slavery in the supply chain. Each manufacturing partner is required to maintain records that are sufficiently detailed to substantiate that all materials it supplies to us are produced in compliance with the anti-slavery and human trafficking laws of the country or countries where they are produced. Such records may include: (1) proof of age for every worker; (2) every employee's payroll records and timesheets; (3) written documentation of terms and conditions of employment; and (4) records of employee grievances and suggestions, along with employer responses.

## Certification

To ensure that our contractors and suppliers respect and enforce our company standards, we include a clause in the commercial agreement governing our contractual relationship with suppliers, which stipulates that our suppliers must abide by our anti-slavery and human trafficking standards. Thus, as a condition of doing business with us, and as a means of self-certification, the commercial agreement clause requires that the supplier represent that it complies with all applicable laws and regulations, including eradication of forced, indentured, involuntary or compulsory labor in its facilities, and requires its suppliers, including labor brokers and agencies, to do the same. In addition, the supplier represent that its supply chain and materials incorporated into its products comply with national and international laws prohibiting slavery and human trafficking; and that the supplier agrees to treat workers with dignity and respect, provide them with a safe work environment, conduct business in compliance with applicable environmental, labor and employment laws, and refrain from corrupt practices and engaging in human rights violations.

## Accountability Efforts

At Delta Galil, we maintain and enforce internal accountability procedures for employees and contractors who fail to meet company standards to prevent the incidence of slavery and human trafficking in its supply chain. We practice due diligence in maintaining these standards. All Delta Galil employees are given our internal code of ethics which requires employees to perform their duties in compliance with all applicable laws and regulations and requires employees to be familiar with the laws, rules and regulations that impact his or her specific duties. Employees are required to report all violations of this policy through our internal ethics compliance hotline.

If evidence of human trafficking and/or slavery is found, we work quickly to thoroughly investigate the matter and identify whether an issue exists. In the case of a non-compliance, our goal is to aid in the resolution of any incidences of human trafficking and slavery. It is not possible, however, to effectively solve the issue of non-compliance without the cooperation of the supplier. Thus, we reserve the right to examine the specific situation and develop the best possible strategy for resolution, which in some cases could mean terminating the business relationship.

## Training & Evaluation

Members of our supply chain staff receive training on all company policies, including our Code of Conduct, practices, and procedures designed to ensure that our supply chain is free of any type of coerced labor, including how to spot warning signs of potential human rights violations. We also encourage employees involved in our supply chain to participate in external training programs and seminars on social compliance issues, human trafficking and slavery.

At Delta Galil, we continuously evaluate and conduct analysis of the effectiveness of our human trafficking and slavery eradication efforts. We review our Code of Conduct as well as our compliance program on an annual basis to ensure that we are prioritizing our efforts in the areas where we have the greatest leverage and possible impact for change.

This disclosure confirms our efforts to eradicate slavery and human trafficking practices within our supply chain and it shall be reviewed annually and updated accordingly.



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Itzhak Weinstock, Director, Chief Operating Officer