

A man and a woman are standing in a textile factory. The man, on the left, is wearing a grey polo shirt, black shorts, and black sunglasses. He is holding a spool of white thread. The woman, on the right, is wearing a white long-sleeved turtleneck and black shorts. She is looking directly at the camera. The background is filled with industrial machinery, including spools of thread and mechanical components.

TEFRON

ESG REPORT

EDITION 2024-2025



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LETTER FROM THE CEO

Dear Stakeholders, Partners, and Community Members,

At Tefron, sustainability and responsible governance remain central to our long-term success and to the way we conduct business globally. As our industry continues to evolve, we are committed to integrating sustainability considerations across every area of our operations — from product development and innovation to sourcing and supply chain management.

Innovation continues to be a key driver of both our environmental performance and our ability to deliver product excellence to our customers. We believe that responsible business practices and forward-thinking solutions go hand in hand, enabling us to create value while supporting a more sustainable future for the textile industry.

We are also investing in the development of a new centralized manufacturing facility in Jordan, designed to enhance operational efficiency and environmental performance. By consolidating operations into a single, energy-efficient site, this initiative will reduce emissions, improve working conditions, and support our long-term sustainability goals.

I am especially proud of our international workforce and the strong culture of collaboration that defines Tefron. Our employees are key drivers of our success, and our teams work seamlessly across regions, languages, and cultures, reinforcing the strength of our global “One Tefron” culture.

Collaboration also remains essential to achieving meaningful progress. We continue to work closely with our customers and suppliers to strengthen environmental and social standards, improve transparency, and advance shared sustainability goals across the industry. With this, we remain committed to fostering safe, fair, and supportive working conditions throughout our operations and across our value chain.

At the same time, we are enhancing our ESG governance, data management, and reporting capabilities to meet evolving global expectations and to ensure accountability in how we measure and communicate our progress.

Looking ahead, we remain focused on advancing sustainable innovation, strengthening our operations, and contributing to a more responsible and resilient textile industry. Together, we will continue building a business that creates long-term value for our stakeholders while making a positive impact on the communities and environments in which we operate.

Sincerely,

Ben Lieberman
CEO, Tefron Ltd



A man with short hair, wearing dark sunglasses and a grey textured zip-up sweater, is shown from the waist up, looking off to the side. The background is a light grey gradient.

ABOUT TEFRON

“At Tefron, innovation is an instinct, a fire. It has no boundaries. It’s in how we conduct our business, how we live our lives, how we serve our customers.”

– Ben Lieberman
CEO



ABOUT TEFRON

Tefron is a global manufacturer of activewear, intimates, and apparel with a passion for seamless technology since 1977. As a premier innovator in seamless design and manufacturing, and a full-service B2B enterprise, we take pride in creating tailor-made solutions through design and product development produced with operational excellence. We lead the industry through innovation and sustainability, catering to the needs of winning global brands and retailers with products that provide unparalleled comfort, fit and durability, made with meticulous craftsmanship.

As the world's top manufacturer of seamless intimates and activewear, we have dedicated over 40 years to perfecting our craft. Creativity and innovation are deeply ingrained into the fabric of our business, inspiring us to achieve new levels of comfort, performance, and style with each new piece we knit. Driven by a team of passionate experts, Tefron continually explores new techniques and materials, shaping the future of seamless apparel and working to realize our ethos of Knitting the Future.

Thanks to our team's dedication to exploring novel ideas, its commitment to quality, and its perpetual efforts to do good for our clients and our communities, we are honored to be considered a partner of choice to winning global brands and retailers.

Our passion for our work doesn't stop with our garments – as a global company, we aim to create the best seamless products with social consciousness while continuously working to reduce our environmental footprint. This planet is the only home we have and preserving it is our responsibility to future generations. With sustainability strategies ingrained into our DNA, international certifications, and strong partnerships, we ensure that we keep our promise to knit a better future.

KNITTING THE FUTURE.



GLOBAL PRESENCE



KNITTING THE FUTURE.



HQ, innovation and development center



Showroom and distribution



Development and supply chain



Development and supply chain



Supply chain



Sales, showroom and distribution



Development and supply chain



Development and supply chain



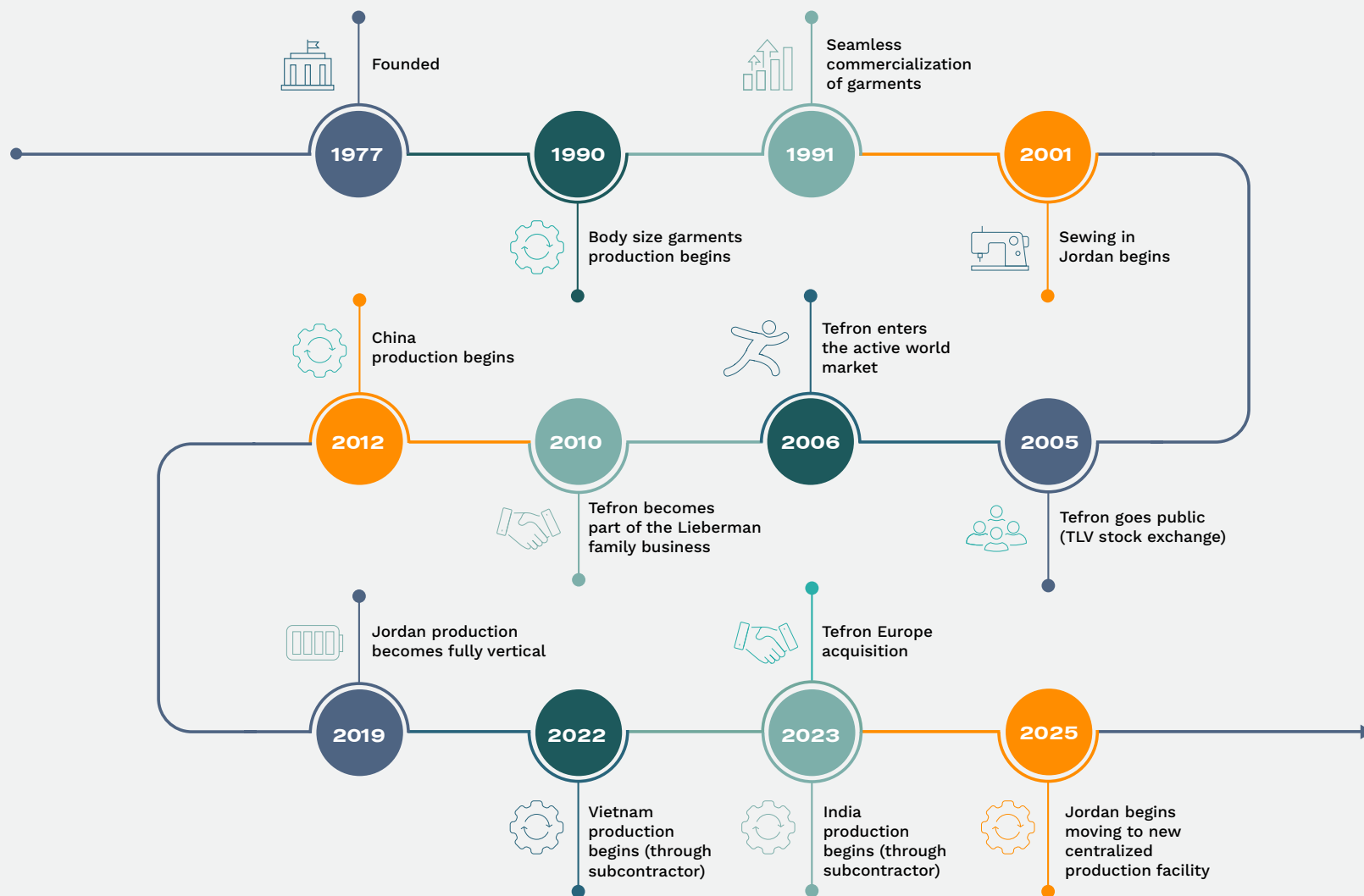
Development and supply chain



Supply chain



MILESTONES



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COMPANY CORE PILLARS

CREATIVITY

We believe in the power of creativity to transform ideas into groundbreaking apparel solutions. Our design philosophy blends artistry with function to create garments that are both stylish and high-performing.



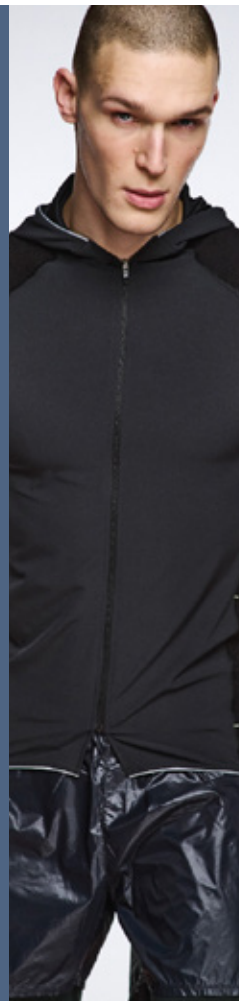
SUSTAINABILITY

Environmental responsibility is at the heart of our operations. We prioritize sustainable materials, energy-efficient production, and ethical sourcing to reduce our ecological footprint and contribute to a healthier planet.



INNOVATION

At Tefron, innovation is embedded in everything we do. We push the boundaries of textile technology, continuously exploring new materials, techniques, and solutions to enhance performance and comfort.



EXCELLENCE

We are committed to delivering superior quality in every aspect of our work. From product development to manufacturing, our rigorous standards ensure precision, durability, and customer satisfaction.



RESPECT

Championing an ethical approach to our customers, our people, and our planet.



THE TECHNOLOGY

“At Tefron, creativity is not only about imagining what’s next, but about solving what matters. When innovation is driven by purpose and sustainability, we create solutions that can genuinely improve the future for people and the world.”

– **Adi Melamed**
Vice President, Creative



THE TECHNOLOGY

Seamless knitting technology began in Europe when Tefron partnered with the Italian company Sangiacomo, a seamless loom manufacturer, to develop the first seamless knitting prototype. This innovation marked a shift from traditional "cut and sew" methods to a more advanced process where garments are produced in a single, continuous piece. By knitting fabric in a tubular form, seamless technology eliminates the need for cutting and sewing, resulting in more comfortable and customized garments. Since its inception, this technique has gained widespread popularity in the fashion and apparel industry for creating high-performance, form-fitting clothing.

The technology offers exceptional design flexibility by allowing different characteristics to be knitted directly into the fabric. This means manufacturers can create various textures and performance zones within the same garment, without the need for multiple seams. Using computerized models, seamless machines precisely control each needle, making it possible to create complex, three-dimensional shapes. This process is especially effective for producing intimates, activewear, and shapewear, where comfort and functionality are essential.

Seamless knitting also enhances sustainability and efficiency. The process reduces fabric waste by knitting the material specifically for each garment, rather than cutting from large, flat pieces. By integrating functional yarns and performance-enhancing features, garments can offer benefits like UV protection, anti-odor properties, and fast drying. Coupled with advanced dyeing techniques and virtual 3D prototyping, this technology enables brands to create innovative, high-quality products with less environmental impact.





AMONG OUR LEADING PARTNERSHIPS

Walmart 

 **TARGET**


UNDER ARMOUR

GYMSHARK 

KNITTING THE FUTURE.



2024 BUSINESS HIGHLIGHTS

 **293.9M**
IN SALES

EBIT
 **23.7M**

OVER
 **15M**
UNITS PRODUCED
IN 2024

 **2000+**
EMPLOYEES IN
8 DIFFERENT COUNTRIES

 **78+**
STATE-OF-THE-ART
KNITTING MACHINES

 **60**
SEASONED EXPERTS AT OUR
R&D CENTER, THE WORLD'S
LARGEST DEDICATED TO
SEAMLESS TECHNOLOGY

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2025 BUSINESS HIGHLIGHTS

 **237.3M**
IN SALES

EBIT
 **8.7M**

OVER
 **13M**
UNITS PRODUCED
IN 2025

 **2000+**
EMPLOYEES IN
8 DIFFERENT COUNTRIES

 **78+**
STATE-OF-THE-ART
KNITTING MACHINES

 **60**
SEASONED EXPERTS AT OUR
R&D CENTER, THE WORLD'S
LARGEST DEDICATED TO
SEAMLESS TECHNOLOGY



SUSTAINABILITY VISION AND MANAGEMENT

“At Tefron, sustainability is not a department or a project. It is becoming part of how we design, develop, manufacture, and lead. Our goal is to create products that perform beautifully for our customers while continuously reducing the impact they leave behind.”

– Michael Gold
President



SUSTAINABILITY VISION AND MANAGEMENT

At Tefron, we are committed to bringing high-quality seamless products to market while continuously reducing our environmental footprint. We believe that how a garment is made matters as much as how it looks. As a global manufacturer, we view sustainability as both a responsibility to future generations and a core requirement for long-term business leadership. Today's consumers increasingly expect responsible practices, driving us to address environmental and social challenges as an integral part of doing business.

Guided by our sustainability strategy and work plan, we aim to reduce the environmental and social impacts traditionally associated with the fashion industry. This includes upholding high ethical standards and prioritizing the safety, health, and well-being of workers across our own operations and throughout our supply chain. We continuously improve our manufacturing processes by using lower-impact yarns, reducing water use in dyeing, minimizing material waste, optimizing logistics, and strengthening waste management and packaging practices. Ethical sourcing is a foundational pillar of this approach, ensuring that our products are created in ways that respect both people and the environment while supporting a more responsible textile industry.

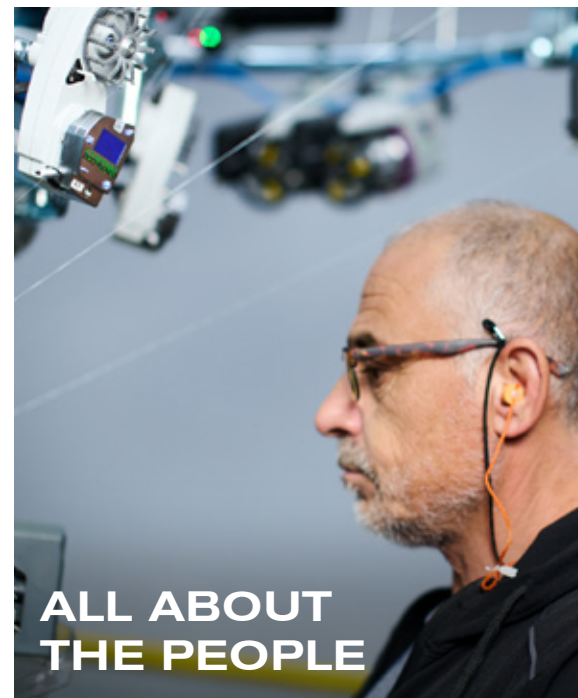
TEFRON SUSTAINABILITY PILLARS



Preserving the planet for future generations means thinking green at every stage of our operations, from small daily habits to our global business model. We are committed to continuously improving practices in our offices and manufacturing plants, reevaluating the materials we use, and exploring new ways to manage waste.



We believe that a great garment is defined not only by its look or fit but also by how it is made. That's why we are continuously working to improve our manufacturing processes and products. Our goal is to provide our clients with higher-quality garments that are made with care. Sustainability starts with the raw materials, and we prioritize yarn manufacturers that share our values and produce yarns with lower environmental impacts, including recycled, bio-based, biodegradable, and dope-dyed yarns. Our commitment to the planet extends beyond our factory, as we use eco-friendly packaging and reduce carbon emissions by merging production sites and consolidating shipments.



As a global company, we are fortunate to have a culturally and ethnically diverse workforce. We believe that coexistence begins with learning about each other, and we recognize that our people are our greatest assets. To support this, we offer empowerment workshops, team-building activities, and celebrate holidays across various faiths and cultures. Tefron's core values are doing good and creating a culture of giving back to our communities.

KNITTING THE FUTURE.



SUSTAINABILITY INITIATIVES



WEAVING SUSTAINABILITY INTO THE FABRIC OF TEFRON

To lead our efforts and fulfill our commitment to responsible business practices and sustainability, we have established a dedicated sustainability team responsible for overseeing global sustainability initiatives and ensuring that we meet our commitments and achieve our goals.

Becoming a sustainability leader requires teamwork and commitment across the entire company. At Tefron, internal stakeholders including managers, technical experts and employees collaborate to advance our vision through forums and working groups such as the Global Sustainability Forum, the Compliance Team, the “Doing Good” and the Employee Well-Being Forum.

At the heart of our company lies a deep commitment to sustainability, and our engagement with sustainability is managed at three levels:

- **Management Commitment** – Sustainability is a priority in all decision-making processes, and it is also incorporated into personal KPIs tied to bonuses and incentives.
- **Budget Allocation** – Achieving our sustainability goals requires significant investment of resources, and we are committed to following through with this. We understand that these efforts will yield long-term returns.
- **Sustainability Culture** – Engaging employees in sustainability fosters a shared commitment. Sustainability is woven into the fabric of Tefron through ongoing conversations and it is incorporated into onboarding and training. Sustainability updates are also included in the internal newsletter, sent quarterly throughout the year.



KNITTING THE FUTURE

“Our customers are looking for more than great product. They are looking for partners who can help them lead through better materials, stronger transparency, responsible manufacturing, and innovation that supports their sustainability goals. That is where Tefron intends to set the standard.”

– Michael Gold
President





Our team includes some of the world's best pattern makers, knitting professionals, yarn specialists, print experts, and seamless designers. Committed to their craft and to meet our clients' needs, their creative genius enables us to bring ground-breaking ideas to life.

Our partners consistently praise our ability to anticipate market needs and drive innovation. They trust us to identify emerging market gaps, develop cutting-edge solutions, and stay ahead of industry trends with breakthrough technologies. This drive for innovation allows us to expand our business and remain at the forefront of the industry.

Tefron products often become staple pieces for the brands we work with, and they expect us to live up to their high standards, which increasingly includes sophisticated sustainability parameters. The materials we use, our resource consumption, waste management, and the process along the supply chain all contribute to the sustainability of our products, and we keep these factors in mind throughout our operations. We are dedicated to answering consumer demands, fulfilling customer requirements, and upholding our commitment to responsible business practices.

FEARLESS SEAMLESS: INNOVATING FOR A BETTER FUTURE

Our motivation to innovate comes from the vast potential of seamless technology. It all begins with a single thread, unlocking endless possibilities from lingerie to overcoats. Garment characteristics are shaped by the type of yarn, the knit and the pattern, a combination that offers nearly limitless opportunities for innovation. Our design team embraces this potential, constantly pushing boundaries to propel us forward. For us, innovation is not just a strategy; it's a core value embedded in our DNA. We are passionate about creating top-quality seamless wear, and our success is rooted in the creativity and meticulous attention to quality that defines every step of our process. This

innovative thinking allows us to push the boundaries of sustainability in the textile industry, developing cutting-edge products that minimize environmental impact.

In recent years, our innovation strategy has undergone meaningful and measurable improvement, marked by deeper cross-regional collaboration, expanded technical capabilities, and a more structured approach to product innovation. These improvements were formalized through the creation of a multi-country, cross-functional Innovation Team involving technical designers, manufacturing engineers, yarn specialists, product strategy leaders, and marketing professionals. This innovation in governance has improved product feasibility assessments, reduced development time, and enhanced the alignment between material science, engineering, and aesthetic design. The initiative reflects a deeper shift towards coordinated, strategically-guided innovation management and furthers our commitment to being front-runners in seamless innovation.

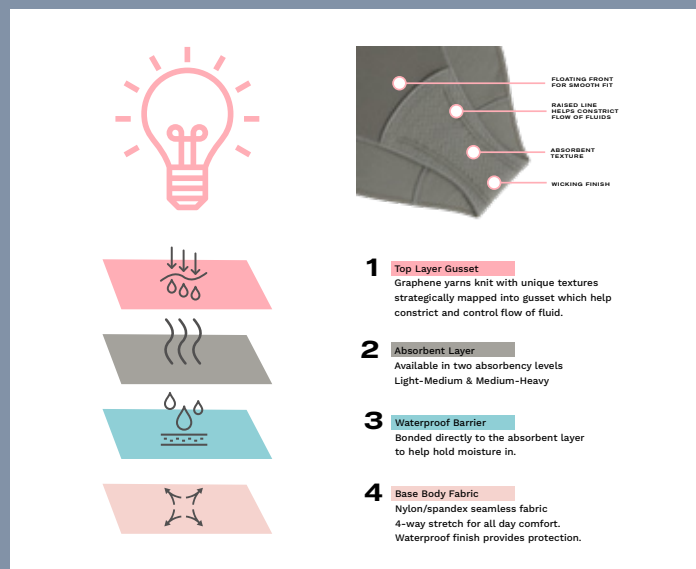
Our R&D center in Israel is the world's largest development center dedicated to seamless technology. Home to 78 state-of-the-art machines and a team of 60 experts, it is a hub where cutting-edge seamless garment production comes to life. Complementing this is our Innovation Studio, where our designers let their creativity flourish to support brands with first-to-market initiatives. Here, experimentation and exploration take center stage, pushing the machines to their limits to uncover new technological innovation. Our advanced R&D facilities also feature an extensive color lab, virtual 3D sampling technology, and a team of dedicated design experts covering a wide range of innovation fields. These capabilities allow us to continuously evolve our core technologies, our materials, and processes, helping our clients reach their brand goals while reducing environmental impact. By consistently upgrading our approach, we solidify our position as market leaders and innovators. In short, staying at the forefront of the seamless technology industry requires relentless reinvention and a commitment to continuous innovation. This philosophy drives us to achieve our goal and ensure we remain pioneers in our field.

Innovation Case Study: Leak-Free Period Panty

After more than two years of dedicated development, Tefron's leak-free Period Panty has been officially granted a U.S. patent, a meaningful validation of our design leadership and technical expertise. Our ability to knit specialized yarns to designated areas resulted in a smart design with layered protection – proprietary to us.

4 layers of protection ensure top tier functionality and performance. First, a graphene yarn knit with unique textures is strategically mapped into a gusset, helping constrict and control fluid flow. This is followed by an absorbent layer with a waterproof barrier, and finally a stretchable and waterproof Nylon/Spandex fabric for all day comfort.

Beyond the patent itself, this milestone reinforces Tefron's position at the forefront of functional and seamless apparel innovation.



THE INNOVATION BLUEPRINT

Tefron approaches innovation as a dynamic, multidisciplinary process that encourages and recognizes creative thinking. By tapping into a range of inspirations, we turn new ideas into cutting-edge technologies and enhanced products.

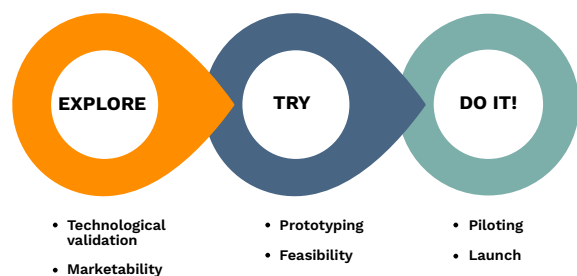
Our innovation journey can begin with a customer request, where we collaborate to find tailored solutions, or it can stem from internal inspiration. Our professional team actively seeks new technologies and materials, and when they identify a promising opportunity, they are empowered to explore its potential. Additionally, our innovation strategy involves collaborations with industry leaders, forward thinkers, and external professionals who help integrate innovative technologies and techniques into our processes.

As first adopters, we take pride in exploring the possibilities of new developments. Often, we create our own product lines to showcase these innovations to our customers, leading brands at the forefront of the industry. There is nothing more rewarding than sharing an exciting new product with our partners!

Tefron participates in industry-leading innovation events and conferences, showcasing our adaptability and our forward-thinking nature

Sustainability is also a key driver of our innovation efforts. We are committed to discovering environmentally friendly materials that meet our high-performance and quality standards. Our research spans fields such as yarns, knitting patterns, improved dyeing techniques, and sustainable raw material sourcing. At Tefron, innovation is not just a goal – it's a cornerstone of who we are, driving us to continually push boundaries and redefine possibilities within our industry.

MANAGING SEAMLESS INNOVATION



The Innovation Team

Innovation has been integral to Tefron since its founding, supported by a dedicated innovation department with a clear mandate and strategically allocated resources. The team assigns both personnel and assets to drive innovation, while maintaining close collaboration with production teams to ensure that new ideas are not only ambitious but also practical and achievable. Additionally, we make use of our Innovation Steering Committee, headed by senior executives including the CEO, CFO, CMO and VPs. The committee establishes goals, priorities, and a multi-year work plan for innovation. The abundance of strong ideas generated by this process has continued to shape our strategic focus, providing inspiration for the next multi-year period.

In practice, the innovation department acts as a driving force, while each professional department includes an innovation specialist. For instance, the Studio features a designer focused on advanced concepts, there is a yarn specialist tasked with discovering advanced yarns, and the business teams maintain a close relationship to represent customer needs effectively.

In 2025, Tefron revised its innovation governance by forming a cross-functional Innovation Forum made up of specialists from design, engineering, yarn

development, product strategy, and marketing. This team is responsible for ensuring product innovation supports strategic goals, speeding up the sharing of knowledge across regions, increasing transparency in decision-making, and providing a structured framework for evaluating projects and making go/no-go decisions. This organizational update highlights Tefron's commitment to becoming a more deliberate, coordinated, and multidisciplinary innovation company.

Innovation priorities

At Tefron, most of our innovation priorities are deeply rooted in sustainability. These include:

- Technological improvements to enhance efficiency and performance.
- Usage of advanced materials to meet evolving market needs.
- Strategies for minimizing waste throughout the production cycle.
- Innovations in dye usage and processes to reduce pollution and water consumption.

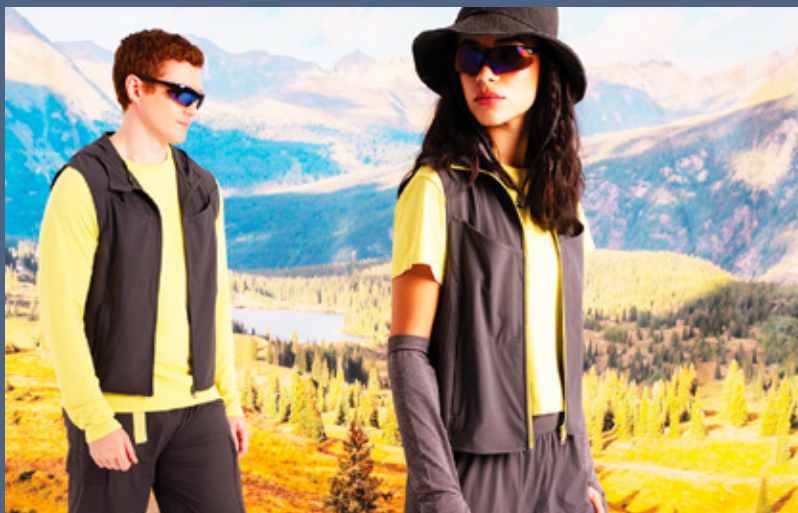
At its core, innovation at Tefron is about leveraging smart engineering and the power of seamless technology to bridge customer needs, a deep understanding of the human body, and sustainability with the optimal raw materials, machines, and technologies.

Throughout the reporting period, we embarked on several groundbreaking projects, including the development and subsequent patenting of our new Period Panties, a provisional patent application for a bra with a unique breast support system, as well as the development of new clothing technologically, advanced clothing lines and the integration of more natural fibers into our collections. A selection of these exciting initiatives are presented throughout this report and more to be unveiled as they progress from visionary concepts into market-ready solutions.

Innovation Case Study: TERRAIN Collection

As a result of Tefron's innovation process, we created our new "Terrain" Collection - a new activewear system built for exploration, adaptability, and performance, engineered to move seamlessly from trailhead to summit. Developed through concepting and advanced material testing, the collection is designed to respond intuitively to changing environments while maintaining comfort, precision, and the innovation that defines Tefron's design approach.

At the core, TERRAIN functions as a complete performance ecosystem powered by six proprietary technologies working in harmony - ranging from seamless mosquito-repellent yarn (proven to repel up to 70% of mosquitoes) to cooling, thermoregulating, and moisture-wicking solutions, plus Merino and Tencel-based softness, hybrid knit-woven constructions for structure and stretch, and lightweight, packable protection for on-demand versatility. The result is gear designed to help wearers push further, stay out longer, and move with confidence across shifting terrain.



SUSTAINABILITY IN PRODUCT DEVELOPMENT

Whenever a new collection is developed, our team of specialists works collaboratively to evaluate both technical and fashion needs, aiming to maximize functionality and enhance style. Through this joint effort, we determine the most suitable yarns, technologies, machinery, and dyes to create garments that are practical as well as on-trend.

Product Development Process

At the Tefron Studio, trends, technology and customer requirements come together to create innovative products. These include customer-requested designs based on design packs and new product lines developed by our talented designers, inspired by market insights and creative vision.

Products begin their journey in the development department, where our team collaborates with leading apparel brands to craft the perfect products from start to finish. Our designers work closely with their counterparts at these companies, leveraging their expertise on seamless technology to both meet specific requirements while presenting the potential of this advanced technology. From initial concept to final prototype, each product is meticulously crafted before moving to manufacturing at Tefron factories or through trusted subcontractors.

Pattern makers use our extensive knit library to create garment patterns, which are then refined using our cutting-edge 3D sampling process. This technology minimizes the need for traditional physical samples, and allows easier communication with brand teams, permitting near-instant feedback. The process ensures each garment meets style and sizing requirements with fewer iterations, reducing both lead times and waste.



Sustainability is incorporated throughout each phase of our product development process. By consolidating all manufacturing operations to be under a single roof, we are able to establish and implement sustainable practices from the beginning. This approach enables us to manufacture garments with distinct performance features, while efficiently utilizing resources and reducing waste.

The sustainability journey begins at the design stage and is carried through every step of production and shipping. By addressing materials, efficiency, and sustainable manufacturing from the outset, we embrace a forward-thinking design philosophy that has become central to Tefron's identity.

DESIGNING FOR SUSTAINABILITY

At Tefron, we adopt a “Right the first time” philosophy when designing products. This philosophy positions us to successfully execute our vision while maintaining a focus on sustainability, increasing resource efficiency and reducing waste generation. When designing products, various sustainability considerations are integrated into the process:

- Structuring the knitted tube for optimal utilization to minimize offcuts and waste.
- Using yarns that provide the desired functionality more sustainably.
- Choosing accessories that are recyclable or made from recycled materials whenever possible.
- Utilizing dyes and dyeing techniques that avoid harmful chemicals and reduce water usage.

While products are primarily designed in response to specific customers, Tefron also maintains an avenue where the design studio develops product lines based on their vision and understanding of the market. These collections are inspired by consumer trends, sustainability challenges, or advancements in materials or technologies. This approach enables Tefron to continuously push boundaries, providing products that are both on-trend and marketable. In these collections, we focus on answering key questions such as:

- How to utilize production waste?
- How to make the same product more sustainable?
- How a new yarn/dye/technology can be used to create something new?

Longevity and durability are paramount to our designs – not just to combat the fast-fashion epidemic, but as a signature of our commitment to quality. By creating long-lasting products, we contribute to lowering overall textile waste and succeed in pushing the industry towards a trend of functional, durable fabric with increased lifespan.

Resource Optimization and Waste Reduction

Our industrial processes produce waste that can be repurposed and reused as raw materials in other products. By turning waste into raw materials, we reduce textile waste and generate additional revenue, marking a success on multiple fronts.

This concept of reuse and recycling is implemented throughout our manufacturing process:

- Pre-production: we choose materials wisely, during manufacturing by designing with intention to minimize offcuts and waste.
- Post-manufacturing: we reuse, recycle, and upcycle manufacturing waste into new and innovative products.

Recycled Materials

We are proud to report that Tefron and Al-Masera, our facility in Jordan, achieved the Global Recycled Standard (GRS) certification again in February 2023. This certification verifies our use of recycled yarns and enables our customers to label their products as GRS-certified. This applies to our entire supply chain and addresses key elements such as traceability, environmental impact, social requirements, and chemical content. By obtaining this certification, we have met both customer demands and the international sustainability criteria. The GRS certification and alignment are integral to our internal operations, and are a requirement for our external suppliers and subcontractors when working with recycled materials.



Utilizing Residual Production Waste:

As part of Tefron's Designing for Sustainability approach, the company partnered with TextRe, a climate-tech innovator specializing in circular solutions for complex synthetic textile waste. TextRe's patent-pending mechanical recycling technology converts textiles into engineered materials for the plastics industry, diverting waste streams that would otherwise be landfilled, incinerated, or downcycled. This collaboration reflects a shared commitment to embedding circular design principles directly into our manufacturing processes.

TextRe's technology delivers measurable environmental impact. Based on internal Life Cycle Assessment (LCA) results, the process achieves an estimated 75–78% reduction in greenhouse gas emissions compared to chemical recycling alternatives, and approximately 90% lower emissions than virgin plastic production, avoiding around 8.4 tons of emissions per unit of material produced. Initiatives such as this strengthen our ability to offer customers responsible, forward-looking solutions aligned with evolving regulatory frameworks and growing demand for transparent sustainability performance.

Additionally, efforts are constantly made to repurpose production waste via circularity. Normally, shredded seamless tubes would be discarded as waste, but our efforts transform these shreds into usable products such as accessories. By reusing fabric tubes, we can produce new items, such as scrunchies, headbands, bags, and more, effectively transforming what would have been waste into usable products. This initiative not only helps reduce waste and increase revenue but also adds a touch of creativity and fun to our sustainability efforts!

Product Safety – OEKO-TEX Certification



Products manufactured in our facilities and by our subcontractors are certified to OEKO-TEX Standard 100, ensuring they are free of harmful chemicals. This certification tests products for substances regulated by standards such as REACH, CPSIA or California Proposition 65. The OEKO-TEX parameters are reviewed annually to keep pace with evolving understandings of chemical safety and regulatory expectations.

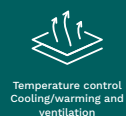
Moreover, the standards set by OEKO-TEX often exceed regulatory requirements, and it is verified by third parties so that it gives confidence to both Tefron and our customers that products are safe and healthy for consumers. This certification requires Tefron to collaborate with suppliers who adhere to these same rigorous standards, ensuring that restricted substances are not introduced at any stage of production, from raw materials to finished goods.



Materials and Processes – Choosing the More Sustainable Option

To achieve the desired characteristics defined by the design team in terms of the look, feel, and performance of a product, the right combination of yarn, knit, planning and finishing must be achieved. This is always a challenge, one that Tefron has been excelling at for decades. Today, in addition to quality and performance, we also incorporate sustainability into our decisions when selecting yarns, dyes and finishes.

LEADING MATERIALS AND FINISHES



ENVIRONMENTAL IMPACT



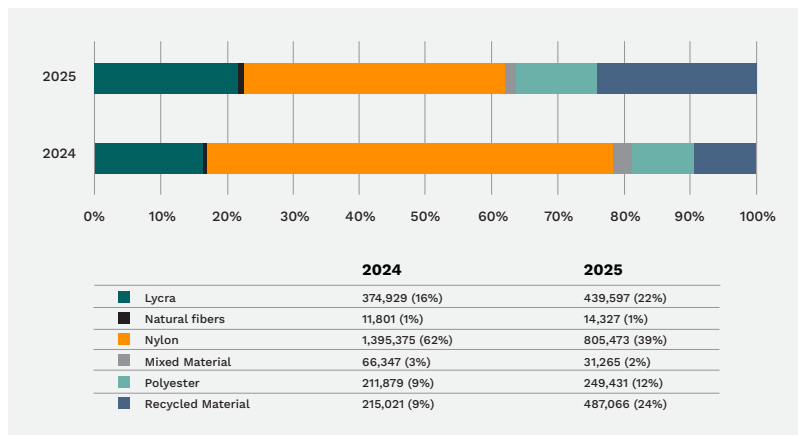
The primary materials used in our garments include yarns made from nylon, polyester, elastane/spandex, wool, and cotton. Mixed-material yarns make up only 2% of our total yarn usage. Additionally, we purchase trims and accessories made from elastane, plastic, foam, and metal, and the packaging materials consist of plastic and cardboard.

Since we produce for brand customers, material choices must be finalized and approved by the brands for whom we are producing, and in most cases, they nominate accessory suppliers. We prioritize selecting the sustainable option whenever it aligns with the desired performance, quality, and cost, and we encourage our partners to adopt the same practice.

55% of plastic packaging used for shipping is recycled or biodegradable.



Raw Material Procurement - 2024 and 2025



Yarns

Our main sustainable yarns are made from either recycled or bio-based materials. Despite being less common in the textile industry, Nylon yarn is the main yarn we use in our operations. This makes recycled nylon or nylon from renewable sources harder to find. Nonetheless, we seek out the existing sustainable alternatives and strive to use them whenever possible.

Recycled Yarns

Recycled yarns are available from a range of different suppliers depending on the material. They are offered for products with nylon, polyester, spandex, or even blended fabrics. We prioritize the procurement of recycled nylon whenever possible. Recycled nylon is available in greige, solution dyed, and in a variety of deniers and filament counts.

Bio-based Yarns

Our bio-based yarns are offered in both nylon and spandex. Bio-based yarns offer a renewable alternative to the oil-derived yarns such as nylon and polyester.

Natural Materials

Tefron Europe specializes in the use of natural materials, such as cotton or wool. Natural fibers have advantages in comfort and sustainability. As an important part of our offering, we take steps to ensure that these materials are sourced sustainably, working with nonprofit organizations such as the Better

Cotton Initiative and the Responsible Wool Standard to source ethical raw materials. We continue to innovate by testing the integration of natural materials into high-performance sports garments.

Yarns purchased with sustainable criteria (recycled or produced with lower water and energy use) make up 47% of purchased yarns in 2024 and 28% of purchased yarns in 2025.

Dyeing

Beyond the yarn, dyes can have significant environmental impact and are a key component in making more sustainable textiles and apparel. Therefore, dyes are a focus for sustainability efforts, and we offer a range of techniques and materials to dye fabric with lower chemical output and negative environmental impact.

Zero-Discharge of Hazardous Chemicals

About 70% of chemicals are registered in the ZDHC Gateway by Zero Discharge of Hazardous Chemicals (ZDHC) nonprofit, who assists in the measurement and compliance of sustainable garments with the goal of eliminating harmful chemicals from global supply chains. All chemicals are stored, used, and discharged responsibly to minimize risks of pollution.

Dope-dyed Yarn

This method of dyeing yarns incorporates the pigment into the fiber during manufacturing. This means that it is unnecessary to dye either the raw yarn after it is manufactured, nor the finished fabric or garment which reduces chemical use and effluents, water, and energy. Once garments are finished, they are simply washed in a manner similar to home or industrial washing machines.

Cone-dyed Yarn

This method pre-dyes the yarns, which requires lower resources in the dyeing process and when the garment is finished, similarly to the dope-dyed yarns, it requires simple washing only which saves on effluents, water, energy, and time.

HUEsed Dyeing

A proprietary technique that we offer for sustainable nylon dyeing with special pigments that create a distressed wash appearance. This technique offers the

look of acid wash that tends to include harmful chemicals but is created with no hazardous chemicals at all.

Many of our manufacturing processes, including both dyeing and weaving, are on the path to sustainability with higher energy and water efficiency. More on this is included in the Manufacturing Environmental Excellence Chapter.

Case Study: Elevated Essentials: Redefining Base Layers and Next-to-Skin Comfort in Activewear

This season, Tefron's design and development teams introduced new fabric innovations that set fresh standards across essential layers. RibVive establishes a new benchmark in base layer apparel. Crafted with premium wool and FIR (Far Infrared) yarn, it supports temperature regulation, promotes recovery, and delivers lasting comfort in demanding conditions. A revealed rib structure within the knit creates a refined, modern aesthetic, elevating the design beyond traditional seamless construction. Engineered to perform as a technical base layer for skiing and high output activity, RibVive also transitions seamlessly into a standalone piece on and off the slopes.

The collection was presented at Performance Days in Munich and selected by Nichole de Carle, Founder of the London Contour Experts Group and Curator of the Bodywear Forum, to be worn on the main stage during her session The 24 Hour Wardrobe; a proud moment of industry recognition.



Certifications and Standards

Tefron maintains several strategic partnerships with longstanding customers. These collaborations are founded on mutual trust and shared values. Our commitment to internationally recognized eco standards and alliances guides us in keeping up with industry developments and strengthens the confidence our customers put in Tefron



World-known certification guaranteeing product safety in terms of chemical safety. It tests textiles for substances potentially harmful to human health using globally standardized test criteria. It complies and exceeds international regulations and requirements and is updated annually to remain current and relevant. Both Tefron Ltd and Tefron Europe are certified to this standard and most tier 1 suppliers.



We are proud to report that in 2024 and 2025, Tefron Ltd, Tefron USA and Al-Masera once-again received a GRS (Global Recycling Standard) certificate for the second year in a row. Additionally, Tefron Europe now holds a GRS certificate. GRS is a voluntary product standard for tracking and verifying the content of recycled materials in a final product. This certification lends external verification to our use of recycled yarns and supports this claim to our customers (who can mark their products as GRS). By completing this certification, we aligned with customer and global sustainability requirements.



A non-profit, multistakeholder governance group that promotes better standards in cotton farming across the globe.

We thrive on the creativity and innovation that defines the fashion industry. To remain at the forefront, we promote a culture of continuous learning, ensuring that our team stays ahead of industry trends and embraces new technologies.

By fostering an environment where creativity flourishes, we empower our employees to explore new ideas and push the boundaries of what's possible, ultimately delivering products that inspire and captivate our customers.



MANUFACTURING ENVIRONMENTAL EXCELLENCE





Operating across international markets, we recognize both the impact our industry has on the ever-growing climate crisis, and the responsibility associated with textile manufacturing. We are committed to continuously reducing our environmental footprint while advancing sustainable innovation. Environmental responsibility is embedded within our global operations and long-term business strategy. We actively manage key environmental risks, including energy and water consumption, waste generation, wastewater treatment, and carbon emissions, through a number of ways:

1. Optimizing our processes
2. Efficient resource use
3. Collaboration with our suppliers

In recent years, we have faced increasingly stringent environmental reporting requirements, alongside growing expectations from customers and business partners for greater transparency across our supply chain. In response, we are actively preparing for and implementing emerging European ESG reporting standards, including CSRD and CSDDD, in alignment with evolving customer and regulatory expectations.

In recognition of our potential impact on the climate crisis if left unmitigated, we continue to strengthen our efforts to measure and monitor resource consumption, reduce environmental impacts, and promote innovative solutions for more sustainable production. We remain committed to continuously improving our environmental risk management as an integral part of our business strategy, maintaining a long-term focus on sustainability, operational excellence, and industrial innovation.

SUSTAINABLE OPERATIONS AND PRODUCTION

At Tefron, the "Reduce, Reuse, Recycle" principle is fundamental to our sustainability efforts. We continuously assess the environmental footprint of our operations, from initial development through disposal, constantly striving for improvement. Our commitment to environmental responsibility meets consumer expectations and contributes to a healthier planet. Throughout 2024–2025, Tefron implemented several material and process-level innovations that directly reduce the environmental footprint of our products and operations:

1/ Transition to higher recycled-content yarns

We have expanded our use of recycled nylon and polyester yarns, increasing incorporation of recycled fiber into our garments while maintaining performance standards such as durability, elasticity, and colorfastness. These transitions were carefully validated to ensure no compromise in garment lifetime or technical attributes, aligning sustainability improvement with product integrity.

2/ Introduction of lower-energy finishing processes

At Tefron's Jordan facility, engineering teams introduced new finishing processes that reduce the energy required during critical stages in seamless garment production. These adjustments reduce total energy consumption per unit produced and mark a success resulting from cross-functional collaboration between manufacturing and R&D teams.

3/ Expansion of dope-dyed yarn programs

Dope dyeing as a dyeing method has been increasingly adopted across our production processes. This reduces water consumption, chemical inputs during textile dyeing, and wastewater generation. The broader adoption of dope dyed yarns allows us to lower the impact of garment coloring across a range of products.

Together, these innovations demonstrate our continued shift toward the use of more resource-efficient materials, improvements in energy-efficient processing, and lower-impact coloration technologies.

New Jordan Facility located near Irbid in the same Al-Hasan Industrial Estate

As part of our commitment to improving operational efficiency and environmental performance, Tefron initiated the development of a new centralized manufacturing facility in Jordan, located in the Al Hasan Industrial Estate near our existing operations. The project began in 2025 and is scheduled for completion by the end of 2026.

Spanning more than 35,000 square metres, the vertically integrated, purpose-built facility will consolidate operations previously spread across multiple buildings into a single site. This strategic capital investment supports Tefron's climate and energy objectives. By consolidating operations into a single, energy-efficient facility, the project is expected to reduce overall energy consumption, lower Scope 1 and Scope 2 emissions, and deliver long-term operational cost efficiencies. Eliminating internal transportation between buildings will further reduce associated emissions.

The new facility incorporates modern infrastructure designed to support improved environmental, health, and safety (EHS) performance, including safer working conditions compared to previous facilities. In addition, new water and energy sub-metering systems will enable more granular data collection, strengthening environmental performance monitoring and continuous improvement efforts.



Sustainability Management

Compliance with strict legal regulations forms the basis of our environmental management practices and we build on these to improve consistently, actively seeking opportunities to go beyond regulatory requirements. Tefron's ESG governance structure includes oversight by the Board of Directors, with ESG strategy and performance reviewed regularly. Day-to-day ESG management is led by the Global Compliance Director, supported by cross-functional teams from Operations, HR, Supply Chain, and Finance. A dedicated global team oversees environmental and social initiatives, developing and enforcing policies that influence every level of our operations. We ensure these policies are effectively implemented by regularly conducting training sessions for leadership at both proprietary and subcontractor facilities.

Our sustainability commitment is formalized by the Tefron Global Sustainability Manual. This manual establishes standards for our sites and contractors, supporting our goal to embed ESG commitments throughout our supply chain. We are actively developing environmental policies with measurable targets, establishing baselines, and implementing initiatives to reduce energy, water, and gas consumptions across our operations.

Our commitment to sustainability extends beyond our own operations. In February 2025, Tefron conducted a dedicated subcontractor training seminar in Jordan focused on strengthening environmental, social, and compliance performance across our extended manufacturing network. The seminar covered regulatory compliance and industry standards, new subcontractor KPIs, environmental sustainability in manufacturing, and practical best practices for waste management, energy efficiency, and pollution control. Social topics included labor laws and workplace rights, reinforcing expectations around fair working conditions, worker protections, and responsible employment practices. By training subcontractors directly on critical topics, we help ensure that sustainability, labor standards, and compliance expectations are consistently understood and applied beyond our own facilities.



Supplier LOCT program

Tefron's management takes pride in our commitment to constant improvement of environmental performance. In spring 2025, our Global Compliance Team participated in the Supplier Leadership on Climate Transition (LOCT) program to strengthen its approach to greenhouse gas (GHG) management and climate-related decision-making. Through the program, Tefron reviewed its GHG inventories step by step, significantly improving confidence in our data collection processes and developing a clearer understanding of the actions required to manage emissions effectively. During 2024–2025, the focus was placed on Scope 1 and Scope 2 emissions, establishing a structured foundation for tracking direct and energy-related emissions across operations.

Strengthening our Global Sustainability Commitments

As a global organization, Tefron actively collaborates with external organizations and partners to drive continuous improvement.

Highlights from 2024–2025 include:

CDP Climate Disclosure Improvements

Since 2017, Tefron has been reporting our environmental impacts through the Carbon Disclosure Project (CDP), demonstrating transparency and accountability in our sustainability efforts. We are proud to share a significant milestone on our sustainability journey. Our CDP Climate Change score improved from D in 2024 to C in 2025, reflecting meaningful progress in how we understand and manage our environmental impact. A C score represents awareness — recognizing that climate-related topics, emissions, risks, and opportunities are increasingly integrated into our business decisions. While this is still an early step, it reflects growing commitment and momentum across the organization.

Walmart's Project Gigaton

Once again, we contributed to Walmart's global initiative to avoid 1 billion metric tons of greenhouse gases by 2030, reinforcing our shared commitment to reducing environmental impact alongside our key retail partners.

THESIS Assessment by The Sustainability Consortium

Through THESIS (The Sustainability Insight System), we evaluated our products' environmental and social footprint across the supply chain — from raw material sourcing to manufacturing and packaging. The results help us identify key areas for improvement and guide our actions toward greater efficiency, transparency, and sustainability.

ZDHC "Supplier to Zero"

Tefron completed the Zero Discharge of Hazardous Chemicals (ZDHC) "Supplier to Zero" assessment, reinforcing our commitment to safer chemical management and global efforts to eliminate hazardous discharges. This milestone supports our goal of cleaner production and responsible material use.

Waste

Textile production is a significant contributor to global waste, and at Tefron, we are committed to reducing waste through comprehensive waste management policies that span the entire production cycle. Our primary waste source is residual fabric waste, which we address through a two-pronged approach: minimizing waste through thoughtful design and efficient production processes and diverting the remaining waste from landfills by repurposing or recycling fabric remnants whenever possible. In our Jordan facility, we actively collaborate with the government to develop effective recycling systems to manage textile waste. These efforts align with our ESG commitments, reinforcing our dedication to sustainable and responsible manufacturing practices.

Resource Optimization

Tefron optimizes resources through well-engineered seamless garments, where strategic pattern planning maximizes yarn usage and utilization of fabric tubes. These processes are optimized by making use of digital product models for back-and-forth feedback, both internally and with our partners. This precise



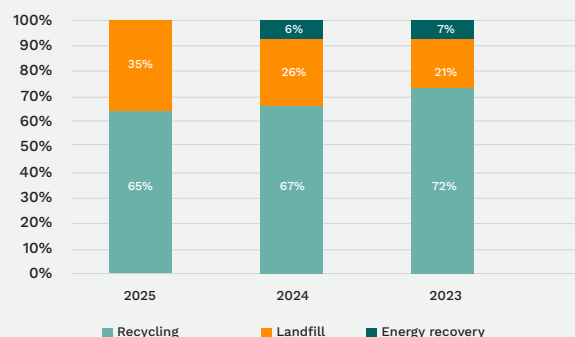
approach results in fewer excess trims and fabric scraps, significantly decreasing our environmental impact. Moreover, these efficiencies reduce downstream production, ensuring better resource management and a reduced ecological footprint. For example, reducing the weight of fabric for dyeing decreases the quantities of water and dyes used.

Our site in Jordan has implemented targeted policies to reduce manufacturing defects, further reducing waste and enhancing overall production efficiency. These policies are supported by global training efforts, ensuring that the knowledge and skill of our global workforce is passed on to our whole network. This effort is especially crucial since nylon and spandex, our primary materials, are difficult to recycle, due to their chemical structure and the challenges associated with their production processes.

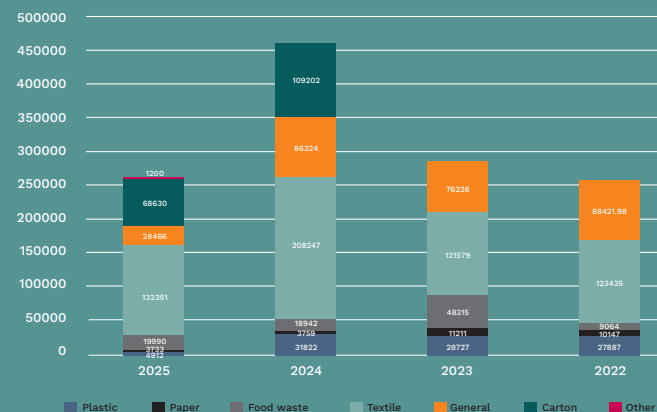
Several key improvements have been made to our operations in order to optimize our resources and reduce waste across the lifespan of our products. We've begun prioritizing the selection and procurement of yarn with longer lifetime in our products, ensuring our clothing stays in closets longer and reaches landfills later. We've also begun consolidating yarn selection in order to minimize extra inventory. This has the added benefit of reducing dyeing and pigmenting processes, offering additional environmental benefits while maintaining high quality standards.

Additionally, efforts are constantly made to repurpose production waste via circularity, such as by repurposing fabric waste into new items and through our collaboration with TextRe. More information on this initiative can be found on page 24.

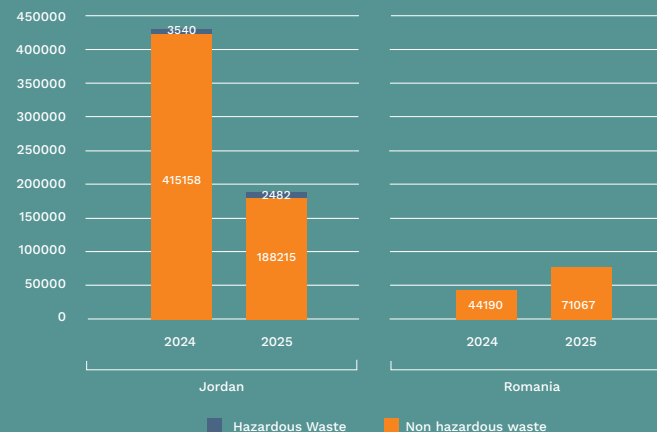
Non-hazardous waste by treatment type



Waste generated by category (kg)¹



¹Data for textile waste and for domestic waste in Jordan for 2023 are partially estimated due to changes in data management.



The majority of the waste generated in our operations is non-hazardous. Hazardous waste is managed according to regulations and industry standards. It primarily consists of machine oils and used chemical containers, which are sent back to suppliers for reuse.



In 2024, our facilities in Jordan handled 969 kg of such containers and contaminated waste, alongside 2571 L/kg of residual machine oils. In 2025, our facilities in Jordan handled 842 kg of such containers and contaminated waste, alongside 1599 L/kg of residual machine oils.

“Our seamless technology is designed not only to create better garments, but to build a more responsible future by minimizing waste, optimizing resources, and empowering our people to drive sustainable innovation across every stage of production.”

Dvir Visel, SVP of Operations

Utilizing Digital Technologies and Virtual Spaces

A key component of designing for long-term sustainability is our proprietary 3D mapping process. This software enables us to confirm product dimensions through advanced digital models rather than the use of wasteful physical samples. This technology significantly reduces the textile waste resulting from the iterations inherent to a development process by removing the fabric component.

Additionally, it supports efficiency by shortening lead times for customers, offering near-instant communication and feedback, and enhancing customer satisfaction. This digital approach streamlines our design process and strengthens our relationships with customers, enabling us to deliver high quality, on-trend products that suit their needs.

Water

Water is an indispensable resource in textile manufacturing, integral to various stages of production such as fiber processing, dyeing, and finishing. It is particularly crucial in the dyeing process to ensure even color distribution and in the finishing process to enhance the fabric's properties, such as softness and durability. Additionally, water is necessary for washing fabrics to remove impurities or residual chemicals, ensuring the final product meets high-quality

deploying advanced water recycling systems, optimizing dyeing techniques, and maintaining strict management practices aimed at reducing our water footprint.

In Jordan, a country experiencing high water stress, water efficiency is a key focus for managing operations. We begin by meticulously measuring and tracking water usage to identify consumption patterns and develop effective reduction strategies. We are also exploring new technologies that could further decrease water use. This proactive approach is complemented by ongoing water efficiency measures, particularly in optimizing the dyeing process to use water more judiciously.

In Romania, our water is sourced from specially constructed water wells that are not connected to the municipal water system. This water undergoes extensive filtration before use to ensure it meets operational requirements and supports consistent manufacturing processes. It is primarily used for chiller systems that operate in a closed-loop circuit, allowing for continuous reuse and minimizing overall water consumption. Any water discharged from these systems is minimal, clean, and safely released into municipal sewage systems in accordance with applicable environmental requirements. Continuous monitoring and routine maintenance help ensure the system operates efficiently and reliably while supporting responsible water management practices.





Our Jordan facility has significantly improved its water consumption ratios, moving from a 1:15 fabric weight-to-water ratio to a more efficient 1:10 ratio. Plans are underway to upgrade this facility to enable on-site water treatment and recycling, enhancing both operational efficiency and environmental stewardship.

In Romania, our water is sourced from specially built water wells that are not connected to the municipal water system. This water undergoes extensive filtration before use. It is primarily used for chiller systems that operate in a closed-loop circuit, allowing for continuous reuse. Any discharged water from these systems is minimal, clean, and safely released into municipal sewage systems.

"Our environmental initiatives are important because we don't want to be the reason anyone is harmed. It's better for our people, our country, and our business."

Ashraf Qrai – CEO of Tefron Jordan / Al Masera

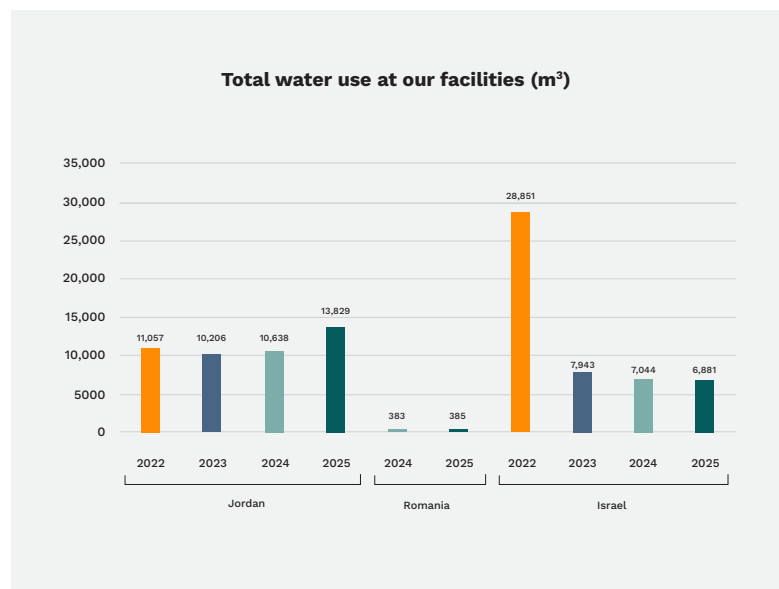
Water Effluents and Chemical Responsibility

The management of chemicals and effluents is a critical concern in the textile industry. We are committed to responsible chemical management throughout our operations, especially in handling effluents from dyeing processes. Our dye houses adhere to strict protocols, testing wastewater discharges against the ZDHC Manufacturing Restricted Substances List (MRSL) to ensure compliance with regulations on restricted substances. This rigorous approach helps prevent harmful substances from being released into the environment. In 2025, Tefron completed and received a certificate for ZDHC self-assessment, marking an important advance in our management of wastewater.

Furthermore, we increasingly prioritize dope-dyed yarns in our portfolio, where pigments are incorporated during yarn production rather than through traditional dyeing. This method significantly reduces water and electricity consumption, as garments require only washing, not dyeing. Using dope-dyed yarns can save up to 75% of water and electricity compared to traditional dyeing methods.

Our Romanian factory utilizes an innovative dyeing technique that dyes the entire product after excess fabric has been trimmed, significantly reducing the water and dye required. This method not only conserves resources but also minimizes waste by preventing the risk of excess dyed accessories that may become surplus due to seasonal color changes.

Approximately 50% of products manufactured in Jordan facility do not require dyeing and are washed only.



Water intensity in our main manufacturing facility - Jordan (m³ per unit produced)

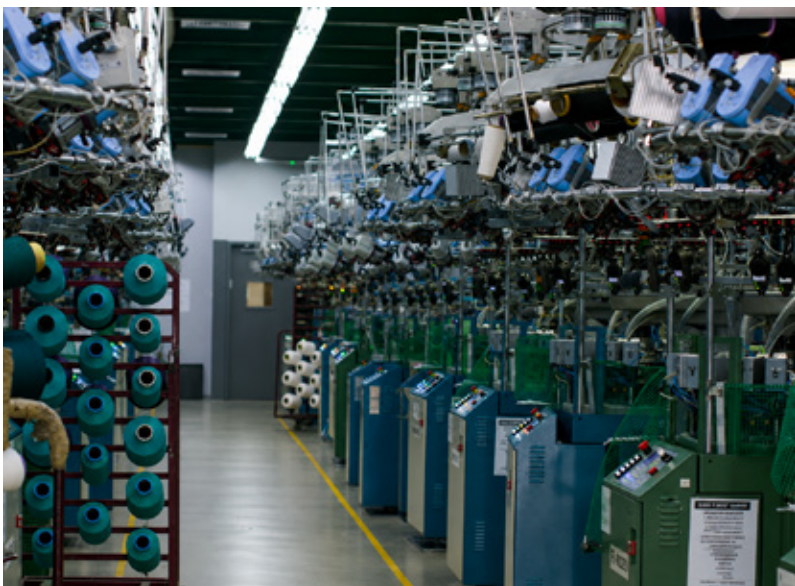
2023	0.0019
2024	0.0011
2025	0.0015



Energy and Emissions

We primarily operate knitting and sewing machines for production, alongside supporting machinery such as chillers or compressors. Our machinery is mostly electric and pneumatic, generating no direct emissions. Nevertheless, we focus on reducing energy consumption by utilizing energy-efficient machines and choosing the more energy-efficient models whenever replacements are needed. Over a third of the knitting machines in Jordan are labeled with the ACIMIT Green Label¹, offering 15% higher energy efficiency than previous models, and many of the sewing machines have already been replaced with newer, more efficient models.

We expect to see continued improvements in energy efficiency as a result of the transition to the new centralized facility in Jordan, where we plan to install more energy-efficient machines. This is accompanied by a refurbishment plan that includes incorporation of energy efficiency systems, feasibility studies to assess solar energy as a possible long-term renewable energy source, and operational improvements that will occur from centralizing our operations into one facility, lowering overall distance between operational segments. Solar panels have already been integrated as a source of renewable energy for the worker dormitories in Jordan².



As a global company manufacturing physical products for global customers, travel is inevitable. However, we strive to consolidate trips to reduce energy use and emissions wherever possible. The use of shared virtual spaces for presenting product ideas in lieu of in-person meetings is a keystone of our emissions reduction strategy that helps lower the environmental impact associated with global production. This allows us to continue collaborating without entirely losing the benefits of face-to-face interactions and hands-on product inspections.

These virtual spaces are carefully designed to create an engaging atmosphere, and while they do not fully replicate in-person meetings, they effectively depict product concepts and dimensions while saving time, energy, and resources related to transportation and shipping, ultimately reducing our overall carbon footprint. Additionally, we also offset emissions from our business travel by donating benefit points accumulated from staff flights for conversion to Sustainable Aviation Fuel (SAF).

GHG Emissions

	2023	2024	2025
Scope 1	249	1581	2468
Scope 2	12571	12559	11051
Total Scope 1+2	12820	14140	13519

Emission Intensity (MT CO2e per unit produced):

	2023	2024	2025
Jordan	0.00686	0.0009434	0.0011635
Romania	0.00062	0.0000964	0.0003854

¹The ACIMIT Green Label aims to identify the energy and environmental performances of textile machinery. Manufacturers who wish to use the ACIMIT Green Label must comply with the sustainable technologies project and related rigorous compliance standards defined by ACIMIT, validated, and certified by RINA, an international certification body.

²Energy from worker dormitories is not included in this report since these are shared buildings. As data collection improves, we seek to determine energy attributed to us.



HEALTH & SAFETY

As a global company, we place utmost importance on ensuring the health and safety of all employees across our entire supply chain. Our commitment is centred on cultivating a work environment that not only safeguards our employees but also supports their overall well-being. This is achieved by strictly adhering to our comprehensive code of ethics, as well as observing all relevant laws and regulations designed to prevent accidents and protect health during every stage of the work process.

To uphold these standards, we provide extensive training for employees, implement robust management procedures and oversight, and ensure that essential facilities are readily available. These measures are intended to prevent accidents and swiftly address any hazards that may arise. Not only is the health and safety of our people a fundamental working condition, but it is also a pillar of our success and growth.

EHS Management

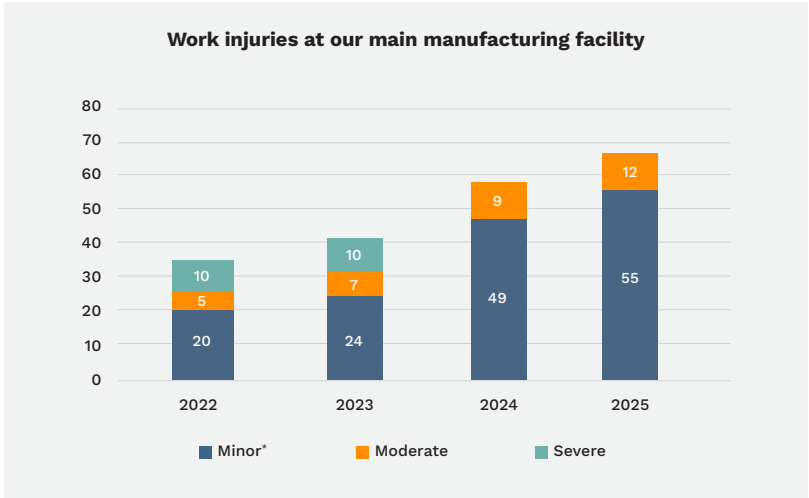
Our Occupational Health & Safety Policy provides the foundation for how we manage workplace safety across all Tefron operations. This formal, written policy, updated in 2024 and approved by senior management, guides our strict enforcement of all applicable occupational health and safety laws and regulations, together with our internal code of ethics. The policy applies to all employees, operations, and facilities worldwide and includes a commitment to:

- Providing safe and healthy working conditions to prevent work-related injuries and occupational diseases.
- Meeting all applicable legal and other requirements.
- Reducing occupational hazards in the workplace.
- Continuously improving the occupational health and safety management system.
- Consulting and engaging with workers and their representatives.
- Clearly defining roles, responsibilities, and authorities related to health and safety.
- Appropriately training employees to ensure competence in health and safety practices.
- Controlling, maintaining, and periodically reviewing all health and safety documentation.

Oversight and accountability are embedded in our management processes. Through regular internal, external, and administrative audits, senior management ensures that health and safety performance is consistently evaluated, discussed, and reviewed against defined objectives. The Compliance Team, Health & Safety Officers, and dedicated health and safety representatives at each site are responsible for implementing the policy, tracking performance, reporting to senior management, and updating procedures based on audit findings, risk assessments, and evaluation meetings. Health and safety practices across our facilities are aligned with international best practices, including the principles of ISO 45001, and operations are subject to applicable buyer and compliance audits, such as SLCP, to verify ongoing compliance.

To ensure effective implementation at the site level, we define objectives derived from both our global policy and local regulatory requirements. Each site has a dedicated health and safety representative who oversees EHS implementation and procedures, maintaining localized procedures and adaptations to address site-specific risks while adhering to the global framework. These standards extend to our subcontractor facilities, where compliance with applicable local occupational health and safety laws is mandatory. Subcontractors are required to follow factory health and safety rules and procedures including safe working practices, required use of personal protective equipment (PPE), fire safety, and emergency preparedness, and are assessed during approval and periodic reviews to ensure alignment with or exceedance of Tefron's standards.

KNITTING THE FUTURE.



*Incidents qualified as "minor" do not typically incur lost time.

Working with specialized machinery in production processes can be inherently dangerous. We continue to monitor and improve our practices, striving for a supply chain free of serious incidents. The leading causes of workplace injuries at our facilities are slips and trips, accidental impact from objects, and sharp object injuries – most commonly needle punctures. We are pleased to report that our facility in Romania has recorded zero incidents since joining Tefron in August 2023, demonstrating the effectiveness of our strict policies. The facility's Safety Officer ensures that all policies and procedures remain up to date and in full compliance. Periodic audits conducted in 2024 and 2025 identified no significant findings. At our main manufacturing site in Jordan, 125 work-related injuries were reported in 2024 and 2025, of which 83% were minor. Additionally, zero severe incidents occurred in our facilities throughout 2024 and 2025. In an ongoing effort to minimize injuries, each incident was investigated, and adjustments were made based on our findings to prevent future occurrences.

While the overall number of injuries increased throughout the reporting period, the trend of injury rates remains stable when considering the growth in Tefron's workforce in 2024 and 2025.

To further strengthen worker protection and early risk identification, Tefron has continued to advance its grievance-management approach. Building on initiatives launched in prior years, formal grievance policies and training materials support multiple reporting channels and reinforce accountability. This is complemented by Tefron's Worker Voice Program, a program established in collaboration with Under Armour that adds additional channels for submitting anonymous workplace grievances, as well as an expanded online safety training system.



Personal Protective Equipment (PPE)

At Tefron, all employees have access to personal protective equipment (PPE) tailored to their workstations, including gloves with metal shielding and protective earplugs, when working with hazardous materials and in places where powder dust is present, workers must use protective masks or masks with a carbon filter (respirators). Employees are thoroughly instructed on the proper use of their PPE to ensure safety. PPE training is provided both as part of the onboarding process for new workers, as well as periodically to serve as key reminders for safety. Clear signage is placed in areas where personal protective equipment is required, with signage being posted in all languages spoken by workers to avoid any misunderstandings and to promote safe practices.

Training and EHS Communication

Clear and accessible communication is central to effective EHS performance. Health and safety information is communicated through:

- Induction and refresher training
- Job-specific safety instructions
- Toolbox talks
- Supervisor briefings
- Written procedures
- Safety signage
- Regular emergency drills.

Information is visibly displayed at workstations, entrances and exits, production areas, notice boards, and emergency assembly points. Policies and procedures are available through HR and EHS departments, and standard operating procedures are posted in all languages understood by the workforce, including English, Arabic, and additional worker-understood languages such as Hindi, Urdu, or Bengali, depending on workforce composition. This multi-channel, multilingual approach ensures employees understand EHS requirements, risks, and emergency procedures.

In addition to clear communication, Tefron conducts regular health and safety training at facilities worldwide to ensure adherence to our protective measures. All employees participate in basic safety training and additional training is offered in accordance with specific roles. These trainings are frequently assessed and refreshed to maintain high standards and promote safe practices. Employees at our owned facilities received approximately 4027 and 6161 hours of environment and health and safety training, in 2024 and 2025 respectively.

This equates to at least 3.4 hours of training per employee across our Israel, Jordan and Romania locations in 2025, and 2.2 hours per employee in 2024. The increase in training hours for 2025 is due to an increase in number of employees at our main facilities.



This year, health and safety training included a first aid course at all of our own sites, covering operations in Israel, Jordan, and Romania, and ensuring our teams are prepared for emergency situations. We also ensure that subcontractor facilities have trained employees onsite who can act as first responders in the event of an emergency. Other trainings conducted include safe handling of chemicals, machinery training, fire safety training, and use of PPE. Additionally, our subcontractors receive technical trainings to operate machinery safely.

Chemicals

At Tefron, we are committed to the proper handling, storage, and disposal of chemicals and hazardous substances, which is essential for ensuring the safety of our workers. In our operations, chemicals are primarily used in dyeing and garment finishing. All chemicals are accompanied by appropriate Material Safety Data Sheets (MSDS) available in the local language or a language understood by employees to ensure clarity and understanding. Employees undergo comprehensive safety training to minimize risks and accidents. Chemical storage systems are located away from public areas; gas tanks are stored outdoors, and chemical containers feature spill-containment solutions. All storage zones are clearly labeled with appropriate signage, well-illuminated, properly ventilated, and equipped with immediate access to eye and body wash stations.

We partnered with BHIVE, a digital chemical management system, to align with industry standards and improve the monitoring of our chemical inventories. Additionally, Tefron tests wastewater discharge twice-per-year to meet global standards such as MRSI and Zero Discharge of Hazardous Chemicals (ZDHC) for our dye house, a frequency above the industry average. We are proud to have recently completed the ZDHC Supplier To Zero (Level 1) self-assessment certificate, marking another step towards our continuous improvement. These actions underscore our commitment to staying at the forefront of industry innovation and environmental responsibility.

Quality Assurance

Maintaining the highest standards of quality across all production stages is a core commitment at Tefron and a fundamental pillar of our operational strategy. Our quality management system is designed to prioritize customer satisfaction while ensuring compliance with international standards and regulatory obligations. Rather than relying solely on final inspection, we focus on building quality into every stage of the process; Inspections of incoming goods, in-process monitoring, employee engagement measures, and final product inspections all contribute to the high standard of our products. Tefron adheres



to the principles of leading certifications to ensure robust and effective quality management practices. By aligning our processes with these principles, we strengthen the effectiveness of our quality assurance measures. Our in-house lab conducts detailed inspections of every sample, as well as working with third-party testing companies to guarantee that each product meets our high standards for comfort, performance, and brand requirements.

“Behind every product at Tefron is a story of innovation, collaboration, and human passion. Across every region and every team, there are people who genuinely care about what they are creating – and that shared commitment continues to shape our culture and drive our future forward.”

Jillian Samis - SVP Global Marketing & Design

We employ Corrective and Preventive Actions (CAPA) processes to address any deviations from quality standards and to continuously enhance our operations. Our CAPA tools include regular factory audits, pilot runs, and pre-production meetings, all of which are integral components to our quality assurance procedures. All materials are closely inspected against approved specifications prior to production. Final inspections are carried out in accordance with internationally recognized AQL standards, ensuring that only fully compliant products are released for shipment. Moreover, we leverage data-driven insights by monitoring detailed process data to identify trends, improve processes, and enhance product quality.

Workforce capability is managed through a structured skill matrix system to ensure employees are appropriately trained, qualified, and developed for their roles. This enables targeted training, supports critical operations, and improves process stability and consistency. Through strong leadership commitment, skilled personnel, and structured systems, we consistently deliver high-quality products while improving efficiency, reducing waste, and advancing toward world-class manufacturing standards.

Quality Assurance at Subcontractor Facilities

Ensuring the highest quality across our supply chain is a top priority at Tefron. We align closely with our customers’ needs and actively engage quality control (QC) representatives at subcontractor locations to consistently meet our stringent quality standards. Each Tefron location is staffed with trained and qualified QA and QC personnel who closely monitor our output. Additionally, we strategically pair our QA personnel with specific customer accounts, allowing customers to train and certify designated QA representatives at Tefron. This close collaboration enables our QA teams to effectively represent our customers’ best interests on the ground and approve final goods directly. This approach is central to our comprehensive quality assurance processes, ensuring the integrity and excellence of our products throughout our supply chain.

New Sewing Facility in Romania

In Ploiești, an hour from Bucharest, we opened a brand-new sewing facility — a huge milestone that allows us to reduce reliance on subcontractors and strengthen our in-house capabilities. By welcoming seamstresses from nearby communities, we are creating opportunities close to build a more connected team enriching our Tefron Romania with new talent and energy. These renovated spaces are a testament to Tefron’s belief in creating positive, inspiring environments that reflect our brand identity and connect us as one organization worldwide.





ALL ABOUT THE PEOPLE





TEFRON'S GLOBAL WORKFORCE

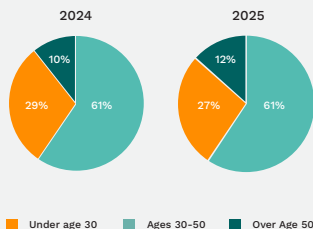
At Tefron, we recognize that the strength of our global operations comes from the creativity, dedication, and diversity of our team members across Israel, Jordan, Romania, United States, Canada, Vietnam, China, and India.

Tefron's global workforce¹

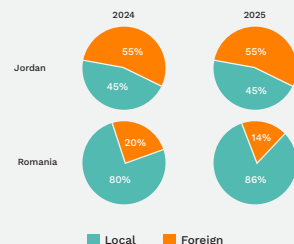
	Israel	Jordan	Far East	North America	Europe
Men	36%	43	30	15	28
Women	64%	57	70	85	72

¹True to December 31st, 2025

Global age distribution



Local v/s foreign workers



We recognize the importance of respecting and embracing local cultures while maintaining high standards for employee well-being and development. Guided by the principle of **One Company, One Tefron**, we combine global best practices with local cultural insights, to ensure that every member of our diverse team feels valued, engaged, and supported. Values, policies, strategy, and planning are developed at our global headquarters, while implementation is carried out by local teams with appropriate adaptation. Ongoing collaboration through regular regional meetings help uphold our One Company, One Tefron vision. Our approach is fundamentally human, where every employee receives attention and has their individual needs met. This is a source of strength which ensures that even during times of widespread challenges and uncertainty we continue to operate as a unified global entity.

The overwhelming majority of our employees are employed full-time on permanent contracts

At Tefron, women's leadership has a profound impact at every level of our organization. Women hold 61% of management positions at our Israeli headquarters and over 90% of senior management positions globally, playing a vital role in our operations and reflecting our commitment to gender equality. Their strong presence of leadership not only drives business success but also strengthens employee engagement across the company. We remain committed to fostering internal mobility and professional development, ensuring employees across our global workforce have meaningful opportunities to grow and advance within the company.

94% of employees promoted at the headquarters in Israel and North America throughout the reporting period were women.

Global Gender Distribution by Position



ONE TEFRON – MANY VOICES

Employee Spotlight – David from Kenya QA Manager in Tefron’s Far East locations since 2015

“Coming from Kenya and working with Tefron since 2015 across China, Vietnam, and Jordan has given me a strong, practical understanding of cultural diversity in global manufacturing environments. Growing up and beginning my career in Kenya, I was immersed in a culture that values community, flexibility, and interpersonal relationships, with open, relationship-driven communication and a strong emphasis on teamwork and mutual support.

Transitioning to China exposed me to a more structured and hierarchical work culture, where respect for authority, discipline, and precision are central to daily operations. Decision-making is largely top-down, with a strong focus on efficiency and strict adherence to processes, requiring me to adapt my communication style to be more formal and aligned with organizational hierarchy. In Vietnam, I experienced a balance between structure and flexibility, with a culture that emphasizes teamwork, adaptability, and cross-department collaboration, while still maintaining respect for leadership.

In Jordan, I encountered a work culture that strongly values relationships, trust, and respect, where building personal connections is key to effective teamwork and success.

These experiences across Kenya, China, Vietnam, and Jordan have strengthened my cultural awareness, adaptability, and leadership approach. I have developed the ability to adjust communication styles, balance relationship-building with process discipline, and effectively manage diverse teams while maintaining high-quality standards in different cultural settings.”

With team members representing diverse nationalities, religions, and cultural backgrounds, Tefron places high importance on honoring the traditions and identities that shape our global workforce. Diversity enriches our corporate culture, strengthens human connection, and fosters innovation across the organization. We actively celebrate this diversity by recognizing cultural and religious holidays from all employee origin countries and adapting holiday leave so individuals can observe the occasions most meaningful to them. Our operational practices are also adjusted to support cultural expression, including shift

adaptations during significant religious periods and dress-code accommodations to respect religious or cultural requirements.

Inclusion begins with everyday experiences. Across our sites, kitchens are adapted to reflect the nationalities represented among employees, offering culturally familiar foods that help create a sense of belonging and connection to home. Human connection is further strengthened through shared moments and personal milestones. For example, the Vietnamese team members attended a colleague’s wedding in 2024, an occasion accompanied by a celebratory gift from Tefron. These moments not only demonstrate care and recognition but also create opportunities for cross-cultural exchange and stronger employee cohesion.



Tefron’s culture places visible emphasis on belonging, recognition, and shared experience. Throughout 2024 and 2025, teams across regions marked national independence days, religious holidays, cultural festivals, and personal achievements. Such examples include International Women’s Day celebrations and multinational Ramadan iftars in Jordan, to Purim festivities in Israel, the Dragon Boat Festival in China, and team-building activities in Vietnam and North America. We also recognize long-term commitments and shared milestones, honoring employees with decades of service alongside seasonal and end-of-year celebrations worldwide. Together, these practices underscore our commitment to ensuring employees from all backgrounds feel seen, valued, and connected.

WORK AMONGST MIGRANT WORKERS

We recognize the unique challenges faced by migrant workers and are committed to providing meaningful, accessible support for employees working far from their home countries. Each department has a dedicated on-site HR representative, preferably with relevant language skills, to provide immediate assistance and help foster an inclusive and supportive environment. These local support structures play an important role in ensuring that migrant workers feel heard and respected as they spend time away from their home.

Tefron's commitment to employee well-being stands supported by our long-term collaboration with Better Work, a comprehensive program that worked to unite all levels of the garment industry to improve working conditions, uphold labor rights, and enhance business competitiveness within the apparel and footwear industry. In line with changes to the global aid landscape, Tefron no longer formally participates in the Better Work program following its defunding due to disruptions to global aid networks. However, we retained and embedded the programs, practices, and commitments previously developed, ensuring continuity in mental-health support, worker engagement, grievance handling, and social-compliance coverage. Tefron now participates in an alternative social labor program which further supports these efforts.

Our facility in Jordan includes an in-house mental health professional and dedicated space where employees can seek confidential support. In 2025, Tefron further strengthened its commitment to employee well-being by publishing a new Mental Health Policy and Procedure, establishing a formal framework to protect and promote workers' mental health across all operations. The policy is grounded in principles of respect, empathy, confidentiality, and non-discrimination, and clearly defines the roles of management, Human Resources, employees, and mental-health professionals. It introduces preventative measures such as work-life balance initiatives, stress-management training, and mental-health awareness programs, alongside pathways for early intervention through confidential counseling resources, reporting mechanisms, and timely support. The policy also provides for reasonable accommodations, robust privacy protections, crisis-response protocols, ongoing education, and continuous improvement through periodic review and feedback.

WORK ENVIRONMENT & WELL-BEING

At Tefron, we are committed to upholding human rights and dignity for all employees. These rights are fundamental to every individual, encompassing respect for humanity, autonomy, and freedom of choice and action. Respecting others means honoring their values, beliefs, and personal boundaries. We strive to ensure that every employee, regardless of their role or location, works in an environment that honors and respects their autonomy, values, and beliefs.

We recognize that our success is built on the strength of our people, and we are dedicated to fostering an inclusive, supportive, and enriching work atmosphere.

Our values and commitments are outlined in our Ethics Code, which is available on our website. For 2026, we are currently planning on publishing our Ethics Code in 11 different languages, making it more easily accessible to all employees across all Tefron facilities.

Commitment to Dignity and Human & Labor Rights

Tefron is committed to upholding the highest standards of human and labor rights across our operations and supply chain. We have rigorous due diligence processes in place to prevent forced or child labor and to support our employees' rights to freedom of movement and association. Our HR representatives are trained to test and scrutinize new employee applications to ensure that no underage or forced laborers are hired. Currently, 51 employees at our headquarters, 154 at Tefron Europe, and 1603 in Jordan are covered by collective bargaining agreements. These agreements, negotiated with local unions at each location, serve as essential frameworks to protect workers' rights and interests.

Beyond compliance, we prioritize working conditions that uphold the dignity of our employees. Tefron ensures that wages meet or exceed industry standards and local laws through wage benchmark processes, defines reasonable work schedules, and guarantees rest periods to promote work-life balance. We are



committed to job security, clearly outlining employment terms to provide stability and confidence. In Jordan, migrant employees have two-to-three-year work contracts, preventing anxiety about short-term work visas and ensuring clarity and peace of mind regarding their employment status.

Our fundamental belief is that every individual deserves to be treated with dignity and respect. We maintain a zero-tolerance policy for discrimination, harassment, or abuse of any kind, ensuring that all employees – whether direct hires or part of our supply chain – experience a workplace built on fairness, respect and integrity.

Employee Spotlight – Ejaz from Pakistan Knitting Operator in Romania

“For us foreigners, basic things like transport, health insurance, accommodation and timely salary really matter. And here at Tefron we get all that without delay. The company’s management also listens to our needs, and the Romanian colleagues are friendly with us. I’m very happy to be working at Tefron”

Employee Benefits and Working Conditions

Tefron is committed to providing high-quality working conditions that support employee well-being, professional development, and a healthy work-life balance. Working hours strictly comply with applicable laws and industry standards, ensuring at least one day of rest per week, with overtime carefully managed and always voluntary. From the moment employees join the company, we place strong emphasis on a positive onboarding experience. Each new employee participates in a training program designed to support a smooth transition, with particular focus on the first three months, which are critical to long-term success and engagement.

Beyond day-to-day working conditions, Tefron fosters a culture of transparency, communication, and continuous dialogue. Employees engage in regular check-in conversations with their managers, including discussions after the initial months and again after the first year, to clarify expectations and openly address development needs or concerns. These structured conversations

ensure employees are supported and given equal opportunities to grow within their roles.

In addition to fair compensation, we offer a comprehensive benefits package that exceeds industry standards and is applied consistently across all locations. This includes competitive salaries, monthly incentives, comprehensive healthcare, transportation allowances, food vouchers, wedding gifts, and nursery provisions. Tefron also actively invests in employee development by covering the costs of specialized training and courses. To ensure fairness and competitiveness, formal salary review processes are conducted annually at all sites, using market benchmarks to proactively assess and adjust compensation.

Employee Spotlight – Balwinder Singh Rai Fabric Planning Manager in Jordan

“What makes Tefron special to me is the people. Every day, I get to collaborate with colleagues from different backgrounds, cultures, and perspectives, and that diversity doesn’t just make our work richer, it makes us stronger as a team. There’s something genuinely inspiring about sitting in a room where different languages, ideas, and experiences all come together toward a shared goal.

Tefron has provided me with an environment where I feel seen, valued, and encouraged to grow, both professionally and personally. The inclusive culture here isn’t just a value written on a wall; it’s something I experience in the way we communicate, support one another, and celebrate each other’s differences.

I’m proud to be part of a company that takes diversity and community seriously, and I hope my words here reflect just how much that means to those of us who live it every day.”

Grievance Management

At Tefron, we maintain a robust grievance system that is accessible to all employees. This system is a cornerstone of our commitment to open communication and proactive issue resolution. Employees can submit grievance anonymously through digital and physical drop boxes available in all facilities, which are regularly monitored by local HR teams. Additionally, employees have the

option to submit complaints and grievances directly to the Head of HR. In 2024, Tefron expanded the grievance management system with the Tefron Worker's Voice program, an initiative implemented in collaboration with a key partner that allows yet another digital option for the submission of grievances. This includes a mobile app that allows concerns to be securely and anonymously logged, directed to third parties.

The Tefron Global Compliance Team has developed comprehensive policies to ensure that every employee can voice concerns without fear of retaliation. This initiative has also supported a global training program that fosters a culture of accountability. Moreover, all subcontractors and suppliers are required to uphold similar standards, ensuring they, too, provide effective and accessible grievance mechanisms for their employees.

In 2024 and 2025, we are proud to report that no complaints regarding harassment or discrimination were reported at any Tefron facilities. While employees have provided positive feedback on the system, we continuously monitor its effectiveness to ensure that all employees are aware and comfortable using this resource.

Additionally, 22 safety-related complaints were raised during the reporting period. These concerns were addressed with the necessary corrective measures and training to enhance workplace safety.



Ethical Recruiting

In the textile and apparel industry, it is common for employees to work overseas, away from their homes and families. This employment structure presents unique challenges in ensuring both legal compliance and employee well-being. At Tefron, we are committed to ethical recruiting practices, particularly when hiring migrant workers. An HR representative personally meets with all prospective foreign employees before hiring and remains involved throughout the entire recruitment process to ensure transparent communication and a mutual understanding of expectations. Through this process, we uphold strict verification procedures to prevent child labor and ensure that all hiring practices are fair and equitable.

Throughout the reporting period, we have strengthened our hiring practices to prevent underage work at our facilities. Our global HR team began conducting in-person factory visits to verify the ages and identities of employees, preventing underage workers from using fake IDs, known to be common practice among underage people trying to work abroad.

We are committed to treating all employees equally and prioritizing direct employment wherever possible, including for overseas workers. In Jordan, all foreign employees are hired as direct employees rather than contract workers, and we are actively working to expand this practice across all our locations.

Empowering Employees

At Tefron, our goal is to foster a community where employees feel engaged, committed, and have a strong sense of belonging. Information flow plays a key role in creating this culture and atmosphere. Our internal newsletter is a key channel through which we share news from across the company, including employee recognition, ideas, activities, and opportunities. In 2025, a newsletter was published consistently every quarter, providing information on innovation, HR and social updates, environmental initiatives, and important company news.

It also highlights the values that guide our company, contributing to the culture we aim to build. Communication must be two-directional to drive real change, which is why we offer multiple avenues for employees to share their thoughts and ideas, such as engagement surveys, employee committees, topic-based



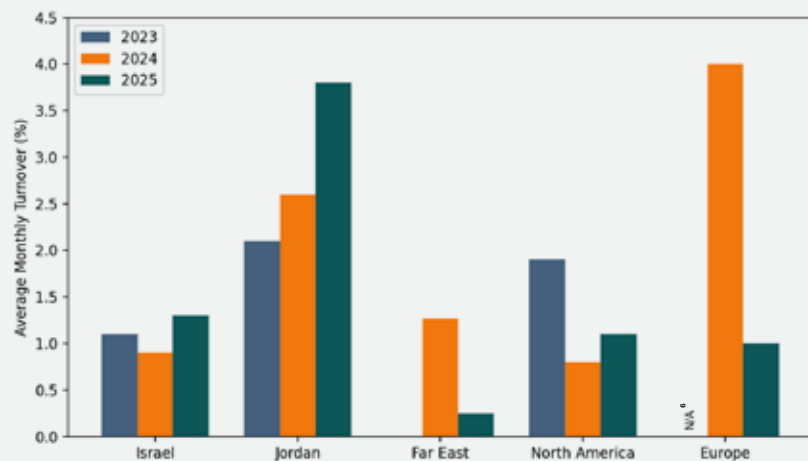
steering committees, brainstorming sessions, and formal grievance or whistleblowing systems.

Our regular employee engagement surveys consistently indicate high levels of satisfaction and engagement across all worker categories. This feedback validates our approach to employee well-being and ensures our workplace culture is positive.

Our Israel HQ received recognition from the Great Place To Work Institute, which conducted an employee-wide survey in 2024. An additional internal workplace engagement survey was conducted in our Canada offices in 2025.

Our commitment to employee development is reflected in our recognition programs, which include awards and incentives for outstanding performance. We are proud that many of our employees have made Tefron a long-term home and we celebrate this through special events honoring long-term employees. Throughout the reporting period, 14 employees were celebrated globally with Outstanding Employee Awards, and 28 employees were recognized for reaching major seniority milestones, including one employee in our Israel HQ who celebrated their 40th anniversary at Tefron.

Average Monthly Turnover Rates by Region



*Tefron Europe was established in August of 2023 and is not included in these turnover rates.

Wellness Initiatives and Community Building

At Tefron, we believe a positive workplace culture extends beyond professional responsibilities to include employee well-being, collaboration, and a strong sense of community. While guided by global values and policies, each of our locations develops initiatives that reflect the interests and traditions of its local team, creating a workplace that is both consistent and locally meaningful. Throughout 2025, we continued investing in our work environments, completing major renovations and relocations that enhanced the employee experience. These included the opening of our newly renovated Montreal office, the relocation of our Yiwu office in China to a space reflecting our brand identity, and the renovation of our Israel marketing floor into an open, collaborative workspace that encourages teamwork and innovation.

We also promoted employee well-being through a variety of local wellness, sports, and cultural initiatives. In Jordan, employees came together through a cricket group, while weekly fitness sessions in Israel encouraged healthy lifestyles and team bonding. Teams in China and Vietnam celebrated the Dragon Boat Festival through traditional activities, and colleagues in Romania gathered for the annual Employee Excellence Christmas celebration. Together, these initiatives fostered stronger connections, celebrated local cultures, and reinforced our commitment to creating an engaging, inclusive, and supportive workplace across all our global operations.





Personal milestones are important at Tefron, and we take opportunities to recognize and celebrate employees and their families through gifts and events for birthdays, holidays, and family days. We also mark significant life moments, such as weddings and the birth of children, with thoughtful gestures that reflect our commitment to supporting employees throughout all stages of life.

Employee Spotlight – Ramona Arsene, Textile & Leather Engineer in Romania

“Working at Tefron has been a journey of continuous growth for me. Being involved in the full product development process, from concept to final product has helped me understand the industry on a deeper level as I have always been a curious person and passionate about ‘how it’s made’. I also really value the collaboration with different teams, especially the connection between technical and creative sides which makes the work both challenging and rewarding.”

Professional Development Programs

Our approach to professional development combines structured learning with personalized growth opportunities, enabling employees to build skills that support individual success and organizational performance. Professional learning begins with a comprehensive onboarding program for new employees and continues throughout their careers, supported by regular feedback, development conversations, and annual performance reviews. In response to the evolving demands of today’s work environment, Tefron also continues to invest in training that builds resilience, adaptability, and leadership capability, ensuring employees are equipped to thrive in dynamic and global roles.

Employees participated in over 410 hours of personal and professional training in 2024, and 228 in 2025

As part of a structured effort to improve our technical capabilities, we began conducting weekly virtual training sessions on seamless construction throughout 2024–2025. These sessions engaged pattern, knitting, and sewing engineers, as well as production supervisors, and focused on aligning quality standards, sharing best practices in seamless garment construction, improving manufacturing efficiency step by step, and ensuring consistency in technical execution across sites. The trainings led to measurable improvements such as reduced defect rates and enhanced product consistency, helping align cross-regional production methodologies.

We also invested in structured, region-specific upskilling that empowered our team to operate with higher technical proficiency and improve collaboration. In Jordan, we launched a suite of structured training initiatives focused on digital fluency, leadership, and operational excellence, anchored by a manufacturing workshop that brought cross-functional teams together to strengthen communication and efficiency. In Israel, we introduced TEFRON PRO, a professional development program covering business intelligence, innovation, and advanced machinery, broadening employees’ analytical and technical skill sets. Additionally, our Montreal teams participated in a two-day workshop designed to strengthen communication, collaboration, and accountability through hands-on activities and shared learning.

All employees undergo HR and safety training, ensuring they are well-equipped for their roles. In addition, we conduct targeted language training programs to support cross-cultural communication, with emphasis on English proficiency for employees in international roles. One such course was given in 2024, with 20 participants completing the course. Cultural competency is a key component of our training approach, with workshops and programs designed to improve collaboration among our global team. We also leverage the diversity of our global operations, sending employees to different locations to learn from colleagues and enhance their skills, supporting both their professional development and the growth of our company.

As part of our commitment to innovation and continuous improvement, we prioritize staying up to date on industry developments, trends, and emerging technologies. To support this, we regularly send employees to conferences and industry events worldwide, providing them with an opportunity to expand their

horizons. A notable conference attended by our employees was the Functional Fabric Fair in Portland, USA. This is a key industry event focused on material innovation and performance-driven design. Over two days, the show offered an opportunity to showcase our latest developments while engaging in meaningful conversations with brands, designers, and partners across the activewear and outdoor space. The team strengthened existing relationships and established new ones, reinforcing Tefron's role as a trusted innovation partner within the performance apparel industry.

In 2025, managers and middle managers from Tefron Israel and Jordan gathered in Cyprus for a two-day conference. It was the first in-person meeting in several years and represented a meaningful opportunity for teams who collaborate daily from afar to reconnect face-to-face. The sessions centered on strengthening collaboration between Israel's business teams, Jordan's merchandising team, and the development teams across both sites. Through workshops, discussions, and shared insights, participants explored ways to streamline processes and enhance everyday teamwork.

We believe that the innovative spirit and creativity of Tefron's people will help them return from these events ready to apply new knowledge that supports Tefron's growth and enhances the products and services we offer our customers. Through these programs, we continue to invest in our people, fostering an environment where personal and professional growth go hand in hand. This commitment strengthens individual careers and our organization by promoting a culture of continuous learning and achievement.

Training is tailored to the local context and includes topics such as:



DOING GOOD TOGETHER

At Tefron, we believe that the greatest impact is made when we work together for the common good. Our commitment to community engagement is reflected in how we encourage our employees to participate in charitable activities, both individually and as a team. By fostering a culture of collaborative innovation, we drive ideas that not only benefit our company but also contribute positively to society and the environment. We are dedicated to creating a workplace where diversity and inclusion are celebrated, and where every team member feels valued and empowered to make a difference.

In Jordan, our site led a volunteering effort in collaboration with Under Armour to support a school for 45 children with disabilities, combining donations of school supplies with a day of shared activities. Our Jordan site also organized Earth Day park clean-ups and tree-planting activities. We are proud to have launched a computer-donation initiative for 17 employees with school-aged children, supporting the educational needs of their families. In Israel, employees supported families returning to a kibbutz after wartime evacuations during Good Deeds Day, providing on-the-ground assistance as communities resettled.

Our Israel HQ provided support to a variety of local causes, including our continued support of Pitchon Lev, a nonprofit focused on breaking the cycle of poverty in Israel, to package food products for distribution.

In Montreal, teams carried out an Earth Day clean-up near the office and also hosted a Breast Cancer Awareness "Lunch & Learn" to promote education on the risks and early signs of breast cancer for both men and women.

Additionally, Tefron has been a proud sponsor of the "Sketchers Pier to Pier Friendship Walk" since 2019. This event raises millions of dollars to support children with special needs and help fund public education, and we are proud to support its mission.

A total of 80 employees contributed over 800 volunteer hours, 100% of which took place during working hours.



RESPONSIBLE BUSINESS PRACTICES



KNITTING THE FUTURE.



A FOUNDATION OF ETHICS

In the modern textile industry, ethical business practices are not only a moral obligation but also a strategic necessity. As consumers increasingly demand transparency about the origins and impacts of their purchases, it is essential for textile companies to prioritize ethical practices to maintain their reputation and ensure long-term sustainability. At Tefron, we uphold the highest standards of ethical business practices both internally, reflected in our comprehensive Code of Ethics, and externally, through our supplier governance framework and Supplier Sustainability and Compliance Manual.

Our Code of ethics ensures that all aspects of our operations align with our core values of creativity, sustainability, and respect. It establishes the moral and professional standards our employees are held to during all interactions, inside and outside of the company. We extend these principles to our contractors and business partners through the Tefron Sustainability and Compliance Manual, which sets out the mandatory social, environmental, and ethical standards that all suppliers, contractors, and business partners must meet as a condition of working with Tefron. It is a critical governance tool that enables Tefron to manage supply-chain risks, enforce responsible business conduct, and align its global operations with legal requirements, customer expectations, and internationally recognized sustainability principles.

Tefron's Code of Conduct

Tefron fosters an ethical business culture for all employees and management. Our Code of Conduct outlines the ethical behavior expected of each employee and manager. Beyond legal obligations, the Code requires them to uphold high standards of ethical and environmental conduct in all interactions – whether with colleagues, the company and its owners, customers, suppliers, the public, the business community, government, or public bodies. The full Code, detailing these principles, is accessible in a dedicated section of our website.

- Commitment to ethical conduct by all employees, demonstrating integrity and dependability in all interactions.

- Fundamental respect for human dignity, humanity, autonomy, and freedom of choice, ensuring respect for others' values, beliefs, and personal boundaries.
- Zero tolerance for child labor or forced labor, with clear requirements set for contractors and partners to uphold the same standards.
- Non-condonation of discrimination or harassment of any kind, promoting an environment of equality and mutual respect.
Respect for employees' rights including reasonable working hours, fair wages, and the freedom to associate without fear of retaliation.
- Commitment to health, safety, and a safe work environment, complying with laws to prevent accidents and ensure well-being, including proper chemical management.
- Dedication to minimizing our environmental impact and promoting sustainability.

Upholding the Code

The implementation and enforcement of our Code of ethics are critical to its effectiveness. To ensure adherence to our ethical standards, we conduct comprehensive training programs covering human rights, labor laws, and health and safety practices which are incorporated into onboarding programs and refreshed regularly. We also understand the importance of giving workers and other stakeholders a voice and platform to raise concerns. Therefore, we have established a grievance mechanism for employees to voice concerns, which is mirrored by similar mechanisms for all contractors, business partners, and suppliers. Our commitment to addressing these concerns with diligence and respect is unwavering, as evidenced by our track record of no discrimination and no harassment complaints at our owned facilities.

Throughout the reporting period, there were no submitted grievances related to discrimination, harassment, or ethics.

External Validation

We collaborate with industry bodies and certification organizations who help us define and maintain ethical standards in our operations and we extend these expectations to our subcontractors and suppliers. These organizations conduct their own audits and give our customers and their consumers' confidence in the results.



Environmental Compliance:



World known certification (with European focus) to guarantee product safety in terms of chemical safety. Both Tefron Ltd and Tefron Europe are certified and Tier 1 contractors must comply to work for Tefron.



Verifies and ensures accurate recycling content claims. Tefron Ltd, Tefron USA, Tefron Europe, and Tefron-owned facilities in Jordan are certified.



Tool to assess the environmental impact of product manufacturing at facilities, allowing us to trace supplier GHG emissions.



An educational platform created to accelerate action towards reducing supply chain carbon emissions, strengthening our accounting of GHG emissions.



A non-profit, multistakeholder governance group that promotes better standards in cotton farming across the globe. This is required for suppliers from whom we procure cotton.



Tefron adopts the principles of BetterWork, a widely recognized NGO that engages with workers, employers, and governments to improve working conditions. While the program has since closed, the principles are still applied in our Jordan facilities while we search for a new collaboration on the subject.



The SLCP Program provides tools to capture accurate data about working conditions in global supply chains. This multi-stakeholder initiative replaces the need for repetitive social audits by facilitating data sharing. This is used to support social compliance to our code among contractors and suppliers in Tefron activities in China. SLCP become the replacement program in Jordan when the BW program concluded their activity.



BSCI (Business Social Compliance Initiative) is the European social monitoring system for ethical sourcing. Tefron Europe has been audited for BSCI.



Sedex and SMETA - Sedex stands for Supplier Ethical Data Exchange, which is an online system that allows suppliers to maintain data on ethical & responsible practices and allows them to share this information with their customers

SMETA was developed by SEDEX, SMETA audit covers topics such labor standards, health and safety, environmental performance, and business ethics. We utilize this as another system for verifying compliance among contractors.



Worldwide Responsible Accredited Production (WRAP) is the world's largest factory-based certification program for manufacturers of clothing, footwear, and other sewn products. Tier 1 suppliers must comply with this standard or equivalent.

Responsible Technology and Artificial Intelligence

As the use of Artificial Intelligence becomes more widespread, Tefron recognizes that AI can enhance productivity and innovation, while also introducing data protection, regulatory, and reputational risks. We actively deploy automation and AI-driven solutions to improve efficiency, accuracy, and sustainability across our operations. By digitizing manual processes, we reduce reliance on paper, minimize human error, and enhance data quality.

Key initiatives implemented in 2024 and 2025:

- AI-based invoice processing, enabling automatic capture and validation of invoices and direct integration into our ERP systems, significantly reducing paper usage
- Document Management Systems (DMS) to store, manage, and retrieve documents digitally, reducing printing, physical storage, and administrative overhead
- Workflow automation to streamline approvals, reporting, and operational processes

These technologies contribute to lower environmental impact through reduced paper consumption, improved data security and access control, greater process transparency and auditability, and reduced operational risk caused by manual handling of data.

The policy applies to all employees and third parties and defines strict rules for approved and prohibited uses of AI, with particular emphasis on protecting confidential information, personal data, and sensitive business information. Human accountability remains central: AI-generated outputs may not be relied upon without qualified human review, and autonomous AI-driven decision-making in legal, financial, HR, or business contexts is explicitly prohibited. Through this policy, we uphold responsible AI practices into our broader ESG framework, supporting innovation while upholding high standards of governance, data protection, and accountability.

Tefron also recognizes artificial intelligence is a strategic tool. In 2025, three members of Tefron's Montréal design team joined a two-day workshop on artificial intelligence in fashion. The program covered AI fundamentals, ethics, and real-world applications in trend forecasting, product development, and generative design — including tools for creating mood boards, turning sketches into realistic images, and generating prints or 3D renderings. The experience deepened technical



understanding and will help enhance creative workflows while exploring new innovations at the intersection of fashion and technology.

Cyber Security and Data Protection

Protecting the confidentiality, integrity, and availability of information is a core pillar of Tefron's ESG strategy. We deploy enterprise-grade cyber security technologies to safeguard our digital assets, business operations, and the personal data of employees, customers, and business partners. Our cyber security framework is built on a multi-layered defense model that includes modern firewalls, endpoint protection, identity and access management, cloud security controls, and continuous monitoring solutions. These technical safeguards are supported by defined policies, procedures, and regular risk assessments designed to proactively identify and mitigate evolving cyber threats.

Recognizing that cyber security is both a technological and human challenge, we place strong emphasis on employee awareness and responsible digital behavior. All employees receive ongoing guidance and training covering cyber hygiene, phishing awareness, data protection principles, and the responsible use of digital tools. Periodic phishing simulations and security assessments are conducted to strengthen readiness and reduce exposure to social-engineering risks. This combination of technology, policies, and education helps reinforce a culture of accountability and resilience across the organization. Throughout the reporting period, an estimated 83 hours of online cybersecurity and IT training were given to our employees in Israel and Jordan.

As part of our digital transformation journey, Tefron is migrating core business systems to secure cloud platforms. This transition enhances cyber security through improved system resilience, high availability, built-in compliance frameworks, and continuous security updates and threat intelligence. At the same time, cloud adoption supports sustainability objectives by reducing reliance on on-site infrastructure and lowering energy consumption per workload. Together, these benefits strengthen long-term business continuity while supporting a reduced environmental footprint.

RESPONSIBILITY IN OUR SUPPLY CHAIN

Tefron recognizes the significant impact our operations can have beyond our direct activities. Managing a responsible supply chain is especially crucial in the apparel industry, and we are committed to addressing both environmental and social issues throughout. We recognize the importance of managing a responsible supply chain to ensure the resilience, transparency, and ethical standards of our production processes and those of our partners. We extend this responsibility to our partners, trusting that they will extend their ethical and quality standards up the supply chain. Each partner has detailed codes and manuals to ensure products meet their precise requirements, and we are diligent in communicating these requirements to our manufacturing facilities.

As Tefron's operations have expanded over the years and the supply chain has diversified, we continue to improve and implement more structures to ensure consistency throughout the company. Regardless of geographical location, a Tefron product must reflect the quality, performance, and ethical standards we uphold – Excellence with responsibility.

In 2024, we implemented a Supplier Governance Framework requiring 100% of active suppliers to acknowledge our Code of ethics covering Labor standards, business ethics, and legal compliance. We require transparency as a condition of doing business: during the onboarding of new facilities, we request full supply-chain disclosure, and where transparency is not provided, we do not proceed. When purchasing materials from external factories, we conduct a review of the packing slip to ensure accuracy and double-check that only approved suppliers are used.

Today, all our Tier 1 and Tier 2 factories participate in disclosure and verification processes, reinforcing accountability throughout our value chain. Our experience shows that as we raise expectations through engaging suppliers on ESG topics, they demonstrate measurable year-over-year improvements in performance.

A central pillar of this approach is our use of structured assessment and due-diligence tools. Subcontractors complete the Worldly/Higg FEM self-assessment, and in 2024 we reached 100% verification across participating



factories, supported by a rigorous internal supplier rating system that evaluates performance across FEM metrics. Where performance gaps are identified, we work with Worldly to provide targeted training and improvement support. In parallel, we expanded our due-diligence program in 2024–2025 to include monthly audits of our suppliers and subcontractors, including sewing and dyeing facilities, recruitment agencies, food suppliers, and transportation providers. This includes on-site due diligence audits, health and safety audits, and visits to help detect forced labor indicators linked to recruitment practices.

Structure of the Supply Chain

Tefron's supply chain is structured into three tiers:

- Tier 1: Garment Manufacturing
- Tier 2: fabric Dyehouse & Finishing
- Tier 3: Yarn & Trims

Tiers 1 and 2 are primarily composed of contractors who produce garments based on our precise parameters. Tier 3 and above mainly consist of suppliers who provide the materials for making these garments.

Additionally, we have our own facilities in Jordan and Romania, where we manage both Tier 1 and Tier 2 processes. Our Jordan facility is in the process of being relocated into a singular location rather than multiple buildings, giving us greater oversight of our day-to-day operations. In Romania, we recently opened a new sewing facility, allowing us to reduce reliance on subcontractors and strengthen our in-house capabilities.

Our operations in China rely almost exclusively on contractors for manufacturing, and we have robust management mechanisms in place to ensure that we meet the Tefron standards expected elsewhere.

Dyeing and washing sites hold particular significance in terms of worker health and safety and environmental protection, as the chemicals used at these sites have the potential to negatively impact the environment if not managed diligently. Therefore, at these sites especially, we require external certifications such as OEKO-TEX and adherence to platforms like Bhive for chemical management.

Brands often nominate specific suppliers for trims and accessories; therefore, our primary responsibility is to ensure that contractors consistently comply with our

established standards and to closely monitor the selection of yarns and dyes. Nevertheless, we require all suppliers to adhere strictly to the standards detailed in our working agreements.

Our global supply chain includes contractors across multiple countries, enhancing the resilience and diversity of our operations: Cambodia, China, India, Vietnam, Jordan and Romania.

Management Structures

At Tefron, we have established a robust compliance team to ensure adherence to our standards of ethics, quality, transparency, and traceability. This team is responsible for defining expectations, communicating them to contractors, and updating them when necessary. Each region has a local compliance manager, and together, they function as a global team to align, collaborate, and adapt practices to both global standards and local regulatory contexts, as well as the specific requirements of each customer. Necessary training is provided to supervisors in the factories. This training is then extended to local workers. Oversight of compliance, ethics, and risk management is further supported by our formal governance structures, including the Board of Directors and its committees, which monitor compliance with legal, regulatory, and customer-driven requirements across all regions of operation.





Audits are conducted for subcontractors periodically and as part of setting up new engagements. Our audits involve an accreditation process for contractors and business partners to ensure compliance with our Code of Conduct and other ESG criteria. We conduct our own assessment when onboarding new factories, and in certain areas, such as worker rights and chemical management, we accept evaluations from trusted third parties. All subcontractors pass audits conducted by us, customers who share our standards and values, or through certifications. Accepted third-party social compliance audits include WRAP, SMETA, ILO, and BSCI. Even in these cases, we strive to visit all factories at least once every two years. In certain areas, audits are conducted up to twice a year or as necessary. Engagement with contractors is contingent on meeting defined quality, labor, environmental, and ethical standards, many of which are driven by customer requirements and verified through ongoing assessments and renewals. We utilize both physical visits to the facilities and verification of documentation, evaluating management practices in theory and in practice. During these visits, we verify aspects such as whether workers know how to operate the machines, whether environmental management processes are enforced and verifying the availability – and use – of personal protective equipment. We maintain formal processes for data collection, climate reporting, and sustainability initiatives, ensuring alignment with international standards and customer disclosure requirements.

25 audits conducted at factories and subcontractor sites in 2024
28 audits conducted at factories and subcontractor sites in 2025

The Tefron Sustainability and Compliance Manual

Tefron strives to do business with suppliers and contractors that adhere to our core values of creativity, sustainability, and respect. To ensure this, we implemented the Sustainability and Compliance Manual, a comprehensive framework of policies and standards designed not only to establish ethical and equitable work conditions but also to promote environmental sustainability. This Manual covers a wide range of issues, from promoting worker well-being to ensuring a safe workplace, fair compensation, and the right to associate freely. It also addresses concerns such as avoiding conflict minerals and ensuring all materials are sourced responsibly. This document is continually being improved based on lessons we learn from our customers, webinars attended, industry expectations, and best practices.

Managing Environmental Responsibility

Aware of the textile industry's significant potential environmental impact, we strive to innovate and implement creative solutions to protect the environment while maintaining the high-quality standards our products are known for. Our environmental initiatives are designed to address a variety of concerns, focusing on sustainable practices that reduce our ecological footprint, including circular design, waste management and resource reduction.

We have a formal environmental governance policy to ensure transparent, structured, and consistent disclosure of environmental and broader ESG performance to our Board of Directors and shareholders. Under this framework, our CEO, supported by the Global Sustainability & Compliance team, is responsible for reporting on environmental performance, risks, and progress against sustainability objectives. ESG updates are provided to the Board on a regular basis and include environmental metrics, risk assessments, and more, ensuring that environmental considerations are embedded in senior-level oversight and decision-making.

By implementing these comprehensive policies and procedures, Tefron commits to reducing its environmental impact and promoting sustainability throughout its supply chain. These efforts align with global standards and reinforce our commitment to environmental stewardship, ensuring that our manufacturing processes are as sustainable as they are innovative.

We have established clear escalation mechanisms for material environmental incidents or significant sustainability developments, triggering interim updates when necessary. All ESG-related reports and presentations are formally documented and retained, and the policy is reviewed periodically to reflect regulatory developments and updates to Tefron's ESG strategy.

As an organization, we are committed to constantly improving our ESG performance and reporting. Our participation in the Supplier Leadership on Climate Transition program strengthened our greenhouse gas (GHG) management and climate-related decision-making. This significantly improved confidence in our data collection processes and helped develop a clearer understanding of the actions required to manage emissions effectively.



To effectively fulfill our environmental goals, we closely collaborate with contractors and suppliers who are integral to our operations. The environmental topics we focus on are comprehensively outlined in our Sustainability and Compliance Manual, ensuring all partners adhere to these standards:

Formulating an Environmental Quality Procedure: Developing standardized procedures to maintain environmental integrity across all operations.

Data Collection and Analysis: Rigorously collecting and analyzing data on water usage, wastewater disposal, waste management, energy consumption, and greenhouse gas emissions.

Environmental Permits and Certifications: Ensuring all facilities hold the necessary environmental permits and certifications as required by local authorities.

Higg FEM Self-Assessment and Verification: Conducting annual self-assessment and third-party verifications of the Higg Factory Environmental Module (FEM) shared with Tefron representatives via the Higg platform within stipulated timelines.

Compliance with ZDHC MRSL: For facilities that generate industrial wastewater (from processes like dyeing and washing), ensuring compliance with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) guidelines, which includes testing water at least annually.

Chemical Management Compliance: Facilities using chemicals must comply with relevant Restricted Substances Lists (such as REACH for Europe) and the RSLs specified by our customers. Facilities producing for customers with mandatory OEKO-TEX requirements must obtain OEKO-TEX certification to ensure products are free from harmful levels of restricted substances.

By implementing these comprehensive policies and procedures, Tefron commits to reducing its environmental impact and promoting sustainability throughout its supply chain. These efforts align with global standards and reinforce our commitment to environmental stewardship, ensuring that our manufacturing processes are as sustainable as they are innovative.



Transparency and traceability

To enhance the transparency of our supply chain, we utilize advanced management tools. These include a product lifecycle management system for supply chain mapping, as well as the Higg Facility Environmental Module (FEM), a platform developed by the Sustainable Apparel Coalition. This module assesses the environmental performance of our manufacturing facilities and requires all our contractors and business partners to complete an annual FEM self-assessment. Furthermore, third-party verification of these assessments is mandated by the second year to ensure compliance.

As of 2024, all Tier 1 and Tier 2 suppliers participate in the annual FEM assessment, and all participating subcontractors reached 100% verification on the platform.

The Compliance Team utilizes the FEM data to comprehensively monitor the performance of all Tefron factories and its subcontractors' factories. It provides detailed statistics and identifies areas for potential improvement, enabling a holistic view of our environmental impact, and facilitating ongoing enhancements in our operations.

**31 suppliers submitted Higg FEM assessments in 2024
37 suppliers submitted Higg FEM assessments in 2025**

Managing Social Responsibility

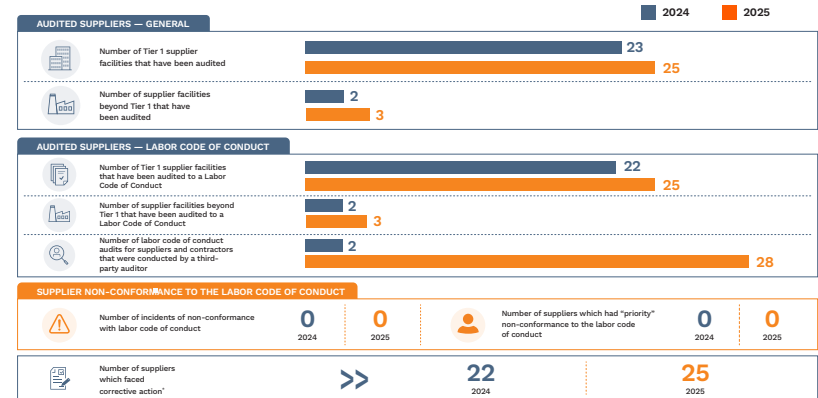
At Tefron, ensuring social responsibility within our supply chain is paramount. We mandate that all manufacturing sites undergo annual social audits to guarantee compliance with our Code of Conduct. These audits serve as our primary method for monitoring suppliers' adherence to our ethical standards.

The Sustainability and Compliance Manual outlines our values and sets practical requirements for contractors, addressing critical issues such as human rights and working conditions. This includes specific expectations concerning the employment of migrant workers – a common practice in the textile industry.

Our process for monitoring compliance involves several key steps:

- **Initial Meetings:** Tefron representatives meet with contractors to discuss the terms outlined in the Sustainability and Compliance Manual.
- **Agreement:** Contractors and business partners are required to sign the Manual to initiate collaboration. The Manual must also be communicated to all their employees to ensure widespread understanding and compliance.
- **Annual Audits:** All manufacturing sites undergo annual audits. Audits are conducted by Tefron representatives or trusted third-party auditors. Occasionally, unannounced audits are performed to ensure ongoing compliance.
- **Additional Assessments:** When necessary, additional assessments or questionnaires are utilized, such as those covering conflict minerals, hazardous materials management, and organic materials.
- **Follow-Up:** If critical issues are identified, follow-up audits are conducted. If a contractor consistently fails to meet our standards, we may terminate our engagement.

We maintain a zero-tolerance policy towards forced labor, child labor, discrimination, abuse, and the practice of double payrolls. We strictly prohibit the employment of children under the age of 18 and diligently work to uphold this standard across our supply chain. We know of no instances of forced or child labor among our suppliers or subcontractors in 2024 or 2025 based on audits conducted by us and third parties.



*22 suppliers in 2024 and 25 suppliers in 2025 received corrective action plans related to management and reporting of working hours. These, however, were not considered to be in violation of the labor code of ethics.

EHS and Worker Well-Being at Subcontractor Facilities

The health and well-being of workers is critical to us, whether our own employees or those belonging to subcontractors. We set non-negotiable “threshold issues” on working conditions, including keeping overtime within legal limits, ensuring legally mandated rest days, and timely full payment of salaries. We place a high priority on verifying that appropriate safety measures, especially fire safety, are in place. In regions like China, where extended overtime is prevalent, our audits include a detailed review of timesheets.

During factory visits, our representatives engage directly with employees to get a clear understanding of what is happening on the ground, while also conveying our priorities. For example, if workers do not use PPE due to comfort concerns, we can address the issue and emphasize the importance of its use. As positive approaches tend to improve the reception of safety-related discussions, we always strive to conduct conversations with respect when approaching both managers and workers. When systemic issues are identified, contractors are given a timeframe to implement necessary changes, followed by a follow-up audit to confirm compliance.



We collaborate with recognized certification bodies, social audit programs, and industry frameworks to support the fair and responsible treatment of employees throughout our operations and supply chain. This applies both to employees at Tefron facilities and workers employed by our subcontractors and suppliers. Through these programs, we maintain expectations regarding labor practices, workplace conditions, health and safety, and ethical business conduct.

Tefron encourages subcontractors to participate in recognized social compliance programs. We utilize SMETA, developed by the Supplier Ethical Data Exchange (Sedex), as well as WRAP and the Social & Labor Convergence Program (SLCP), to assess labor standards, workplace health and safety, and business ethics. These frameworks help us evaluate workplace practices and identify areas requiring improvement.

Our Supplier Sustainability and Compliance Manual defines the standards and expectations suppliers and subcontractors are required to follow, including the establishment of employee grievance mechanisms. These provide workers with channels to raise concerns about their employment or workplace conditions. We assess the effectiveness of these mechanisms to help ensure that concerns are addressed promptly and appropriately.

Where possible, we conduct in-person, on-site audits to verify compliance with health and safety requirements. These visits allow us to review facility conditions directly and ensure that our standards are being implemented in practice. They complement recognized third-party certification and compliance programs and provide additional visibility into workplace conditions.

To partner with suppliers who share our values, we utilize well-recognized third-party certifications and compliance frameworks. While qualifying third-party certifications may be accepted in place of our own audits, Tefron remains committed to maintaining direct visibility into the facilities that manufacture our products. We visit each facility at least once every two years, or more frequently when past performance or identified concerns warrant additional oversight.

Tier 1 suppliers are required to adhere to specific ethical and social compliance standards, including BSCI, WRAP, SMETA, and SLCP, with third-party verification

when requested by customers. Certifications and applicable standards are verified annually to ensure requirements continue to be maintained. A detailed list of the certifications and standards we utilize is provided in the Ethical Conduct section of this report.

In China, we participate in SLCP, which facilitates the sharing of verified social and labor data and helps reduce repetitive audits. Regular audits are nevertheless conducted to maintain high levels of compliance. Our representatives are also stationed daily at subcontractor facilities in China to monitor production processes and ensure established safety measures are consistently upheld.

Compliance with our Supplier Sustainability and Compliance Manual is a condition of our relationships with subcontractors. Failure to meet its requirements may result in corrective action and, where necessary, termination of the business relationship. We maintain a zero-tolerance policy toward safety violations and risks that could compromise worker well-being.

We also provide our business partners with specific requirements to meet Tefron's health and safety standards. These include implementing workplace safety procedures, conducting employee safety training, and establishing a dedicated safety manager at each facility. These measures help integrate health and safety considerations into daily operations.

Through third-party certifications, social compliance programs, facility visits, audits, ongoing monitoring, grievance mechanisms, and workplace safety requirements, we work to promote responsible practices throughout our value chain. Our objective is to support the safety, fair treatment, and well-being of all workers involved in our operations, including those employed by our suppliers and subcontractors.

BOARD OF DIRECTORS*

Name	Position on Board of Directors	Committee membership	Nationality	Age	Gender	Date joined	Executive/ Non-Executive/ External
Yossi Shachak	Chairman	—	Israeli	80	M	29/12/2010	Non-Executive
Shoshana Anily	External director	Audit and Remuneration Committee	Israeli	70	W	05/09/2019	External
Eytan Stlassnie	Director	Audit and Remuneration Committee	Israeli	69	M	27/12/2022	Non-Executive
Aviram Lahav	External director	Audit and Remuneration Committee	Israeli	66	M	04/11/2021	External
Ben Lieberman	Director & CEO	—	Canadian	71	M	12/08/2015	External
Martin Lieberman	Director	—	Canadian	68	M	12/08/2015	Non-Executive

*True as of December 31, 2025

CORPORATE GOVERNANCE

Tefron's board of directors is composed of six members, two of whom are external directors, in line with applicable regulatory requirements. External directors contribute diverse expertise and perspectives, strengthening the Board's ability to challenge management and guide strategic decision-making.

As part of our governance structure, the Audit and Remuneration Committee exists pursuant to applicable legal requirements to support board activities. Throughout 2025, the company also maintained a Committee for the Examination of the Financial Statements in accordance with applicable legal requirements; however, as of the end of 2025, such Committee was dissolved pursuant to the applicable provisions of law governing the matter. These governance organs met regularly to oversee the company's strategy, performance, and key risks, enabling effective supervision of management and timely decision-making on material issues.

Meetings and Attendance

Governance organ	Number of Meetings in 2024	Number of meetings in 2025	Average attendance percentage
Board of Directors	8	8	100%
Audit and Remuneration Committee	5	4	100%
Committee for Examining the Financial Statements	—	4	100%

Tefron's Audit and Remuneration Committee operates as a key element of our governance framework, providing oversight of audit processes, interested-party transactions and company's remuneration policy. Independence safeguards are in place to maintain the integrity of oversight functions and prevent conflicts of interest. In addition, we maintain mechanisms for reporting concerns, including whistleblowing or complaints channels, enabling employees and stakeholders to raise issues confidentially and without fear of retaliation.

Tefron maintains an internal audit function designed to support effective internal control and risk management processes. The internal auditor is an external service provider with continuous and direct access to Tefron's information systems. Reports are submitted in writing during the year to the Board Chair, CEO, Audit Committee, and external auditors.

The Board of Directors oversees the final approval of Tefron's ESG reports, with the last report approval (prior to the publication of the current report) applicable to the year 2023.

The Committee for Examining the Financial Statements is only mandatory when certain thresholds prescribed by law are met.



ABOUT THE REPORT

This is Tefron's Sustainability Report, offering a comprehensive overview of the company's efforts and accomplishments in promoting sustainable practices across our global operations. It underscores our commitment to transparency, accountability, and continuous improvement in addressing environmental challenges, enhancing social well-being, and maintaining high standards of corporate governance. The scope of the report covers our global activities in 2024 and 2025, providing insights into key initiatives, performance metrics, and strategic priorities in sustainability. Unless otherwise indicated, the quantitative data pertains to activities at wholly owned or operated facilities as of December 2025.

The report included several topics that Tefron chose to emphasize, but the inclusion of a particular detail in the report or the exclusion of others does not indicate whether they are material or immaterial, and does not constitute any representation on the part of Tefron regarding the entirety of its activities. It should be emphasized that the report is based on business data relevant to Tefron's activities and that the data therein is not intended to be a substitute for the data published in the financial statements of Tefron and other official reports issued by Tefron to the Stock Exchange. Accordingly, with regard to financial data or data regarding activity volumes, profitability, forecasts, and the like, only the data detailed in the financial statements are binding on Tefron, and in any case of contradiction, the data detailed in the financial statements and other official reports issued to the Stock Exchange shall prevail. This document contains no express or implied representation or undertaking and should not be relied upon as to the accuracy, completeness or correctness of the information or opinions contained therein. Neither Tefron nor any of its employees or representatives shall be liable in any way (whether due to negligence or otherwise) for any loss arising in any way from the use of this document or its contents or in any other way in connection with this document. Tefron's future activities and the results of its operations are subject to risk and uncertainty that may lead to a material change in actual results compared to expected results. Accordingly, the information in this report should not be relied upon to predict what will be done in the future.

The topics included in this report align with our sustainability strategy, outlining the key sustainability issues facing the company, our management approach to them, and the impact we aim to make within the industry and

with our stakeholders. Additionally, the report has been constructed in accordance with the Sustainability Accounting Standards Board (SASB) standards for Apparel, Accessories, and Footwear to ensure our stakeholders receive accurate and relevant information.

We have included case studies, performance data, and narratives that reflect our activities, aspirations, and progress. By sharing our journey, we aim to inspire and engage stakeholders, inviting them to join us in our pursuit of sustainability and positive impact.

We extend our sincere gratitude to our employees, partners, customers, and communities for their continued support and collaboration. Their contributions are vital to our continued success and the realization of our aspirations.

We welcome feedback from our stakeholders and appreciate your interest in Tefron's Sustainability and ESG journey. Please reach out to us with any questions or comments:

Regina Kravitz
Sustainability and Compliance Manager
kregina@tefron.com

We look forward to your engagement and value your perspectives as we continue to advance our ESG initiatives.

“We are proud of the progress we have made, but we are even more focused on where we are going. Our ambition is to help lead the global marketplace toward a more responsible textile industry — one built on innovation, accountability, and continuous improvement.”

– Michael Gold, President



SASB Index: Apparel, Accessories & Footwear

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	REFERENCE
Management of chemicals in products	Discussion of processes to maintain compliance with restricted substances regulations.	Discussion and analysis	N/A	CG-AA-250a.1	Designing for Sustainability – Pages 25, 27 Managing Environmental Responsibility – Pages 49, 50
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products.	Discussion and analysis	N/A	CG-AA-250a.2	Designing for Sustainability – Pages 25, 26 Water – Page 34 Health & Safety (Chemicals) – Page 38
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements.	Quantitative	Percentage (%)	CG-AA-430a.1	Managing Environmental Responsibility – Page 55
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	Quantitative	Percentage (%)	CG-AA-430a.2	Managing Environmental Responsibility – Page 55
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct; (3) percentage of total audits conducted by a third-party auditor.	Quantitative	Percentage (%)	CG-AA-430b.1	Managing Social Responsibility – Page 56
	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate	CG-AA-430b.2	Managing Social Responsibility – Pages 56, 57
	Description of the greatest (1) labor and (2) environmental, health and safety risks in the supply chain.	Discussion and analysis	N/A	CG-AA-430b.3	Work Amongst Migrant Workers – Page 43 Work Environment & Well-Being – Pages 43, 45 Managing Social Responsibility – Pages 49, 50
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities.	Discussion and analysis	N/A	CG-AA-440a.3	Raw Material Procurement and Dyeing – Pages 26, 27
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard.	Quantitative	Metric tonnes (t)	CG-AA-440a.4	Raw Material Procurement and Dyeing – Pages 26, 27
	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	Managing Social Responsibility – Pages 56, 57

