

**DELTA WOODSIDE INDUSTRIES, INC.
DELTA MILLS, INC.
POLICY STATEMENT**

Policy No. 22

Effective Date: ___/___/02

Revised Date: 04/16/04

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SUBJECT: DISCRIMINATION AND HARASSMENT

I. Policy Statement

THIS POLICY STATEMENT IS A UNILATERAL STATEMENT OF POLICY BY THE COMPANY. NOTHING IN THIS POLICY STATEMENT IS A CONTRACT OR IS INTENDED TO CREATE ENFORCEABLE CONTRACT RIGHTS BY EMPLOYEES, DIRECTORS OR ANY OTHER PERSON. IN THE EVENT THAT ANY MANDATORY LANGUAGE APPEARS IN THIS POLICY STATEMENT, THE TERMS OF THIS DISCLAIMER SHALL GOVERN OVER ANY SUCH APPARENTLY MANDATORY LANGUAGE, SO THAT NO CONTRACT IS CREATED. BECAUSE IT IS OUR POLICY AND A REQUIREMENT OF FEDERAL LAW, WE RECITE IN THIS POLICY STATEMENT OUR OPPOSITION TO ANY DISCRIMINATION OR HARASSMENT AND OUR COMMITMENT TO UPHOLD OTHER LAWS AND REGULATIONS. THIS RECITATION OF LAW, HOWEVER, DOES NOT CREATE A SEPARATE CONTRACTUAL OBLIGATION. THE COMPANY IS AN AT-WILL EMPLOYER. UNLESS THE COMPANY AND AN EMPLOYEE HAVE A WRITTEN CONTRACT ENTITLED "EMPLOYMENT AGREEMENT," SIGNED BY THE PRESIDENT OF THE COMPANY AND THE EMPLOYEE, THE EMPLOYEE IS AN EMPLOYEE AT-WILL. THIS MEANS THAT THE EMPLOYEE HAS THE RIGHT TO LEAVE HIS OR HER JOB AT ANY TIME FOR ANY OR NO REASON, AND THE COMPANY HAS THE SAME RIGHT TO TERMINATE EMPLOYMENT AT ANY TIME FOR ANY OR NO REASON. NO ONE OTHER THAN THE PRESIDENT OF THE COMPANY HAS THE AUTHORITY TO CHANGE STATUS AS AN AT-WILL EMPLOYEE.

A fundamental policy of the Company is that the workplace is for work. Our goal is to provide a workplace free from discrimination and conduct that can be considered harassing, coercive or disruptive. An atmosphere of tension created by non-work-related conduct including ethnic, racial, sexual or religious remarks or remarks, animosity, unwelcome sexual advances or comments or requests for sexual favors or other conduct because of a status protected by law does not belong in our workplace.

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II. Administration

A. Adherence to the Policy

All employees, supervisors, managers and others admitted to the Company's premises, therefore, should be aware of the Company's policy prohibiting discrimination and harassment and should not engage in discrimination or harassment of a co-worker, customer, subordinate employee, or any person admitted to the Company's premises.

- (1) Sexual harassment is defined as "unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature . . . when submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual's employment; . . . [when] submission to or rejection of such conduct . . . is used as the basis for employment decisions affecting such individual; or . . . such conduct has the purpose or effect of unreasonably interfering with the individual's work performance or creating an intimidating, hostile, or offensive work environment." EEOC Guidelines.
- (2) Harassment is strictly prohibited. Harassment is verbal or physical conduct that denigrates or shows hostility or aversion to an individual because of race, color, disability, pregnancy, religion, sex, national origin, disability, veterans status or other status protected by law, and that: (1) has the purpose or effect of creating an intimidating, hostile or offensive work environment; or (ii) has the purpose or effect of unreasonably interfering with an individual's work performance; or (iii) otherwise adversely affects an individual's employment.

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Harassment of any person with whom you come in contact during your work at the Company (for example, employees, visitors, vendors, clients) or illegal discrimination is prohibited. Harassment includes, without limitation, verbal harassment (epithets, slurs, unwelcome jokes, derogatory statements, remarks about an individual's body, sexually degrading words used to describe an individual, demands for sexual relations or sexual contact, threats or insinuations that the person's employment, wages, promotional opportunities, or work assignments or other conditions of employment may be adversely affected by not submitting to sexual advances or improved by submitting to such advances, physical harassment (touching or physical interference with normal work), visual harassment (leering, making sexual or inappropriate gestures, displaying sexually suggestive posters, cartoons, or drawings), and innuendo.

Harassment can be a violation of state and federal law. You cannot be forced to submit to harassment as a basis for any employment decision. No employee of the Company has the authority to violate this policy or to instruct others to do so.

Non-marital sexual relationships between a supervisor and employee are inappropriate. Moreover, the differences in power and authority possessed by the respective parties in these situations may effectively shift the burden to the alleged offender to prove that the non-harassment policy was not violated if a charge of sexual harassment is lodged regarding a once-consenting relationship.

B. Reporting Procedures and Investigation

If you experience, observe or are threatened by any sort of ethnic, racial, religious, sexual or other harassment or discrimination by any person in the course of your work at the Company (whether by a fellow employee, supervisor, manager, vendor, visitor, client or any other person), immediately contact the Human Resources Manager.

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If that person is suspected of being involved in the harassment or unwelcome conduct, make the complaint to an officer of the Company. If in the course of your work you believe that the actions or words of a supervisor, another employee or a non-employee constitute discrimination of any nature or harassment against another employee, you should also use this procedure to immediately report the incident.

All complaints should be made in a manner that is convenient to you promptly after the incident occurs. The Company intends to direct or conduct an investigation into complaints. This may, in the Company's sole discretion, include interviewing witnesses and obtaining statements concerning the complaint. Actions taken internally to investigate and resolve harassment complaints are intended to be conducted confidentially to the extent practicable and appropriate. Any employee contacted during an investigation should cooperate fully and keep any information about the investigation strictly confidential. Failure to do so may result in disciplinary action, up to and including immediate termination at the sole discretion of the Company. Individuals who provide false information in an investigation are subject to disciplinary action, up to and including immediate termination at the sole discretion of the Company. If the investigation substantiates the complaint, the Company intends to swiftly pursue appropriate action.

An employee who remains unsatisfied after or during the investigation of his or her complaint or believes that an investigation was untimely or insufficient should promptly seek review the Corporate Director of Human Resources. If, after investigation by the Corporate Director of Human Resources, an employee believes that his or her complaint has not been resolved, the employee should discuss the complaint with the appropriate Vice President or President.

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Supervisors and managers should promptly report any claims of harassment to the Human Resources Manager.

C. Non-Retaliation

The Company prohibits retaliation against any employee who complains of harassment or discrimination or provides truthful information in connection with any such complaint. The Company prohibits interference, coercion or reprisal for seeking information about harassment or discrimination, filing a harassment or discrimination complaint or serving as a witness or providing information in good faith with respect to such complaint. Any employee who believes that he or she has been retaliated against in violation of this policy should immediately report the matter to the Corporate Director of Human Resources, the appropriate Vice President, or the President of the Company.

D. Discipline for Violations

Any individual found to have engaged in sexual or any other form of discrimination or harassment is subject to adverse employment action, up to and including immediate discharge at the sole discretion of the Company. Non-employees who engage in sexual or other discrimination or harassment of Company employees may be barred from Company properties. Any manager failing to report knowledge of sexual or any other form of discrimination or harassment is subject to adverse employment action up to and including discharge at the sole discretion of the Company.

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