

UNIFI, INC.

RELATED PERSON TRANSACTIONS APPROVAL POLICY

(Adopted effective August 23, 2007)

A. Policy Statement

Unifi, Inc. (the “Company”) has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions. Under this Policy, any Related Person Transaction shall be consummated or shall continue only if the Board of Directors, acting through the Corporate Governance and Nominating Committee (the “Committee”) (or the Chair of the Committee, acting in accordance with the terms of this Policy) shall approve or ratify such transaction. In the event a member of the Committee has an interest in a Related Person Transaction, the transaction shall be approved or ratified by the disinterested members of the Committee.

B. Key Definitions

For the purposes of this Policy, a “Related Person Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a “Related Person” means:

1. any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company’s voting securities; and
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner.

In accordance with applicable law, a person who has a position or relationship with a firm, corporation or other entity that engages in a transaction with the Company (or its subsidiaries) shall not be deemed to have an indirect material interest in a transaction if:

- in the case of a partnership, the interest arises only from the person’s position as a limited partner in a partnership in which the person and all other applicable Related Persons have an interest of less than 10% percent, and the person is not a general partner of and does not hold another position in the partnership; or
- for all other entities, the interest arises only (i) from the person’s position as a director of an entity that is a party to the transaction; and/or (ii) from the direct or indirect ownership by all applicable Related Persons, in the aggregate, of less than a 10% equity interest in an entity (other than a partnership) which is a party to the transaction.

C. Identification of Related Persons

1. Directors, Executive Officers and Nominees. On an annual basis, each director and executive officer of the Company will complete the Company’s directors and officers questionnaire (the “D&O Questionnaire”). The D&O Questionnaire contains questions designed to identify Related Person Transactions.

Any person who is appointed as a director or an executive officer shall promptly complete the D&O Questionnaire, except in the case of an executive officer where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

2. Five Percent Owners. At the time the Company becomes aware of a person’s status as a beneficial owner of more than 5% of any class of the Company’s voting securities, the General Counsel of the Company shall create a list, to the extent the information is readily available, of (a) if the person is an individual, the relevant information as is requested of directors and executive officers under the D&O Questionnaire and (b) if the person is a firm, corporation or other entity, a list of principals or executive officers of the firm, corporation or entity. The foregoing information shall be updated on an annual basis.

D. Identification of Related Person Transactions

1. Proposed Transactions. The Company’s Code of Business Conduct & Ethics (the “Code of Ethics”), require all executive officers and directors to address with the appropriate personnel any transaction or relationship that actually or potentially conflicts with the interests of the Company. In accordance with this obligation, the Company expects executive officers and directors to report any transaction that may constitute a Related Person Transaction to the General Counsel of the Company before such transaction is entered into or amended in any material respect.

2. Ongoing Transactions. The General Counsel of the Company shall compile the information collected pursuant to the procedures described in Section C above and create

a report on Related Person Transactions, which shall be submitted to the Committee for review and approval or ratification, as applicable.

E. Approval Procedures

1. Pre-approval of Proposed Transactions. Related Person Transactions that are identified before the transaction is entered into or amended in a material respect shall be consummated or amended only if the following steps are taken:

(a) Prior to entering into or materially amending the Related Person Transaction the applicable director, executive officer, nominee or beneficial owner provides notice to the General Counsel of the Company of the facts and circumstances of the proposed Related Person Transaction, including the Related Person's relationship to the Company and interest in the transaction and the material facts of the proposed Related Person Transaction. The General Counsel of the Company will assess whether the proposed transaction is a Related Person Transaction for purposes of submitting the transaction to the Committee for approval or ratification under this Policy.

(b) If it is determined that the proposed transaction involves an amount in excess of \$120,000 and is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next Committee meeting or, in those instances in which the General Counsel of the Company, in consultation with the Lead Director, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, to the Chair of the Committee (who will possess delegated authority to act between Committee meetings).

(c) The Committee, or where submitted to the Chair, the Chair, shall consider all of the relevant facts and circumstances available to the Committee or the Chair. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as the Committee (or the Chair) determines in good faith.

(d) The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this Policy that is granted pursuant to delegated authority.

2. Ratification of Unapproved Transactions.

In the event the Company's General Counsel becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this

Policy, it will be submitted to the Committee or Chair of the Committee promptly, and the Committee or Chair shall consider all of the relevant facts and circumstances available to the Committee or the Chair in accordance with the procedures set forth in Section E.1., above. Based on the conclusions reached, the Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment, termination or rescission of the Related Person Transaction.

3. Review of Ongoing Transactions.

At the Committee's first meeting of each fiscal year, the Committee shall review any previously approved or ratified Related Person Transaction that remains ongoing and determine whether to re-approve each such transaction.

F. Charitable Contributions

Charitable contributions by the Company in excess of \$5,000 to any charitable or non-profit organization in which a Related Person had, has or will have a direct or indirect material interest, shall be subject to prior review and approval by the Committee in accordance with the procedures set forth above.

G. Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.