

carter's®

2021 Corporate Social Responsibility Report



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About This Report

This is Carter's, Inc.'s second corporate social responsibility (CSR) report. It generally covers our efforts during fiscal year 2021, which ended on January 1, 2022. Some initiatives that were launched prior to fiscal 2021 and during fiscal 2022 are included. References to 2021, 2020, and 2019 are to calendar years, and references to fiscal 2021, fiscal 2020 and fiscal 2019 are to our fiscal years. Data are as of the date or for the period indicated. Fiscal 2021 (which ended on January 1, 2022) had 52 weeks, Fiscal 2020 (which ended on January 2, 2021) had 53 weeks, and fiscal 2019 (which ended on December 28, 2019) had 52 weeks.

This report contains forward-looking statements within the meaning of the federal securities laws, including statements with respect to our goals, commitments and programs. Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions, including those described in our most recently filed [Annual Report](#) on Form 10-K and other reports filed with the Securities and Exchange Commission from time to time under the headings "Risk Factors." Also, due to the developing nature of our initiatives, statements here may be based on estimates and approximate data.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We have also included a Sustainability Accounting Standards Board (SASB) index and are referencing the United Nations Sustainable Development Goals (SDGs) and introducing topics associated with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

The report focuses primarily on operations under our direct control, but also includes discussions and data relating to operations outside of our direct control, as indicated. We intend to continue to publish a CSR report annually.

"Carter's" refers to Carter's, Inc. and its subsidiaries. Some of the initiatives referenced in this report may be made through Carter's Charitable Foundation, Inc., which Carter's Inc. established in 2010. Our trademarks and copyrights named in this report, including *Carter's*, *OshKosh*, *OshKosh B'gosh*, *Skip Hop*, *Child of Mine*, *Just One You*, *Simple Joys*, and *Little Planet*, many of which are registered in the United States and in over 100 other countries and territories, are each the property of one or more subsidiaries of Carter's, Inc.



A Message to Our Stakeholders



Michael D. Casey
Chairman & Chief Executive Officer

Carter's has served the needs of multiple generations of families since its founding in 1865. Our long track record of success has been driven by building a strong culture of inclusion, a workforce that is diverse, and our focus on providing the best value and experience in young children's apparel.

Beautiful babies are born every day, and the apparel brand their families continue to choose for their children, more so than any other brand, is Carter's. Our Carter's brand has been rated as the most trusted brand in young children's apparel, together with the best shopping experience and loyalty rewards program.

Our innovation in merchandising and marketing strategies enabled Carter's to achieve a strong recovery from the pandemic. We achieved record profitability in 2021 driven by our nearly 16,000 employees who focused on strengthening our product offerings, improving the productivity of our stores, and reducing the costs, both financial and environmental, of production and transportation.

In a recent employee engagement survey, Carter's meaningfully outperformed the market averages. We believe our strong performance

reflects one of our core values, which is to invest in people. Over the past two years, we focused on protecting our employees and helping them and their families through the pandemic. We offered on-site vaccinations and increased health benefits. We also supported our employees' long-term financial well-being by providing our highest 401(k) Company contribution ever, a 125% match of our employees' contributions up to the eligible limit.

In 2021, we nearly doubled the number of racially and ethnically diverse Vice Presidents and Senior Vice Presidents leading our Company, from 13% to 23% of our senior leadership roles. Recognizing the benefits of diversity in the marketplace, we took steps to increase the number of African American and Hispanic consumers we serve, which is a key focus of our business in the years ahead.

We made good progress on our 10-year commitment to improve the well-being of at least 10 million children and families. To date, we have positively impacted 2 million children and families through donations and partnerships with community organizations. We supported programs to empower workers in our supply chain, including an innovative

“The consumer response to our Little Planet brand has been so strong that we have now set a goal to make Little Planet the U.S. market’s leading sustainable children’s apparel brand.”

partnership in Bangladesh that helps workers understand and protect their rights in the workplace.

Our new Little Planet brand’s innovative products and packaging are driving our efforts to use sustainable materials. Little Planet products are made of mostly organic cotton certified by GOTS, a leading global textile processing standard for organic fibers. We are piloting environmentally beneficial packaging and material innovations that we can apply to our other brands to reduce our Company’s environmental footprint. The consumer response to our Little Planet brand has been so strong that we have now set a goal to make Little Planet the U.S. market’s leading sustainable children’s apparel brand.

It is a good example of how innovation in sustainability can be good for our Company, consumers and the planet.

We advanced our environmental commitment by establishing a Science-Based Target to reduce our greenhouse gas emissions 50% by 2030 and pledging to have net-zero emissions in our direct operations by 2040. Achieving these goals is our responsibility as corporate citizens, and also aligns us with our leading wholesale customers in their initiatives to protect the climate. As part of this work, we conducted a detailed climate risk assessment that helps us understand the potential impacts of the changing climate on key aspects of our business. This assessment will help guide our future decisions to protect the interests of our stakeholders.

While global market conditions are historically challenging, we believe our vision for accessible, sustainable products is making our Company stronger and will help us strengthen our market leadership position in young children’s apparel.

We look forward to continued partnership with you as we leverage our resources to grow Carter’s and better our world. We believe our best years are ahead of us.

Sincerely,


Michael D. Casey
Chairman & Chief Executive Officer



We Promise to Better Our World

Our corporate purpose is to inspire the generations raising the future. As the largest branded marketer of apparel exclusively for babies and young children in North America, our mission is to serve the needs of all families with young children.

We own two of the most highly recognized and trusted brand names in children’s apparel, *Carter’s* and *OshKosh B’gosh*; a leading baby and young child lifestyle brand, *Skip Hop*; and a brand that focuses on sustainable clothing, *Little Planet*. We also have three exclusive *Carter’s* brands: our *Child of Mine* brand, which is available at Walmart, our *Just One You* brand, which is available at Target, and our *Simple Joys* brand, which is available on Amazon.

Our multi-channel global business model, which includes retail stores, eCommerce, and wholesale sales channels, as well as omni-channel capabilities in the United States and Canada, enables us to reach a broad range of consumers around the world. We are a publicly traded company listed on the New York Stock Exchange as “CRI.”

At A Glance	Fiscal 2021	Fiscal 2020	Fiscal 2019
Approximate Total Employees*	15,900	18,000	20,300
Consolidated Net Sales	\$3.49 billion	\$3.02 billion	\$3.52 billion
Operating Margin	14.3%	6.3%	10.6%

*As of fiscal year end.

\$115.3M

Taxes paid**

\$10.6M

In charitable contributions and product donations**

17,000

Employee Volunteer hours**

*Corresponds to FY 2021

For more information on our financial results and tax payments, which reflect our commitment to supporting our communities, please see our [2021 Annual Report](#).

Our Family of Brands

We are proud to have served many generations of families with young children with our brands. For more information, visit [Our Brands](#).

carter's

— just one you —

OSHKOSH

B'gosh

SKIP*HOP

little planet

by carter's

carter's

— child of mine —

simplejoys

by carter's

Our Global Value Chain

We define our value chain to include the people and businesses involved in making and transporting our products, as well as our customers and the communities where we operate.

We do not own any raw materials or manufacturing facilities. We source all of our garments and other products from a global network of third-party suppliers, primarily located in Asia. We source the remainder of our products primarily through North America,

Africa, and Central America. During fiscal 2021, approximately 74% of our product was sourced from Cambodia, Vietnam, Bangladesh, and China, and approximately 80% of the fabric that was used in the manufacture of our products was sourced from China, with the remainder primarily from Thailand and Taiwan.

Our sourcing operations are based in Hong Kong in order to facilitate better service and manage the volume of manufacturing in Asia. We also have sourcing operations in Cambodia, Vietnam, China, and Bangladesh to help support these efforts.

980

North America
retail stores*

~18,800

North America
wholesale locations*

~15,900

Employees
worldwide*

90+

Countries in which our
wholesale customers and
licensees operate*

*Carter's, Inc. as of the end of fiscal 2021

Primary Offices

Atlanta

Corporate Headquarters

Hong Kong

Primary base
of sourcing operations



Our Culture of Integrity

We are committed to conducting our business throughout the world in accordance with the highest ethical standards and all applicable laws

Our Compliance Program

Our compliance program is designed to comply with the U.S. Department of Justice guidance on effective corporate compliance programs. The Audit Committee of our Board of Directors is responsible for oversight of this program. The Chief Compliance Officer reports directly to the CEO and updates the Audit Committee regarding the effectiveness of the program at least annually.

Our compliance team, which works with our management Compliance Committee, manages the Company’s Code of Ethics and confidential ethics hotline and provides annual training on ethics and compliance topics. The compliance team also maintains various corporate policies including the Anti-Corruption & Anti-Bribery Policy, the Gifts & Conflicts of Interest Policy, and our Vendor Code of Ethics. All employees receive training on these policies and periodically certify compliance with each.



Code of Ethics

Our [Code of Ethics](#) sets forth how we conduct our business, which is in a manner consistent with our values, our policies, and the law, and guides our decision making and actions that affect our stakeholders. Our Code of Ethics outlines employee expectations and provides guidance on how to identify and resolve ethical concerns, and whom to contact when questions arise. We provide mandatory annual Code of Ethics training that addresses workplace harassment and anti-discrimination education and conduct risk and culture surveys to monitor employee concerns.

We also require our Tier 1 suppliers, which manufacture our products, to adhere to the high ethical standards outlined in our [Vendor Code of Ethics](#). They must create and maintain a fair and safe workplace for workers and comply with all applicable legal and regulatory standards.

Our values define who we are. We ask every employee to guide their decisions, including the treatment of others, by our five core values: **Act with Integrity, Inspire Innovation, Exceed Expectations, Succeed Together,** and **Invest in People.**

Ethics Hotline

At Carter’s, we have an open-door culture, from our most senior executives to our store managers. Employees, customers, business partners, shareholders, and other stakeholders should feel comfortable asking questions and raising concerns. We encourage anyone who has concerns about the behavior of any employee—including senior leaders as it relates to compliance with applicable laws—or unethical behavior of any kind to report the issue to our Ethics Hotline, which can be done anonymously.

Our Ethics Hotline is monitored by an independent company that provides a dedicated phone line and internet site for anonymous communication of any questions or concerns to a trained specialist, 24 hours a day. Users of the Hotline are assigned an identification number and security code so that they can follow up on their report later.

A written notice of each report is sent to the Chief Compliance Officer, who provides updates to the Leadership Team and the Audit Committee of the Board of Directors as warranted. All reports are investigated. Resolution for substantiated cases can include termination of employees found to have violated our Code of Ethics.

Ethics Hotline Reporting

	2021	2020	2019
Total Call Volume	279	234	478
Anonymous	100	152	110

Political Contributions and Advocacy

We do not make or reimburse political contributions. We participate in a number of industry organizations and keep informed on relevant issues.



Recent Awards and Recognition



Award	Years won
Forbes America's Best Large Employers	2017, 2019, 2021, 2022
Forbes World's Best Employers	2020, 2021
Forbes The Best Employers for Diversity	2021
Forbes The Best Employers for Women	2021
Forbes The Best Employers for New Grads	2021, 2022

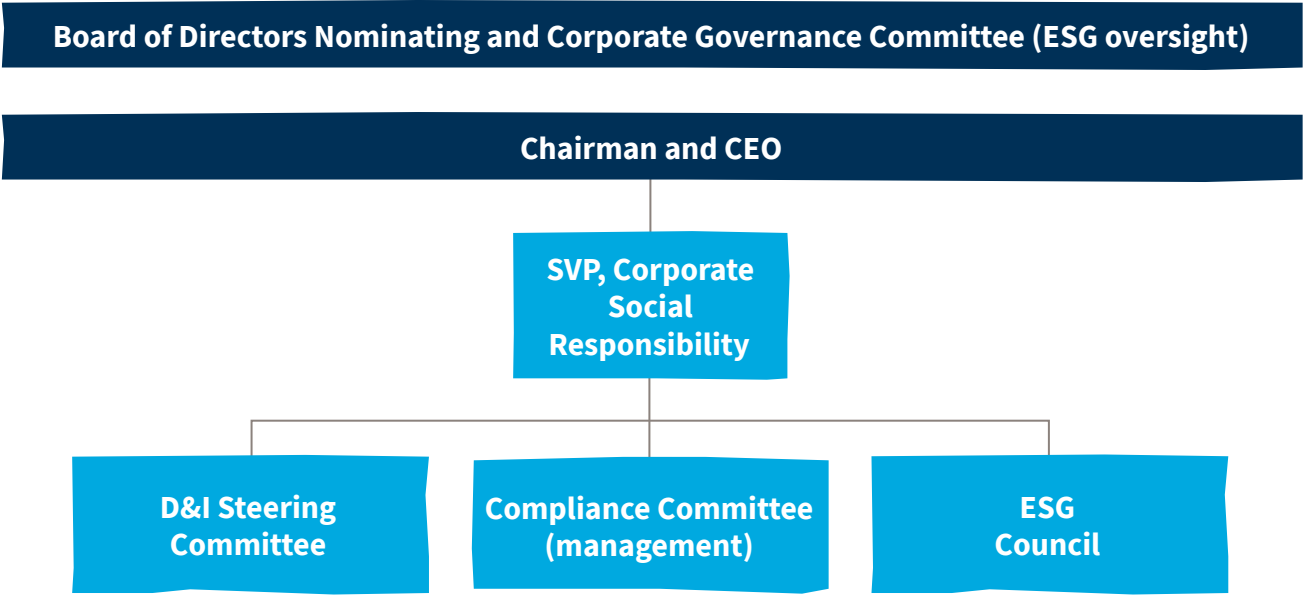


ESG Governance

Our Board of Directors provides oversight of management and our business. ISS has determined that all Board members are independent, except for our one employee director, our Chairman and CEO Michael D. Casey.

The Board’s Nominating and Corporate Governance Committee provides oversight of the Company’s environmental, social, and governance (ESG) initiatives through quarterly or more frequent reviews of progress. These reviews include assessments of ongoing efforts related to climate change, global supply chain compliance, diversity and inclusion (D&I), and product sustainability, among other issues.

Our Senior Vice President, Corporate Social Responsibility (CSR), who reports directly to our Chairman and CEO, has responsibility for the Company’s ESG, D&I, and compliance initiatives. These initiatives are supported by other leaders through our cross-functional D&I Steering Committee, Compliance Committee, and ESG Council. These bodies include employees from the Finance, Human Resources, Legal, Marketing, Merchandising, Retail, and Supply Chain teams.



We have developed a sustainability strategic plan that reflects, in part, the goals and initiatives disclosed in this report. The CSR team is responsible for the execution of our Raise the Future strategy, which is based on

our Company purpose, and the ESG Council meets quarterly to review progress. Because the SVP of CSR serves on the Company’s Leadership Team, other executives receive information and updates regularly.

Our Publicly Available CSR Policies

- California Transparency In Supply Chains Act & UK Modern Slavery Act Policy
- Code of Ethics
- Conflict Minerals Policy
- Corporate Social Responsibility Policy
- Environmental Policy
- Privacy Policy
- Restricted Substances List
- Vendor Code of Ethics

Board of Directors Diversity

33%
Women

17%
Racially or
Ethnically diverse

Protecting Customer and Employee Data and Privacy



Information Security Management System

Customers and employees entrust us with their data, and we are committed to honoring their privacy and securing their personal information.

We have established physical, electronic, and contractual safeguards designed to protect the security and privacy of customer and employee personal information.

Our approach to information security management follows the National Institute of Standards and Technology (NIST) and Capability Maturity Model Integration (CMMI) security frameworks.

We conduct bi-annual NIST assessments and focus on the five NIST Domains—Identify, Protect, Detect, Respond, and Recover. We also monitor the changing privacy landscape, including Europe's General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and Brazil's General Data Protection Law (LGPD)

privacy legislation. We set annual goals and target scores for areas of improvement aligned with the NIST framework, which are overseen by our internal Information Governance Committee and the Audit Committee of the Board of Directors. Our program is also assessed by outside firms.

We update our annual initiative road maps to address these strategic objectives and conduct assessments throughout the year to test and validate the efficacy of our control systems. To maintain employee compliance with our policies, we require and conduct annual compliance training in security awareness and procedures. We utilize appropriate technology to manage the workflow and reporting.

Our legal contracts require third parties to comply with our data policies for those companies with whom we share data. Our policies enumerate our data storage, data encryption, data usage, and data protection standards. Before engaging a vendor who handles consumer or employee data, we conduct an evaluation of their security capabilities and processes.

Privacy Framework

Our Privacy Policy describes the personal information that we collect about our customers, including how we may use it and when we share it with third parties. We also have internal policies related to how employee information can be shared.

As we grow our eCommerce business and personalization strategies, protecting our customers' privacy becomes more important than ever. One way in which we are strengthening our privacy protections is by implementing the Nymity Privacy Management Accountability Framework. The framework identifies 13 Privacy Management Categories through which we are creating a Privacy-by-Design framework adapted to our specific needs, risk profile, and business objectives. We chose this framework, which addresses key privacy regulations such as the CCPA and GDPR, because it is comprehensive and customizable.

For more information, see our [Privacy Policy](#).

Our Corporate Social Responsibility Commitments

We are making progress to improve our environmental and social impacts

The Carter’s family of brands is committed to a world where all families with young children, including future generations, can grow and thrive. Our multifaceted Raise the Future platform is founded on a promise to better our world through our commitments to developing more sustainable products and processes.

To help us focus our efforts, we previously conducted an environmental and social issue assessment. This study helped to identify the areas of importance to our Company’s success and to our stakeholders, including employees, customers, and investors.

Based on this assessment and other stakeholder input, our priority CSR focus areas are:

- Product quality and safety
- Product design and innovation
- Employee engagement
- Diversity and inclusion
- Climate change
- Workers’ rights
- Supply-chain management

Based on these insights, we have developed three strategic pillars that guide our long-term CSR commitments: People, Product, and Planet.



People
Uplift our workers and communities



Product
Grow our sustainable offerings



Planet
Reduce our environmental footprint

Sustainable Development Goals

We support the **UN SDGs** and focus our efforts on addressing five in particular.



Our Goals & Progress

As we establish our sustainability priorities and programs, we intend to publish progress updates annually and to revise our goals as needed.



People

Uplift our workers and communities



Goals	2021 Progress
Diversity & Inclusion <ul style="list-style-type: none">Increase our African American and Hispanic consumers 10% by 2025Increase racial and ethnic diversity at the Vice President and District Manager levelsDevelop supplier diversity program	<ul style="list-style-type: none">Launched and completed marketing test targeting these consumer segmentsIncreased diverse SVPs/VPs between 2020 and 2021, from 13% to 23%New goal; we will report progress in 2023
Community and Supply Chain <ul style="list-style-type: none">Improve the well-being of at least 10 million families by 2030Extend traceability of cotton to our fabric mills by 2025Improve the well-being of at least 1 million workers within our global value chain by 2030	<ul style="list-style-type: none">Positively impacted 2 million children and familiesCompleted Phase 1 of initial traceability road map and established platform for growthSupported workplace empowerment of approximately 80,100 workers in Bangladesh



Product

Grow our sustainable offerings



Goals	2021 Progress
<ul style="list-style-type: none">Grow Little Planet to be the U.S. market's leading sustainable children's apparel brandUse 100% sustainable cotton and polyester fibers by 2030	<ul style="list-style-type: none">New goal; we will report progress in 2023Began purchase of Better Cotton credits and increased purchase of Global Organic Textile Standard (GOTS) certified organic cottonIntroduced recycled polyester products in 2021



Planet

Reduce our environmental footprint



Goals	2021 Progress
Climate <ul style="list-style-type: none">Reduce greenhouse gas emissions by at least 25% by 2030 and develop a science-based targetAchieve Net-Zero emissions in our direct operations by 2040	<ul style="list-style-type: none">Developed and received validation of targets via Science-Based Targets initiative (SBTi):<ul style="list-style-type: none">Reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year77% of our suppliers by spend covering purchased goods and services will have science-based targets by 2027
Waste <ul style="list-style-type: none">Divert 80% of waste from landfill by 2025	<ul style="list-style-type: none">New goal; we will report progress in 2023
Water <ul style="list-style-type: none">Establish a water-use reduction goal by 2023	<ul style="list-style-type: none">New goal; we will report progress in 2023

People



Fostering an Engaged and Inclusive Culture

Each day our employees help us make a difference and live our values

Through the dedication and passion of our diverse team around the world, we are able to deliver on our commitment to consumers to provide high-quality children’s apparel and accessories at affordable prices. We believe that by providing training, development, and a supportive and respectful workplace, we support our employees in serving the needs of all families with young children.

Goals	2021 Progress
<ul style="list-style-type: none">● Increase our African American and Hispanic consumers 10% by 2025	<ul style="list-style-type: none">● Launched and completed marketing test targeting these consumer segments
<ul style="list-style-type: none">● Increase racial and ethnic diversity at the Vice President and District Manager levels	<ul style="list-style-type: none">● Increased diverse SVPs/VPs between 2020 and 2021, from 13% to 23%
<ul style="list-style-type: none">● Develop supplier diversity program	<ul style="list-style-type: none">● New goal; we will report progress in 2023
<ul style="list-style-type: none">● Improve the well-being of at least 10 million families by 2030	<ul style="list-style-type: none">● Positively impacted 2 million children and families



The success of the Company is built on our people, so maintaining a positive culture is extremely important. Maintaining high engagement and retention among our employees is a fundamental priority. We believe formal and informal mentoring activities and cross-functional meetings with leaders are essential ways in which we fuel engagement. To measure engagement and identify areas for improvement, we conducted a global employee survey in 2022, the results of which will inform action planning. We intend to discuss our survey findings in our next CSR report.

As the world adjusts to life in the era of COVID-19, our workplace has embraced a hybrid model for those roles where it is possible, reducing the number of days employees are required to be on-site for our office teams. We believe the flexibility of a hybrid workplace contributes to our employees' ability to bring their full and best selves to work and accommodates different working styles. We believe the hybrid workplace is here to stay, and we are adapting our technology and training processes to help employees be effective and feel connected in this way of working.

Diversity and Inclusion

Our diversity and inclusion (D&I) commitment focuses on our employees, consumers, and communities. We strive to create an environment where all employees have a sense of belonging regardless of any dimension of difference, including ability, race, ethnicity, national origin, gender, age, sexual orientation, genetics, veteran status, or other status protected by federal, state, or local law. We are committed to ensuring that our workforce reflects our diverse world through a range of programs to broaden diversity and ensure fairness across our global enterprise. We believe these efforts also help us understand and attract more diverse consumers and employees.

Training

In FY2021, we continued providing D&I training across our U.S. and Canada retail stores, offices, and Distribution Centers focused on unconscious bias, as we have since 2019. We also expanded our training to our Asia offices.

Career Development

D&I is a fundamental component of how we engage our employees. This includes investing in career development, monitoring key performance indicators for equity, and ensuring alignment across the Company on our objectives. We have a process in place to continuously review and monitor pay, reviews, and promotions of protected classes at time of hire, during midyear/annual review process, and at time of promotion.

Oversight and Guidance

This work is overseen by the Nominating & Corporate Governance Committee of our Board of Directors and supported by our D&I Steering Committee and Diversity Advisory Council. The Steering Committee provides insights for the development of D&I efforts for employees, consumers, and our communities. The Council advises the Steering Committee and helps ensure authenticity and cultural awareness in our products and marketing.



employee spotlight

Diversity Council and Steering Committee



Linda Chiwona Jackson
VP Art & Design for our Exclusive Brands Atlanta

In my long career at Carter’s, I have found much fulfillment mentoring my team and watching them grow into remarkable leaders. And I have benefited from similar support.

In 2019, my manager invited me to join the D&I Steering Committee as part of my development plan. It was an opportunity for me to partner with leaders on a great initiative for the Company. As a woman of color, I know the importance representation has on the decisions that are made daily. I see the impact I have on our corporate culture by having a seat at the table. And I see people feeling empowered to speak up and be part of the narrative and to show up at work as their authentic selves.

We have made tremendous strides, and we continue to learn and evolve as a Company. I think we are on the right path, and I aspire for us to continue to increase our engagement with the diverse communities we serve.



Diversity at Senior Levels

Our continued focus on diversity at senior levels led us to make progress in representation in corporate roles during 2021.

	2021 EOY		2020 EOY	
	White	Minority*	White	Minority*
SVP/Vice President	77% (40)	23% (12)	88% (49)	13% (7)
District Managers	82% (45)	18% (10)	83% (49)	17% (10)

	2021 EOY		2020 EOY	
	Male	Female	Male	Female
SVP/Vice President	40% (21)	60% (31)	43% (24)	57% (32)
District Managers	31% (17)	69% (38)	31% (18)	69% (41)

* Refers to employees identifying as Asian, Black/African American, Hawaiian/Pacific Islander, Hispanic/Latino, or Native American.

Employees with Disabilities

Carter’s is an equal opportunity employer. We strive to support every employee in succeeding and are committed to providing equal treatment with respect to employment without discrimination. When a reasonable accommodation related to a physical or mental disability is needed, we work with employees in a collaborative way to support their needs in light of the individual’s job position and the requirements of the role. We provide accommodations when appropriate, on a temporary or permanent basis, if such accommodations would not impose an undue hardship on the Company or pose a direct threat to the health or safety of the individual or others, and would enable the individual to apply for or perform the essential functions of the position in question in keeping with an approach that focuses on supporting confidentiality and dignity wherever possible.

Locations	2021 Total Number of Disability	2020 Total Number of Disability	2019 Total Number of Disability	2018 Total Number of Disability	2017 Total Number of Disability
Corporate	25	22	31	32	33
Distribution Centers	65	102	68	72	64
Retail	178	518	454	464	387
Total	268	642	553	568	484

In 2022, we added Juneteenth as a paid holiday in the U.S. and the National Day for Truth and Reconciliation as a new paid holiday in Canada.

Recruitment

We believe that strong employee engagement begins at the recruitment stage. As the talent marketplace has grown increasingly competitive, we have updated our recruitment process to enhance the candidate experience while improving outcomes for the Company.

Hiring speed has been especially important to our success in filling roles. In 2021, we accelerated the time from posting to hire for corporate roles by 20% over the previous year, and we saw our distribution centers meet their hiring targets. We also built more in-house talent acquisition infrastructure for recruiting and reduced our use of external agencies because we believe that our employees are our best ambassadors.

Focusing on Equity

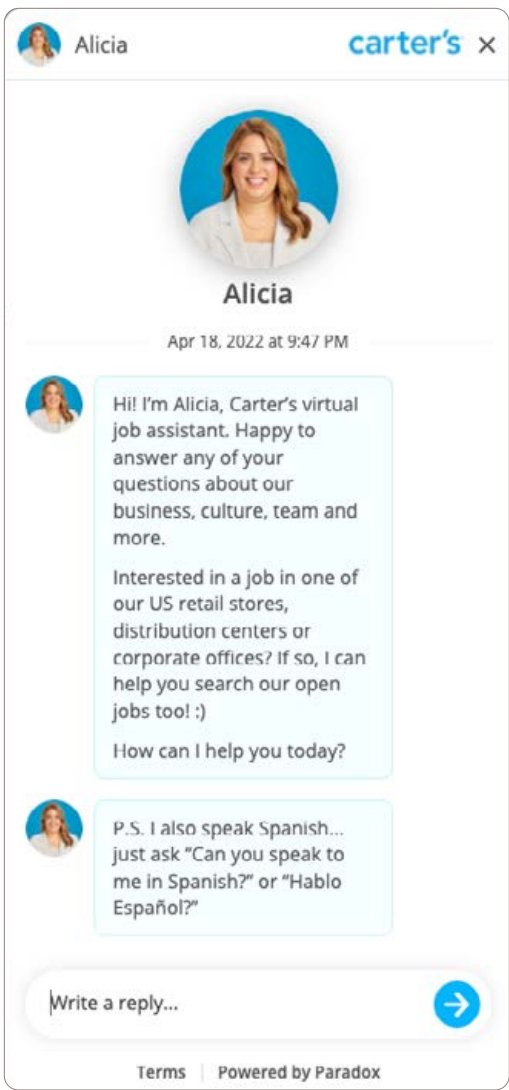
We also strive to enhance opportunity for all employees by developing a pipeline of successors for key positions through recruiting, formal succession planning, and development strategies. During 2021, we expanded

partnerships with organizations that help us uphold our commitment to diverse slates and provided related training for recruiters.

We work with our business partners as we aim to ensure employees feel valued and empowered and see opportunities for growth. Approximately 40% of U.S. corporate roles, inclusive of middle management and higher in stores and Supervisor and above in distribution centers, were filled by internal candidates last year.

Innovation in Recruitment

We believe innovation can benefit our business. One such investment that has helped us accelerate our recruitment is a natural language processing-enabled chatbot nicknamed “Alicia” that helps candidates learn about our Company, find open roles, and schedule interviews. For our seasonal distribution center positions, Alicia has shortened the time it takes to schedule interviews to seven minutes. She can also provide assistance in Spanish. By making our application and scheduling process more efficient, we are able to better focus our human interactions with those candidates who meet our requirements.



employee spotlight

Recruiting Tomorrow's Leaders



Rachel (Wakefield) Sutton
Manager of College and Diversity Hiring Programs Atlanta

Early career talent is critical to building our culture and the foundation for our future success. On a personal level, I enjoy connecting students with Internship and Executive Development Program (EDP) roles. So it is truly rewarding to see their careers bloom as they enter the organization as interns, become EDP participants, and continue on to full-time roles.

I am especially proud of the work we did last year to recruit a diverse and talented group for our Internship and EDP programs despite the uniquely challenging hiring environment we faced. We were able to maintain a robust and friendly recruiting experience for students while shifting to remote and hybrid work. And as someone relatively newer to the organization myself, as I’ve gotten to know the Company, I’ve also been able to authentically share my experience and the benefits of joining such a dynamic organization with students, professors, and career services professionals.

“During the hiring process, I really liked how I was able to choose a schedule that works for me and that I could apply, have my interview, and get scheduled to start within one week.”
— Naysia Brunson, Equipment Operator, Braselton

Creating Opportunities for Career Development and Growth

We provide employees with meaningful growth opportunities through onboarding programs, continuing education, and mentoring programs. We also offer a tuition assistance program that supports eligible employees in continuing their education.

Along the way, our managers are expected to set clear objectives and expectations and provide feedback to help employees achieve their goals through individual development plans. During 2021, approximately 99% of employees received a performance review.*

Continuous Improvement

Each year, we create a training plan informed by employee input, including the topics most frequently searched in Carter’s University, our internal learning platform. We also consider changing needs based on current events.

We strive to ensure that all employees have access to some form of training, including:

- Mentoring program
- College program
- Managerial and leadership development programs for corporate and retail employees
- Data, analytics, and technology instruction

Fiscal 2021 Workplace Training**

~153,900 [†]	~15,900	~9.67
Total number of training hours	Employees participating	Average hours of training per employee

* Global employee population (corporate offices, distribution centers, and retail). Those who did not participate in the annual review process were mostly retail store associates in Mexico. We expect they will participate in the review process in the future.

** Global employee population (corporate offices, distribution centers, and retail). Does not include retail onboarding, international operations, and certain other trainings.

[†] Fiscal 2020 Workplace Training hours and average hours of training per employee originally disclosed in the 2020 CSR report have been restated. See [GRI Table](#) for more information.



success story

Growing Through the Mentor Partnerships Program



Michelle Yedid

*Sr Mgr. International
eCommerce
Atlanta*

I joined the Mentor Partnerships Program because I was new to the Atlanta office and wanted to grow my network and learn more about Carter's.

When I was paired with Becky, I got so much more than just a knowledgeable mentor with a huge heart. She has become a friend who invests time in my growth professionally and personally. She doesn't only talk to me about my projects, she has also gotten involved in them as a partner. She is always looking for new opportunities for me, from introducing me to other leaders to inviting me to strategic meetings.

It's just the kind of support that I was seeking to help me to achieve my goal of building my career at Carter's to someday be the first Hispanic woman on the Leadership Team.



Becky Pierce

*VP, Buying
Atlanta*

No matter how experienced we are, there are always new ways to grow. I became interested in the Mentor Partnerships Program to continue my own development by learning about other areas of the Company, connecting with more peers and leaders, and sharing with others some of the knowledge and growth I've gained here. But what has been most surprising about mentoring Michelle has been the power of success that comes from combining our business and personal relationships.

She's been a highly engaged partner with whom to invest in our mutual career growth. She's given me opportunities to learn about the international business and meet new colleagues. She's become a collaborator in business and, most of all, a great friend. All of which inspires me to keep growing as a leader, drive new initiatives, and keep giving back.

Mentor Partnerships Program

With nearly 280 participants from six countries, 2021 was the largest year yet for our signature Mentor Partnerships Program, which first launched in 2012. This time, the program went virtual for the first time ever, which meant we had the exciting opportunity to pair mentors and mentees across geographies. It also included personal development in addition to professional areas of focus. Employees submit an interest form to join the program and matching is based on selected interests and skills.

Mentor Partnerships Program Growth

Year*	Participants
2021	278
2019	242
2018	246
2017	200

* We did not have an MPP in 2020.

2021 Mentor Partnerships Program

8th
Class

6
Countries

278
Participants
in 2021

105
Returning
Participants



Accelerated Development Program

The ADP (Accelerated Development Program) is our leadership program for high-potential leaders (Director/VP level). The program participants are leaders who we believe have the potential to accelerate their growth and development. Those selected should be identified in a succession plan, marked as high potential, and typically be considered promotable. In 2021, we launched a new cohort of 13 employees. Over the course of the 18-month program, they will receive individual assessments, 360-degree feedback, and individual development plans. This time around, the program also includes a business challenge project, an idea that came from a previous ADP cohort as a way for participants to give back to the Company and leave their mark on the organization and the culture.

Our Retail Stores Leadership Development Program aims to grow our front-line leaders by enhancing leadership skills, broadening global perspectives of the business, and building cross-functional relationships. In 2021, we had 123 field leaders complete this training.

College Programs

Carter’s College Programs provide opportunities for current students and recent graduates to jump-start their careers and build the skills to be future leaders at Carter’s. Among many other opportunities, these programs allow participants to be mentored by program alumni, learn about our business, join roundtable discussions with senior business leaders, attend networking events, and volunteer with Carter’s Cares. They also help us to build relationships with promising entry-level talent and strengthen our pipeline of diverse future leaders.

Intern Program

The Intern Program is a formal 11-week program during the summer for current college students offering the opportunity to gain corporate experience. As a participant, interns will contribute to meaningful work projects as key members of their team, network with senior business leaders, and receive specialized professional development. Our 2021 cohort had 16 participants.

Executive Development Program (EDP) and Retail Stores Executive Development Program

The Executive Development Program (EDP) is a formal 6-month development program layered on top of a full-time entry level position

EDP Participants

	2022	2021	2020	2019
Gender				
Female	87%	95%	96%	80%
Male	13%	5%	4%	20%
Ethnic Diversity				
Asian	41%	32%	29%	20%
Black/African American	15%	16%	4%	4%
Hispanic/Latino	18%	11%	12.5%	8%
2 or more	5%	5%	12.5%	8%
White	3%	–	–	–
	59%	68%	71%	80%

with the Company. The program provides recent college graduates with specialized development to guide the transition from campus to corporate. We welcome two cohorts each year. In 2021, we expanded our EDP and Intern recruiting efforts to diverse schools and professional networks including the Association of Latino Professionals for America (ALPFA) and INROADS.

The Retail Stores Executive Development Program is a formal 6-month development program launching in 2022 that is available to candidates interested in retail store management careers. The program provides recent college graduates with specialized development to accelerate their learning in store leadership and build careers as future leaders within Carter’s. For information on other retail training opportunities, see our 2020 CSR Report.

employee spotlight

The Power of Opportunity



Kimberly Mitchell
*VP, Merchandising,
Exclusive Brands
Atlanta*

When I was two years out of college, my merchandising professor arranged an invitation for me to visit the Carter’s office. A few months later, I got a call from HR asking if I wanted to do a summer internship. At the time, not many companies had merchandising positions below Manager level, which needed 5 years of experience. So this enabled me to learn, prove myself, and build relationships.

Twelve years later, I am VP of Merchandising for Exclusive Brands. Without that opportunity, I would never be where I am in my career. The continued support of my personal and professional development, the Company culture, and incredible people make me feel so lucky to work for such a great Company. The EDP program makes not only the individual employee, but our entire Company, more successful. The early relationships I formed in the Company are still critical to my development today. I would love to be that person to pay it forward and be that person for others who are early in their careers today.

Supporting Employee Well-Being Through a Range of Benefits

Our employees fill many different roles outside of work as parents, partners, caregivers, and friends, so we design our benefits to support employee well-being inside and outside of work.

Our enhanced U.S. and Canada benefits for 2022 include increased paid parental leave, adoption and surrogacy benefits, and fertility benefits under our medical plans. By offering an increased limit of \$20,000 for eligible full-time U.S. employees across adoption, surrogacy and fertility benefits, we are supporting equally all family-forming efforts. In 2021, we were proud to provide roughly 15,000 hours of paid parental leave across our U.S. workforce. This benefit offers full-time employees 240 hours of paid time off that can be taken at any point in their child’s first year.

Scholarship Program

We support the education of eligible U.S. Company employees and their dependents with a \$1,500 award for each selected applicant. Applicants must be Company employees or current high school seniors who are the legal child of a Company employee. In 2021, 40 scholarships were awarded across office, retail, and distribution center employees.

Some of our innovative employee benefits

- Mental and emotional health support, including for substance misuse
- Voluntary benefits, including legal services and identity theft monitoring
- Backup dependent care
- Support and coaching for new parents
- Tuition assistance for eligible employees
- Up to 240 hours of paid parental leave
- Medical and personal leave programs
- Paid volunteer time and grant eligibility for schools attended by employees' children
- In-store discounts
- Pet insurance

For more details on benefits, please visit our [Benefits & Well-being page](#).

U.S. 401(k) Contributions

Our U.S. retirement plan has very high participation, attributable to both our automatic enrollment and our discretionary match, which has the potential for a generous Company match. For nine out of the last 12 years, our discretionary Company match was well above market.

100%

Matching
8 out of 12 years

125%

Record match for 2021
employee
contributions

96%

Eligible U.S. employee
participation in 401(k)
savings plan



Employee Safety

We believe workplace safety is a critical aspect of providing day-to-day well-being for employees. Our management in this area includes safety policies and trainings.

In the event an injury does occur, our employees have support to ensure that they can get the treatment they need. Additionally, all regular U.S. employees are eligible for workers’ compensation, and we make

temporary, light-duty positions available for employees with injury-related restrictions. Distribution Centers hold start-of-shift meetings to spread awareness on how to prevent injuries, including both acute and repetitive injuries. Safety managers are on staff at the Distribution Centers to support a healthy workplace.

Our team works with injured employees to help them get healthy and back to work as quickly as possible. Because of these efforts, we've seen a reduction to the reserve for Workers' Compensation claims in our financial statements.

Occupational Health and Safety Data	2021	2020
Data based on workers directly employed by Carter's		
Work-related injuries*	46	36
Days away, restricted, or transferred (DART) rate**	.52	.53
High-consequence work-related injuries***	0	1
Fatalities	0	0

* Top types of work-related injuries: Slip or fall, strain by lifting, injury due to repetitive motion.
** DART Rate = Number of OSHA recordable injuries and illnesses that resulted in days away, restrictions, or transfers x 200,000 ÷ Employee hours worked.
*** Work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.



Continuing to manage through COVID-19

We continued to support our employees who needed to be absent due to COVID-19—whether because they or a family member were ill, quarantined or needed to adapt to changes like virtual school. Once vaccines became available, we launched a campaign to educate employees about the vaccines, including creating videos of our associates sharing their reasons for getting the vaccine.

Vaccine Access

To make it convenient for our employees to protect themselves and their families from COVID-19, we hosted on-site vaccination programs at our U.S. Distribution Centers beginning in April 2021. We continue to monitor COVID-19 activity for all of our global locations and provide support where possible, including the provision of free rapid COVID-19 tests for certain populations, in alignment with legislative and regulatory requirements.

More than 500 employees took advantage of our on-site vaccination program to protect themselves and their families.

2021 Workforce Demographics*

	Total Employees	%	Board of Directors	Leadership Team	VPs & Directors	Supervisor - Sr. Managers	Below Manager
Gender							
Male	1,895	12%	67%	67%	47%	10%	12%
Female	12,766	81%	33%	33%	53%	83%	80%
Not Recorded	1,147	7%	0%	0%	0%	7%	7%
Age Group							
Under 30	9,121	58%	-	0%	0%	43%	65%
30-50	4,760	30%	8%	25%	68%	44%	24%
Above 50	1,927	12%	92%	75%	32%	13%	11%
Race/Ethnicity							
Asian	509	3%	-	-	5%	2%	4%
Black/African American	2,457	16%	8%	8%	7%	10%	18%
Hawaiian/Pacific Islander	32	0%	-	-	-	-	-
Hispanic/Latino	3,862	24%	8%	-	5%	19%	27%
Native American	51	0%	-	-	-	-	-
White	5,498	35%	84%	92%	72%	41%	31%
2 or More	457	3%	-	-	-	3%	3%
Not Specified	2,942	19%	-	-	11%	24%	17%

* Global employee population as of January 3, 2022 except Board of Directors and Leadership figures, which are as of June 8, 2022. Racial and ethnicity identification complies with regulatory standards, ethnicity of non-U.S. employees is recorded as "Not specified."



	2021 Hiring*		2021 Promotions*		2021 Retention* [†]		
	Total New Hires 14,987	%	Total Promotions 2,212	%	Total Departures 7,635	Turnover Rate	Retention Rate
Role Category							
Corporate	268	2%	184	8%	188	12%	88%
Distribution Center	2,900	19%	57	3%	654	31%	69%
Retail	11,819	79%	1,971	89%	6,793	56%	44%
Age Group							
Under 30	11,173	75%	1,554	70%	5,650	62%	38%
30-50	2,845	19%	553	25%	1,539	32%	68%
Above 50	966	6%	105	5%	446	23%	77%
Gender							
Male	1,766	12%	141	6%	658	35%	65%
Female	11,728	78%	1,956	88%	6,517	51%	49%
Not Recorded	1,493	10%	115	5%	460	40%	60%
Race/Ethnicity							
Asian	368	3%	58	3%	195	38%	62%
Black/African American	3,351	24%	242	11%	1,247	51%	49%
Hawaiian/Pacific Islander	31	-	3	0%	14	44%	56%
Hispanic/Latino	4,095	29%	585	26%	1,800	47%	53%
Native American	62	-	13	1%	29	57%	43%
White	4,550	32%	978	44%	2,745	50%	50%
2 or More	640	5%	60	3%	313	68%	32%
Not Specified	958	7%	273	12%	1,292	44%	56%
Seniority							
Below Manager	13,447	90%	691	31%	5,825	52%	48%
Supervisor - Sr. Managers	1,523	10%	1,494	68%	1,792	41%	59%
Director & Above	17	-	27	1%	18	8%	92%

* All figures except race and ethnicity include global employee population from January 1, 2021 through December 31, 2021. Race and ethnicity data are U.S. only, from January 1, 2021 through December 31, 2021.

[†] Turnover and retention metrics exclude involuntary terminations.

Respecting Human Rights in Our Global Supply Chain

We believe all workers and communities deserve to be treated fairly and with dignity

We strive to be a responsible and responsive employer and corporate citizen, and we expect the same from our suppliers, particularly in their treatment of their workers. We carefully select the Tier 1 suppliers (which manufacture our products) with whom we work, and we uphold our expectations through training, monitoring, and our policies, which are informed by the Universal Declaration of Human Rights.

Goals	2021 Progress
<ul style="list-style-type: none">Extend traceability of cotton to our fabric mills by 2025	<ul style="list-style-type: none">Completed Phase 1 of initial traceability road map and established platform for growth
<ul style="list-style-type: none">Improve the well-being of at least 1 million workers within our global supply chain by 2030	<ul style="list-style-type: none">Supported workplace empowerment of approximately 80,100 workers in Bangladesh



Photographs on pages 29–34 courtesy of Lime Line Apparel, Thailand

Responsible Sourcing

Our Social Compliance Program is designed to help ensure our Tier 1 suppliers operate according to the requirements of our Vendor Code of Ethics and Social Responsibility Policy, which in some cases requires going above and beyond their local laws. We set compliance targets for Tier 1 suppliers who own and operate the factories that manufacture our products. We are in the process of extending visibility to Tier 2 and 3 apparel suppliers who provide cotton-based materials (such as yarns and fabrics) to Tier 1 apparel suppliers.

Our social compliance is overseen by our SVP, Corporate Social Responsibility, who reports quarterly to the Nominating and Corporate Governance Committee of the Board of Directors. The team that executes this work is part of our ESG Council and its Supply Chain Task Force.



Tier 1 Suppliers Must Pass Our Onboarding Procedure Before Being Contracted



Identification

Includes evaluation of country conditions and review of Tier 1 supplier or factory credentials and alignment with Carter’s policies. Facilities reports may also be requested.



Qualification

Includes extensive reputation screening and third-party audits for product safety, social compliance and security. These inform the decision on whether to contract with a potential Tier 1 supplier.



Activation

Includes onboarding, production planning, and yearly assessments for compliance with our policies. Additional training and corrective action plans are put in place where needed, based on assessment results.

Auditing

We uphold our labor standards through a rigorous supplier monitoring process that includes unannounced visits, verification of business documentation, assurance that worker pay complies with our CSR Policy and applicable labor laws, evaluation of health and safety conditions, and visits to production facilities and worker housing. We are also increasing our worker surveys and in special circumstances will conduct off-site interviews.

Our Social Responsibility Policy sets forth requirements that Tier 1 suppliers must satisfy in order to do business with us. We screen 100% of our new Tier 1 suppliers on our standards. We regularly audit our Tier 1 suppliers to verify compliance with our policies, as well as to improve working conditions and labor practices in factories.

Between 2020 and 2021, our onboarding and auditing process eliminated 9 suppliers from consideration and dropped 4 active suppliers due to substantial concerns about their ability or willingness to adhere to our requirements.

Driving Improvement

Tier 1 suppliers must achieve a minimum score, which is set by Carter’s based on the type of product being produced. We contract with accredited and industry-leading third-party auditors Intertek and ELEVATE to perform these audits.

Unannounced audits are conducted when a facility scores below 85 out of 100. Approximately 38% of audits were conducted unannounced in 2021. If an audit finds non-compliant practices, we conduct an on-site summary review of findings and leave a signed corrective action plan to remediate areas of noncompliance. If the supplier fails to demonstrate improvement and meet our requirements in the corrective action plan, we may choose to terminate the relationship.

Training

We have developed a Tier 1 supplier training program that provides specific guidance on compensation and benefits, employee documentation, and worker health and safety. The program is updated periodically and provided to Tier 1 suppliers.

Today, we have teams working in Cambodia, China, and Bangladesh to better support our Tier 1 suppliers and enhance workplace conditions.

Supplier Environmental Screening and Engagement

We intend to source only from suppliers that use the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) by 2025. Approximately 53% of our Tier 1 factories completed the Higg FEM in 2021. As part of our ongoing engagement, we also surveyed suppliers in 2021 to identify whether they had goals related to energy, waste, greenhouse gases, worker well-being, and other matters—an effort we intend to extend in 2022.

In 2021, we achieved our annual audit plan and performance target by completing our desired number of audits and having at least 90% of suppliers achieve a passing rating.

Tier 1 Supplier Compliance	2021	2020	2019
Number of Active Tier 1 Suppliers	93	100	110
Number of Active Factories	142*	164	195
Number of Factories with a Passing Score	125	155	191
Number of Factories with a Below Passing Score	4	3	4
Number of Unannounced Audits Conducted	55	69**	105

* There were 13 factories we were only able to audit virtually due to the pandemic; we therefore chose not to issue a score.
** Due to pandemic restrictions, we paused the execution of unannounced factory audits in 2020.

Partnering for Progress

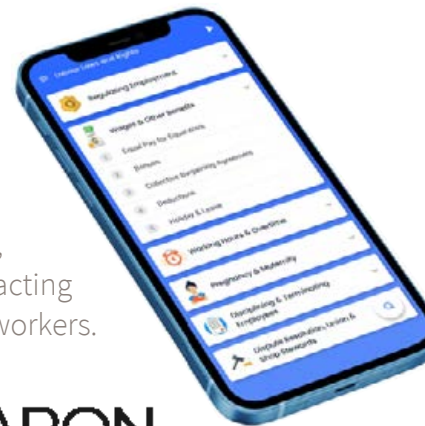
We believe multi-stakeholder dialogue and collaboration often represent the most productive and effective approach to address complex industry-wide issues that cannot be solved by any one company alone.



The BSR HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains through workplace programs promoting health, financial inclusion, and gender equality. Our participation in the program focuses on providing training programs to three of our suppliers, representing approximately 3,000 workers. HERproject trainings are based on peer to peer methodology. Training is provided to a group of select workers, who in turn train their colleagues on critical skills and knowledge. The progress of these programs is measured through baseline and endline surveys that provide clear quantitative and qualitative data about program impacts. Unfortunately, on-the-ground implementation has been slowed by COVID-19, but we expect to have program results to share in future years.

Worker's Labor Application — Our Rights

We have partnered with GIZ FABRIC and launched a digital application to improve the knowledge of garment workers on their rights and obligations under the Cambodian labor law with a focus on the most important labor laws and occupational health and safety regulations in the workplace. Currently the application is available in 10 of our suppliers in Cambodia, and we anticipate impacting approximately 23,000 workers.



With the Alliance for Bangladesh Worker Safety winding down its operations at the end of 2018, several former Alliance members, including Carter's and other brands committed to sustaining the culture of factory safety in Bangladesh, launched Nirapon. This member-led organization is committed to helping its members' factories create a sustainable culture of safety and provides a guided and supported maintenance, monitoring and reporting process. To date, approximately 28 of our suppliers participate in these efforts, including the Worker Helpline, impacting approximately 80,100 workers.

Other Partnerships



employee spotlight

Supporting Human Rights Through Partnership



Rashedul Hasan
Senior Corporate Social Responsibility Specialist, Bangladesh

I focus on supporting our social and environmental efforts with our suppliers and representing Carter's in a number of industry initiatives such as Nirapon. I spend most of my time visiting our suppliers to assess workplace conditions, providing training on our social compliance requirements, and educating suppliers on our environmental expectations. That has given me the opportunity to see and be part of our Company's commitment to safe working environments firsthand.

I'm especially proud of having helped to integrate our social compliance work with the Sourcing group for better decision making, implementing data systems that have improved our audits, and launching training and monitoring initiatives that have helped to improve the lives of workers in Bangladesh. I am looking forward to continuing to expand our stewardship in ways that integrate social and environmental management for better impacts, transparency, and products.

Supplier Traceability

Our CSR program works to ensure that products do not include materials produced by entities that may use forced labor or material from regions where forced labor is prevalent. Currently, we are working with our supply chain partners to ensure that raw materials and other components of our products do not use forced labor to harvest or produce them. This effort is dependent upon enhancing our traceability capabilities and improving our efforts to respond to U.S. governmental requests for information. Our latest steps toward assessing and mitigating environmental and social risk associated with sourcing raw materials include:

- Hiring a new full-time team member to lead and implement a comprehensive responsible raw material program.
- Completing the risk assessment phase of our materials traceability road map to see if any of our suppliers are a significant risk from a human rights perspective. We have identified 100% of mills in our supply chain.
- Developing a formalized onboarding program for fabric mills to better assess risk upfront.
- Incorporating a technology solution that will assist with documentation and the training and education of suppliers beginning in early 2022.

Traceability Program Components

1

Onboarding Program – Fabric Mills

Upfront vetting and screening of suppliers including conducting a social compliance audit

2

Product Admissibility

Focus suppliers on regulatory product admissibility requirements

3

Standard of Reasonable Care

Develop process to protect importer status and shipments and respond to transactional level regulatory requests

4

Science-Based Testing

Better identify claimed place of origin

Preventing Forced Labor

We will not tolerate forced labor in our supply chain. We monitor our Tier 1 suppliers and events in the regions where we do business as part of our responsible sourcing efforts. We have taken steps to ensure that our products do not include materials produced by entities that may use forced labor. We monitor relevant developments, including standards that may be set by U.S. Customs and Border Protection and any laws that may be passed by the U.S. Congress.

We clearly specify our expectations on labor practices in our commercial relationships, including requiring that Tier 1 suppliers conduct due diligence throughout the recruitment and hiring process to prevent labor exploitation by third parties, such as labor brokers or contractors.

We are also taking other preventative steps, including expanding our visibility to Tier 2 and 3 suppliers that provide cotton-based materials. All our staff responsible for procurement activities have been trained on labor rights issues in the supply chain.

When allegations about facilities are brought to our attention by media or other stakeholders, we take them seriously and immediately investigate any potential issues. For example,

when the Australian Strategic Policy Institute (ASPI) published a report claiming links between Carter's and the use of forced labor, we investigated the claim and confirmed we did not have a relationship with the identified factory.



Worker’s Rights and Freedom of Association

We do not tolerate endangerment or abuse of workers. At a minimum, all our Tier 1 suppliers—those that manufacture our finished goods—must comply with these practices:

Hiring and Eligibility

- The use of child labor or forced labor is strictly prohibited. Tier 1 suppliers must conduct due diligence throughout the recruitment and hiring process to prevent and address labor exploitation by third parties, such as labor brokers or contractors.
- Tier 1 suppliers must never discriminate based on any personal characteristic or belief, such as race, gender, age, nationality, religion, social or ethnic origin, sexual orientation, pregnancy, family status, or political opinion.
- Tier 1 suppliers must agree that no worker may be charged for receiving or retaining their job, that workers retain control of their travel documents and have full freedom of movement, and that all migrant and foreign workers are informed of the basic terms of their employment before leaving home.

Working and Living Conditions

- The use of physical or mental disciplinary practices, such as intimidation, psychological coercion, threats, or harassment of any kind, is strictly prohibited. Tier 1 suppliers must treat workers in a fair manner and with dignity and respect.
- All work must be conducted in legitimate work facilities.
- Tier 1 suppliers must provide workers with safe, clean, and healthy working conditions by ensuring equipment safety, properly ventilated and lit work areas, appropriate personal protective equipment, working fire alarms, and an emergency evacuation plan.
- Suppliers that provide housing to employees must comply with all applicable landlord tenant laws and regulations, including health, sanitation, and fire.
- Suppliers may not retaliate against workers who make complaints using grievance mechanisms.

Compensation

- Tier 1 suppliers must provide all employees with equal pay for work of equal value regardless of race, ethnicity, gender, or social class or status.
- Tier 1 suppliers must establish work schedules that are consistent with local legal requirements, including work hour limits, and compensate workers in a timely manner, with wages and benefits that comply with all local and national laws.
- Tier 1 suppliers must recognize and respect the rights of workers to participate in a collective bargaining unit.



We require all the third parties with whom we do business, including vendors, factories, suppliers, and licensees (Suppliers), to comply with our CSR Policy. For more information on our requirements, see our [CSR Policy](#) and the [AAFA Commitment to Responsible Recruitment](#), to which we are signatories.

Uplifting Our Communities

Our community-focused program supports education and well-being for children and engages employees through collective charitable efforts

Carter’s Cares is a corporate philanthropic program that focuses on helping children in need, with an emphasis on early childhood education.

Our charitable giving, both monetary and product, as well as our related volunteer efforts, serve a diverse group of children and families. We seek to support children's well-being by providing access to early learning through donations of clothing, books, and other resources.

We believe our community efforts contribute to our Company culture by creating opportunities to make a difference in the world. We follow a three-pronged approach that involves our employees and customers:

- **Corporate giving:** The Company provides product and in-kind donations, while Carter’s Charitable Foundation, Inc. provides financial support to our charitable partners.
- **Employee giving:** Each year, eligible full-time U.S. employees can take advantage of 16 hours of paid volunteer time and \$500 in gift-matching for qualifying donations.
- **Customer giving:** We regularly engage with our customers to involve them in our charitable efforts and cause campaigns.

By 2030, we are committed to:

Impacting Lives
Improve the well-being of at least 10 million families

Volunteering
Carter’s employees and their families commit to volunteering 200,000 hours in our communities

Investment
Together with our customers and employees, invest more than \$50 million toward improving the lives of children

- **Education** – Together with our consumers and employees, invest more than \$20 million in early childhood education programs
- **Product Donation** – Donate more than \$30 million in product

2021 Progress

Lives Impacted

2M	7M	10M
2021 (actual)	2025 (projected)	2030 (goal)

Volunteer Hours

17K	100K	200K
2021 (actual)	2025 (projected)	2030 (goal)

Investment

\$10.6M	\$33M	\$50M
2021 (actual)	2025 (projected)	2030 (goal)

- Company Donations: \$8,226,299
- Employee Donations: \$288,127
- Customer Donations: \$2,089,985

Carter's in the Classroom

Volunteering provides benefits for our employees in addition to the organizations they support. Employees gain opportunities to sharpen their skills and spend time in their communities making a difference. To help our employees have these experiences and to further our focus on early childhood education, we provide Company funding to schools where eligible employees volunteer their time.

If an employee performs 16 or more hours of volunteer service during his or her professional or personal time during a calendar year in support of a single eligible school, the school becomes eligible for a \$250 grant.

“I love surprising my kids as a mystery reader. Not only do I get to spend this special time with my kids, but the school gets items such as art supplies, sitting ball chairs, and reading nooks through their Carter's in the Classroom grant!”

— Jenny Smith, DMM

B'gosh Jeanius Campaign

Since 2014, B'gosh Jeanius has been a way we and our customers give back to our communities during back-to-school season. For every pair of denim purchased during the campaign, we donate one item to kids in need through our partnership with Delivering Good—up to 100,000 articles of clothing. Customers can also donate to DonorsChoose.org, which helps teachers across the U.S. fund projects in their classrooms.

Since 2014, together with our customers, Delivering Good, and DonorsChoose.org, we have raised approximately \$3 million and donated over 400,000 items of clothing.



partner spotlight

Helping Sheltering Arms Prepare Children for Success



Blythe Keeler Robinson

*Sheltering Arms
President & CEO*

At Sheltering Arms, we provide early education, child care and comprehensive family support services to more than 3,500 children and their families annually at 13 metro Atlanta locations. Our mission has benefited from our long and fruitful partnership with Carter's, which I was fortunate to inherit and continue since becoming President & CEO nine years ago. The Company has been wonderful in their financial support, donations of books and pajamas, and volunteering in our classrooms.

We use a developmentally appropriate curriculum in our child care centers to prepare children ages six weeks to five years old for success in K-12 school and beyond. We believe in learning through play and focus on language, literacy, and STEAM as a foundation for learning. We also provide comprehensive support services to our learners' families. We take a two-generation approach to our work because we know that to succeed we must address

the overall success of a family. The majority of our families are living in poverty, and so we're supporting them in breaking the cycle of generational poverty. Our staff includes family support coaches who work with all of our parents or caregivers to help them plan life goals in areas that include financial literacy, health and wellness, and their own education. We also help them to access a peer group of other parents and mentors.

I'm proud to say our evaluations show that our approach works. Our children are meeting and exceeding milestones as they enter kindergarten, even beyond their peers, which is important because there are a lot of assumptions already made about these children early in their lives based on their circumstances. Our program promotes social emotional learning and our children are better prepared to interact with peers and teachers.



Product





Creating Products Sustainably

We are focused on providing the best value and experience in young children’s apparel

We believe it is important to create our products to be of high quality and safe for the children who wear them as well as for the planet we share. We pursue these objectives by working closely with our suppliers, testing labs, and other third parties to help ensure our products meet our high standards of quality and safety. We are also making progress in increasing our use of sustainably produced and certified materials.

Our responsible product stewardship also includes inclusive practices in the development and marketing of our products. Our Diversity Advisory Council contributes perspectives on our product development as appropriate. Our Global Marketing Team has developed a strategy to create authentic relationships with diverse consumers. As part of that strategy, we have created specialized outreach campaigns that have increased media impressions among Black and Hispanic families in particular, who represent a growing segment of children’s apparel purchases.

Goals	2021 Progress
<ul style="list-style-type: none">• Grow Little Planet to be the U.S. market's leading sustainable children's apparel brand• Use 100% sustainable cotton and polyester fibers by 2030	<ul style="list-style-type: none">• New goal; we will report progress in 2023• Began purchase of Better Cotton credits and increased purchase of Global Organic Textile Standard (GOTS) certified organic cotton• Introduced recycled polyester products in 2021



Product Design, Innovation, and Stewardship

Designing for children who are discovering the world around them is a fulfilling challenge. We develop our products with the needs of children and families in mind. We listen carefully to the input of customers, which we receive through a number of feedback channels and our frequent consumer surveys, which now include sustainability topics.

Recognizing that sustainability can be complex and technical, we have committed to communicating our initiatives and their benefits in simple, consumer-friendly ways. These have begun to appear in our sales channels during 2022 via our multifaceted [Raise the Future](#) platform, which is founded on a promise to better our world through our commitments to developing more sustainable products and processes.

Using a redesigned website experience, new iconography to designate products with sustainable attributes, and new explanatory messaging woven throughout all our brand channels, we are inviting our Carter’s families across the globe—from customers to our own internal teams—on this sustainability journey with us. These are just the first steps we are taking to build a better tomorrow through Raise the Future.



New explanatory messaging



GOTS certified organic

- ✓ each style starts with at least 95% pure organic raw materials
- ✓ each process is monitored, from farm to finished piece
- ✓ each person that brings your product to life is ethically treated



heirloom style

- ✓ timeless designs
- ✓ thoughtful details
- ✓ made to love, last and pass on and on



STANDARD 100 by OEKO-TEX®

- ✓ safe from over 400 chemicals
- ✓ every little detail is tested – from fabric to snaps



recycled swim

- ✓ UPF 50+ in a sustainable material
- ✓ recycled poly makes it gentle on the planet
- ✓ made to give new life to plastics

New iconography



Our Sustainable Materials Journey

We select fibers and materials intended to deliver the safety, comfort, and durability our consumers and their children expect. Our primary fabrics for apparel are cotton and polyester, and we have committed to securing those from sustainable sources by 2030.

We define a sustainable fiber or material as one with better environmental outcomes and impacts when compared to those made under conventional production. As we evolve our fiber portfolio strategy for our directly sourced apparel, we will be transitioning away from conventionally produced fibers and assessing



- opportunities to increase our use of qualified sustainable fibers, such as:
- Certified Organic (e.g. GOTS)
 - Verified Recycled (e.g. GRS, REPREVE[†])
 - Substantiated Reduced Environmental Impacts (e.g. Better Cotton, LENZING[™] ECOVERO[™])

In fiscal 2021, approximately 3% of our materials met this definition. We are building a road map that focuses on our top volume fabrics first and increases our sourcing through programs such as Better Cotton and GOTS.

Our Fiber Usage in 2021

Fiber*	Yards Shipped	% of Total Yards Shipped
Conventional Cotton	153,890,588	77.161%
Virgin Polyester	37,874,176	18.977%
Better Cotton	3,541,988	1.776%
Organic Cotton	2,431,551	1.219%
Conventional Linen	1,182,446	0.593%
Conventional Nylon	280,833	0.141%
LENZING [™] ECOVERO [™] Viscose **	159,675	0.080%
Conventional Viscose	102,036	0.051%
Recycled Polyester	4,803	0.002%
Total	199,441,097	100.000%

* In FY2021, fewer than 1% of our styles contained any animal-derived fibers.
** LENZING[™] ECOVERO[™] is an eco-responsible Viscose fiber with low environmental impact. LENZING[™] and ECOVERO[™] are trademarks of Lenzing AG.
[†] REPREVE[®] Unifi, Inc.

Sustainably Sourced Cotton

As a significant user of cotton, we believe it is important that this fiber is produced in ways that support positive environmental, social, and economic outcomes where reasonably possible across our global value chain.

One of the main ways we intend to achieve our goal of 100% sustainable cotton is through our participation in Better Cotton. More than 2.7 million cotton farmers globally have benefited from Better Cotton field training. Better Cotton methods provide benefits to farmers as well as to the environment, with participating farmers able to use fewer pesticides and less water while seeing higher yields and profits. Better Cotton has also conducted initiatives to improve gender equality and women’s empowerment in cotton production and to address the specific needs and challenges of women taking part in its programs.

Skip Hop's Sustainable Innovations

The exterior of the Skip Hop Envi-Luxe Pronto bag pictured below is made from REPREVE®, which is manufactured from 100% recycled materials. Innovation is the driving force behind the 100-plus new *Skip Hop* products we launch every year to achieve our Must-Haves Made Better® promise. The design process sees us partnering with our handpicked group of child experts and pediatricians and includes countless hours of testing for safety. Listening to real parents is essential as well, from combing through thousands of product reviews to tapping into qualitative research.



Product Certification

One way we ensure high quality is by evaluating and committing to third-party certifications. We proudly use the OEKO-TEX® Standard 100 certification label, which we anticipate will appear on much of our 0-24 months baby apparel and sleepwear by the end of 2022. By the end of 2023, we intend for *Carter's* and *OshKosh* playwear products and most apparel across our brands to be OEKO-TEX® Standard 100 certified.

In 2021, more than 40% of our total ordered units (120.6M) for product lines within the scope of this initiative were OEKO-TEX® Standard 100 certified. As of the start of 2022, 89% of our facilities were OEKO-TEX® certified. Carter's is included in the OEKO-TEX® [Buying Guide](#).



Tested for harmful substances.
www.oeko-tex.com/standard100

OEKO-TEX® STANDARD 100 Certified items in 2021	Ordered Units
Baby	78,319,725
Outerwear	9,180
Playwear	4,859,841
Sleepwear	35,930,193
Swimwear	1,527,385
Total	120,646,324

Innovating With Little Planet

Little Planet is the Carter’s brand that leads the way in our sustainable innovation, helping us develop practices from which our other brands can learn. It includes mostly organic cotton, certified by GOTS, a leading global textile processing standard for organic fibers—making the brand already largely compliant with our 2030 sustainable cotton goal.



Launched in 2021, Little Planet includes a wide assortment of baby apparel and accessories, sleepwear, and gift bundles. In 2022, the brand introduced sustainable products in several new categories, including swimwear, sheets, and wearable blankets made with sustainable materials.

After launching Little Planet in early 2021, sales significantly exceeded expectations. In 2022, we will continue to expand its presence in retail stores, eCommerce, and select wholesale accounts.

Driving Company-wide Innovation

We launched a recycled eCommerce poly bag for Little Planet in 2021 that reduces our use of virgin plastic and has since been adopted for use by all Carter’s brands. Last year, we also launched a cardboard hanger to reduce our plastic use. In 2022, Little Planet is piloting a hybrid hanger from one of our nominated hanger suppliers, Sourcing Solutions International (SSI), made of recycled cardboard with a recycled plastic hook that has substantially less plastic than hangers utilized throughout the industry. For more information on our packaging initiatives, see page 49.



3 metric tons

of plastic will be diverted from landfills for the certified recycled plastic used in our 2022 hybrid hangers

6 metric tons

of plastic to be reduced by our new hanger design compared to an equivalent number of our previous hangers

A photograph of two white hybrid hangers made of recycled cardboard with recycled plastic hooks, hanging from a wooden surface.

"Little Planet was new at Target at the time. I had never heard of it, but I did a little research and found out that the clothes were made from organic cotton and other sustainable materials. The sustainability wasn't my initial attraction to the brand, but it ended up being the determining factor in paying a little more for sleepwear and play clothes."

— Mom, 35, Georgia

Our Commitment to High-Quality, Safe Products

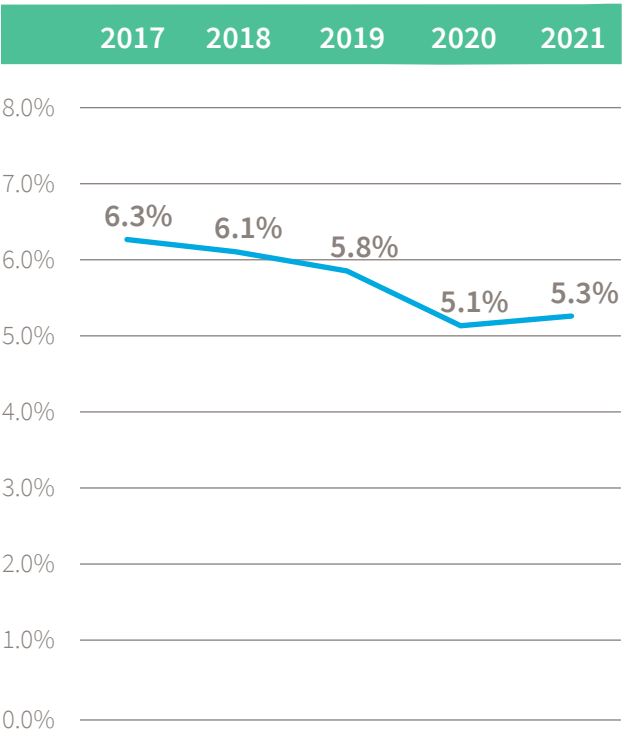
The health of the children and families who use our products is one of our highest priorities.

We review every product we develop for potential health and safety risks and take appropriate steps to mitigate those risks. Our processes are designed to help ensure that our products are safe and made right. Our quality control includes testing programs that go beyond regulatory requirements and examining the products we design at both the materials and manufacturing stages for performance and quality. We had no product recalls in 2021.

We also actively monitor consumer feedback and respond promptly if concerns are raised. If a product does not meet our quality standards or if a product recall is appropriate, we take prompt action in order to safeguard the children who wear and use our products.

Product Returns as a Percentage of Sales*

We believe our trend of declining product returns generally indicates strong customer satisfaction with our products.



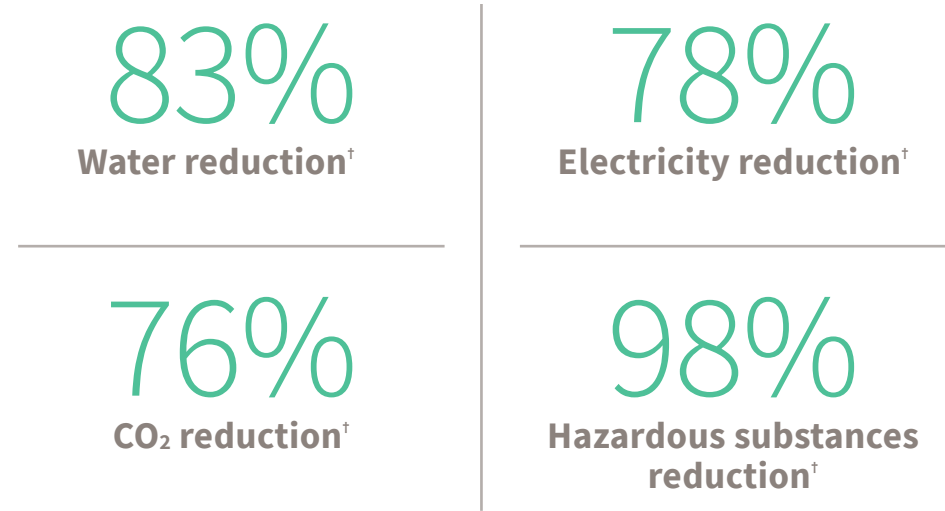
*Refers to product returns and sales only in the U.S. Retail segment.

YKK® SNAPET® Snaps

We have set a goal to transition 100% of our five-prong ring snaps in all factories to YKK’s Kensin Stainless Steel SNAPET® snaps, which have a base made of stainless steel instead of brass. Making snaps from this material substantially reduces the use of water, electricity, and CO₂ when compared

to brass. It also eliminates the need for electroplating, thus reducing hazardous waste as byproducts of the manufacturing process. As of year end 2021, we had transitioned 74% of our snaps, and we are on track to reach our goal by the end of 2022.

2021 Impact Reductions from Using YKK® SNAPET® Snaps



[†]YKK’s Kensin manufacturing compared to brass snap manufacturing. Data provided by YKK.



Chemicals Management

We focus on product safety and quality throughout development and manufacturing, and we test finished products against our established standards and regulatory requirements. Our standards and requirements are updated as needed and distributed to vendors throughout the year. To evaluate and improve our systems, our Product Integrity team tracks trends and consumer feedback to perform root cause analysis and escalates issues as needed for improvements in product design.

Restricted Substances

One way we focus on safety is by managing and minimizing the use of potentially harmful chemicals in our products. For example, our Restricted Substances List (RSL) designates chemicals that should be minimized or avoided in our apparel and accessories for *Carter's* and *OshKosh*, including exclusive brands.

There are several reasons we might restrict a substance, including government legislation or regulation, health and safety concerns for consumers and workers, or potential environmental hazards. We distribute our RSL to Tier 1 apparel suppliers and employees where relevant so they can be aware of and follow our chemical policies.

Testing

We test products to our proprietary protocols, which include chemical, safety, and quality compliance to federal and state regulations as well as various industry standards.

If a product fails our initial testing, we evaluate whether the issue can be remedied, the flaw is minor enough to be considered commercially acceptable, or the impacted product should be destroyed and the order canceled.

Starting in March 2022, RSL testing is based on the percentage of a vendor's styles that are not OEKO-TEX® Standard 100 certified. In November 2021, we distributed our updated RSL which

was benchmarked against industry RSL lists such as the American Apparel & Footwear Association (AAFA) RSL and the Apparel and Footwear International RSL Management (AFIRM) Group RSL. The AFIRM RSL captures the most stringent regulation globally, and in many cases, includes additional chemicals or stricter limits to promote best practices and to advance the industry. We also distribute our RSL to our licensees. Licensees are held accountable to ensure they meet our standards and local laws.

In FY2021, our risk-based RSL approach tested 237 styles, which covered 84% of inline vendors, and we worked with suppliers on corrective actions for four testing failures.



employee spotlight

Adopting OEKO-TEX® Standard 100



Wilson Lam
*Senior Manager,
Product Integrity,
Hong Kong*

In recent years, the focus of my role has been supporting the implementation of our OEKO-TEX® Standard 100 initiative as part of our Product Integrity team, which helps our vendor factories produce safe products.

We have chosen to have our baby and sleepwear products comply with OEKO-TEX® Standard 100 by the end of 2022 because it will help us ensure our products achieve the highest global safety standards available for families. In the last three years, we have provided more than 40 training sessions to different stakeholders, including fabric mills, trims suppliers, garment vendors, and internal Sourcing partners.

As of the second quarter of 2022, more than 90% of our vendor factories are OEKO-TEX® certificate holders. We see this as the first step on the next stage of our sustainability and chemicals management journey.



Planet



Managing Our Environmental Impact

We believe in contributing to a better future for children and our communities

Since 2019, we have conducted annual environmental inventories to evaluate our carbon emissions, energy use, waste, and water consumption. The purpose of these inventories is to help us set baselines and track improvements over time.

One of our goals is to establish complete and robust environmental data that covers all of our business. To that end:

- We have been partnering more closely with suppliers to collect primary data and improve reporting.
- We also intend, by 2025, to source only from suppliers that use the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM). The Higg FEM is an assessment that provides facilities a clear picture of their environmental impacts, which will help us identify and prioritize opportunities for performance improvements across our supply chain.
- Our performance disclosures on Scope 1 GHG emissions, Scope 2 GHG emissions, water, and waste for 2019 and 2021 have undergone independent limited assurance carried out by a third party.

In 2021, we conducted a climate change risk assessment that evaluated climate risk for our stores, distribution centers, supply chain, and cotton sourcing. We intend to use the findings to help guide our future planning.

Goals	2021 Progress
Climate <ul style="list-style-type: none"> • Reduce greenhouse gas emissions by at least 25% by 2030 and develop a science-based target • Achieve Net-Zero emissions in our direct operations by 2040 	<ul style="list-style-type: none"> • Developed and received validation of targets via Science-Based Targets initiative (SBTi): <ul style="list-style-type: none"> — Reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year — 77% of our suppliers by spend covering purchased goods and services will have science-based targets by 2027
Waste <ul style="list-style-type: none"> • Divert 80% of waste from landfill by 2025 	<ul style="list-style-type: none"> • New goal; we will report progress in 2023
Water <ul style="list-style-type: none"> • Establish a water-use reduction goal by 2023 	<ul style="list-style-type: none"> • New goal; we will report progress in 2023



Managing Climate Risk

We believe that climate change poses risks to the planet. We also believe that our business could be materially impacted by unseasonable or extreme weather conditions, or other effects of climate change.

Strategy

In 2021, we conducted a climate change risk assessment that evaluated climate risk for our stores, DCs, supply chain, and cotton sourcing in alignment with the guidelines of the [TCFD](#).

Our business is susceptible to unseasonable weather conditions, which could influence customer demand, consumer traffic, and shopping habits. For example, extended periods of unseasonably warm temperatures during the winter season or cool temperatures during the summer season have in the past and could in the future affect the timing of and reduce or shift demand, and thereby could have an adverse effect on our operational results, financial position, and cash flows. In addition, extreme weather conditions in the areas in which our stores are located could negatively affect our business, operational results, financial position, and cash flows. For example, frequent or unusually heavy or intense snowfall, flooding, hurricanes, or other extreme weather

conditions over an extended period have caused and could in the future cause our stores to close for a period of time or permanently, and could make it difficult for our customers to travel to our stores, which, in turn, could negatively impact our operational results.

In addition, there is concern that climate changes could cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. These changes may increase the effects described above, and changing weather patterns could result in decreased agricultural productivity in certain regions, which may limit availability and/or increase the cost of certain key materials, such as cotton. Public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs, and may require us to make additional investments in facilities and equipment. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

Risk Management

We began to evaluate our climate-related risks in greater detail through a climate change risk assessment we conducted in 2021. It evaluated both potential physical and transitional risks

and identified potential impacts in both best-case (RCP 2.6) and worst-case (RCP 8.6) scenarios across our owned operations as well as for key aspects of our supply chain, such as cotton production. The findings are under review by our Board and executive team, and we intend to use the analysis to guide future planning. For example, our Real Estate Committee is reviewing the opportunity to integrate climate risk scores into the existing store review process as well as the new-store siting process.

Governance

Our climate-related efforts and other environmental management are overseen by our Senior Vice President, Corporate Social Responsibility, who reports directly to our Chairman and CEO. Our Board of Directors reviews our management of these issues quarterly. Our work in this area is executed by employees who form part of our ESG Council and its designated Climate Change Task Force, both of which meet regularly to drive our decisions and monitor progress.



Improving Our Energy and Emissions Footprint

In 2021, we set a target to reduce our emissions this decade by at least 25% against our baseline. This was an interim target while we determined what a science-based target would be for Carter's. We have now established a near-term science-based reduction target validated by the Science-Based Targets initiative (SBTi) under which we are committing to reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year. As part of this goal, Carter's will engage 77% of our suppliers by spend covering purchased goods and services to set science-based targets of their own by 2027.

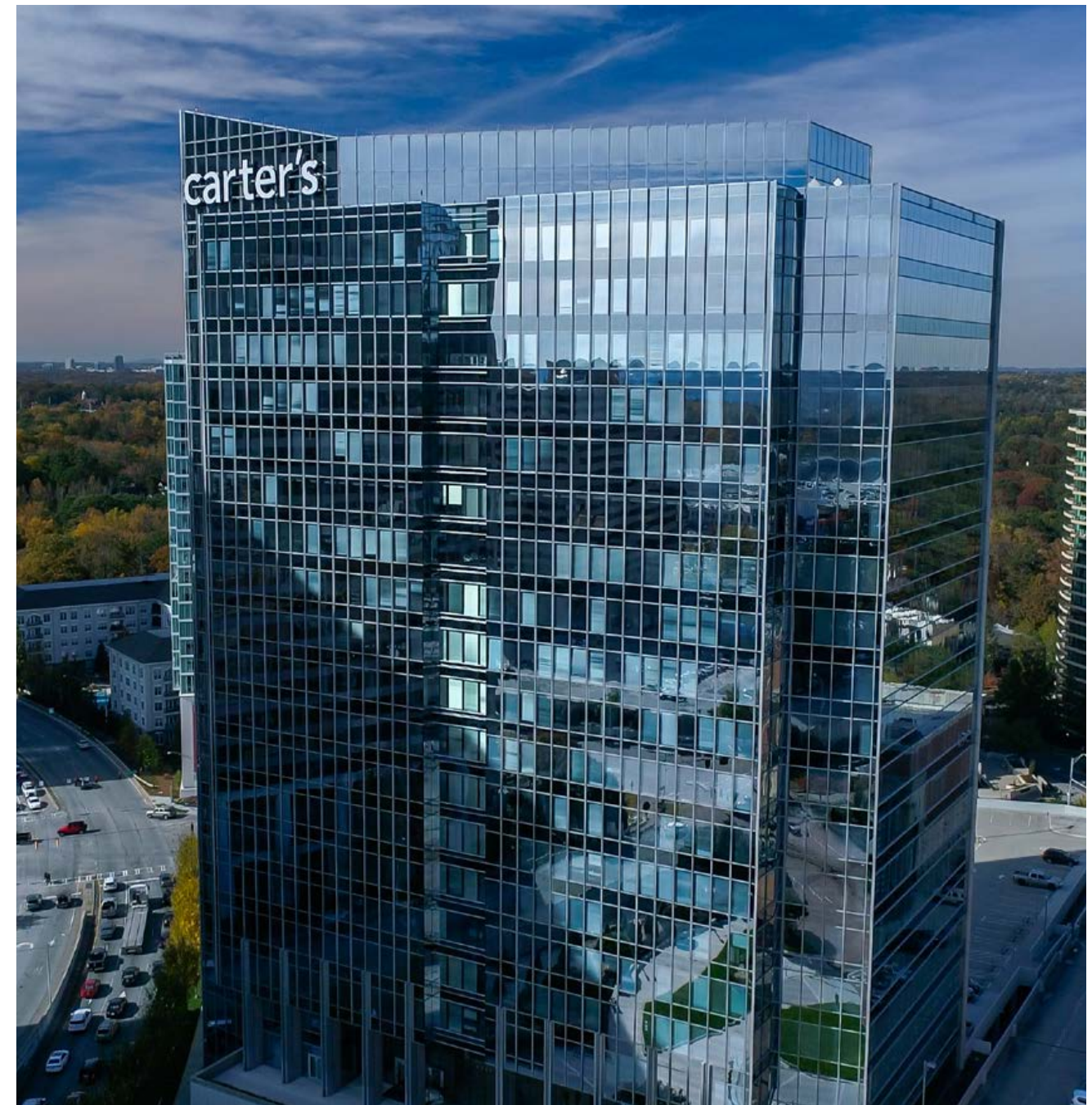
A key part of achieving an ambitious goal like this is gathering primary GHG data. In 2022, we completed a GHG emissions inventory of our 2021 business activities that included primary data collection from our logistics providers and 100 facilities of the top 58 suppliers, accounting for approximately 95% of the total purchase order spend on manufactured goods for Carter's. Based on that inventory, we believe that approximately 24% of our

Scope 3 GHG emissions in 2021 came from our Tier 1 suppliers and logistics providers. In addition to our primary data collection efforts, we also engaged our logistics providers to learn more about their progress on emissions disclosure, including their measurement capabilities and opportunities to reduce distribution-related emissions. We anticipate that understanding our providers' capabilities and maturity will help in future planning as we make transportation purchasing decisions and advance our plans to reduce our impacts.

We are using the Sustainable Apparel Coalition's Higg Facility Environmental Module data and direct engagement during 2022 to better understand the environmental practices and impacts of our apparel and accessory suppliers.

Our assessments and disclosures to date represent the beginning of our developing emissions-reduction strategy. We intend to communicate about our strategy and progress in further CSR reporting and CDP climate submissions.

We intend to source only from suppliers that use the Sustainable Apparel Coalition's Higg Facility Environmental Module by 2025.



KIDCYCLE™ Take-Back Program

In April 2021, we began piloting KIDCYCLE, a first-of-its-kind program to recycle baby and children’s clothing in the United States through international recycling leader, TerraCycle®. Through KIDCYCLE, items that would otherwise be discarded can be mailed to TerraCycle and recycled for free. Once collected, the clothing is separated by fabric type, shredded, and recycled into materials for another use, such as home insulation and stuffing in workout equipment and furniture. The program represents a first step for us toward helping to create circular systems in which products at the end of their life cycle can be converted into other useful items rather than discarded as waste.

In 2021, 61% of Carter's customers who participated in recycling clothing items also made a purchase, suggesting the program is driving both sustainable behaviors and repeat

business. We will continue to offer the same mail-in program through 2022. We are also evaluating retail store drop-off events as a program expansion.

Recycling children’s clothing is simple:

- Head to www.terracycle.com/carters to sign up for a TerraCycle account.
- Then, head to the Carter’s baby and kid recycling program page and click “join program for free.”
- Next, fill a box with the baby and kids' clothes you intend to discard.
- Log into your account and download and print your free shipping label.



KIDCYCLE 2021 Pilot Results

955	3,260*	8,330
Total shipments received	Total participant sign-ups	Total pounds of materials received

*Reflects the number of people who signed up to participate in Carter’s recycling program via our Terracycle program page regardless of if they shipped a box to recycle with us or not.

employee spotlight

Reducing Waste Through Packaging Innovations



David Hanson
Sr. Manager Product Labeling and Packaging Atlanta

Developing sustainable packaging solutions is an essential part of our commitment to waste reduction. In general, the environmental benefits of utilizing recycled plastics include diminished reliance on fossil fuels, reduced use of natural resources, more energy-efficient manufacturing methods, reducing landfill waste, and cleaner oceans.

Therefore, we are working to identify and utilize more sustainable and recyclable packaging for our products, in our stores, and for the delivery of eCommerce orders. One of our key improvements in this area is progressing to have most of our apparel products packed for eCommerce arriving from vendors in 100% recycled content poly bags by the end of 2022. These bags protect products throughout the supply chain from the factory to our customers.

We have been able to achieve this in part through a pilot program with our Little Planet brand, which has become an ideal space to test new sustainable ideas before scaling them across all our brands. The successful test confirmed this was an innovation we could scale across our full range of products, as our supplier helped us overcome potential quality and cost challenges to create a reliable and cost-effective solution. Other recent innovations include:

- In 2020, we reduced the size and amount of material in corrugated boxes used in our Distribution Centers, which decreased the amount of corrugate consumed by 1 million sq. ft. and reduced the number of trailers on the road for shipments by 35 as compared to 2019.
- In 2021, we moved to 80% recycled content poly mailers used for eCommerce orders, which reduced our carbon dioxide equivalent by 232 tons—the equivalent to 50 passenger cars for one year—and diverted 80.6 tons of reusable material from landfills.
- In 2022, we are developing a paper eCommerce mailer for Little Planet items that increases the recyclability of our packaging and is sourced from energy- and water-efficient manufacturing facilities that practice sustainable forestry.

5 million

Full virgin plastic hangers avoided in 2021 through the use of recycled content plastics and cardboard

2 million ft²

Reduction of corrugate consumed at our Distribution Centers since 2020



Managing Our Water Impact

We have been quantifying our water usage since 2019. Based on our 2021 inventory, we believe the majority of our water footprint comes from our indirect operations, specifically the manufacturing of our products.

Due to the complexity of our global supply chain, we are working to better understand these impacts and will seek to improve our water data through the use of the Higg FEM and through further engagement with our manufacturing suppliers. We intend to set a water-use reduction goal by 2023.

Energy Consumption	2021	2020	2019
Total energy consumption from operations (MWh) ¹	139,320.12	140,998.64	164,491.03
Energy intensity (kWh per square foot) ²	15.19	17.12	20.23
GHG Emissions (metric tons CO ₂ e)			
Total absolute emissions ³	1,341,351.15	1,113,276.00	1,369,712.83
Scope 1 emissions ⁴	8,117.75 [^]	7,536.77	7,821.85 [^]
Scope 2 (location-based) emissions ⁵	38,698.67 [^]	39,896.07	46,322.71 [^]
Scope 2 (market-based) emissions ⁶	41,760.46 [^]	40,707.74	49,457.77 [^]
Scope 3 emissions ⁷	1,291,472.94	1,065,031.49	1,312,433.21
Intensity Metrics			
Emission intensity (metric tons CO ₂ e per million in net sales)	384.78	368.15	389.23
Emission intensity (metric tons CO ₂ e per million units produced)	1,660.36	1,519.98	1,632.17

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 52 for a description of the scope of the assurance work performed. Additionally, while every attempt has been made to ensure consistent methodologies for each inventory year, Carter's cautions against year-over-year comparison as inconsistency in data, particularly as it relates to Scope 3 and indirect operations, may still be present.

1. The term "operations" refers to those directly controlled by Carter's. Values include purchased electricity and fuels. Sources are the same as those listed below in "Scope 1 emissions," as more fully discussed in Footnote 4. Where possible, the calculation used direct consumption values. However, in instances where consumption was unknown or only partially reported, estimations were made based on average per-square-foot consumption values of similar locations. This value also includes fuel (natural gas, propane, fuel oil).

2. The reported value is calculated from reported and estimated electricity and fuel usage as described in Footnote 1. Correspondingly, the per-sq-ft number include fuels.

3. Absolute total emissions refer to the total GHG emissions released into the atmosphere due to Carter's activities, as defined by the WRI GHG Protocol. The total absolute emissions presented here are the sum of the Scope 1, Scope 2 (market-based), and Scope 3 emissions shown in the lines below.

4. Carter's GHG inventory utilized the operational control approach. As such, reported "Scope 1 emissions" are direct emissions from sources controlled by Carter's and include stationary and mobile use of fuels such as natural gas, diesel, and propane, as well as estimated fugitive emissions from refrigerants used in HVAC equipment. Where possible, direct consumption values were used. However, in instances where consumption was unknown or only partially reported, estimations were made based on average per square foot consumption values of similar locations.

5. The GHG Protocol defines Scope 2 emissions as indirect emissions from the use of purchased electricity. Following the GHG Protocol, Carter's elected to report Scope 2 emissions using both the location

and market-based approaches. Carter's used emissions factors from the latest release of the EPA eGrid emissions factors (eGrid2020, released Feb 2022) to calculate location-based emissions.

6. For market based emissions, Carter's used emission factors from the latest release of Green-e residual mix (Green-e 2021, released April 2021). Market emission factors are not available for many international facilities.

7. Scope 3 emissions are from sources not owned or directly controlled by Carter's, but are related to Carter's activities. These emissions sources include estimated emissions from supplier manufacturing activity, distribution of products, business travel, and waste generation, among other categories. As is commonly understood in the GHG inventory process, Scope 3 emissions tend to be the most difficult to quantify accurately and may require significant estimations due to the complexity of global supply chains. Because of this, companies tend to have Scope 3 emissions that drastically change year over year due to the inclusion of new emissions sources, improved calculation methods, and/or an improved understanding of the environmental impacts within

their supply chain. The GHG Protocol defines 15 Scope 3 categories. Of these categories, the following are included in the reported Scope 3 value: purchased goods and services, upstream and downstream transportation, employee commuting, fuel and energy-related activities, end-of-life treatment of sold products, and processing of waste (landfill waste and wastewater).

[^] This data has been assured by Bureau Veritas UK Ltd ("the assurer"). As per the limited assurance statement, nothing has come to the assurer's attention to indicate that the Selected information is not fairly stated in all material respects.

Water Use (million gallons)	2021	2020	2019
Total water use (direct and indirect)	1,551.36	743.06	1,452.36
Direct operations ¹	35.58 [^]	47.36	59.94
Distribution centers	7.05	6.04	5.63
Corporate offices	0.14	0.16	0.25
Retail Stores	28.39	41.16	54.05
Indirect Operations ²	1,515.78	695.70	1,392.42
Intensity Metrics			
Water intensity: direct only (per million \$ revenue)	0.01	0.02	0.02
Water intensity: direct and indirect (per million \$ revenue)	0.43	0.25	0.41

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 52 for a description of the scope of the assurance work performed. Additionally, while every attempt has been made to ensure consistent methodologies for each inventory year, Carter's cautions against year-over-year comparison as inconsistency in data, particularly as it relates to Scope 3 and indirect operations, may still be present.

1. "Direct" refers to Carter's owned operations (e.g., distribution centers, retail stores, corporate offices). Where possible, Carter's water inventory used direct consumption values. However, in instances where consumption was unknown or only partially reported, Carter's made estimations based on the average per square foot water consumption value of similar locations.

2."Indirect" refers to the operations of Carter's suppliers. Due to the uncertainty of supplier information, water use is drastically different year over year. Carter's is exploring the reasons for this and is committed to improving data quality within the Company's environmental reporting framework and supply chain.

[^] This data has been assured by Bureau Veritas UK Ltd ("the assurer"). As per the limited assurance statement, nothing has come to the assurer's attention to indicate that the Selected information is not fairly stated in all material respects.

Waste (metric tons)	2021	2020	2019
Waste from direct operations ¹	27,781.35 [^]	31,372.61	35,573.99
Distribution Centers			
Distribution Centers: Waste to landfill	360.21	438.38	287.37
Distribution Centers: Waste to recycling	3,447.57	2,676.38	2,853.09
Stores ²			
Stores: Waste to landfill	8,907.41	13,986.93	12,390.06
Stores: Waste to recycling	15,066.16	14,270.93	20,043.47
Diversion Rate ³			
	67%	54%	64%

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 52 for a description of the scope of the assurance work performed. Additionally, while every attempt has been made to ensure consistent methodologies for each inventory year, Carter's cautions against year-over-year comparison as inconsistency in data, particularly as it relates to Scope 3 and indirect operations, may still be present.

1. "Direct" refers to waste generated at Carter's operated distribution centers and retail stores. Corporate offices were not included due to lack of waste tracking at those locations. Where possible, Carter's waste inventory used direct waste generation values provided by each location. However, in instances where waste generation was unknown or only partially reported, Carter's made estimations based on the average per square foot waste generation value of similar locations. Unlike water and energy, indirect waste generation values from suppliers are not reported due to uncertainty in data quality. Carter's is working to better understand the waste generation profile of suppliers.

2. Due to the location and lease structure of stores, it is difficult for every store to report an annual waste generation value. Between 2019 and 2021, only 10-15% of stores have reported waste values. For stores that could not report waste values, Carter's extrapolated waste and recycling rates submitted by the stores that were able to track this information. Carter's is working to improve waste tracking at all locations.

3. Diversion rate equals waste sent to recycling divided by total waste generated.

[^] This data has been assured by Bureau Veritas UK Ltd ("the assurer"). As per the limited assurance statement, nothing has come to the assurer's attention to indicate that the Selected information is not fairly stated in all material respects.

To: The Stakeholders of Carter’s, Inc.

Introduction and objectives of work

Bureau Veritas UK Limited (‘Bureau Veritas’) has been engaged by Carter’s, Inc (‘Carter’s’) to provide limited assurance of selected Greenhouse Gas (GHG) emissions, water and waste data for inclusion in the 2021 Corporate Social Responsibility Report (‘the Report’)¹. This Assurance Statement applies to the related information included within the scope of work described below.

Scope of Work

The scope of our work was limited to assurance over the accuracy of the GHG emissions, water and waste data listed below and included in the Report. Subject to Limitations and Exclusions set out below, our verification includes all operations under Carter’s operational control for the reporting period covering January 1, 2019 to December 31, 2019 and January 1, 2021 to December 31, 2021 for the following indicators (‘Selected Information’):

- Scope 1 Greenhouse Gas (GHG) Emissions (MT² CO₂e) 2019 and 2021
- Scope 2 Greenhouse Gas (GHG) Emissions (MT² CO₂e) Location based & Market based 2019 and 2021
- Waste (MT²) Direct Operations 2021
- Waste (MT²) Waste to Landfill 2021
- Waste (MT²) Waste to Recycling 2021
- Water (million gallons) – Global Direct Operations 2021

Reporting criteria

The Selected Information has been prepared in accordance with internal definitions set for Carter’s GHG, waste and water reporting indicators. The GHG emissions data has been prepared taking into consideration The GHG Protocol Corporate Accounting Standard (revised edition).

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- the appropriateness of the reporting criteria including trends between reporting years;
- any activities outside the defined reporting period subject to the exception expressly stated in the Scope of verification; and
- any other information included in the Report other than the Scope of verification defined above.

INDEPENDENT LIMITED ASSURANCE STATEMENT

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Carter’s.

Bureau Veritas was not involved in drafting the Report or the Reporting Criteria. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria; and;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- Report our conclusions to the Management of Carter’s.

Assessment Standard

We performed our work in accordance with the requirements of the International Standard on Assurance Engagement (‘ISAE’) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015) (‘ISAE 3000’). Our conclusions are for ‘limited’ assurance as set out in ISAE 3000.

Summary of work performed

As part of the independent verification, Bureau Veritas undertook the following activities remotely:

- conducted interviews with Carter’s personnel responsible for the Selected Information;
- reviewed the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
- reviewed documentary evidence provided by Carter’s;;
- agreed a selection of the Selected Information to the corresponding source documentation;
- reviewed Carter’s systems for quantitative data aggregation and analysis, including where applicable the underlying activity data, conversions, and emission factors applied.

The scope of a limited assurance engagement is substantially less than for reasonable assurance both in terms of the risk assessment procedures and in performing the procedures to address the identified risks.

Conclusion

On the basis of our methodology and the activities described above, nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects.

Such opinion is based on work undertaken and the limitations and exclusions defined in this statement.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified³ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspection Agencies (IFIA)⁴, across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Carter’s.



Bureau Veritas UK Ltd London

July 6, 2022

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¹The Report is a downloadable PDF available via the official Carter’s website

²Metric Tonnes

³Certificate available on request

⁴International Federation of Inspection Agencies – Compliance Code – Third Edition

Disclosure Index



SASB Index

Apparel, Accessories, and Footwear

SASB Topic	Code	Accounting Metric	Response
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	We test products to our proprietary protocols, which include chemical, safety, and quality compliance with federal and state regulations as well as various industry standards. For more information, see pp. 41–42 .
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	We benchmark our restricted substances list against AAFA and AFIRM RSL lists, which are leading standards to promote best practice and advance the industry. For more information, see pp. 41–42 .
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Data not currently available.
	CG-AA-430a.2	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	Approximately 53% of our Tier 1 factories and approximately 80% of approved Tier 2 mills completed the Higg FEM in 2021.

SASB Index *(continued)*

Apparel, Accessories, and Footwear

SASB Topic	Code	Accounting Metric	Response
Labor Conditions in the Supply Chain	CG-AA-430b.1	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	100% of Tier 1 suppliers are audited to our code of conduct. For more information, see pp. 28–29 and p. 32 .
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	In Fiscal 2021, 125 of the 142 active factories supplying our directly-sourced product passed audits. For more information, see p. 29 .
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety (EHS) risks in the supply chain	We consider the greatest labor risk to be excessive work hours, surpassing 60 per week. We consider the greatest EHS risks to be blocked emergency pathways and workstations. For more information, see pp. 31–32 .
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	For more information, see pp. 38 , 46
	CG-AA-440a.4	(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 and/or social standard, by standard data assessment	p. 38
Activity Metric	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	We have 93 active Tier 1 suppliers.

SASB Index *(continued)*

Multiline And Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	p. 50
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	p. 12
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	p. 23
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	p. 23

SASB Index *(continued)*

Multiline And Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	p. 25
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	We do not disclose sales figures for individual product lines.
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	p. 42
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	p. 49
Activity Metric	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	We operate 980 retail stores and 4 distribution centers.

TCFD Index

TCFD Topic	Description	Response
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	p. 46 and 2022 CDP response
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	p. 46 and 2022 CDP response
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	p. 46 and 2022 CDP response
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	See pp. 47, 50 and 2022 CDP response

GRI General Disclosures (All disclosures listed apply GRI 2016 Standards unless otherwise specified)

Disclosure	Description	Response
102-1	Name of the organization	p. 3
102-2	Activities, brands, products, and services	p. 6
102-3	Location of headquarters	p. 7
102-4	Location of operations	p. 7
102-5	Ownership and legal form	p. 6
102-6	Markets served	pp. 6–7
102-7	Scale of the organization	p. 6
102-8	Information on employees and other workers	As of the end of fiscal 2021, we had approximately 15,900 employees globally. Of these, approximately 12,200 of our employees worked in our retail stores across North America, 2,200 employees worked in our distribution centers, and 1,500 employees worked in our various corporate offices around the world. Approximately 13,000 employees worked in the United States, 2,200 employees worked in Canada, 350 employees worked in Mexico, and 350 employees worked in other countries, including Hong Kong. See also pp. 25–26 .
102-9	Supply chain	pp. 7 , 28–29
102-10	Significant changes to the organization and its supply chain	In the first and fourth quarters of fiscal 2020, the Company announced several organizational restructuring initiatives that included a reorganization of staffing models across multiple functions to drive labor savings and increase efficiencies, the consolidation of certain functions into our corporate headquarters in Atlanta, Georgia, and over 100 planned store closures by the end of fiscal 2021.

Disclosure	Description	Response
102-11	Precautionary Principle or approach	The Company conducts a variety of activities to ensure the safety of its products. See pages 39 , 42
102-12	External initiatives	pp. 12 , 30
102-13	Membership of associations	p. 30
102-14	Statement from senior decision maker	pp. 4–5
102-16	Values, principles, standards, and norms of behavior	pp. 8–9
102-18	Governance structure	p. 8
102-40	List of stakeholder groups	pp. 13 , 30
102-41	Collective bargaining agreements	As of the end of fiscal 2021, approximately 150 employees were unionized employees, all of whom were in Mexico. This represents less than 1% of our employees.
102-42	Identifying and selecting stakeholders	In conducting our CSR issue assessment, the Company sought individuals or data representing the perspectives of wholesale customers, consumers, employees, and shareholders as groups we believe to be essential to our success.
102-43	Approach to stakeholder engagement	We make case-by-case decisions on when and how to engage with stakeholder groups and advocacy organizations based on a variety of business considerations. The Company did not directly engage external stakeholders in the preparation of this report, though priorities raised by some were considered in the development of the content.
102-44	Key topics and concerns raised	We do not generally disclose dialogues with stakeholders. Our CSR issue assessment reflects priorities raised by key stakeholders, and this report describes our plans with regard to some of these.

GRI General Disclosures *(continued)*

Disclosure	Description	Response
102-45	Entities included in the consolidated financial statements	pp. 3, 6
102-46	Defining report content and topic boundaries	pp. 3, 13,
102-47	List of material topics	p. 13
102-48	Restatements of information	<p>Our 2020 CSR report erroneously stated our total 2020 employee training hours. Total number of training hours 132,000; Total number of trainees, approximately 17,000; Average hours of training per employee, approximately 7.5 hours.</p> <p>Emissions data from 2019 and 2020 have been restated on p. 50. This was due to a change of emissions factors used for Scope 2 calculations and the addition of new Scope 3 categories that were found to be material to the Company.</p>
102-49	Changes in reporting	No changes in material topics or boundaries
102-50	Reporting period	p. 3
102-51	Date of most recent report	Our previous report was our 2020 Corporate Social Responsibility Report, published in July, 2021.
102-52	Reporting cycle	The Company intends to report annually.
102-53	Contact point for questions regarding the report	Questions and comments may be addressed to CSR@carters.com.
102-54	Claims of reporting in accordance with the GRI Standards	p. 3
102-55	GRI content index	p. 53
102-56	External assurance	Our performance disclosures on Scope 1 GHG emissions, Scope 2 GHG emissions, water, and waste for 2019 and 2021 have undergone independent limited assurance carried out by a third party. See p. 52 for information.

Management Approach Disclosures *(GRI 103)*

Management Approach Disclosure	Response
Economic	
201: Economic Performance	For information about the Company’s management of economic performance, please see Carter’s Inc. 2021 Annual Report: https://ir.carters.com/financial-information/annual-reports
Environmental	
301: Materials	pp. 37–39, 41
305: Emissions	pp. 46–47, 50
308: Supplier Environmental Assessment	p. 47
Social	
401: Employment	pp. 16–17
403: Occupational Health and Safety (2018)	p. 24
404: Training and Education	pp. 20–22
405: Diversity and Equal Opportunity	p. 17
406: Non-discrimination	p. 17
408: Child Labor	pp. 31–32
409: Forced or Compulsory Labor	pp. 31–32
414: Supplier Social Assessment	pp. 28–29
416: Customer Health and Safety	pp. 39, 41–42
417: Marketing and Labeling	p. 57

GRI Topic-Specific Disclosures

GRI Topic	Disclosure	Description	Response
201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	p. 46
301: Materials	301-2	Recycled input materials used	p. 38
305: Emissions	305-1	Direct (Scope 1) GHG emissions	p. 50
	305-2	Energy indirect (Scope 2) GHG emissions	p. 50
	305-3	Other indirect (Scope 3) GHG emissions	p. 50
	305-4	GHG emissions intensity	p. 50
308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Tier 1 suppliers are currently screened on social, but not environmental, criteria. We intend, by 2025, to source only from Tier 1 suppliers that use the Sustainable Apparel Coalition’s HIGG Facility Environmental Module (FEM). For more information about our engagement with suppliers on environmental matters, see page 47.
401: Employment	401-1	New employee hires and employee turnover	p. 26
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 23
403: Occupational Health and Safety (2018)	403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	p. 24
404: Training and Education	404-1	Average hours of training per year per employee	p. 20
	404-2	Programs for upgrading employee skills and transition assistance programs	pp. 20–22
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 20
405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p. 25

GRI Topic-Specific Disclosures *(continued)*

GRI Topic	Disclosure	Description	Response
406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	While we do not report on specific incidents at this time, we believe that all employees are entitled to work in an environment free from discrimination and strive to provide a work environment free from any form of offensive, disrespectful, harassing, or bullying conduct. As set out in our Code of Ethics, we maintain a “zero tolerance” policy against all forms of harassment involving a protected characteristic under applicable law, regulation, or internal policy, including but not limited to offensive or abusive language or intimidating or threatening behavior. We make clear that there will not be any retaliation against anyone making a good faith report of harassment or bullying. Violations of this policy result in prompt and appropriate preventive and/or remedial action, up to and including termination of employment. If employees believe this policy has been violated, we encourage them to report the incident, including by contacting our Ethics and Compliance Hotline, anonymously if they so choose.
408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	<p>As part of our monitoring and prevention efforts, we assess countries and suppliers that can represent a higher risk for the use of child labor. We have identified Myanmar and India as countries requiring particular attention on this issue. We consider China, Taiwan, Thailand, Myanmar, and India to be at higher risk for use of forced labor.</p> <p>We have no tolerance of forced labor, and we monitor our Tier 1 suppliers and events in the regions where we do business to maintain this standard to the best of our ability. For more information, see pp. 31–32.</p>
409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	See response to 408-1, above.
414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	pp. 28–29
416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	pp. 41–42
417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	In compliance with legal requirements, we provide information on fibers, country of manufacture, and safe use via care instruction labeling for textile items and consumer instructions. We also provide guidance for hard goods in the <i>Skip Hop</i> product lines.

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