carter's

2025 RAISE THE FUTURE
impact report

carter's

contents

about carter's | 4

product | 13

planet | 26

people | 41

disclosure indexes | 56

carter's

a letter from leadership

To Our Carter's Family,

For over 160 years, families have trusted Carter's as a leader in providing high-quality apparel and related products for babies and young children, from first days home to first days of school. We are honored to play a role in those memories, and we take seriously the responsibility that comes with that trust. Generations of parents and caregivers have grown up with Carter's, and what keeps them coming back is straightforward: a family of brands they trust, a multichannel business model that meets them wherever they shop, and products built on safety, durability, and sustainability. Our commitment extends beyond the products themselves to doing right by the world our children will inherit.

We know how much is being asked of young families right now. Rising costs and economic uncertainty are creating real pressure on household budgets. Despite these challenges, families continue to gravitate toward brands that lead with purpose, and that is exactly where Carter's stands. Our Little Planet brand, for example, built around organically grown cotton and sustainable materials for families seeking a more conscious choice in baby and toddler apparel, surpassed $100M in sales in 2025, proof that families will choose sustainable products when they are made well and priced fairly for the value they provide.

Responsible product design shows up across our portfolio in different ways. OshKosh B'gosh continued its work on responsible manufacturing in 2025, expanding the use of ozone washing technology for our World's Best Overalls™ and reducing water usage by more than 20% per garment. Our Skip Hop brand, offering baby and toddler essentials built around the promise of must-haves made better, extends value by designing products that adapt as children grow, reducing the need for families to replace items at every stage and extending the life of what they buy.

Ninety-nine percent of our apparel products, those that we source directly, meet the OEKO-TEX® Standard 100 (OEKO-TEX) certification, confirming they have been tested to be free from thousands of harmful substances.

This is the work that our corporate responsibility strategy, Raise the Future, is built to support. Now in its fourth year, the strategy is organized around three pillars—Product, Planet, and People—and 2025 was a year of meaningful progress across all three.

Product:

- More than 86% of our cotton was sustainably sourced through Better Cotton Initiative™ (BCI™) Cotton or organically grown cotton.
- More than 60% of our 2025 sales were supported by responsible cotton sourcing through BCI Cotton or came from our Little Planet and PurelySoft™ collections made with organically grown cotton or viscose from responsibly managed forests.

Planet:

- We reduced virgin plastic packaging by 90% in 2025 compared to our 2022 baseline, with 90% of our total plastic packaging now made from recycled content.
- We advanced product circularity through pre-consumer textile recycling pilots and expansion of KIDCYCLE™, our in-store clothing takeback program, giving families a responsible way to recycle clothing that would otherwise be discarded.

People:

- Since 2021, we have invested approximately $38.9M in communities through our corporate philanthropy programs, supporting families and children across the country and around the world.
- In 2025, our employees contributed 24,300 hours of volunteer time, and we invested more than $4.85M in monetary and in-kind donations, showing up for the communities where we live and work.

Sharing this progress also means being clear about the work ahead. Families who grow with Carter's—through a first baby, a second, a third—are the clearest measure of whether we are getting this right. In uncertain times, families turn to brands they trust. We stay focused on showing up for today's parents by listening closely, making responsible choices, and continuing to meet the needs of families.

Our responsibility work is guided by our purpose: to embrace the wonder of childhood and uplift those shaping the future. The children in Carter's today will be the parents and decision-makers of tomorrow, and that long view shapes every commitment in this report. None of this progress would be possible without our more than 15,000 global employees around the world, whose dedication to our mission and to the families we serve drives everything we do.

The work continues, and we are glad you are with us for it.

Sincerely,

SHARON PRICE JOHN
Chief Executive Officer
& President

about carter's

carter's

our brands

Our iconic brands[1] have been trusted for generations and are focused on embracing the wonder of childhood while uplifting those shaping the future.

carter's

Parents have trusted Carter's to create innovative, feature-focused clothing and accessories for over 160 years, and we're committed to inspiring the next generation of caregivers as a new chapter begins.

[1] Carter's has three exclusive brands: Carter's Just One You at Target, Carter's Child of Mine at Walmart, and Simple Joys by Carter's at Amazon.

OshKosh B'gosh

An American icon with nostalgic appeal, OshKosh B'gosh is rooted in denim with an enduring cool. Our designers match timeless looks with modern vibes for styles that are always on trend.

little planet by carter's

Little Planet by Carter's is a return to simplicity, offering responsibly made, sustainably sourced, heirloom-worthy essentials designed to be passed down through generations. Find thoughtful, versatile styles made with the organically grown cotton.

SKIP*HOP

A go-to for baby's first year (and beyond!), Skip Hop prides itself on developing award-winning, grow-with-baby essentials. From play time to snack time to bath time, our must-haves are designed to make parenting easier.

carter's

- contents
- about
- product
- planet
- people
- indexes

carter's at a glance

carter's[2] is the #1 baby apparel brand.[3]

As North America's largest and most-enduring apparel company exclusively for babies and young children, Carter's reaches a broad range of consumers around the world through our multichannel global business model that includes retail stores, eCommerce, and wholesale channels, as well as omnichannel capabilities in the U.S. and Canada. We are a publicly traded company on the New York Stock Exchange listed under ticker symbol "CRI." For more information on our financial results, please see our 2025 Annual Report.

a culture of integrity

At Carter's, integrity isn't just a value we promote; it's the foundation of our operations and a standard by which we measure our success.

Our commitment to conducting business with high ethical standards is strengthened through comprehensive policies, rigorous training, and robust governance frameworks that support accountability at all levels.

For more information on these topics, please see our related materials linked at the bottom of our report webpage:

- Code of Ethics
- Supply Chain Disclosure Report for Canada, UK, and California
- Canadian Due Diligence Report
- Conflict Minerals Policy
- Corporate Social Responsibility Policy
- Environmental Policy
- Privacy Policy
- Restricted Substances List
- Vendor Code of Ethics
- ZDHC Manufacturing Restricted Substances List

financial highlights

consolidated net sales[4]

	FY 2024	FY 2025
consolidated net sales[4]	$2.8B	$2.9B
operating margin	9%	5%
diluted earnings per share	$5.12	$2.53

$37.6M global income taxes paid[5]

$110M incremental tariffs paid[5]

$4.85M[6] total giving[7]

>24,000 employee volunteer hours

[2] Carter's = Carter's, Little Planet, Carter's Just One You, Carter's Child of Mine, Simple Joys by Carter's, Otter Avenue.
[3] Carter's is the #1 baby apparel brand (ages 0-12 months) at 33% of the market. Source: Circana, Consumer Tracking Service, U.S. apparel dollar sales, 12 months ending December 2025.
[4,5] Corresponds to fiscal year 2025.
[6,7] Includes ~$1.4M donated from the Carter's Charitable Foundation, Inc.

carter's

contents
about
product
planet
people
indexes

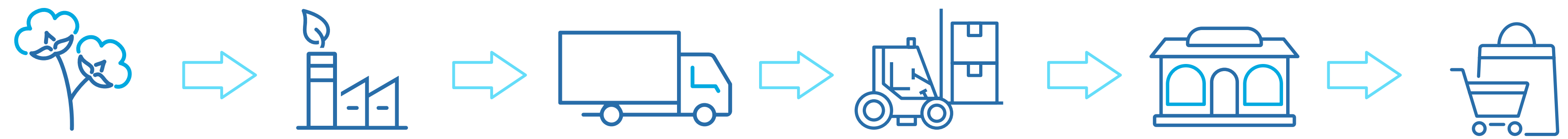
our global value chain

Our value chain starts with the people and businesses involved in the production and distribution of our products and ends with our customers and the communities where we operate. Without owning raw materials or manufacturing facilities, we rely on a global network of third-party suppliers, primarily in Asia, to source our garments and other products. Our remaining suppliers are in North America, Central America, and Africa.

To optimize efficiency and manage manufacturing volume in Asia, our sourcing operations are based in Hong Kong, with additional support in Vietnam, Cambodia, India, and Bangladesh. A full list of our Tier 1 suppliers can be found in the footer on our website.

During fiscal year 2025, approximately 71% of our product was sourced from Vietnam, Cambodia, Bangladesh, and India. Approximately 97% of the cotton fiber that was used in the manufacturing of our products during fiscal year 2025 was sourced from India, Brazil, Australia, and the U.S. Sixteen percent of this total was sourced in the U.S.

carter's value chain



raw materials
Provide the fibers used in our products, such as cotton and polyester.

mills & manufacturers
Process raw materials and combine components into final products families know and love.

transport
Drive, fly, and ship our products from our manufacturers to our distribution centers.

distribution centers
Store and distribute our products to stores or customers through fulfilling eCommerce orders.

stores & wholesalers
Carry our products so customers can find the right styles, fit, and accessories for their families.

customers
Buy our products that align with their needs, style, and values.

awards & rankings

awards & recognition

esg rankings & ratings

CDP score
B

ISS ESG corporate rating
C

MSCI
AA

S&P global
46

Sustainalytics ESG risk rating
14.9 low

memberships & trade associations

Carter's believes that collaborative effort is essential for creating lasting positive change. Our strategic partnerships and industry associations enable us to drive innovation, influence policy, and collaborate on solutions to complex industry challenges, particularly in sustainability and responsible business practices.

American Apparel & Footwear Association (AAFA)

Member since 1970

Our membership provides Carter's a seat at the table in navigating the industry's complex regulatory landscape. Carter's Chief Supply Chain Officer, Karen Smith, was an AAFA Board Member in 2025.

Cascale (formerly Sustainable Apparel Coalition)

Member since 2021

Through our membership, we gain insights on how to best manage environmental resources in the manufacturing of our products and continue to challenge ourselves to create a more sustainable future.

National Retail Federation (NRF)

Member since 2023

Carter's membership allows us to benefit from NRF's intelligence sharing community and platform. Carter's Chief Information Security Officer, Kemper Seay, is a member of the CISO Council.

Nirapon

Member since 2021

Carter's membership helps our suppliers' factories create a sustainable culture of safety by providing guided and supported maintenance, monitoring, and reporting processes.

Retail Industry Leaders Association (RILA)

Member since 2017

Through collaboration and thought leadership, the group advances ideas that foster free markets, competition, economic growth, and sustainability. Carter's Chief Administrative and Compliance Officer, Antonio Robinson, is a member of RILA's ESG Executive Committee.

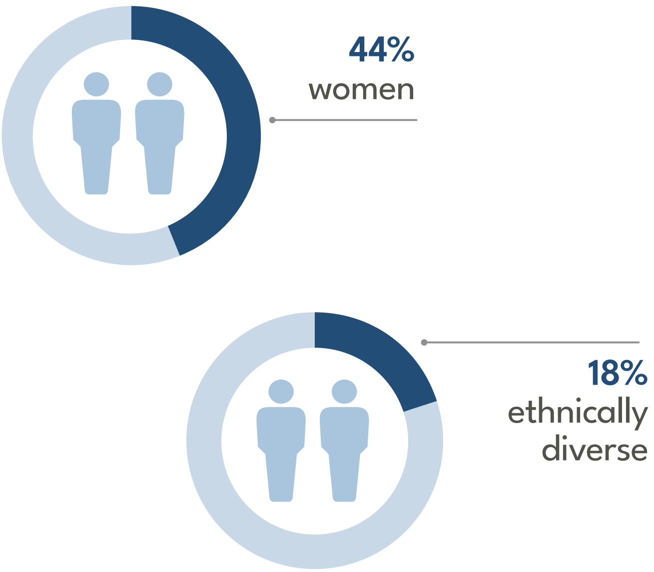
Additionally, our Chief Retail and Digital Officer, Allison Peterson, is a member of RILA's Chief Store Officer Council.

esg governance

board oversight

Our Board of Directors provides oversight of the management team and our business. As of the publication of this report, eight out of nine of the members of our Board were independent. The Nominating and Corporate Governance Committee provides oversight of the Company's environmental, social, and governance (ESG) initiatives through quarterly or more frequent progress reviews. These reviews include assessments of ongoing efforts related to topics such as climate change management, regulatory compliance, global supply chain compliance, diversity and inclusion (D&I), and sustainability.

board of directors



management oversight

Our Chief Administrative and Compliance Officer reports directly to our CEO and has responsibility for the Company's ESG, HR, D&I, and Compliance programs.

artificial intelligence

Our Board of Directors, which includes our Audit Committee, provides oversight of risks related to artificial intelligence (AI) and periodically reviews those risks. We commit to employing AI in a manner that respects human dignity, rights, and freedoms. Our use of AI fully complies with applicable legal authorities and with policies and procedures that protect privacy, civil rights, and civil liberties. We employ governance mechanisms to define responsibilities and provide accountability for the use of AI and its outcomes and take affirmative steps to identify and mitigate bias.

esg roles & responsibilities

Board of Directors
Nominating & Corporate Governance Committee
Oversees the Company's ESG initiatives through quarterly reviews of climate plans and other key issues

CEO
Reviews and approves ESG goals, plans, and progress

Chief Administrative & Compliance Officer, Corporate Secretary
Leads ESG, Inclusion, and Compliance initiatives

ESG Council
Formulates and oversees ESG goal-setting and key initiatives through cross-functional collaboration

D&I Steering Committee
Provides business insights and initiatives that support our D&I strategy

Compliance Committee
Supports ethical operations in accordance with applicable laws, rules, and regulations (including proactive monitoring)

Sustainability & CSR departments
Manage and implement ESG strategies and programs, work across the organization to develop strategies and goals approved by the ESG Council, and oversee priority ESG initiatives

raise the future: our esg strategy

Carter's is dedicated to contributing to a world where all families with young children can grow and thrive. Our Raise the Future strategy reflects our commitments to provide more sustainable product offerings, reduce our environmental footprint, and uplift our workers and communities.

In partnership with a third-party firm, Carter's conducted its biennial, ESG-focused materiality assessment that concluded in 2026. Through surveys and interviews, we engaged internal and external stakeholders to help us refine priorities and advance progress toward our strategic ESG pillars of Product, Planet, and People. Our holistic approach drives value by reducing risk, increasing efficiency, and enhancing resilience.

The following priority topics surfaced from our latest materiality assessment:

- Business ethics and integrity
- Product quality and safety
- Data privacy, cybersecurity, and digital trust
- Human rights and labor standards in the supply chain
- Employee health, safety, and well-being
- Supply chain resilience and continuity
- Responsible marketing and consumer engagement

raise THE future

We promise to better our world.

product

grow our sustainable offerings

planet

reduce our environmental footprint

people

uplift our workers and communities

PRIORITIES

TRANSITIONING to more sustainable materials

ENHANCING our responsible sourcing capabilities

REDUCING climate-related risks

DIVERSIFYING our consumers and workforce

FOSTERING an engaged workplace culture

BENEFITS

market opportunities

risk management

brand relevance

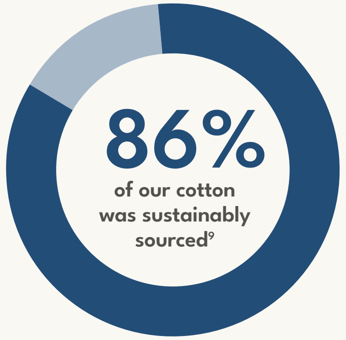
profitability

carter's

2025 progress highlights[8]

product

GOAL: Use 100% sustainable cotton by 2030



GOAL: Continue growth of Little Planet brand

over
$100M
in sales in 2025

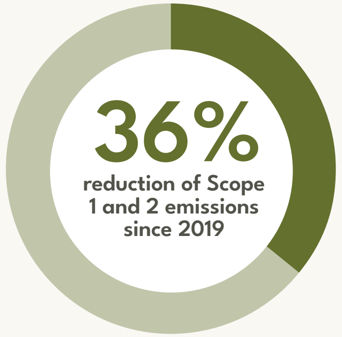
GOAL: Become the U.S. market leader of sustainable children's apparel

more than
60%

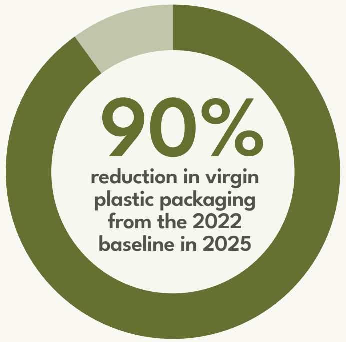
of our 2025 sales were either supported by responsible cotton sourcing (through BCI Cotton) or came from our Little Planet and PurelySoft collections, utilizing either organically grown cotton or viscose sourced from responsibly managed forests

planet

GOAL: Reduce absolute Scope 1 and 2 greenhouse gas emissions 50% from 2019 baseline by 2030 and achieve net zero in our direct operations by 2040



GOAL: Achieve 50% reduction in virgin plastic packaging from a 2022 baseline by 2030

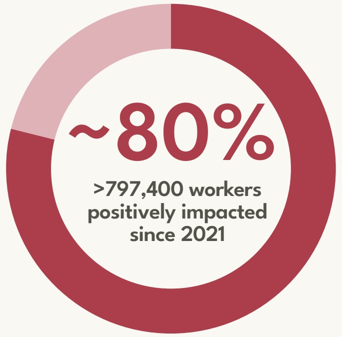


GOAL: Divert 80% of waste from landfill

GOAL: Require 77% of our purchased goods and services suppliers (by spend) to have science-based targets by 2027

people

GOAL: Improve the well-being of at least 1 million workers within our global value chain by 2030



GOAL: Improve the well-being of at least 10 million lives by 2030

1.1M
lives improved in 2025

GOAL: Invest more than $50 million toward improving the lives of children by 2030

$38.9M
in monetary and in-kind donations since 2021

GOAL: Volunteer over 200,000 hours in our communities by 2030

116,900
volunteer hours contributed since 2021

[8] This page includes progress as of December 31, 2025 for a selection of our goals. All goals can be found in their respective sections of this report.

[9] We define "sustainably sourced" cotton as BCI Cotton or organically grown cotton.

carter's

product

our product strategy

At Carter's, our highest priority continues to be meeting or exceeding industry standards for the safety and quality of our products. Our approach combines rigorous testing protocols, industry-leading certifications, and strategic supplier partnerships to deliver products that meet high standards of safety and sustainability. Our products provide value to families raising future generations through three core pillars of safety, durability, and sustainability.

Our goal is to ensure that consumers understand the value our products provide to them and their families. To enhance consumer engagement and transparency, our goal is to make sustainability more visible and accessible across all consumer touchpoints. This includes enhanced communication of the sustainable attributes of our products that aim to help consumers understand and appreciate the impact of their choices.

high-quality, safe product commitment

We review every product we develop for potential health and safety risks and implement appropriate mitigation measures. Our process includes rigorous testing aimed at ensuring that our products are safe and well-made. Our testing complies with all relevant international, federal, and state regulations, including those of the Consumer Product Safety Commission, as well as our own proprietary testing protocols. If a product does not meet quality standards, we take prompt action to correct the issue.

safe for kids: from fabrics to snaps, safe from harmful substances

Delivering the quality that parents trust, our apparel and accessories are certified clean and safe from over 1,000+ harmful substances with OEKO-TEX. Tested under strict requirements, we aim to ensure every little detail is safe and gentle on their delicate skin.

tough for play: made with durable fabrics to last wash after wash

Our iconic denim and play-all-day styles are crafted to withstand more—more fun, more wear. When consumers shop our family of brands, they can trust that these styles are made to last so kids can wear longer and play harder.

sustainably made: mindfully sourced for a more sustainable future

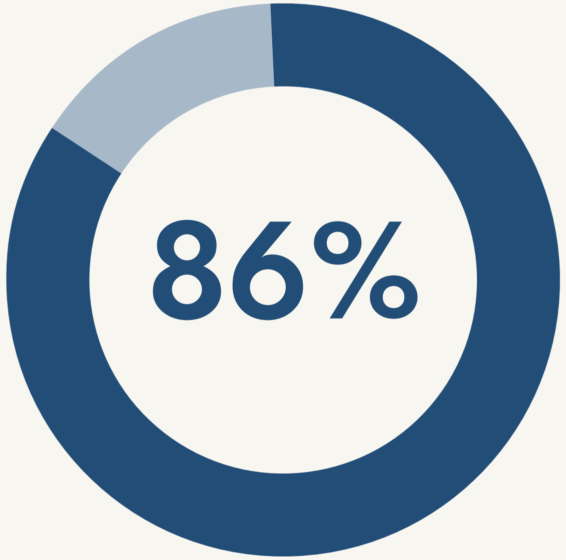
We use the following certifications to guide the manufacturing of our sustainably made products, including but not limited to: Global Organic Textile Standard (GOTS) certification, LENZING Ecovero™ Viscose, recycled materials, and Forest Stewardship Council (FSC)-certified wood. If products are certified, they are labeled accordingly.

our sustainable materials journey

We aim to reduce the environmental impact of our core fabric portfolio while maintaining the exceptional quality and safety standards that families expect from Carter's. Cotton remains our primary fabric, accounting for almost 70% of our fiber usage, so we are focusing our sustainable materials efforts on where we believe we can make the most impact. As such, we've made a commitment to use 100% sustainably sourced cotton fibers by 2030.

GOAL

Use **100%** sustainable cotton fibers by 2030



2025 PROGRESS

86% of our cotton was sustainably sourced in 2025

We define sustainable fibers as those that have a lower negative environmental impact over their life cycles than conventional counterparts. We define sustainably sourced cotton as BCI Cotton or organically grown cotton.

carter's

our sustainable materials journey

materials certifications

We demonstrate our ongoing commitment to sourcing sustainable materials through a comprehensive fiber portfolio strategy. We actively prioritize and continue to increase our use of independently verified sustainable fibers, including:

GOTS-certified products

We prioritize GOTS-certified products for our Little Planet brand, which encompasses:

- Organic farming practices
- Ethical labor conditions
- Environmentally responsible processing

Verified recycled content

Some of our products incorporate materials certified via the Global Recycled Standard (GRS) and the Recycled Content Standard (RCS), validating:

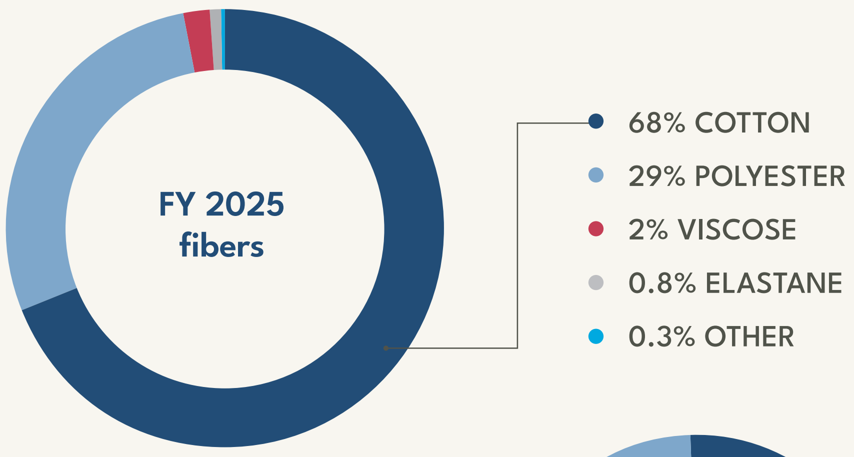
- Recycled content claims
- Responsible social practices (GRS only)
- Environmental standards (GRS only)
- Chemical safety protocols (GRS only)

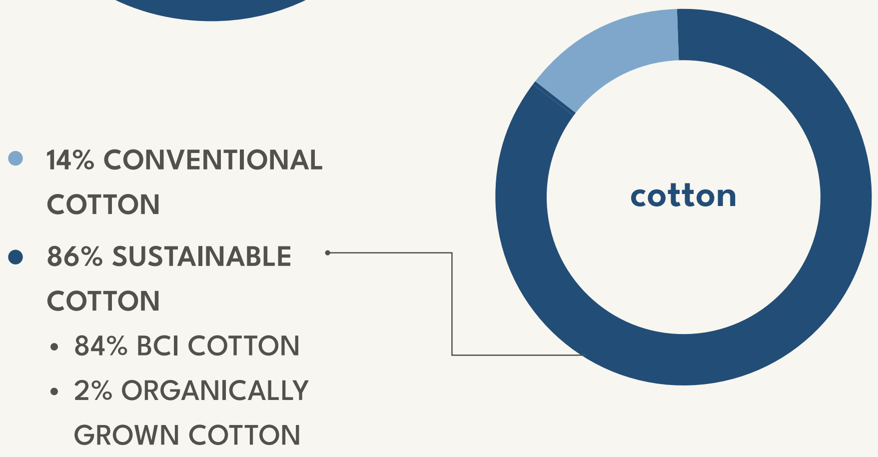
Materials with verified environmental benefits

We partner with recognized sustainability leaders, including:

- BCI: Supporting more sustainable cotton farming practices and improved farmer livelihoods
- LENZING ECOVERO Viscose: Using fibers produced with significantly lower environmental impact through responsible wood sourcing and closed-loop processing

2025 fiber usage



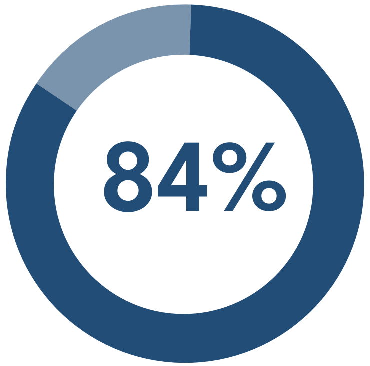


better cotton initiative

Sourcing cotton through the BCI represents the foundation of Carter's sustainable materials strategy. Through its implementing partners, BCI supports farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals, and respect workers' rights and well-being. BCI continues to be our primary pathway to achievement of our cotton commitment.

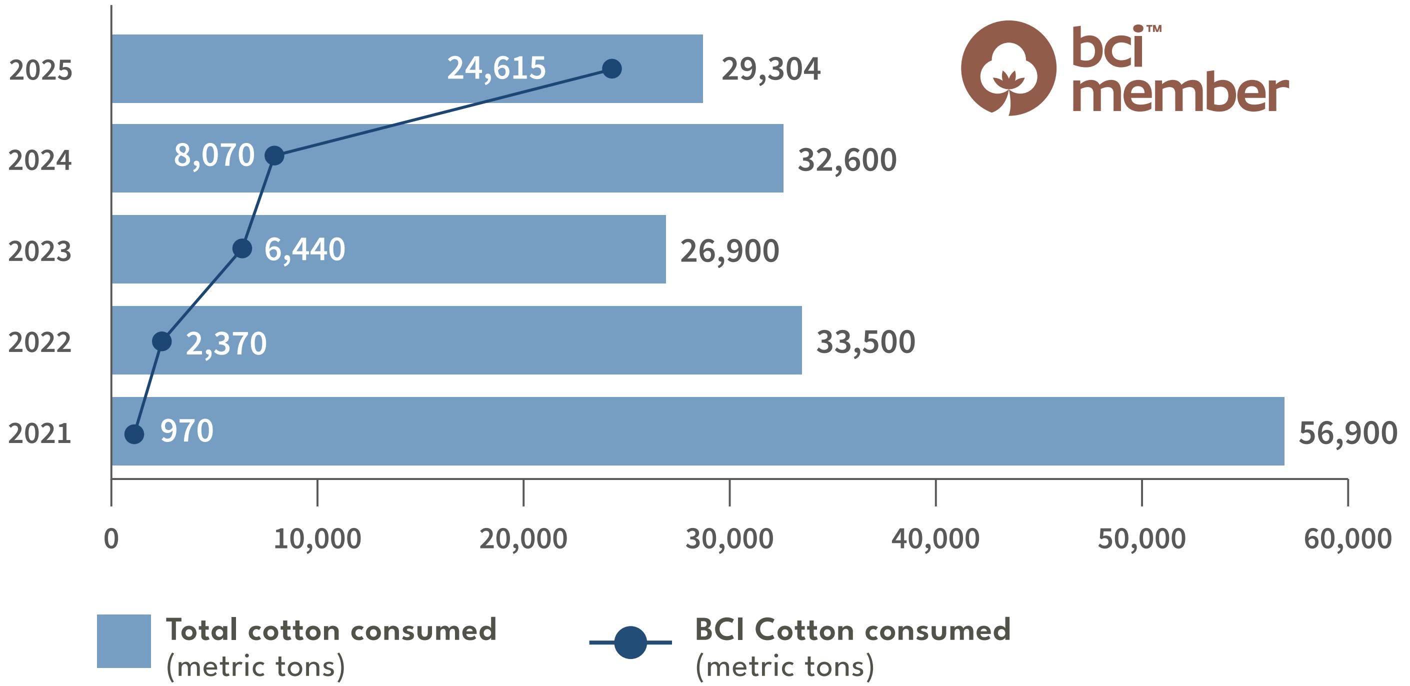
We are committed to sourcing 100% of our cotton more sustainably by 2030, primarily through BCI Cotton under the mass balance chain of custody. Mass balance BCI Cotton is not physically traceable to end products, however, BCI farmers benefit from the demand for BCI Cotton in equivalent volumes to those we "source."

We made significant progress in 2025 and sourced approximately 84% of our cotton through BCI Cotton.



BCI Cotton sourcing goal

2022	2023	2024	2030
10%	25%	50%	100%



bci™ member

BCI licensed farmer: PUNAMCHAND JALELA

"I became a BCI licensed farmer in 2016. For the last three years, I have only used natural bio-pesticides. I decided to transition from chemical pesticides to natural pesticides to improve my soil health. In my community, around 15 other farmers transitioned to natural farming methods after seeing my results. Since only using natural pesticides, my income has increased. My yields are better and I spend less money on inputs. I have used the additional income to purchase more land and on my children's education [books etc]. On my farm, I grow cotton, peanuts, mango and sandalwood."

— Punamchand Jalela, BCI licensed farmer

Photo credit: BCI/Morgan Ferrar Location: Bhavnagar district Gujarat, India. 2019

*The stories and outcomes featured here reflect the experiences of individual BCI licensed farmers in specific regions. Results may vary by country due to differences in local conditions and other contextual factors. These stories do not represent the outcomes of all BCI licensed farms.

sustainable apparel & goods

Carter's commitment to sustainable apparel and goods continues to be led by our Little Planet and Skip Hop brands, along with targeted collections under our Carter's brand, like PurelySoft. Our approach combines innovative design, materials that have a reduced environmental impact, and strategic distribution to create lasting value for our customers and our business.

Our sustainable product offerings continue to evolve. Rising demand for sustainable products connects us with new audiences. This consumer-driven focus on sustainability also supports our global expansion, as markets worldwide embrace responsible fashion choices. Throughout this evolution, we maintain our commitment to product innovation, quality, and safety—principles that have defined Carter's for nearly 160 years, while adapting to the changing needs of families today.

GOAL: Become the U.S. market leader of sustainable children's apparel

2025 PROGRESS

Little Planet and PurelySoft account for **5%** of our overall sales

More than 60% of our 2025 sales are either supported by responsible cotton sourcing through BCI Cotton, or come from our Little Planet and PurelySoft collections, utilizing either organically grown cotton or viscose sourced from responsibly managed forests

GOAL: Continue growth of Little Planet brand

2025 PROGRESS

Over $100M in sales in 2025, and it remains Carter's fastest-growing brand, with 34% more consumers shopping the brand year over year

sustainable apparel & goods

Little Planet by Carter's

Little Planet is our most prominent showcase of sustainable materials and practices, which helps to inform our broader organizational approach to providing sustainably made, high-quality products. After initially launching the brand in 2017, we relaunched it in 2021 as a primarily organically grown cotton apparel brand. The assortment of products includes beautiful, heirloom-quality baby and toddler products and apparel ranging from sleepwear, swimwear, outerwear, bedding, accessories, and toys. The brand's unique positioning combines GOTS-certified products and recycled fabrics with gender-neutral, timeless designs that resonate across varied consumer segments.

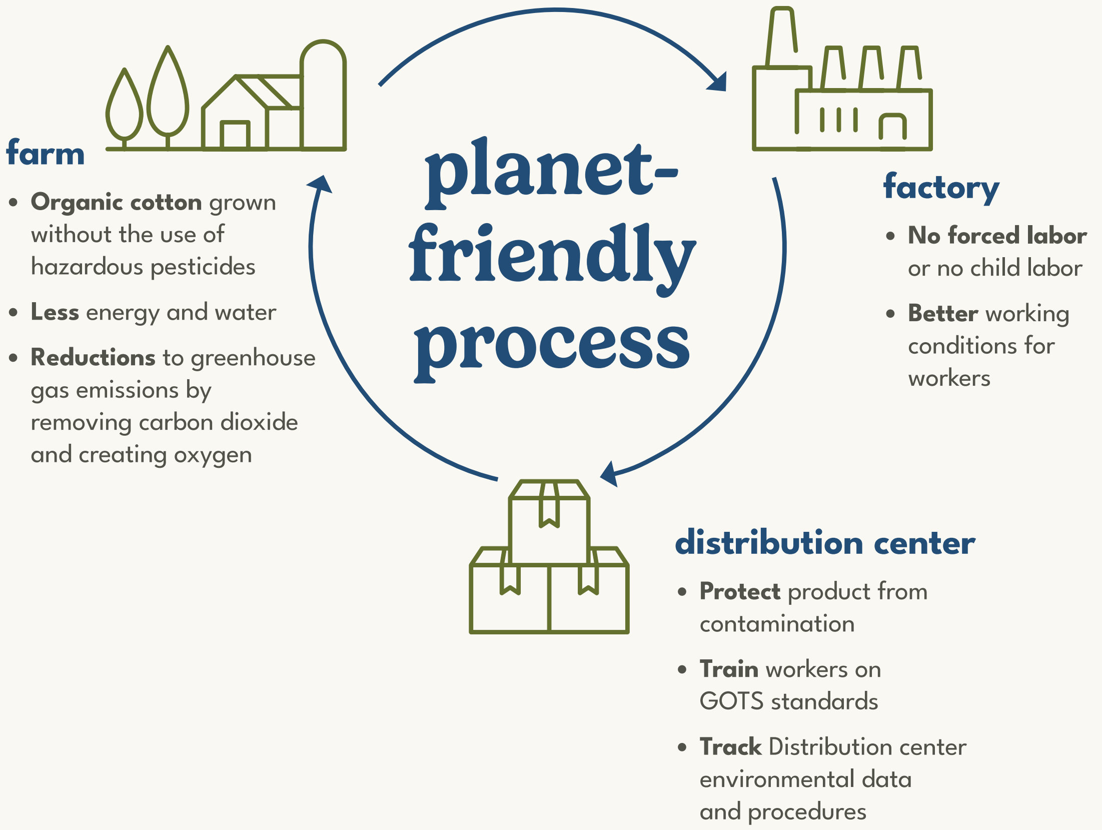
Little Planet achieved significant growth in 2025 through:

distribution expansion

- Little Planet displays featured in over 700 U.S. retail stores, and ~1,500 wholesale partner locations
- Full presence across our entire Canadian retail portfolio (190 locations)
- Expanded presence in Mexico, including our first Little Planet standalone store

GOTS audit framework

GOTS is a leading global textile processing standard for organic cotton fibers.



Annual inspections occur at **all stages** of the supply chain.

PurelySoft

Building on the success and learnings from Little Planet, PurelySoft represents our strategic expansion of using more innovative, certified, and sustainable materials. Since its launch in 2023, this collection has combined comfort with environmental responsibility through its use of wood-based fibers sourced from sustainably managed forests. The collection exemplifies our commitment to making more sustainable options accessible at scale while maintaining the quality and performance our customers expect.

PurelySoft continued to build strong momentum as a direct-to-consumer offering, delivering significant growth and high customer satisfaction. The collection consistently demonstrates sustained demand and strong brand resonance with consumers seeking both comfort and sustainability.

In 2025, PurelySoft:

- Grew 90% in sales
- Attained 90% five-star ratings across 1,000+ reviews

Complementing this growth, our ComfySoft™ products, PurelySoft's offering to key wholesale partners, continues to expand our presence in mass retail. Further scaling is planned in the next year with an additional ComfySoft line for department stores and broader wholesale channels. Together, PurelySoft and ComfySoft drive sustainable innovation by enhancing quality, performance, and the use of responsible materials across our products.

carter's

sustainable apparel & goods

Skip Hop

Skip Hop continues to lead through innovation in children's products with its Must-Haves Made Better® brand promise. The brand's commitment to sustainability is demonstrated, in part, through its designated "grow-with-me" products, which extend a product's life cycle and reduce the need for parents to buy multiple items—reducing environmental impact and providing enhanced value to parents through products that grow with their children.

In 2025, we launched seven products that are each intended to be used through various stages of childhood because of their grow-with-me features that promote longevity and versatility.

- All Seasons Car Seat Cover
- Geometric Wonders Play Gym
- Tub-to-Table Plant & Splash
- Tub-to-Table Bubble & Foam
- Tub-to-Table Swirl & Splash Lemonade
- Tub-to-Table Prep & Serve Salad
- Seascape Activity Ball Drop

2025 award-winning "grow-with-me" products

Discoverosity 3-in-1 Sensory Table

Early sensory exploration begins with floor play then converts to sensory table and play table as toddler grows

Wave 4-in-1 Baby Bath Tub

Designed to make bath time easier for parents, it grows with baby in four stages—from infant to toddler

Skip Hop continues to focus on improving its product packaging by reducing virgin plastics. In 2025, these efforts resulted in the usage of 40 fewer tons of virgin plastic, which was a 13% reduction compared to 2024.

reducing our footprint

In 2025, Skip Hop continued transitioning conventional plastic straw bottles to be made with Tritan™ Renew from Eastman, which uses 50% certified recycled content.

This initiative has:

Diverted nearly 15,189 pounds of waste, equal to over 668,889 single-use plastic bottles, from landfills

CO_2

Reduced carbon emissions by over 12,759 pounds of CO_2e[10]

[10] Calculation is based on the assumption of a 25% GHG reduction for Tritan Renew materials compared to conventional counterparts.

responsible sourcing

responsible sourcing as a business enabler

Responsible sourcing is integral to our business strategy and our ability to operate and grow in an increasingly complex regulatory environment. In 2025, we strengthened supply chain transparency, enhanced traceability capabilities, and expanded worker well-being initiatives to build a more resilient and responsible value chain. These efforts directly support key business priorities, including market access, revenue protection, and operational efficiency.

Our enhanced traceability capabilities alone safeguarded more than $1 billion in transported goods in 2025, reinforcing the role of responsible sourcing as a driver of enterprise value.

To further our commitment to transparency and accountability, our factory list is publicly available on our website.

building a trusted supply chain

Our responsible sourcing program begins with a comprehensive supplier onboarding process designed to ensure alignment with our Vendor Code of Ethics and Corporate Social Responsibility Policy. This structured life cycle approach enables us to identify risks early, build supplier capabilities, and maintain strong labor and operational standards across our value chain.

supplier onboarding & monitoring

1 identification

We evaluate country conditions and review supplier credentials to identify any misalignment with our business policies.

2 qualification

Suppliers undergo extensive reputation screening and third-party audits covering product safety, social compliance, and security requirements.

3 activation

Once onboarded, suppliers participate in product planning, annual assessments, and targeted training. Where needed, corrective action plans are implemented to ensure continued compliance.

4 monitoring

Following onboarding, suppliers are subject to ongoing monitoring, including annual compliance assessments and continuous engagement to maintain labor standards and support responsible growth.

responsible sourcing

protecting market access through traceability

Our enhanced traceability capabilities strengthen collaboration with supply chain partners and reduce the risk of forced labor in raw materials sourcing and production. We maintain ongoing monitoring of evolving global regulations and support suppliers in meeting increasingly stringent transparency requirements.

In addition to in-person training, we require an online traceability course for all suppliers. This digital training standardizes knowledge across our supply base and emphasizes:

- Regulatory requirements and compliance expectations
- Documentation protocols and verification procedures
- Organizational structures needed for managing traceability
- Best practices for supply chain mapping and validation

In 2025, we expanded cotton isotopic testing to provide scientific verification of material country-of-origin. Testing results demonstrated full compliance across evaluated materials, reinforcing the integrity of our supply chain controls.

traceability program components

1. Comprehensive supplier onboarding and reputational screening
2. Social compliance audits including ongoing monitoring
3. Factory training and capability building
4. Product admissibility readiness
5. Mock audits to validate material tracing capabilities
6. Science-based testing to verify cotton country-of-origin

driving accountability across the value chain

As consumer expectations and regulatory requirements evolve, comprehensive supply chain oversight is critical to mitigating risk and upholding responsible practices. In 2025, we expanded systematic monitoring of trim suppliers reflecting our commitment to transparency across all levels of our value chain.

supplier compliance auditing

	2023[11]	2024[12]	2025[13]
number of active suppliers	85	278	279
number of active factories	126[14]	393	666
factories with passing score	125	391	657
factories below passing score	1	2	9
unannounced audits conducted	21	59	29

[11,12] Figures include Tier 1 (direct suppliers) and Tier 2 (mills). Excludes Tier 3 (Trims suppliers and factories).
[13] Figures include Tier 1 (direct suppliers), Tier 2 (mills), and Tier 3 (Trims suppliers and factories).
[14] Includes 60 wholesale factories with scores converted from external audit reports.

As part of our oversight, we hold suppliers accountable for maintaining compliance with our programs and policies. In 2025, we terminated relationships with nine suppliers that were unable to demonstrate sustained improvement.

worker well-being

GOAL
Improve the well-being of at least **1 million** workers within our global value chain by 2030

2025 PROGRESS
>797,400 workers positively impacted since 2021

We believe lasting positive change requires collaboration with organizations that share our commitment to worker well-being. In 2025, we expanded partnerships and launched initiatives designed to empower workers and strengthen communities across our supply chain.

WELL Worker Survey

In 2025, we funded the WELL (Wellbeing, Engagement, and Livelihood) survey across 16 factories in multiple countries. More than 63,000 workers participated, generating actionable insights to strengthen well-being, reduce risk, and support more resilient supply chain operations.

This initiative strengthens worker voice, enhances transparency, and enables proactive identification and remediation of workplace issues.

RISE: Reimagining Industry to Support Equality

Our partnership with RISE remains a cornerstone of our worker empowerment strategy. In 2025, we co-funded four RISE projects, which positively impacted more than 5,000 workers, including:

- Two financial health programs in Indonesia
  - Provided training on budgeting, saving, responsible borrowing, and long-term financial planning, helping reduce vulnerability to debt and economic hardship.
- Two respect programs in India
  - Promoted communication, gender equity, and safe workplaces, supporting worker-manager engagement and empowering women to participate more fully in the workplace.

community partnerships

Planet Water Foundation

We sponsored a new AquaTower filtration system at an elementary school in Vietnam, providing clean water access to approximately 1,800 children and community members in Hung Yen Province.

WaterAid

Through our partnership in Cambodia, we supported efforts to expand access to safe, piped water systems, positively impacting approximately 4,000 people.

carter's

chemicals management

99% of our products, which we source directly, are now OEKO-TEX certified and 100% of the manufacturing facilities we use are OEKO-TEX certified.

At Carter's, prioritizing product safety through effective chemicals management is essential for customer trust and protecting the children who wear our clothes. Our comprehensive approach combines rigorous standards, third-party certifications, and proactive testing protocols to uphold our commitment to safe, quality products.

product safety

Our commitment to third-party certification through OEKO-TEX demonstrates our leadership in product safety. This certification assures consumers that our products meet strict safety standards. It is one of the world's best-known certifications for textiles tested for over 1,000 harmful substances. Ninety-nine percent of our products, which we source directly, and 100% of the manufacturing facilities we use are OEKO-TEX certified. The certification excludes products that we do not source directly.

Looking ahead, we expect to maintain certification for approximately 99% of eligible products and recognize that certain product categories and low-volume specialty items may remain outside certification scope.[15] Starting in Fall 2025, we expanded our certification program to include Little Planet products, building on their existing use of GOTS-certified products, and further strengthening our chemical safety commitment across our brand portfolio.

restricted substances list (RSL)

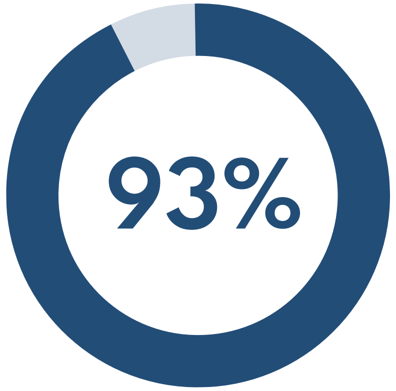
We utilize the AFIRM RSL, which is developed by the Apparel and Footwear International RSL Management group and is widely acknowledged as an industry-leading restricted substances list. A restricted substances list is a tool used by manufacturers, suppliers, and regulatory authorities to manage the use of chemicals and other materials in products. With over 99% of in-scope vendor styles now OEKO-TEX certified, we use OEKO-TEX as the testing method to track that suppliers are compliant with the AFIRM RSL.

[15] Carter's defines in-scope items as those apparel items which we source directly.

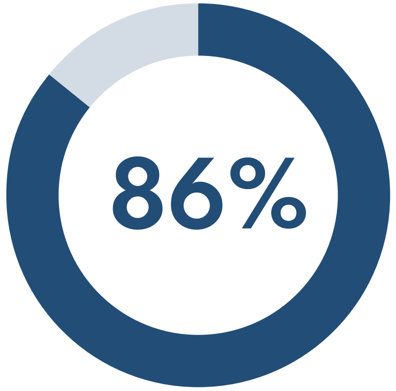
chemicals management

manufacturing restricted substances list (MRSL)

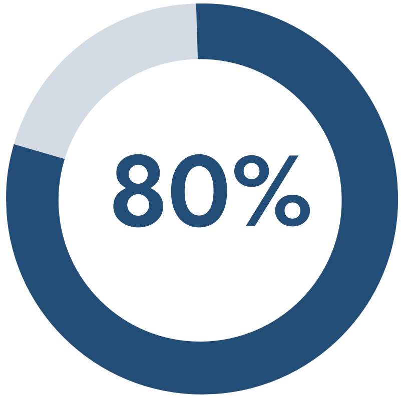
An MRSL bans the intentional use of specific chemicals in the production of raw materials and finished goods, even if those chemicals wash off or are no longer present when the product is tested. The Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List (ZDHC MRSL) is a widely adopted industry standard, and we met our goal of 80% adoption of the ZDHC MRSL by the end of 2025 across our supply chain.



fabric yards
produced came from Tier 2 suppliers engaged with the ZDHC MRSL



wash & laundry
facilities used engaged with the ZDHC MRSL



adoption across supply chain
of the ZDHC MRSL by the end of 2025

per- and polyfluoroalkyl substances (PFAS)

We maintained our proactive stance on PFAS management in 2025 by upholding the stricter standards we set in 2024. Per our MRSL, we do not intentionally add PFAS to our apparel or accessory products, and we expanded the scope of product categories we test, outside of products we claim to be water or stain resistant.

Our risk-based testing strategy encompasses products that are subject to heightened scrutiny, including outerwear and bath-related items. This comprehensive approach provides multiple layers of protection against PFAS presence in our products. We have also enhanced our testing protocols by:

- Conducting total fluorine testing for Carter's in-scope sourced apparel and Skip Hop products
- Expanding the scope of testing beyond water- or stain-resistant claims
- Enhancing documentation requirements for E.U. market compliance
- Strengthening supplier engagement to increase PFAS awareness

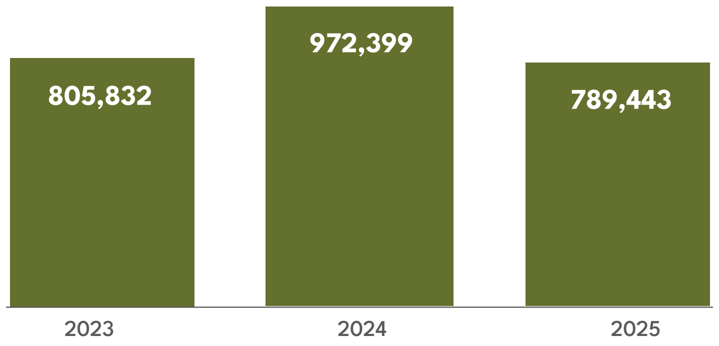
planet

energy & emissions

Climate action plays a crucial role in addressing our approach to priority initiatives, such as raw material sourcing and supply chain resilience. The efforts we are taking to mitigate climate change support our human rights and responsible sourcing initiatives. As such, our approach to emissions reduction spans our operations, supply chain, and product life cycle. We set targets validated by the Science Based Targets initiative (SBTi) to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 versus a 2019 baseline, while also requiring 77% of our purchased goods and services vendors (by spend) to set their own science-based targets by 2027. To strengthen accountability, we prioritize gathering primary GHG data and obtain third-party limited assurance for our Scope 1 and 2 emissions, water usage, and waste volume disclosures.

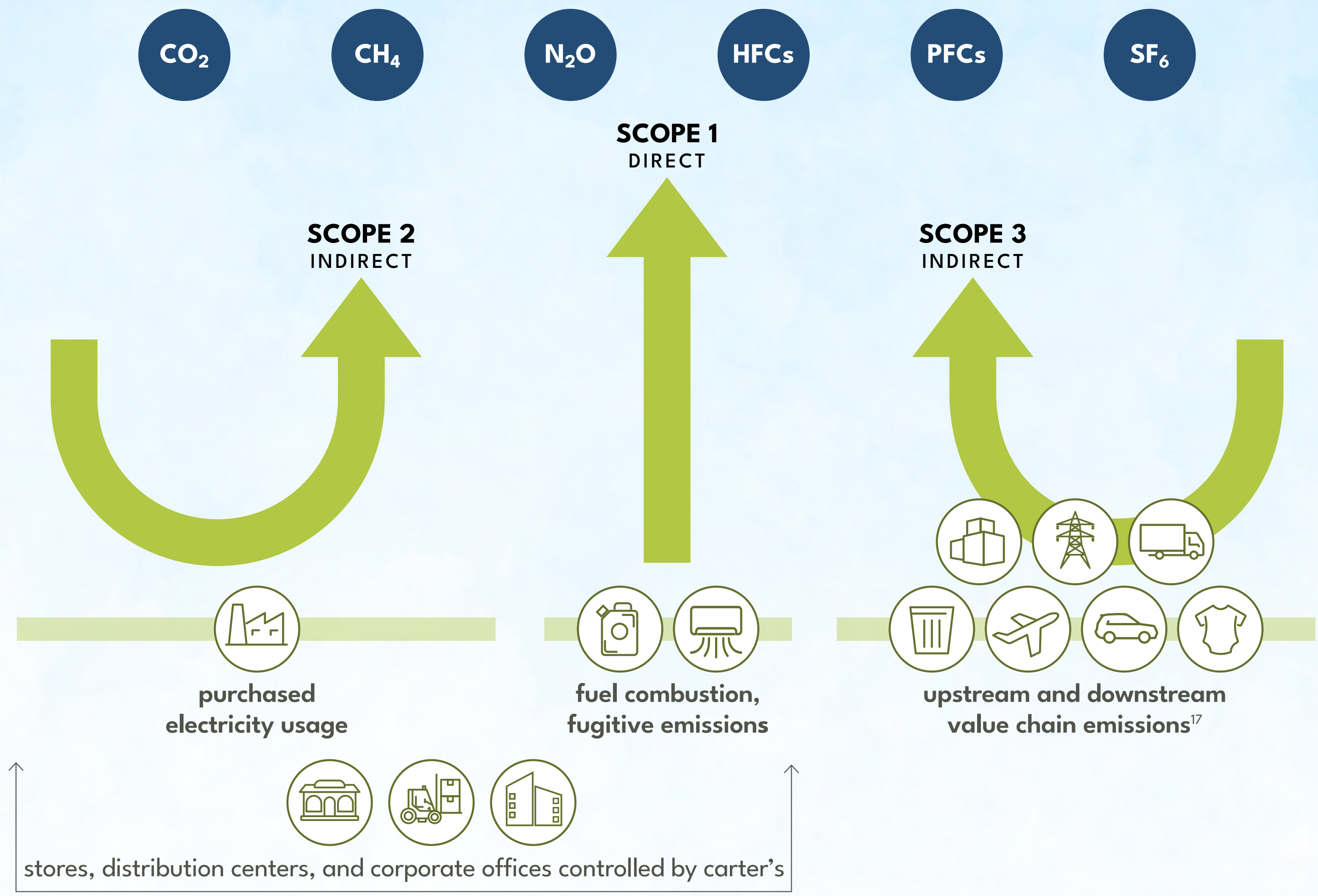
In 2025, we continued to prepare for increasingly stringent regulatory requirements and growing stakeholder expectations around emissions transparency.

total emissions[16] (metric tons CO_2e)



[16] Values for total emissions reflect RECs purchased for the respective calendar years 2023-2025.

carter's emissions sources by scope



[17] Value chain emissions include purchased goods and services, fuel and energy-related activities, upstream transportation, processing of waste disposal, business travel, employee commuting, and end-of life treatment of sold products.

scope 1 & 2 emissions

Our approach to reducing direct emissions focuses on operational efficiency, renewable energy credits (RECs), and technologies across our retail locations, distribution centers, and corporate offices.

We believe in order to achieve our 2030 emissions reduction target, our strategy should balance quick-win efficiency improvements with long-term structural changes, designed to maintain business momentum while progressively decarbonizing our operations.
In 2025, Scope 1 and 2 emissions decreased by 36% from a 2019 baseline, through direct reduction initiatives such as:

- Completing LED lighting retrofits for over 30 stores
- Upgrading HVAC equipment in our largest distribution center, a 1.1M square-foot facility in Braselton, Georgia, which is expected to reduce our energy usage further in 2026
- Maintaining Leadership in Energy and Environmental Design (LEED) Gold certifications for key facilities, including our Atlanta headquarters and Hong Kong and Vietnam sourcing offices

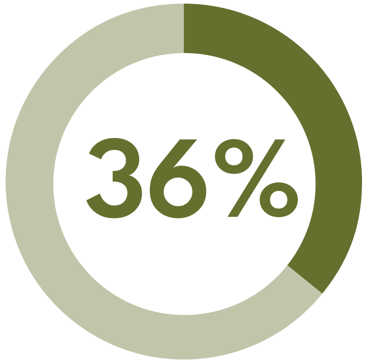
As a member of the EPA Green Power Partnership for the past three years, we strategically use RECs to complement our direct reduction efforts. Our REC strategy:

- Bridges the gap between current emissions and reduction targets
- Supports development of renewable energy markets
- Provides flexibility as we transition to more permanent solutions

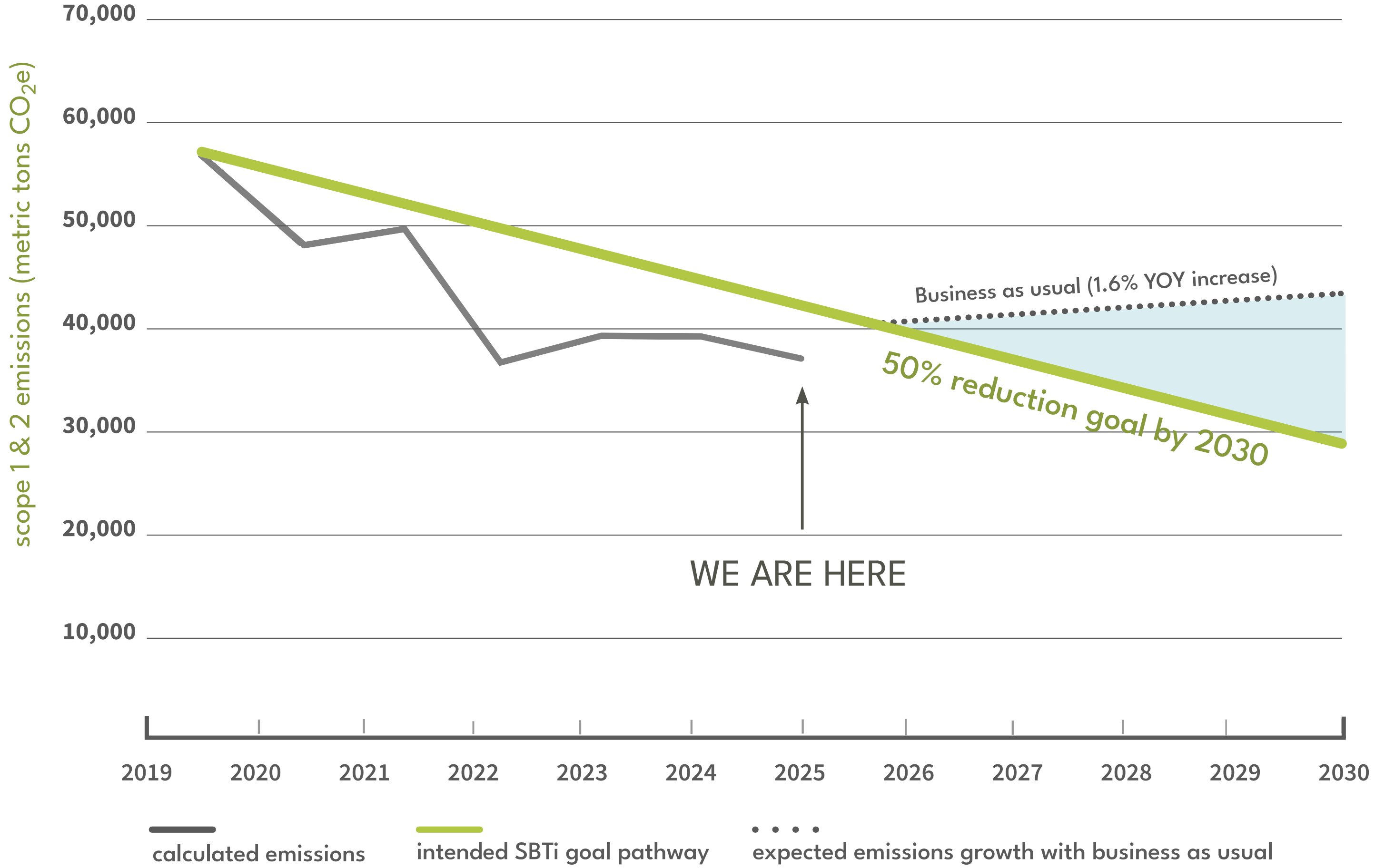
We purchased 10,000 verified credits to supplement our 2025 emissions reduction efforts. Since 2023, we have purchased a total of 44,000 verified RECs.[18]

GOAL
Reduce absolute Scope 1 and 2 GHG emissions **50%** by 2030 from a 2019 baseline and achieve net zero in our direct operations by 2040

2025 PROGRESS
36% reduction of Scope 1 and 2 emissions since 2019



Historical & expected Scope 1 & 2 GHG emissions through 2030



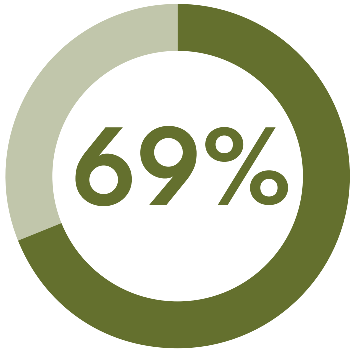
[18] 44,000 RECs is equivalent to 17,315 $MTCO_2e$ per EPA's Greenhouse Gas Equivalencies Calculator.

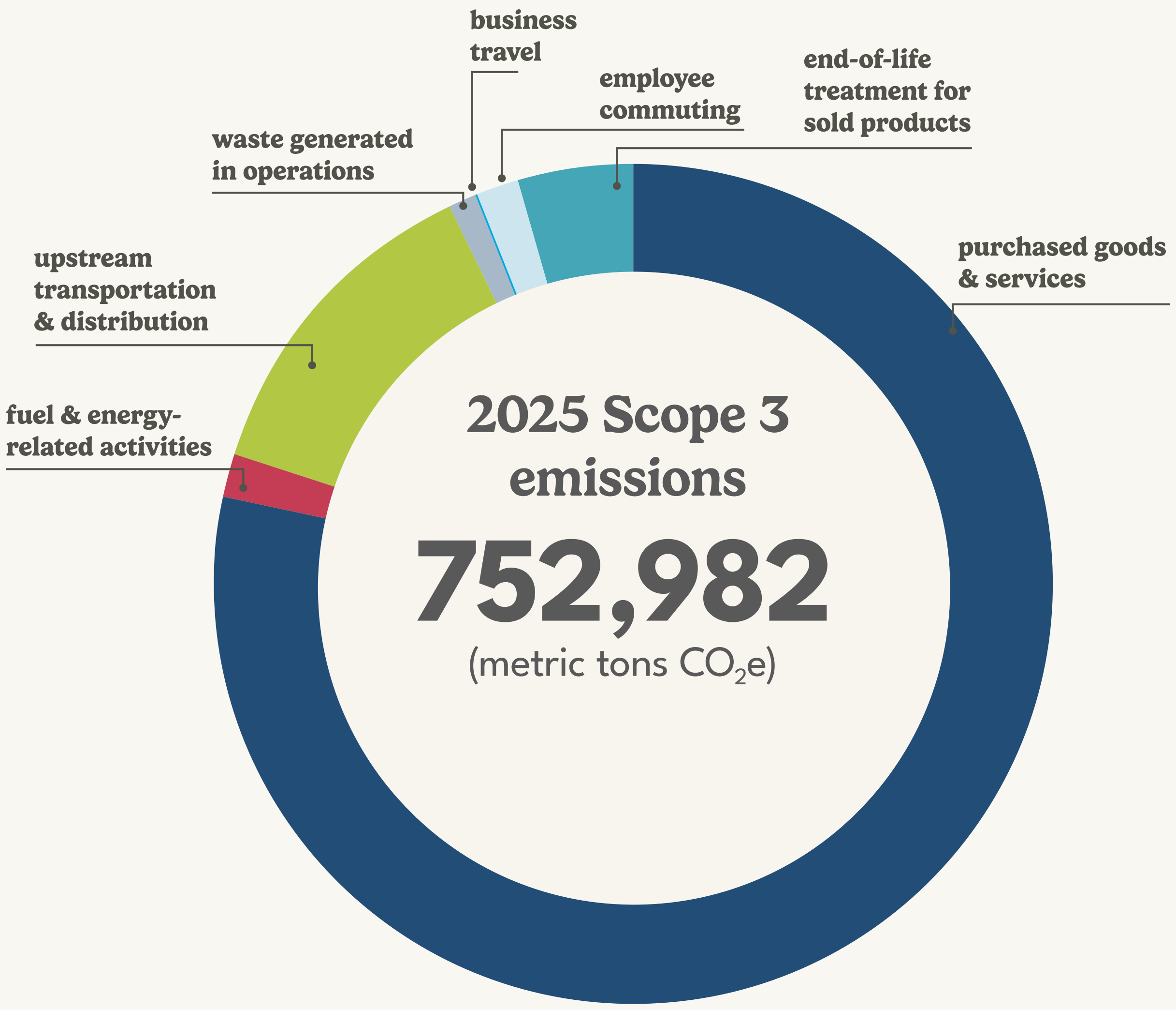
scope 3 emissions

Scope 3 emissions make up the bulk of our GHG emissions, so we have established a supplier engagement target that requires 77% of our purchased goods and services suppliers (by spend) to set science-based targets by 2027. In 2025, we worked with our suppliers to increase data completeness and accuracy by tracking their progress through Cascale's Higg Facility Environmental Module (FEM). Currently, 69% of purchased goods and services suppliers by spend and 65% of them by count have established such targets, an increase of 11 and 13 percentage points respectively compared to 2024.

GOAL
Require **77%** of our purchased goods and services suppliers (by spend) to have science-based targets by 2027

2025 PROGRESS
69% of these suppliers (by spend) and **65%** by count have set science-based targets





2025 Scope 3 emissions

purchased goods & services
CATEGORY 1
591,763 metric tons CO_2e

fuel & energy-related activities
CATEGORY 3
10,653 metric tons CO_2e

upstream transportation & distribution
CATEGORY 4
98,184 metric tons CO_2e

waste generated in operations
CATEGORY 5
6,679 metric tons CO_2e

business travel
CATEGORY 6
1,377 metric tons CO_2e

employee commuting
CATEGORY 7
11,070 metric tons CO_2e

end-of-life treatment of sold products
CATEGORY 12
33,257 metric tons CO_2e

our suppliers

Collecting comprehensive and accurate supplier data is fundamental to managing and reporting our Scope 3 emissions. Historically, we've collected data from our suppliers through direct engagement and through industry standard tools to create a holistic picture of our supply chain emissions.

The majority of our Scope 3 emissions come from our Tier 1 suppliers and logistics providers, from whom we are able to collect primary data. This allows us to:

- Track progress toward our science-based target with increased accuracy
- Identify potential opportunities for improvement of data collection
- Evaluate potential reduction initiatives and improvements undertaken by our suppliers

Our logistics providers also share data and emissions reduction opportunities, which can help guide our transportation purchasing decisions. Also, through our RFID technology, we can optimize shipment delivery efficiency and enable real-time tracking and improved inventory management.

In 2025, we leveraged the Higg FEM to assess supplier environmental impacts, like energy and water consumption. The Higg FEM also helps us identify ways we can support our suppliers in developing their carbon reduction strategies. In 2025, more than 99% of our Tier 1 and 96% of our Tier 2 suppliers completed the Higg FEM, which included information on their science-based emissions, water, and waste reduction targets.

Additionally, our strategic supplier assessment framework incorporates ESG criteria, including environmental initiatives, worker empowerment programs, and public disclosure. This framework is intended to inform supplier selection and production allocation decisions.

supplier engagement

In 2025, we were pleased to take part in the Environmental Defense Fund Climate Corps® fellowship program. Our summer fellow identified opportunities for us to deepen our engagement with suppliers and help meet our commitment to having 77% of suppliers (by spend) adopt science-based targets by 2027. The fellowship aimed to accelerate progress toward this goal by improving supplier data accuracy, adding sustainability metrics to our vendor onboarding and performance reviews, creating an engagement framework that rewards progress, and equipping sourcing teams with guidance and training. Through this work, we have a path toward strengthening our process for environmental data collection, building a recognition and incentive program for top suppliers, and designing a communications and training plan to equip internal sourcing teams and external vendors to reduce emissions, which we plan to implement in 2026.

life cycle assessment

We anticipate our goal to transition to 100% sustainably sourced cotton by 2030 will reduce GHG emissions from raw materials. To measure this impact, we launched a cradle-to-gate life cycle assessment (LCA) in 2023 on our best-selling product that year—the six-to-nine-month bodysuit five-pack. To expand our understanding, in 2024, we began additional LCA work on our top three best-selling products of the year—girls' cotton briefs, three-month bodysuit, and set of toddler pants.

In 2025, we piloted two LCA tools that could enable broader, deeper, and more timely assessment of our product portfolio. The pilot covered more than 16 environmental impact categories, including climate change, water use, and land use. We evaluated these impacts across various stages of the chosen products' life cycles, including raw materials acquisition, manufacturing, distribution, use phase, and end-of-life treatment. These efforts have provided visibility into which stages of a product's life cycle may be most impactful by category, and we plan to develop targeted disclosure and reduction strategies going forward.

Recognizing the importance of post-purchase impacts in our emissions reduction journey, we include cold-water wash instructions on all care labels to minimize customer energy consumption and its associated environmental impacts.

three-month bodysuit

set of toddler pants

girls' cotton briefs

biodiversity

We believe it is our responsibility to protect and preserve the natural environment that future generations will inherit. Our partnership with the Arbor Day Foundation continues to demonstrate our commitment to environmental stewardship and biodiversity conservation.

We acknowledge the interconnection of our business operations with biodiversity and ecosystem health. Our collaboration with the Arbor Day Foundation strategically addresses multiple priorities:

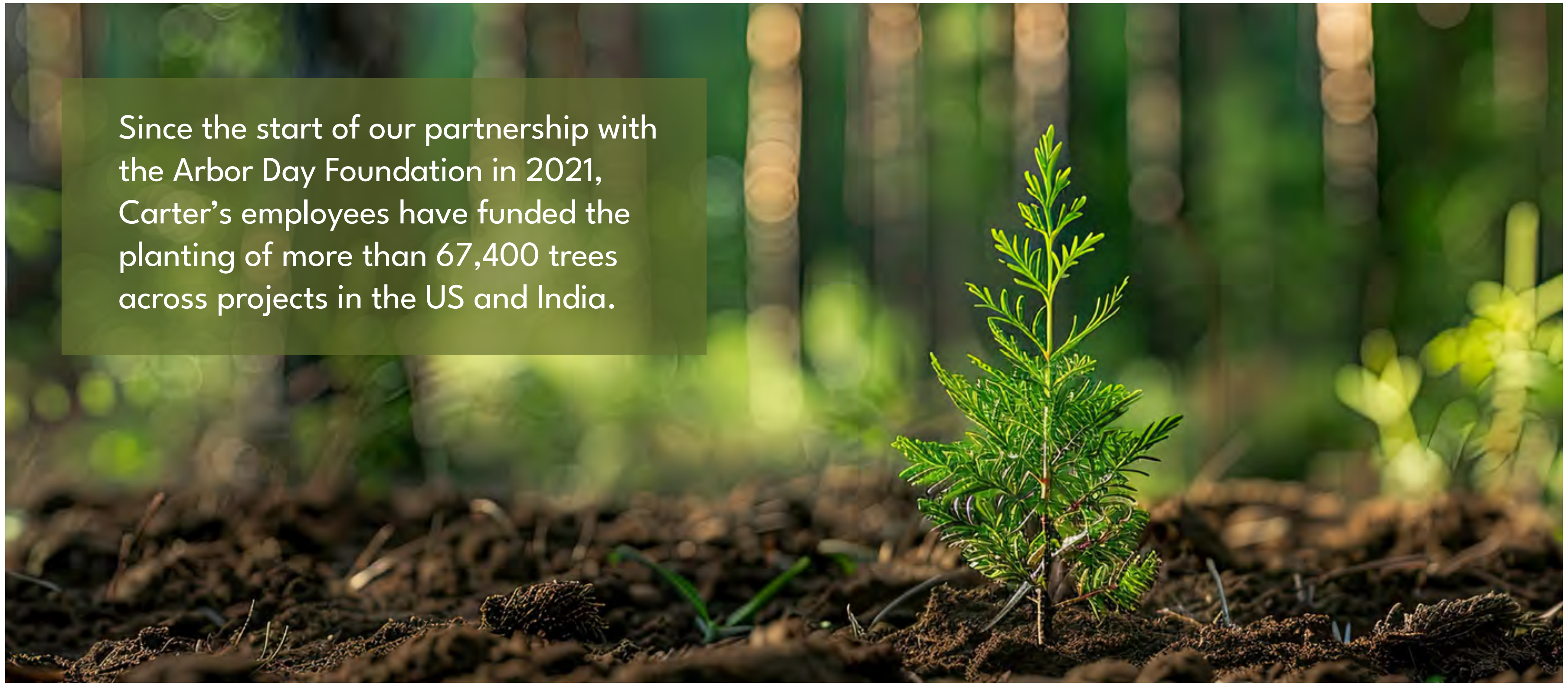
- Carbon sequestration to support emissions reduction
- Water conservation in key manufacturing regions
- Biodiversity protection in critical ecosystems
- Employee engagement in environmental initiatives

Through our contributions to the Arbor Day Foundation, we helped:[19]

Remove nearly 870 metric tons of CO_2—equal to taking nearly 200 cars off the road for a year

Prevent nearly 73,000 gallons of runoff—enough water for 886 people a day

Eliminate 8 tons of air pollutants—providing a day of oxygen for 56,000+ people



While we've made significant progress in our reforestation efforts, we recognize the need for a more comprehensive approach to biodiversity protection. The apparel industry faces unique challenges in measuring and managing biodiversity impacts throughout the supply chain, from cotton cultivation to final product distribution. We are exploring additional ways to reduce our impact on biodiversity and expect to disclose progress in future reporting.

[19] These figures are estimated benefits over 40 years and were provided by the Arbor Day Foundation using the i-Tree Planting calculator, developed by the USDA Forest Service, and the EPA's Greenhouse Gas Equivalencies Calculator.

waste

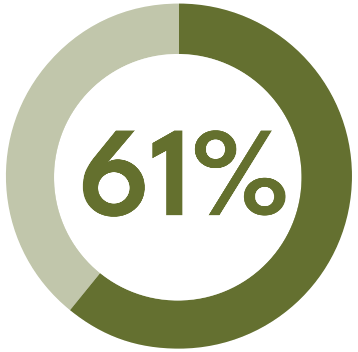
We continued working toward our goal to divert 80% of our operational waste[20] from landfill by 2025, and achieved an overall diversion rate of 61%, led by our distribution centers which diverted 80% of their waste from landfill.

We aim to replicate the success of our distribution centers across all operations; however, data collection and waste management capabilities vary across locations, affecting our access to primary data. We directly manage waste and can obtain primary data from approximately 200 stores through a dedicated waste services provider. The remaining retail locations operate under landlord-managed waste systems. For these locations, we estimate waste volumes by extrapolating data from directly-managed stores using an average per square foot of retail space. Given these challenges, we were unable to meet our 80% diversion goal. However, we are reevaluating a new waste goal pertaining to those operations that we have more primary control over, and we will report our progression in future updates. Detailed waste metrics are third-party validated and can be found in our disclosure indexes.

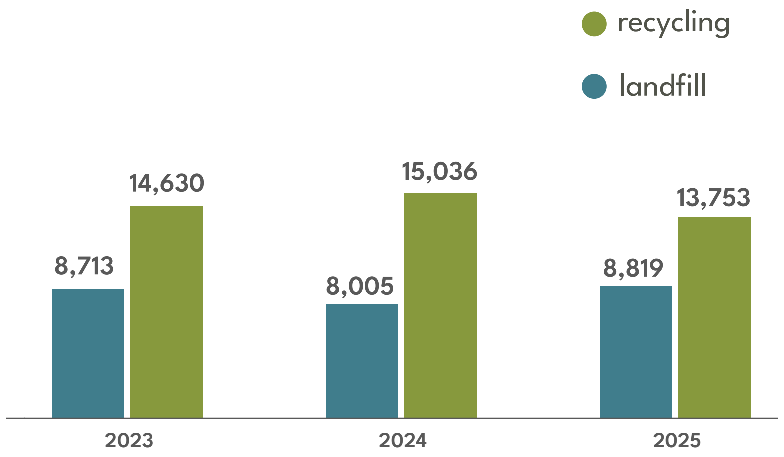
At the end of 2025, we also made a commitment to reduce single-use plastics in our corporate headquarters. We are reducing the use of plasticware and water bottles and have gifted employees with reusable cutlery. While this was a small change, it was a meaningful step toward reducing our overall plastic use and waste.

GOAL
Divert **80%** of operational waste from landfill by 2025

2025 PROGRESS
61% of waste diverted from landfill



waste from direct operations (tons)



electronic waste management

Carter's headquarters in Atlanta, Georgia, has participated in the building's electronic waste recycling program for many years. Through this program, we collect electronics that have reached the end of their lives and provide them to our landlord. The landlord works with a certified recycler who follows federal guidelines to ensure they do not end up in landfills. Since 2023, we have collected more than 20,000 pounds of electronics for recycling.

[20] Operational waste includes waste disposed of at our offices, retail stores, and distribution centers.

product circularity

A circular fashion economy promotes products designed for regeneration by using safe, recycled, and renewable materials to extend product lifespan. Carter's is working toward product circularity by first exploring more sustainable alternatives to end-of-life solutions.

The children's apparel sector presents unique opportunities and challenges for circularity. The inherent "hand-me-down" nature of children's clothing aligns naturally with circular principles, yet factors like fiber-to-fiber recycling technology and the availability and cost of recycled textile inputs present challenges. Through carefully designed programs and partnerships, we are creating and seeking scalable solutions that address these industry-specific challenges while meeting our consumers' increased demands for sustainable products.

pre-consumer textile recycling

Pre-consumer textile recycling reclaims production waste like factory overruns or garments with errors before they are sold to consumers. Since these materials are clean and pre-sorted, they are easy to process, helping to reduce landfill waste and preserve resources. In 2025, we launched a pilot with a materials collection and sorting provider. Collected garments were either recycled or downcycled through shredding to produce "shoddy," which is then used to make performance products like acoustical dampening material, insulation, and athletic equipment filling material.

Nearly 17,000 pounds of mixed fibers were repurposed or downcycled, avoiding the landfill, in 2025.

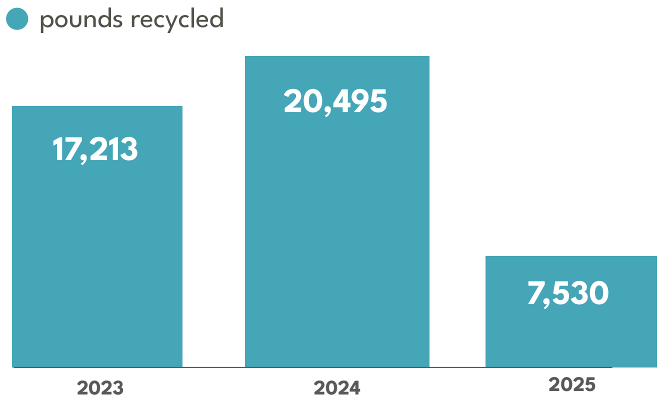
post-consumer textile recycling

Our flagship circularity program, KIDCYCLE™, continues to demonstrate the potential for scaled textile recycling in the children's apparel sector. The original program allowed customers to mail apparel that would otherwise be discarded, to our partner, TerraCycle, for recycling at no cost. TerraCycle sorts, shreds, and transforms the collected materials into items such as insulation for mattresses, pet bedding, and sports equipment.

KIDCYCLE™

In 2025, we evolved our approach to KIDCYCLE™ to strengthen our collection infrastructure while improving customer visibility and accessibility to the program by offering in-store drop-off locations at approximately 140 U.S. stores from May through August. In half of these stores, we offered consumers a discount toward a future purchase, and in the other half, we did not, so that we could evaluate whether an incentive supported consumer engagement with the drop-off bins. The total pounds of apparel recycled in 2025 decreased compared to prior years, due to the shorter collection period, but the overall results from the new approach were positive and drove expansion of in-store collection to nearly 700 retail stores in 2026.

KIDCYCLE™ recycling



carter's

product circularity

extended producer responsibility (EPR)

The regulatory landscape for packaging and textile waste is rapidly evolving, driven by new EPR laws emerging across multiple jurisdictions where we operate. Through many of these regulations, Carter's is defined as a "producer" and is held responsible for the full life cycle of our packaging and textile products, as applicable by these laws. This includes how these items are disposed of at the end of life. While we currently manage packaging EPR obligations in the U.S. and other countries, the introduction of similar requirements in additional jurisdictions and the inclusion of textile requirements will expand our responsibilities.

We are actively preparing for increasing EPR regulations through activities such as:

- Registering with compliant Producer Responsibility Organizations
- Creating implementation plans for upcoming state-specific requirements
- Developing comprehensive, internal packaging data tracking systems
- Exploring expansion of eco-modulation opportunities (product recycling, reuse, resale, etc.), including through our KIDCYCLE™ program, to optimize future compliance costs

packaging

Packaging is vital for product protection, from manufacturing to the customer's home. It also serves as a key first impression, whether via checking a tag or unboxing an eCommerce order. To meet evolving regulations and consumer expectations, we are refining our strategy to drive meaningful impact. Our approach focuses on serving our customers while eliminating waste, maximizing recycled content, and enhancing recyclability—without compromising the safety or integrity of our products.

elimination

Removing unnecessary packaging

optimization

Improving packaging efficiency and reducing materials

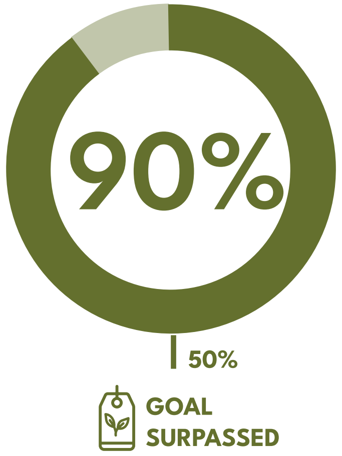
innovation

Increasing recycled content and testing new materials

GOAL
Achieve **50%** reduction in virgin plastic packaging by 2030

2025 PROGRESS
Reduced the use of virgin plastic packaging by **90%** compared to the 2022 baseline

90% of our total plastic packaging was made of recycled content



2025 packaging reduction efforts

retail operations

- Transitioned from plastic to paper shopping bags at select store locations

distribution centers

- Maintained carton reuse for shipping from distribution centers to retail stores, with approximately 100% of corrugate boxes reused
- Generated cardboard recycling rebates

product packaging

- Committed to transition to 100% recycled content hangers for Carter's brand retail stores and non-exclusive wholesale accounts by 2026[21]
- Skip Hop continued using 100% recycled polybags and printed retail packaging across soft goods lines

[21] Both types of hangers will be in circulation as we phase out our existing hanger inventory.

water

managing our water impact

At Carter's, we recognize our responsibility to support adequate water access for future generations by minimizing water consumption across our operations and supply chain, focusing particularly on our manufacturing processes where we have the greatest opportunity for impact. This can be challenging due to the nature of the textile industry, where manufacturing processes are water intensive.

Balancing consumer preferences for soft, comfortable clothing with water reduction goals are part of this ongoing challenge. However, we see these challenges as opportunities for innovation.

GOAL

Reduce water usage in the manufacturing and washing of our products

2025 PROGRESS

Reduced water usage in the manufacturing of our OshKosh overalls by more than 2.6 million liters, **a reduction of more than 20% of liters per garment**

We have developed a two-pronged strategy that balances innovation with practical optimization:

embracing technological innovation

In 2025, we expanded use of ozone washing technology for a portion of our OshKosh brand—our World's Best Overalls™—and a portion of our denim production for Carter's playwear and Little Planet. This innovative wash approach marks a significant shift from conventional washing methods.

reimagining design processes

Our design teams are pioneering new ways to achieve the soft, comfortable feel parents expect from Carter's products while minimizing water usage. We continue to explore alternative fabric finishing techniques that create the same cozy feel without water-intensive washing processes.

Over the last few years, we have reduced the number of overall styles that require additional garment washing in the manufacturing process. While our overall style count grew in 2025, washed styles still represent only 14% of our assortment. Since 2019, we have reduced the number of styles needing additional garment washing by 6%.

To enhance accountability and to track our progress, we have implemented the Environmental Impact Measuring (EIM) software of Jeanologia—a comprehensive monitoring tool that provides enhanced visibility into our washing processes. This system scores each wash process based on water usage, energy consumption, and chemical impact, helping us make data-driven decisions about our manufacturing processes. EIM complements our use of the Higg Index to further reduce water usage in the manufacturing and washing of our products.

carter's

climate risks & opportunities

Our annual climate risk assessments, aligned with the Task Force on Climate-related Financial Disclosures (TCFD), evaluate physical and transition risks across our stores, distribution centers, suppliers, and cotton sourcing. Through these assessments, we gain insight into the short-, medium-, and long-term adverse impacts that climate change could have on our business and operations, along with the potential strategic business opportunities. In 2024, we began working with industry experts to quantify these potential impacts. Our 2024 risk assessment focused on modeling the financial impacts of previously identified risks and opportunities.

transition risks

Policy, legal, technology, market, and reputation risks can impact our business in the short-, medium-, and long-term. For example, Carter's could be impacted if global suppliers decide to pass additional costs from current and emerging regulation related to emissions reductions or global carbon tax schemes. Additionally, increasing consumer awareness of environmental issues has sparked industry pressure for companies to offer more sustainable products, allowing consumers to make conscious decisions.

The failure to meet or properly report progress on our climate targets, public expectations, or regulatory requirements may result in reputational damage or other adverse effects. Public expectations for reductions in greenhouse gas emissions could also result in increased energy, transportation and raw material costs, and may require us to make additional investments in facilities and equipment.

time horizon:

S - short: 0–1 years (2025) **M - medium:** 2–10 years (2035) **L - long:** 11–25 years (2050) The potential financial impacts for all impact areas are discounted values in the year 2035.

transition risk	potential impacts	time horizon	response
policy/legal	• There is potential for a significant cost burden to Carter's if global suppliers decide to pass the additional costs from current and emerging regulation related to emissions reductions, utility/energy usage, etc., to their buyers • China's Emissions Trading Scheme is set to expand and could have a waterfall effect on costs for suppliers and, thereby, increase raw materials costs for Carter's • Potential carbon taxes around the globe could affect upstream operations, including the import of materials and finished goods • Increasing and emerging regulation on extended producer responsibility for both packaging and textiles can increase regulatory fees for Carter's – Potential Financial Impact: ~\$2M–\$5M	S M L	• Continuously monitor emerging legislation on a global scale, such as from the E.U. and various U.S. states, like California, to determine its impact on our business. This legislation includes, but is not limited to, climate disclosure and extended producer responsibility
technology	• Improvements in technology may influence the viability of the use of alternative materials	M L	• Continuously evaluate alternative material options, using the principles of life cycle assessment to inform decision-making
market	• Increasing consumer awareness of environmental issues has sparked a trend in the industry of offering more sustainable products, allowing customers to make more conscious decisions. Companies that do not recognize this trend may be perceived to be behind market expectations • Increased raw material costs for key fabrics such as cotton – Potential Financial Impact: up to \$60M	S M L	• Continuously monitor consumer expectations and trends to inform decision-making • Set ambitious climate and environmental goals • Extend traceability of cotton to Carter's fabric mills by implementing country-of-origin testing technology
reputation	• There is potentially a significant positive or negative financial impact associated with reputational impacts based on climate inaction or industry-leading climate action • Public expectations for reductions in greenhouse gas emissions could also result in increased energy, transportation, and raw material costs • If Carter's is not proactive in setting and achieving its climate targets, there could be a negative impact on consumers' perception and a decreased ability to participate in the expanding low-carbon market – Potential Financial Impact: \$90–\$150M	M L	• Evaluated industry peers' climate change commitments and reporting to better inform our own climate strategy • Pledging to become net zero in our own operations by 2040 and set a near-term target approved by SBTi

climate risks & opportunities

physical risks

Our business is susceptible to natural conditions and severe weather events, which could influence customer demand, consumer traffic, and shopping habits, as well as disrupt production along the supply chain. For example, severe weather events and other acute and chronic climate-related risks could affect timing and demand for our products and, thereby, have an adverse effect on our operational results, financial position, and cash flows.

Frequent or unusually heavy or intense snowfall, flooding, hurricanes, heat stress, sea level rise, or other extreme weather conditions over an extended period could cause our stores or distribution centers to close for a period of time or permanently. They also could make it difficult for our customers and employees to travel to our stores or to receive products shipped to them, which in turn could negatively impact our operating results. In addition, changes in 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.

time horizon:

S - short: 0–1 years (2025) **M - medium:** 2–10 years (2035) **L - long:** 11–25 years (2050)

The potential financial impacts for all impact areas are discounted values in the year 2035.

physical risk	potential financial / operational impacts	time horizon	response
acute	Includes extreme weather events, e.g., severe flooding, droughts. • May disrupt production along the value chain (upstream, direct operations, and downstream) • May negatively impact consumer discretionary spending and negatively impact our sales and results of operations • Flooding of high importance for retail stores due to potential merchandise damage and inability for customers/employees to travel to affected locations • Could result in higher distribution expenses, revenue loss, and lower profit margins	S M L	• Continue to monitor and evaluate corporate climate risk, complete our annual GHG inventory, and develop and manage an ambitious climate strategy • Retail, Real Estate, and Sourcing teams to incorporate climate risks into criteria for opening new stores and onboarding new vendors, based on location
chronic	Includes increased temperatures, extreme rainfall, sea level rise, water scarcity, etc. • May disrupt distribution activities in the southwest and southeast U.S., including retail and distribution centers • Could result in higher operating costs, supply disruption, and property damages	L	

carter's

climate risks & opportunities

opportunity

Climate change presents an opportunity to offer carbon-reduced or carbon-neutral products which are growing in demand and expected to continue to grow in demand as consumers become more climate-conscious. Certain of our products (including Little Planet) are available with climate-related designations for certain wholesalers, which provides an opportunity to reach the growing customer segment seeking environmentally friendly products.

These initiatives support Carter's development and expansion of product offerings that have sustainability attributes that resonate with consumers' shifting preferences. As Gen Z ages, they are rapidly replacing Millennials as the dominant generation to be in the prime age for becoming new parents. Fifty-eight percent of Gen Z are already adults, and the oldest of Gen Z are now 27.[22] According to Deloitte, this emerging generation of new parents prioritizes sustainability and cares deeply about the environment.[23]

time horizon:

S - short: 0–1 years (2025) **M - medium:** 2–10 years (2035) **L - long:** 11–25 years (2050)

The potential financial impacts for all impact areas are discounted values in the year 2035.

opportunities	potential impacts	time horizon	response
resiliency	• Strong climate action and target setting can create resilience, in part by meeting stakeholder expectations • Could lead to indirect operating costs • Could avoid increased indirect operating expenses	S M L	• Set a science-based target to reduce 50% of Scope 1 and 2 emissions by 2030 from a 2019 base year and committed to becoming net zero in our own operations by 2040
products & services	• Offering more sustainable products can help meet customer demand and trends – Potential Financial Impact: ~$5–$15M • Expanding supplier engagement through their GHG emissions reporting and climate targets would help develop more accurate accounting and transparency of our own products and supply chain – Potential Financial Impact: $7–$110M	S M L	• Set a goal to ensure 77% of our suppliers (by spend) covering purchased goods and services will have set their own science-based targets by 2027 • Little Planet products are made with sustainable materials. The majority of styles include organically grown cotton, and recycled materials, which are used in certain products, such as swimwear • New PurelySoft sleep collection, which launched in 2023, offers products that are made with wood-based fibers sourced from sustainably-managed forests
resource efficiency	• Reduction of packaging – Potential Financial Impact: ~$10–$20M	S M L	• Converted to 100% recycled content poly mailers across U.S. operations

[22] Insider Intelligence, January 2023.

[23] 2023 Gen Z and Millennial Survey, Deloitte LLP, 2023.

people

our culture

For nearly 160 years, Carter's has been a family-first company—from our products to our brands to our employees. We invest in our teams to foster a work environment where our people are respected, valued, and able to see the impact they make.

employee engagement

Our values-driven culture fosters an environment of high employee engagement. It starts with our people, and we are committed to cultivating a positive workplace culture where our employees feel valued, supported, and empowered to grow. To do this, we regularly gather employee feedback and insights. We also prioritize training, development, and a respectful work environment to help teams thrive while delivering on our purpose to embrace the wonder of childhood and uplift those shaping the future.

field engagement survey

In 2025, we deepened employee engagement efforts through connectivity surveys across our North American retail stores, call centers, and distribution centers, achieving exceptional participation rates averaging 98%. Retail findings indicate a strong and improving workplace culture, with employees highlighting a collaborative, team-oriented environment, effective district-level leadership, and a consistent focus on integrity and high service standards. Targeted pulse surveys and associate relations assessments within our distribution center network focused on previously identified higher-risk areas, and results showed strong progress in organizational culture, teamwork, leadership effectiveness, and communication.

Overall, results reflect a healthy, well-connected workforce with low organizational risk and positive momentum across key engagement drivers.

recruitment

Our recruitment strategy focuses on leveraging technology and strategic partnerships to enhance the candidate experience while driving operational efficiency.

ai-powered recruiting

We continued utilization of our AI-powered virtual assistant, Alicia, to streamline our recruitment process by scheduling over 11,400 interviews in 2025. In 2025, we implemented Alicia to all retail stores across the U.S. and Canada. This expansion has enhanced our hiring process by enabling immediate candidate engagement and reducing the administrative burden on store managers. Early results show improvement in time-to-hire metrics, with locations reporting successful hires completed within minutes of application submission.

tracking our progress

Our investments in recruitment marketing and technology yielded strong results in 2025. By leveraging digital platforms and strategic partnerships, we significantly expanded our talent pipeline while improving operational efficiency in our hiring process. This approach proved particularly valuable for our peak seasonal hiring periods, during which we successfully met all staffing goals across our retail and distribution centers.

Over 15M impressions via digital recruitment marketing

371,000 applications completed

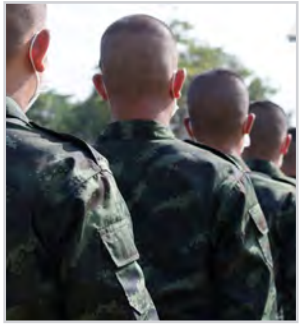
Over 15,000 positions filled

partnerships

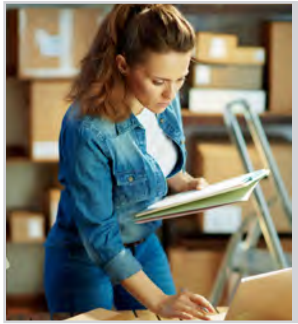
We expanded our strategic outreach through targeted partnerships that align with our commitment to building a talented workforce across all levels of our organization. Our approach focuses on creating meaningful connections with educational institutions and professional organizations to develop sustainable talent pipelines for our growing business.

partnership highlights

Continued presence at Historically Black Colleges and Universities in the Atlanta area, including Spelman College, Morehouse College, and Clark Atlanta University



Continued collaboration with military-focused organizations supporting veteran recruitment



Deepened relationships with local workforce development organizations near our distribution centers

Engaged with alumni networks to tap into experienced professional talent pools

Partnered with National Black MBA Association to host networking and professional development events at our headquarters in Atlanta

career development

Our commitment to investing in people remains central to who we are as an organization. In 2025, we strengthened our focus on employee development. By equipping employees with the tools to navigate their own growth, we are not only enhancing individual performance but also advancing our long-term goal of fostering an engaged workplace culture.

Our development strategy is built on three pillars:

1. Empowering employees to take ownership of their career journey
2. Providing structured pathways for growth
3. Supporting development through multiple learning channels

development pathways & frameworks

In 2025, our professional development pathways aligned leadership behavior with career levels.

LEAD SELF
individual contributor

focused on personal excellence, executes plans, and drives results

LEAD OTHERS
leads individual contributors

develops others to maximize performance and works through a team to deliver results

LEAD LEADERS
leads managers of others

sets vision and communicates strategy to achieve results across multiple layers

Each path offers tailored development opportunities through three segments that build upon each other.

foundation
essential skills and knowledge

enrichment
enhanced professional development opportunities

acceleration
advanced programs for career growth

career development

carter's signature development programs

In 2025, we continued our core development programs.

accelerated development program

The 12-month program supports both high-potential emerging and advanced leaders in strengthening their leadership skills. Participants take part in assessments, 360° feedback, leadership roundtables, and mentorship and networking opportunities.

field leadership development

These targeted programs for entry- to senior-level retail store and distribution center leaders focus on accelerating leadership capabilities, cultivating succession pipelines, and retaining top talent.

executive development program

This six-month program guides recent college graduates in transitioning from campus life to entry-level corporate roles through hands-on and cross-functional learning experiences.

training & learning

We are committed to supporting our employees' growth through a variety of learning opportunities across Carter's. From on-the-job training and development sessions to online courses and leadership programs, employees have access to resources to enhance their skills and career development. These combined efforts contribute to our total training hours, reflecting our dedication to continuous learning at every level.

training & development

171,703
total training hours

11.4
training hours per employee

In 2025, we introduced LinkedIn Learning, an enterprise-wide initiative that encourages self-directed development. This hub supports employees in creating learning paths, identifying career goals, and gaining knowledge to become a subject matter expert. Content is suggested to employees based on their experiences and skills listed in their LinkedIn profiles. This has become a widely used tool to advance self-directed, leader-led development and is offered to all office employees and selected roles within our retail store and distribution center environments.

Looking ahead, we will continue to:

- Integrate new development frameworks across the organization
- Enhance learning offerings to align with business needs
- Advance succession planning through targeted development initiatives
- Leverage AI-assisted tools to personalize learning and development

benefits & well-being

At Carter's, we understand that supporting our employees extends beyond the workplace. We offer a robust benefits package designed to support employees at every life stage and career level. In response to evolving employee needs, we enhanced our benefits package in 2025 through several key initiatives that reflect our commitment to addressing workforce challenges.

financial support

- Absorbed medical premium increases to reduce financial burden of inflation on employees for the third time in five years.
- Increased new parent gift card value from $50 to $100 to celebrate births/adoptions.

health support

- Introduced a new Annual Physical healthy living credit as part of the medical plan to encourage individuals to monitor their health and identify any issues early.

In 2025, Carter's was recognized by the Dave Thomas Foundation for Adoption (DTFA) as one of the nation's top 5 adoption-friendly retailers, ranked No. 3, and a DTFA 2025 Adoption Advocate. The award recognizes organizations that offer financial reimbursement, paid leave or both, to make adoption and foster care supported options for every working parent.

For further information on Carter's full suite of benefits, refer to the disclosure indexes.

401(k) matching

Over 92% of eligible U.S. employees participate in our retirement plan, with automatic enrollment for new employees. For 2025, we provided a 100% match for up to 4% of eligible 401(k) compensation, reporting a value of over $9M. Our company match has exceeded benchmark rates for 9 of the past 15 years. In late 2025, we announced that we will be transitioning to a per pay period guaranteed company match in 2026, which provides employees additional predictability as they plan for their future.

living wage

We carefully track Living Wage[24] benchmarks against current wages for our GOTS-certified distribution centers, using industry-standard surveys and data to inform our analyses. While Living Wage targets continually evolve, we monitor and document our progress toward closing any gaps, such as through our merit increase program. This ensures we make informed decisions about wage adjustments that support our employees' well-being.

pay equity

We assess pay equity across our corporate workforce through regular evaluations, upholding equitable compensation across comparable roles regardless of race, gender, or age. Reviews occur during annual and midyear assessments, reorganizations, hiring, promotion cycles, and upon request.

[24] Living Wage is defined as the income needed for basic needs and reasonable living.

employee safety

The safety and well-being of our employees—from our retail stores, to our distribution centers, and to our corporate offices—are fundamental to our operations. We prioritize a proactive approach to workplace safety that is rooted in prevention first, rapid response, and continuous improvement. We target programs that address the unique needs and risks of each workplace environment.

prevention first

We conduct ongoing safety training and communications that allow us to emphasize injury prevention throughout our operations. Our distribution centers conduct daily briefings at the start of each shift, focused on safety awareness and injury prevention techniques, addressing acute and repetitive stress injuries. This consistent communication ensures safety remains a top priority in our daily operations.

rapid response & support

In the event that an injury does occur, we provide comprehensive support to employees so that they receive proper care and can safely return to work. When an injured employee needs time to recover, we offer a temporary light-duty program, which helps them maintain employment while recovering. This approach also has contributed to lower workers' compensation costs.

emergency preparedness training

In 2025, we strengthened corporate and distribution center safety preparedness by completing active incident site assessments across all locations to identify vulnerabilities and enhance readiness, and we delivered practical, scenario-based active incident training designed to build employee confidence, decision-making, and real-time response capabilities.

safety metrics[25]	2023	2024	2025
distribution center TRIR[26,28]	10.3	9.5	7.3
retail TRIR[27, 28]	4.3	3.6	1.8
distribution center DART[29]	8.5	7.8	6.2
retail DART[29]	2.9	2.5	1.2
fatalities	0	0	0

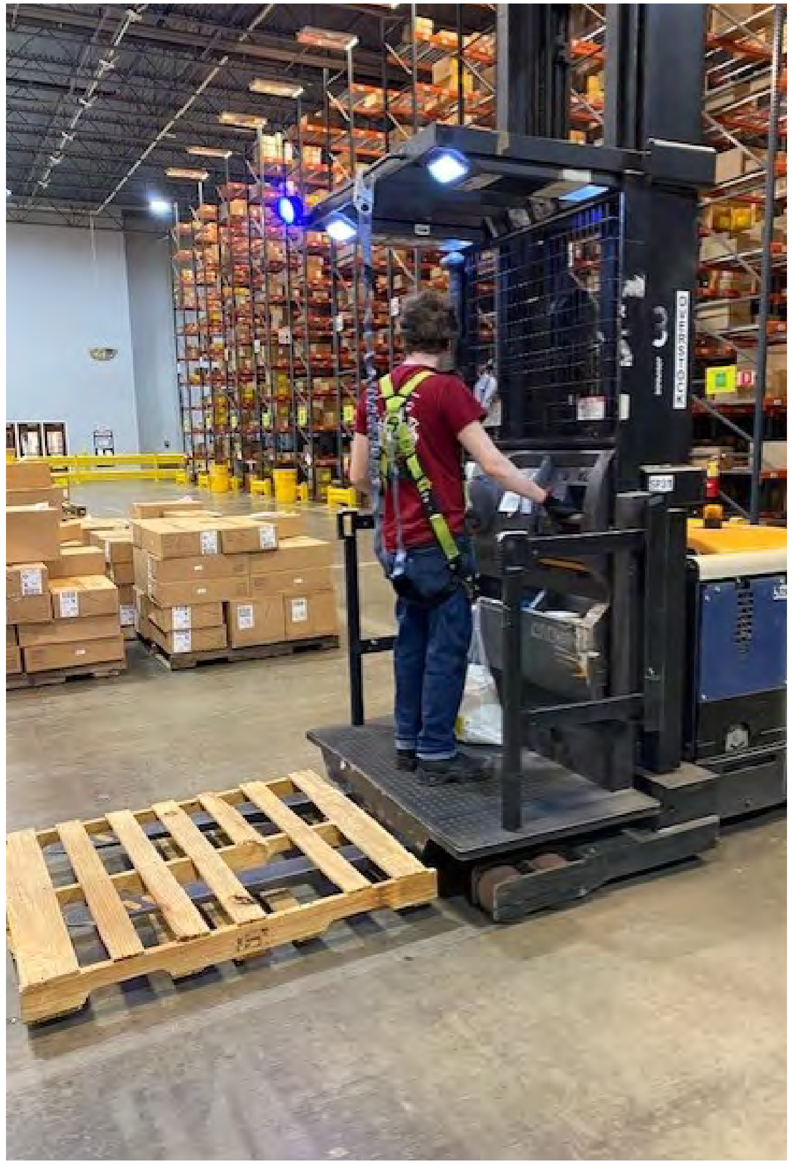
[25] Data is for U.S. locations only.

[26] Top injury types at distribution centers include struck by/against objects, slips/trips/falls, and lifting.

[27] Top injury types at retail stores include slips/trips/falls and struck by/against objects.

[28] Total Recordable Incident Rate (TRIR) = (Number of recordable injuries and illnesses × 200,000) / employee hours worked.

[29] Days Away, Restricted, or Transferred (DART) rate = (Number of OSHA recordable injuries and illnesses that resulted in days away, restrictions, or transfers × 200,000) / employee hours worked.



carter's

- contents
- about
- product
- planet
- people
- indexes

diversity & inclusion

GOAL
Increase our African American and Hispanic consumers by **10%** by 2025 from a 2022 baseline

2025 PROGRESS
In 2025, decreased 3% from the original 2022 baseline

We are committed to attracting and retaining multicultural consumers and building a workforce that supports these efforts. By 2040, we anticipate that our consumer base will be more diverse than ever, and we recognize that building authentic, inclusive connections is essential for our growth.

We seek to empower employees with diverse experiences and ideas, believing that an inclusive workplace is a catalyst for innovation that will give us a competitive edge. Carter's does not tolerate any form of discrimination, and the prohibition against discrimination extends to our consumers and business partners.

our diversity & inclusion strategic framework

marketplace	workplace	community
attract and welcome all customers	enhance our inclusive culture	enhance opportunity in our communities
increase our African American and Hispanic consumers 10% by 2025 from a 2022 baseline	attract and retain broad representation of top talent needed to achieve business goals	continue to grow our Supplier Diversity program

marketplace diversity

We believe the decline in our African-American and Hispanic consumer base was largely due to macro-economic factors. Despite this, our multicultural marketing efforts contributed to nearly 9% growth above baseline performance. We remain committed to evolving our strategies to better serve and connect with the next generation of parents and caregivers.

carter's

diversity & inclusion

workplace diversity

We strive to create an environment where all employees feel a sense of belonging. We are focused on building a workforce that supports our consumer acquisition and retention efforts through the support of our cross-functional teams leveraging consumer insights to inform our product, marketing, and consumer experience strategies. Our teams are also focused on maintaining fairness across our global enterprise.

Our objective is to hire employees who understand and reflect our multicultural customers. We also prioritize building cultural competency across all employee levels. In 2025, we continued our "Habits of Inclusion" training across all levels, with tailored versions for various teams to support relevance and accessibility.

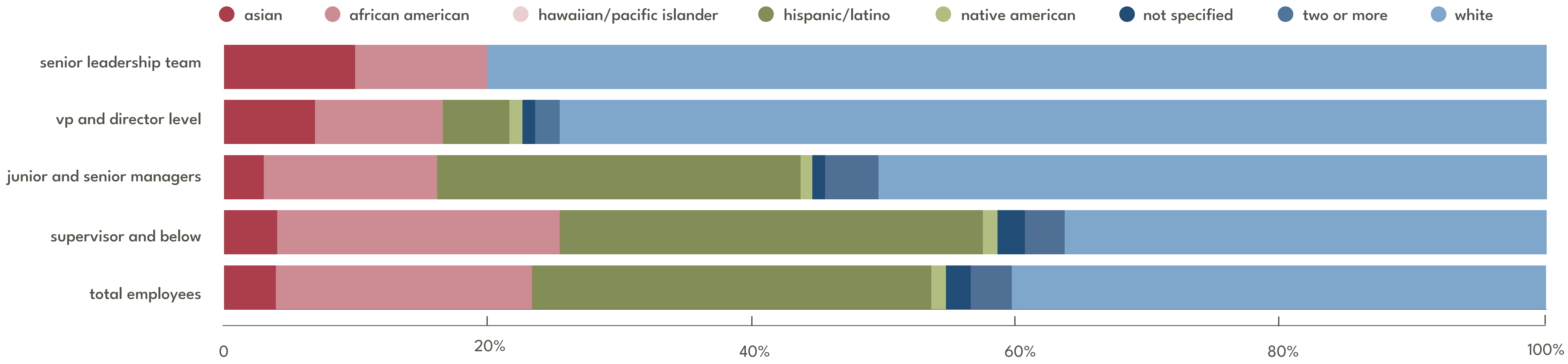
Moving forward, we will continue to explore educational initiatives and reinforce accountability at all levels, supporting the development of the best talent across our organization.

employee demographics: gender[30]

employee population	women	men	not specified
senior leadership team	6	4	-
vp and director level	120	93	1
junior and senior managers	3,660	337	27
supervisor and below	9,308	1,532	348
total employees	13,094	1,966	376

[30] Gender data is global, from January 1, 2025 through December 31, 2025.

employee demographics: race & ethnicity[31]



[31] Race and ethnicity data are U.S. only, from January 1, 2025 through December 31, 2025, and percentages were normalized for visualization purposes.

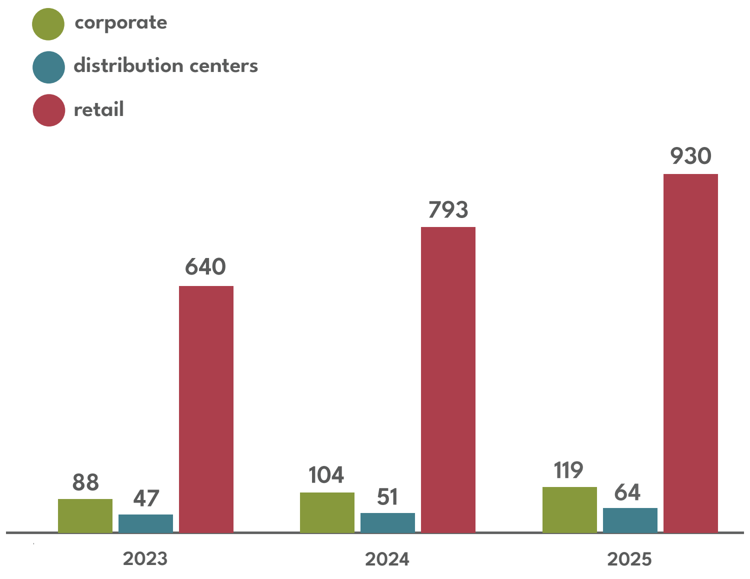
carter's

diversity & inclusion

employees with different abilities

Our efforts focus on creating an inclusive environment where every employee can contribute fully and thrive professionally. As an equal opportunity employer, Carter's is committed to providing equal treatment for all employees, including those with different abilities as defined by the Americans with Disabilities Act. We aspire to address barriers that may inhibit employees' and consumers' access to an equitable workplace and retail experience. We follow state and federal accommodation requirements and, in line with our values, hold discussions that prioritize inclusivity. These discussions ensure that accommodations do not impose undue hardship or pose a threat to the health or safety of individuals while also maintaining confidentiality and dignity. We also welcome certified service animals.

employees with different abilities[32]
(in total numbers)



[32] Employees with different abilities metrics are U.S. only.

supplier diversity

Carter's is committed to expanding business opportunities with traditionally underrepresented businesses, including those owned by women, minorities, LGBTQ+ community members, veterans, and individuals with different abilities. Our vendor information management system allows suppliers to self-manage their profiles—including diversity status and certifications—streamlining engagement with diverse suppliers.

supplier diversity metrics

diverse supplier metrics	2022	2023	2024	2025
diverse supplier spend	$22.1M	$19.2M	$13.5M	$13.7M
% of total in-scope spend[33]	0.90%	0.93%	1.31%	0.87%
# diverse suppliers	45	59	44	93

[33] Items considered within in-scope spend include non-government suppliers located in the U.S. and Canada.

Our membership in the retail industry group within the National Minority Supplier Development Council continues to provide valuable opportunities for:

- Sharing knowledge with industry peers
- Accessing diverse supplier recommendations
- Expanding network opportunities within the retail sector
- Developing best practices specific to retail operations

We experienced an overall increase in number of diverse suppliers, and our total spend with diverse suppliers stayed relatively flat in 2025 compared to 2024. We remain committed to building long-term, mutually beneficial relationships with diverse suppliers while enhancing program accessibility and support.

our communities

uplifting our communities

carter's
CHARITABLE FOUNDATION, INC.

The Carter's Charitable Foundation is our corporate philanthropic program, and it focuses on supporting children's health and well-being, with an emphasis on early childhood education and literacy. We support access to early childhood education in many ways, including, but not limited to, book donations and partnering with organizations to create and sponsor learning and reading materials. Through our philanthropic efforts of charitable giving, product donations, and volunteer efforts, we aim to support diverse groups of children and families in raising future generations.

In partnership with our employees and customers, our three-pronged approach includes:

company giving

The Company provides product and in-kind donations, while Carter's Charitable Foundation, Inc. provides financial support to various charitable partners. In 2025, we donated almost 700,000 units of baby and children's apparel to our product donation partners, operating throughout the U.S. This supports our landfill diversion efforts through reuse, while allowing us to support communities in need.

employee giving

Each year, eligible full-time U.S. and Canadian employees can take advantage of 16 hours of paid volunteer time and $500 in gift-matching for qualifying donations. Starting in 2024, each U.S. and Canadian retail store was provided 16 paid volunteer hours for store employees to share.

customer giving

We engage with our customers to involve them in our charitable efforts through retail campaigns such as Boys & Girls Clubs of America and Beyond Bedtime, formerly known as the Pajama Program.

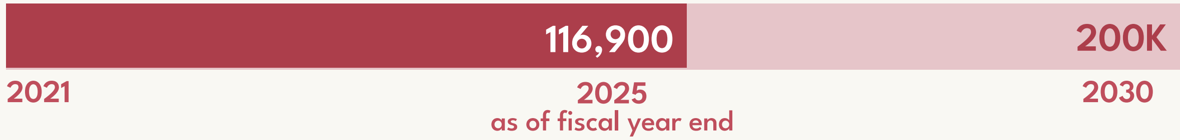
We are actively advancing our community impact efforts with an approach that combines global reach and local engagement. Our strategy focuses on creating meaningful change through strategic partnerships and targeted community investments.

our communities

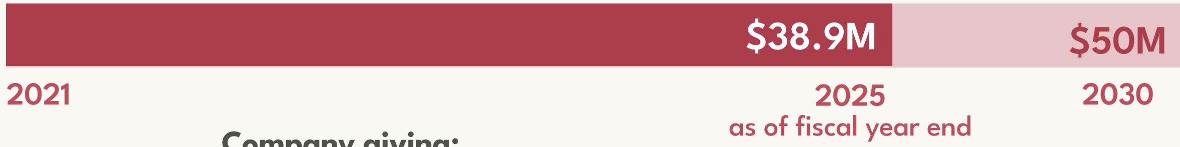
goal by 2030	progress
Improve the well-being of at least 10 million lives	lives impacted
Volunteer over 200,000 hours	volunteer hours
Invest more than $50M toward improving the lives of children	investment

lives impacted

volunteer hours



investment



[34] Includes ~$1.4M donated from the Carter's Charitable Foundation, Inc.

our communities

global reach with local impact

Our strategy centers on creating meaningful impact at both the global and local levels.

In 2025, we deepened our transformative multi-year partnership with Boys & Girls Clubs, to support early childhood education and literacy. This partnership exemplifies our strategy, as nearly all of our national retail locations are within a few miles to a Boys & Girls Club, and focuses on two key initiatives:

- Expanding Club access for children ages 0-5 through the creation of early childhood development resources
- Developing new summer education curriculum focused on literacy for children ages 6–9

Our first two years of partnership have already demonstrated meaningful progress through the creation of the summer curriculum, expansion of employee volunteer opportunities across our retail stores, and the hosting of 2024 and 2025 National Youth of the Year Finalists in our hometown of Atlanta.

cultural celebration through service

In 2025, we continued to bridge global cultural holidays and heritage months with employee volunteer opportunities. The initiative was led by ambassadors from our employee Diversity and Inclusion Council and strengthened connections between those observances and community impact, engaging employees in service projects that directly support multicultural communities

One example of this is we created educational kits for an organization called Communities in Schools during Black History Month and read books focused on Asian heritage in classrooms with the Quality Care for Children organization during AAPI/Asian Heritage Month, among other activities. These initiatives reflect our commitment to support and uplift the communities we celebrate.

To deepen employee awareness and understanding, we also provided educational content on our internal communication platforms, offering the opportunity for employees to learn more about the significance of each cultural holiday we celebrated.

carter's

our communities

atlanta at the heart

Carter's is headquartered in the city of Atlanta, so we owe it to our local communities to strengthen our connection and be more present right here at home.

Some of the local organizations that the Carter's Charitable Foundation supported in 2025 included:

- Soccer in the Streets – supporting Hispanic youth development
- Communities in Schools of Atlanta – advancing educational equity
- Girl Scouts of Greater Atlanta – empowering young women
- YMCA of Metro Atlanta – fostering youth development
- L.E.A.D. Center for Youth – supporting African American youth leadership
- Zoo Atlanta – creating literacy materials for young zoo-goers
- Piedmont Park Conservancy – providing greenspace for the community in the heart of Atlanta

Atlanta, our city in the forest.

carter's

our communities

our community partners

These are some of the organizations Carter's and the Carter's Charitable Foundation are proud to partner with, who are driving meaningful change in the lives of young families every day.

bgc Canada
Boys & Girls Clubs of America
the Y
Communities In Schools Atlanta
Delivering Good Helping Kids and Families
Hope Atlanta
Save the Children
Beyond Bedtime formerly Pajama Program
Blood Cancer United
Quality Care for Children
Soccer in the Streets Atlanta
Sheltering Arms The standard for early childhood education
United Through Reading

indexes

about this report

This report generally covers Carter's, Inc.'s corporate responsibility efforts during fiscal year 2025, although some initiatives launched prior to fiscal 2025 and during fiscal 2026 are included as well. References to 2025, 2024, 2023, 2022, 2021, and 2020 are to calendar years, and references to fiscal 2025, fiscal 2024, fiscal 2023, fiscal 2022, fiscal 2021, and fiscal 2020 are to our fiscal years.

This report includes a Sustainability Accounting Standards Board (SASB) index and addresses topics associated with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. It has been prepared with reference to the Global Reporting Initiative (GRI) Standards and also acknowledges in places how our long-term goals align with and support specific United Nations Sustainable Development Goals (SDGs).

We sought and received limited assurance from an independent external auditor for our performance disclosures on Scope 1 and 2 greenhouse gas (GHG) emissions, water usage, and waste volume. We did not seek or receive external assurance from third parties with respect to other information, although in certain instances, third parties assisted in the process of collecting, analyzing, and calculating information presented in this report. The items we have identified throughout this report reflect our Corporate Social Responsibility (CSR) strategy and programs and should not be construed as a characterization regarding the materiality or financial impact of such issues or related information to our investors. Please see our most recent Annual Report on Form 10-K and our subsequent Quarterly Report on Form 10-Q and Current Reports on Form 8-K for a discussion of risks that may be material to our investors.

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

We map our reporting to specific metrics established by key reporting frameworks, such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD).

carter's

forward-looking statements & other notices

Unless otherwise indicated, this report covers our fiscal year ended January 3, 2026. This Impact Report contains certain forward-looking statements based on Carter's current assumptions and expectations. These statements are typically accompanied by the words "aim," "anticipate," "believe," "commit," "could," "drive," "estimate, "envision," "ensure," "goal," "intend," "may," "might," "mission," "seek," "strategy," "strive," "target," "plan," and "will" or similar words or phrases. The principal forward-looking statements in this report include: our sustainability goals, commitments and programs; our social goals, initiatives, programs and objectives; the scope and impact of CSR risks and opportunities; and standards and expectations of third parties.

All of our forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although we believe there is a reasonable basis for the forward-looking statements, our actual results, including the achievement of our targets, goals, or commitments, could differ materially.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. These risks include, but are not limited to, our ability to achieve our stated diversity, equity and inclusion, CSR and sustainability, and climate change goals, protecting customer and employee data, as well as those risks identified in Item 1A of our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the Securities and Exchange Commission ("SEC"), which should be read in conjunction with the forward-looking statements in this report, as well as other assumptions, risks, uncertainties, and factors identified in this report.

The information contained in this Impact Report also is subject to the precision of our data collection and analysis methods, which are subject to future evolution and calibration. Such information is subject to additional uncertainties, as there are limitations inherent in the data collection and analysis methods.

While we consider information from external resources and consultants to be reliable, we do not assume responsibility for its accuracy. Additionally, all numbers referenced are subject to the quality and comprehensiveness of the reporting received by Carter's from internal and external sources and, therefore, are approximate and/or estimated values. It is also important to note that the availability of data varies from section to section in this report.

Our goals and commitments include aspirational components that may take years or decades to achieve. Carter's cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. We urge you to consider all of the risks, uncertainties, and factors identified above or discussed in this and other reports carefully in evaluating the forward-looking statements in our reporting. Readers of this report are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except for any ongoing obligations to disclose material information as required by federal securities laws, Carter's does not undertake any obligation to publicly update or revise any forward-looking statements after the publication of this report, whether as a result of new information, future events, or otherwise.

un sdg connection

The UN Sustainable Development Goals (SDGs), adopted in 2015, are 17 interconnected goals addressing global environmental, social, and economic challenges. These goals support the 2030 Agenda for Sustainable Development, promoting an equitable and sustainable world.

Across our Product, Planet, & People pillars, we focus our efforts on five of the UN SDGs.

product

grow our sustainable offerings

planet

reduce our environmental footprint

people

uplift our workers and communities

carter's

contents

about

product

planet

people

indexes

global reporting initiative index

statement of use	Carter's Inc. has reported in accordance with the GRI standard for the period January 1, 2025 through December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021

2: general disclosures		response
2-1	Organizational details	About This Report, p.57 Carter's Inc. 2025 Form 10-K
2-2	Entities included in the organization's sustainability reporting	Carter's Inc. 2025 Form 10-K
2-3	Reporting period, frequency, and contact point	About This Report, p.57 We intend to continue publishing a CSR report annually. Questions and comments may be addressed at CSR@carters.com
2-4	Restatements of information	None
2-5	External assurance	Our performance disclosures on Scope 1 GHG emissions, Scope 2 GHG emissions, water, and waste for 2021, 2022, 2023, 2024, and 2025 have undergone independent limited assurance carried out by a third-party. For our Independent Limited Assurance Statement, see p. 76
2-6	Activities, value chain, and other business relationships	About Carter's, Carter's at a Glance, p. 6 About Carter's, Our Brands, p. 5 About Carter's, Our Global Value Chain, p. 7 Planet, Energy & Emissions, pp. 27-30 Product, Responsible Sourcing, pp. 21-22
2-7	Employees	People, Diversity & Inclusion, pp. 48-50
2-8	Workers who are not employees	Index, People Data, p. 73
2-9	Governance structure and composition	About Carter's, ESG Governance, p.10 Carter's Inc. 2025 Annual Report
2-10	Nomination and selection of the highest governing body	About Carter's, ESG Governance, p.10 Carter's Inc. 2025 Annual Report
2-11	Chair of the highest governance body	Carter's Inc. 2025 Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	About Carter's, ESG Governance, p. 10 The Nominating and Governance Committee of our Board of Directors provides oversight of management and our business.
2-13	Delegation of responsibility for managing impacts	About Carter's, ESG Governance, p. 10 We have developed a strategic plan that reflects, in part, the goals and initiatives disclosed in this report. The Sustainability and CSR Departments are responsible for the execution of our *Raise the Future* strategy, which is based on our Company purpose, and our ESG Council meets quarterly to review progress. Because the SVP, General Counsel, Secretary, CSR, and Chief Compliance Officer serve on the Company's Leadership Team, other executives receive information and updates regularly.
2-14	Role of the highest governance body in sustainability reporting	About Carter's, ESG Governance, p. 10 Our SVP, General Counsel, Secretary, CSR, and Chief Compliance Officer reports directly to our CEO.
2-15	Conflicts of interest	The Company has a Conflicts of Interest and Gift Policy that is communicated to employees annually. The policy includes detailed requirements for reporting violations or suspected misconduct, including, but not limited to, anonymous reporting telephonically via phone numbers provided for various locations where the Company and/or its distributors operate, as well as anonymous reporting via dedicated (and attended) email addresses and online via the Carter's Ethics Hotline. Upon receipt of a report of a suspected violation of the policy, the Company is required to launch a prompt and thorough investigation, and the Company will, as needed, escalate any such investigation to the Audit Committee of the Board of Directors.
2-16	Communication of critical concerns	There were no critical concerns reported in 2025. When there are critical concerns, the Audit Committee and, if needed, the Board are informed pursuant to established reporting lines, processes, and procedures, including, but not limited to, the Company's Fraud Policy.
2-17	Collective knowledge of the highest governance body	About Carter's, ESG Governance, p. 10 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.
2-18	Evaluation of the performance of the highest governance body	Carter's Inc. 2025 Annual Report

global reporting initiative index

2: general disclosures		response
2-19	Remuneration policies	Carter's Inc. 2025 Annual Report
2-20	Process to determine remuneration	Carter's Inc. 2025 Annual Report
2-21	Annual total compensation ratio	Carter's Inc. 2025 Annual Report
2-22	Statement on sustainable development strategy	Letter From Leadership, p. 3 About Carter's, Our ESG Strategy, p. 11
2-23	Policy commitments	Corporate Social Responsibility Policy Environmental Policy Code of Ethics
2-24	Embedding policy commitments	Product, Responsible Sourcing, pp. 21-22 2026 Supply Chain Disclosure Report for Canada, UK, and California
2-25	Process to remediate negative impacts	Product, Responsible Sourcing, pp. 21-22 2026 Supply Chain Disclosure Report for Canada, UK, and California
2-26	Mechanisms for seeking advice 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			
	FY 2023	FY 2024	FY 2025
Total call volume	300	351	438
Anonymous	86	89	116

2: general disclosures		response
2-27	Compliance with laws and regulations	Carter's does not publicly disclose matters related to non-compliance.
2-28	Membership associations	About Carter's, Membership and Trade Associations, p. 9 Product, Better Cotton Initiative, p. 17 Planet, Energy & Emissions, pp. 27-30 Planet, Managing Our Water Impact, p. 37 People, Diversity & Inclusion, p. 50
2-29	Approach to stakeholder engagement	About Carter's, ESG Governance, p. 10 Both internal and external stakeholders across our employees, investors, wholesalers, suppliers, and community partners were engaged via interviews and online surveys.
2-30	Collective bargaining agreements	We have zero employees covered by collective bargaining agreements.
3-1	Process to determine material topics	About Carter's, Our ESG Strategy, p. 11
3-2	List of material topics	About Carter's, Our ESG Strategy, p. 11

201: economic performance		response
3-3	Management of material topic	Carter's Inc. 2025 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Planet, Carter's Climate Risks and Opportunities, pp. 38-40

carter's

global reporting initiative index

301: materials		response
3-3	Management of material topic	Product, Sustainable Materials, pp. 14-20, 36
301-2	Recycled input materials used	Product, Sustainable Materials, pp. 16, 20, 36 Product Data, p. 69

308: supplier environmental assessment		response
3-3	Management of material topic	In 2025, we required all Tier 1 (direct) and Tier 2 (mills) suppliers to complete Cascale's Higg Facility Environmental Module (Higg FEM).
308-1	New suppliers that were screened using environmental criteria	Tier 1 suppliers are currently evaluated on social and environmental criteria. By 2025, we require all Tier 1 (direct) suppliers to complete Cascale's Higg Facility Environmental Module (Higg FEM).

401: employment		response
3-3	Management of material topic	People, Benefits & Well-being, p. 46
401-1	New employee hires and employee turnover	Indexes, People Data, p. 74
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Indexes, People Data, p. 75

404: training		response
3-3	Management of material topic	People, Career Development, pp. 44-45
404-1	Average hours training per year per employee	People, Career Development, p. 45
404-2	Programs for upgrading employee skills and transition assistance programs	People, Career Development, p. 45
404-3	Percentage of employees receiving regular performance and career development	Total percentage of employees who received a regular review is 100% and gender is the following percentages:[35] • Female – 83% • Male – 15% • Not Declared – 2%

405: diversity & equal opportunity		response
3-3	Management of material topic	People, Diversity & Inclusion, pp. 48-50
405-1	Diversity of governance bodies and employees	People, Diversity & Inclusion, pp. 48-49 Indexes, People Data, pp. 73-74

408: child labor		response
3-3	Management of material topic	Product, Responsible Sourcing, pp. 21-22
408-1	Operations and suppliers at significant risk for incidents of child labor	Product, Responsible Sourcing, pp. 21-22

409: forced or compulsory labor		response
3-3	Management of material topic	Product, Responsible Sourcing, pp. 21-22
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Product, Responsible Sourcing, pp. 21-22

[35] All eligible employees hired on or before October 1, 2025 and excludes contractors and temporary employees.

global reporting initiative index

414: supplier social assessment		response
3-3	Management of material topic	Product, Responsible Sourcing, pp. 21-22
414-1	New suppliers that were screened using social criteria	Product, Responsible Sourcing, pp. 21-22
416: customer health & safety		**response**
3-3	Management of material topic	Product, Our Product Strategy, p. 14 Product, Chemicals Management, pp. 24-25
416-1	Assessment of the health and safety impacts of product and service categories	Product, Our Product Strategy, p. 14 Product, Chemicals Management, pp. 24-25
417: marketing & labeling		**response**
3-3	Management of material topic	Product, Chemicals Management, pp. 24-25 Product, Our Sustainable Materials Journey, pp. 14-20, 36
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 Skip Hop product lines.
consumer behavior		**response**
3-3	Management of material topic	People, Diversity & Inclusion, p. 48
	Consumer behavior	People, Diversity & Inclusion, p. 48

carter's

sustainable accounting standards board index

apparel, accessories, & footwear; multiline & 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 energy 3. Percentage renewable	1. 135,493 MWh 2. 100% 3. 7%; Scope 1 & 2 Emissions, p. 28
data security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	We have established physical, electronic, and contractual safeguards to protect the security of customer and employee personal information. Our approach follows the National Institute of Standards and Technology (NIST) and Capability Maturity Model Integration (CMMI) security frameworks. We also regularly review and update our privacy policy to ensure consumers have access to relevant information about their rights and how we handle their personal information. In 2025, we modernized our web application firewall to improve peak traffic handling, enhancde DDoS protection, and improved bot management. We also evolved our AI governance framework to include regular review and approval of AI usage, contractual updates where warranted, and AI monitoring.
	CG-MR-230a.2	1. Number of data breaches 2. Percentage involving personally identifiable information 3. Number of customers affected Discussion of processes to maintain compliance with restricted substances regulations	Although the aggregate impact of cybersecurity breaches has not been material to date, we have been subject to cybersecurity and information security incidents in the past, including within the last three years and including third parties, and expect them to continue as cybersecurity threats evolve in sophistication. We cannot provide any assurances that such events will not occur and impacts therefrom will not be material in the future.
management of chemicals in products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Product, Our Product Strategy, p. 14 Product, Chemicals Management, pp. 24-25 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.
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Product, Our Product Strategy, p. 14 Product, Chemicals Management, pp. 24-25 We benchmark our restricted substances list against AAFA and AFIRM RSL lists, which are leading standards to promote best practice and advance the industry.
labor practices	CG-MR-310a.1	1. Average hourly wage 2. Percentage of in-store employees earning minimum wage, by region	1. Carter's does not publicly disclose information on wages at this time. 2. Carter's does not publicly disclose information on wages at this time.
	CG-MR-310a.2	1. Voluntary turnover rate for in-store employees 2. Involuntary turnover rate for in-store employees	1. 52% 2. Carter's does not disclose information on involuntary turnovers.
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Carter's is an equal opportunity employer and seeks to comply with all labor and employment regulations where our employees are located. We respect current and former employees' rights to raise labor concerns outside of our reporting systems. Carter's defends alleged labor violations when resolution cannot be achieved with the other party. Carter's has not, however, been found liable for labor law allegations by an administrative agency or legal tribunal during the period of this report.

sustainable accounting standards board index

apparel, accessories, & footwear; multiline & 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 2. All other employees	People, Diversity & Inclusion, p. 49 Indexes, People Data, p. 73
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Carter's is an equal opportunity employer and seeks to comply with all labor and employment regulations where our employees are located. We respect current and former employees' rights to raise labor concerns outside of our reporting systems. Carter's defends alleged labor violations when resolution cannot be achieved with the other party. Carter's has not, however, been found liable for labor law allegations by an administrative agency or legal tribunal during the period of this report.
product sourcing, packaging, & marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	We grew sustainable product sales to 5% of overall sales in 2025.
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Product, Chemicals Management, pp. 24-25
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Planet, Packaging, p. 36
environmental impacts in the supply chain	CG-AA-430a.1	Percentage of supplier facilities in compliance with wastewater discharge permits and/or contractual agreement by: 1. Tier 1 2. Beyond Tier 1	1. 99% 2. 98%
	CG-AA-430a.2	Percentage of supplier facilities that have completed Cascale's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment by: 1. Tier 1 2. Beyond Tier 1	1. More than 99% of Tier 1 (direct suppliers) 2. 96% of Tier 2 (mills)

sustainable accounting standards board index

apparel, accessories, & footwear; multiline & specialty retailers & distributors

SASB topic	code	accounting metric	response
labor conditions in the supply chain	CG-AA-430b.1	Percentage of supplier facilities that have been audited to a labor code of conduct by: 1. Tier 1 2. Beyond Tier 1 3. And percentage of total audits conducted by a third-party auditor	Product, Responsible Sourcing, p. 22 1. 100% of Tier 1 Suppliers are audited against our CSR Policy 2. 100% of our Tier 2 (mills) 3. 100%
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	In FY 2025, all but three active Tier 1 (direct suppliers), three active Tier 2 (mills), and three active Tier 3 (trim suppliers and factories) passed a compliance audit.
	CG-AA-430b.3	Description of the greatest risks in the supply chain by: 1. Labor 2. Environmental, health and safety	Product, Responsible Sourcing, pp. 21-22 1. We consider the greatest labor risks to be violations of worker employment contracts, freedom of association, forced labor, and disciplinary practices. 2. We consider the greatest EHS risks to be machine safety, personal protective equipment, chemical storage, and emergency preparedness.
raw material sourcing	CG-AA-440a.3	1. List of priority raw materials For each priority raw material: 2. Environmental or social factor(s) most likely to threaten sourcing 3. Discussion on business risks or opportunities associated with environmental or social factors 4. Management strategy for addressing business risks and opportunities	Product, Our Sustainable Materials Journey, p. 16 Planet, Climate Risks and Opportunities, pp. 38-40 Indexes, Product Data, p. 69
	CG-AA-440a.4	1. Amount of priority raw materials purchased, by material 2. Amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Product, Our Sustainable Materials Journey, p. 16 Indexes, Product Data, p. 69

carter's

sustainable accounting standards board index

apparel, accessories, & footwear; multiline & specialty retailers & distributors

SASB topic	code	accounting metric	response
activity metric	CG-AA-000.A	Number of: 1. Tier 1 suppliers 2. Suppliers beyond Tier 1	1. 83 (213 active factories, excluding subcontractors) 2. 196 (390 active factories, excluding subcontractors)
	CG-MR-000.A	Number of 1. Retail locations 2. Distribution centers	1. 1,028 retail locations in North America 2. In the U.S., we operate two distribution centers in Georgia: an approximately 1.1 million-square-foot multichannel facility in Braselton and a 0.5 million-square-foot facility in Stockbridge. In the third quarter of fiscal 2025, we vacated our 0.2 million-square-foot single-channel facility in Jonesboro, Georgia. We outsource certain distribution activities to third-party logistics providers located in California and leverage additional third-party providers in Georgia, as needed, primarily for storage seasonally. Our distribution center activities include receiving finished goods from our vendors, inspecting those products, and preparing and shipping them to our wholesale customers, retail stores, and eCommerce customers. Internationally, we operate directly or outsource our distribution activities to third-party logistics providers in Canada, China, Mexico, and Vietnam to support shipment to the U.S., as well as our international wholesale accounts, international licensees, international eCommerce operations, and Canadian and Mexican retail store network.
	CG-MR-000.B	Total area of 1. Retail locations 2. Distribution centers	Total retail space: 4.9M square feet (includes U.S., Canada, and Mexico) Total distribution centers: approx. 1.6M square feet

carter's

taskforce on climate-related financial disclosures index

TCFD topic	description	response	additional resources
governance	Describe the board's oversight of climate-related risks and opportunities	About, ESG Governance, p. 10	Carter's CDP Response - C4
	Describe management's role in assessing and managing climate-related risks and opportunities	About, ESG Governance, p. 10	Carter's CDP Response - C4
strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C3
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C3,5
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2˚C or lower scenario	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C5
risk management	Describe the organization's processes for identifying and assessing climate-related risks	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C2
	Describe the organization's processes for managing climate-related risks	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C2
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Planet, Climate Risks and Opportunities, pp. 38-40	Carter's CDP Response - C2
metrics & targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Planet, Energy & Emissions, pp. 27-30 Indexes, Planet Data, pp. 70-72	Carter's CDP Response - C7-11
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Planet, Energy & Emissions, pp. 27-30 Indexes, Planet Data, p. 70	Carter's CDP Response - C7
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Planet, Energy & Emissions, pp. 27-30 Indexes, Planet Data, pp. 70-72	Carter's CDP Response - C7-11

carter's

product data

2025 raw materials data

fiber	metric tons	% weight
Cotton	29,304	67%
Organically Grown Cotton	698	2%
BCI Cotton	24,615	84%
Polyester	12,654	29%
Recycled Polyester	39	0.3%
LENZING™ ECOVERO™ + TENCEL™ Modal	1,016	2%
Elastane	369	0.8%
Linen	101	0.2%
Nylon	15	<0.1%
Other (incl., Recycled Nylon, Lyocell, Acrylic, Metallics)	15	<0.1%
total	**43,474**	**100%**

carter's

contents

about

product

planet

people

indexes

planet data

2025 GHG emissions (metric tons CO_2e)

	2019 base year	2023	2024	2025
Scope 1 emissions[36]	7,822	7,433	7,153	7,912
Scope 2 emissions market-based[37,38]	49,458	31,330	31,558	28,548
Scope 2 emissions location-based[39]	46,323	33,840	32,241	31,332
Scope 1 + 2 (market-based)	57,280	38,763	38,711	36,461
Scope 3 emissions[40]	1,312,433	767,069	933,688	752,982
Category 1 – Purchased goods and services	–	665,040	776,110	591,763
Category 3 – Fuel and energy-related activities	–	7,699	10,413	10,653
Category 4 – Upstream transportation and distribution	–	44,295	92,472	98,184
Category 5 – Waste generated in operations	–	7,003	6,832	6,679
Category 6 – Business travel	–	1,127	1,417	1,377
Category 7 – Employee commuting	–	12,976	10,309	11,070
Category 12 – End-of-life treatment of sold products	–	28,928	36,134	33,257
Total emissions (market-based)	**1,369,713**	**805,832**	**972,399**	**789,443**
Total emissions intensity (per net sales)	**389.23**	**273.57**	**341.90**	**272.37**
Total emissions intensity (per million units produced)	**1,632.17**	**1,466.93**	**1,558.88**	**1,246**
Scope 1 + 2 (market-based) emissions intensity (per net sales)	**16.28**	**13.16**	**13.61**	**12.58**
Scope 1 + 2 (market-based) emissions intensity (per million units produced)	**68.26**	**70.56**	**62.06**	**57.55**
Energy consumption				
Total energy consumption for operations (MWh)[41]	164,491	133,644	133,453	135,493
Energy intensity (kWh per square foot)[42]	20.23	18.24	18.75	18.83
U.S. electricity consumption (MWh)	–	84,964	85,859	82,776
Renewable energy credits purchased (applied to prior year inventory)	–	14,000	10,000	10,000

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 76 for a description of the scope of the assurance work performed. Additionally, while we attempt 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.

[36] Carter's GHG inventory utilizes 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 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 consumption values of similar locations per square foot.

[37] For market-based emissions, Carter's used emission factors (EF) from the Green-e residual mix (updated January 29, 2026). Market EF are not available for many international facilities.

[38] This value and the values for total emissions and emissions intensities reflect RECs purchased for the respective calendar years 2023–2025.

[39] The GHG Protocol defines Scope 2 emissions as indirect emissions from the use of purchased electricity and chilled water. Carter's used emissions factors from the latest release of the EPA eGrid emissions factors (eGrid 2023 Rev 2, released June 12, 2025) to calculate location-based emissions.

[40] Scope 3 emissions are from sources not owned or directly controlled by Carters but which are related to Carter's activities. 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, fuel and energy-related activities, upstream transportation, processing of waste (landfill waste, recycling, and wastewater), business travel, employee commuting, and end-of-life treatment of sold products. As is commonly understood in the GHG inventory process, Scope 3 emissions tend to be the most difficult to quantify accurately and may require estimations due to the complexity of global supply chains.

[41] The term "operations" refers to those directly controlled by Carter's. Values include purchased electricity and fuels. Sources are the same as those listed in "Scope 1 emissions." 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 consumption values of similar locations per square foot. This value also includes fuel (natural gas, propane).

[42] The reported value is calculated from reported and estimated electricity and fuel usage. Correspondingly, the per-sq-ft number includes fuels.

carter's

planet data

2025 waste (metric tons)

	2019 base year	2023	2024	2025
Distribution centers				
Landfilled	287	506	520	573
Recycled	2,853	2,375	2,299	2,256
Stores[43]				
Landfilled	12,390	8,151	7,429	8,188
Recycled	20,043	12,221	12,718	11,495
Corporate office				
Landfilled	–	56	56	58
Recycled	–	34	19	2
Waste from direct operations[44]	35,374	23,343	23,041	22,572
Total landfilled waste	12,677	8,713	8,005	8,819
Total recycled waste	22,897	14,631	15,036	13,753
Diversion rate[45]	64%	63%	65%	61%

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 76 for a description of the scope of the assurance work performed. Additionally, while we attempt 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.

[43] We receive waste data from approximately 20% of our stores. We have limited visibility to waste data at the majority of our stores due to our leasing structures and relationships with landlords. 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.

[44] "Direct" refers to waste generated at Carter's operated distribution centers and retail stores. 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 and historical data. 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.

[45] Diversion rate equals waste sent to recycling divided by total waste generated.

planet data

2025 water use (millions gallons)

	2019 base year	2023	2024	2025
Direct operations[46]	60	55	59	55
Distribution centers	6	6	5	5
Corporate offices	0.3	3	4	5
Retail stores	54	46	50	45
Indirect operations[47]	1,392	428	454	341
Total water use (direct and indirect)	**1,452**	**483**	**513**	**396**
Intensity metrics				
Water intensity: direct only (per million $ revenue)	0.02	0.02	0.02	0.02
Water intensity: direct and indirect (per million $ revenue)	0.41	0.16	0.18	0.14

Certain data presented have not been audited or assured. See the "Independent Limited Assurance Statement" on page 76 for a description of the scope of the assurance work performed. Additionally, while we attempt 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.

[46] "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 water consumption value of similar locations per square foot.

[47] "Indirect" refers to the operations of Carter's suppliers. Due to the uncertainty of supplier information, water use can be 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. Outliers in data have been excluded based on assumptions due to potential errors in billing by utility companies. In 2025, this value was derived from the Higg FEM database in an effort to improve the accuracy and completeness of our supplier data.

carter's

people data

2025 global workforce data

	total employees	male	female	not recorded
Employment status				
Regular	12,695	1,613	10,788	294
Temporary	2,741	353	2,306	82
Total	**15,436**	**1,966**	**13,094**	**376**
Employment type				
Full-time	5,786	1,417	4,174	195
Part-time	9,650	549	8,920	181
Total	**15,436**	**1,966**	**13,094**	**376**

diversity at senior levels

	2023 EOY		2024 EOY		2025 EOY	
	male	female	male	female	male	female
SVP/vice president	43% (23)	57% (31)	43% (23)	57% (31)	37% (20)	63% (34)
District managers	33% (18)	67% (36)	31% (17)	69% (38)	29% (14)	71% (35)
	white	minority[48]	white	minority[48]	white	minority[48]
SVP/vice president[49]	79% (42)	21% (11)	76% (41)	22% (12)	72% (39)	26% (14)
District managers	74% (40)	26% (14)	71% (39)	29% (16)	71% (35)	29% (14)

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

[49] 2024 race/ethnicity values do not add up to 100% as one employee was not identified.

carter's

contents

about

product

planet

people

indexes

people data

2025 hirings, promotions, and retention[50,51]

	2025 hirings		2025 promotions		2025 retention rate[52]		
	Total new hires	%	Total promotions	%	Total departures	Turnover rate	Retention rate
Total	11,900		1,361		7,345		
Role category							
Corporate	358	3%	169	12%	441	3%	97%
Distribution center	2,084	18%	135	10%	292	2%	98%
Retail	9,458	79%	1,057	78%	6,612	52%	48%
Age group							
Under 30	7,484	63%	752	55%	4,310	59%	41%
30–50	3,152	26%	503	37%	2,045	28%	72%
Above 50	868	7%	106	8%	668	9%	91%
Not specified	396	3%	0	0%	322	4%	96%
Gender							
Male	1,925	16%	176	13%	716	10%	90%
Female	9,496	80%	1,171	87%	6,158	84%	16%
Not recorded	479	4%	0	0%	471	6%	94%
Race/ethnicity							
Asian	274	3%	41	4%	170	3%	97%
Black/african american	2,862	29%	175	16%	1,232	22%	78%
Hawaiian/pacific islander	26	0%	1	0%	19	0%	100%
Hispanic/latino	2,564	26%	345	32%	1,515	27%	73%
Native american	105	1%	9	1%	65	1%	99%
White	3,310	34%	467	43%	2,312	40%	60%
2 or more	439	4%	39	4%	293	5%	95%
Not specified	244	2%	14	1%	351	6%	94%
Seniority							
Supervisor and below	10,187	86%	423	31%	5,607	76%	24%
Senior and junior manager	1,687	14%	912	67%	1,686	23%	77%
Director and above	26	0%	26	2%	56	1%	99%

[50] Figures may not be additive due to rounding.
[51] All figures except race and ethnicity include global employee population from January 1, 2025 through December 31, 2025. Race and ethnicity data are U.S. only, from January
[52] Turnover and retention metrics exclude involuntary terminations.

people data

2025 benefits

benefit[53]	full-time retail employees	full-time distribution center employees	full-time corporate employees	part-time employees[54]
Medical plan	✓	✓	✓	✓
Dental plan	✓	✓	✓	✓
Vision plan	✓	✓	✓	✓
401(k) savings plan[55]	✓	✓	✓	✓
Life insurance	✓	✓	✓	✓
Short-term disability	✓	✓	✓	✓
Accident and hospital expense plans	✓	✓	✓	✓
Paid parental leave[56]	✓	✓	✓	
Paid volunteer time		✓	✓	
Employee assistance program	✓	✓	✓	✓
Identify theft protection	✓	✓	✓	✓
Pet insurance	✓	✓	✓	✓
Employee discount	✓	✓	✓	✓
Flexible spending accounts	✓	✓	✓	
Backup dependent care	✓	✓	✓	✓
Scholarship and tuition programs	✓	✓	✓	✓

[53] Benefits available to regular U.S. full-time and part-time employees who are not temporary or seasonal. Outside U.S. benefits vary by country. For more details on benefits, please visit our **benefits & well-being page**.
[54] Part-time employee plans/programs may vary from full-time offering, including whether employer or employee paid.
[55] Part-time employees may become eligible for the 401(k) Plan by working more than 1,000 hours in their initial year of service or any subsequent Plan year and/or completing at least 500 hours of service in two consecutive 12-month periods.
[56] Carter's offers employees whose child's birth or adoption/placement occurs on, or after, one year of continuous service up to 6 weeks of paid parental leave when welcoming a new child to their family.

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assurance statement

ASSURANCE STATEMENT- US26/00000294

SGS North America, Inc REPORT ON ASSURANCE of Carter's Inc FY2025 KPIs in their 2025 Sustainability Report.

NATURE OF THE ASSURANCE/VERIFICATION

SGS North America, Inc (hereinafter referred to as SGS) was commissioned by Carter's Inc (hereinafter referred to as Carters) to conduct an independent assurance of selected FY2025 KPIs in their 2025 Sustainability Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all of Carter's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors and management of Carter's. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on selected KPIs within the scope of verification with the intention of informing all of Carter's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The purpose of this assurance engagement was, by review of objective evidence, to independently verify whether the KPI data, as declared by Carters and included in the Report, is accurate, complete, consistent, transparent and free of material error or omission.

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of the reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

Assurance has been conducted at a limited level of assurance. The assurance of this report has been conducted according to the International Standard on Assurance Engagement (ISAE) 3000 revised.

SCOPE OF ASSURANCE

The scope of the assurance included the evaluation of quality, accuracy and reliability of specified performance information as detailed below for global operations which includes 15 Offices, 2 Distribution Centers and 1068 Stores

Reporting Criteria Options	
1	Specified Performance Information
2	GHG Protocol: "A Corporate Accounting and Reporting Standard"

STATEMENT US26/00000294, continued

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

KPI	KPI Verified Data 2025	Notes
Total Scope 1 (direct) GHG emissions in Tonnes CO_2e	7,912.48	Including estimations
Total Scope 2 (indirect) GHG emissions in Tonnes CO_2e (location- & market-based)	Location based - 31,322.32 Market based – 32,116.79	Including estimations
Total Waste-direct operations (MT)	22,571.68	Including estimations
Total Waste to landfill (MT)	8,818.77	Including estimations
Total Waste to recycling (MT)	13,752.91	Including estimations
Total Water- direct operations (MG)	54.65	Including estimations

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant KPI data owners (conducted virtual audit of corporate headquarters); examination of processes and platforms used for collection, collation and calculation of data for relevant KPIs; documentation and record review.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to the source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social, sustainability and ESG report assurance. SGS affirms our independence from Carter's, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and included the following individuals:

Harsh Vasoya	Lead Auditor	Canada
Pamela Castillo	Technical Reviewer	USA

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STATEMENT US26/00000294, continued

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

During the assurance engagement, some examples of good practices as well as some opportunities for improvement in underlying processes were identified and reported to Carters with the aim of enabling a process of continual improvement in the collection and reporting of KPI data. It may be possible to roll out examples of good practice for other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles.

Signed:
For and on behalf of SGS North America

Viq Mohammed
Director - Technical Accreditation

SGS North America
400 Broadacres Drive, Suite 200, 2nd Floor, Bloomfield, NJ 07003

June 30, 2026

WWW.SGS.COM

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