

carter's®

2022 Corporate Social Responsibility Report





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A Message from Our CEO

To My Fellow Stakeholders:

Over the past 100 years, Carter's has built a brand known by generations for enduring and essential core products for families with young children. Many still recall our iconic brand slogan: "If they could just stay little 'til their Carter's wear out." That slogan captures our focus on building product offerings that are durable, sustainable, and able to be handed down from one generation to the next.

Sustainability is important to Carter's, our consumers, employees, and shareholders. We believe our focus on environmental, social, and governance ("ESG") strategies strengthens Carter's business model and relevance for every generation of consumers.

To ensure the continued success of our brands, we are executing our Raise the Future™ ESG strategy built on three pillars:

- **Product:** Grow sustainable product offerings
- **Planet:** Reduce our carbon footprint
- **People:** Uplift our workers and communities

Our annual social responsibility report outlines our goals, initiatives and progress with each of our strategic pillars, and reflects our continued commitment to transparency and accountability.

Growing our Sustainable Offerings

Recent surveys indicate that consumers view product durability as a leading sustainability attribute. For generations, we have designed our products to withstand the everyday experiences of childhood. Our focus on quality and durability provides consumers with products that can be handed down, donated, or recycled, which benefits the environment by reducing waste and overconsumption.

Our talented merchants and designers are focused on developing our product offerings using more sustainable materials. In 2022, we continued to transition to more sustainably grown cotton through the Better Cotton Initiative and introduced LENZING™ ECOVERO™, a sustainable viscose fiber sourced from responsibly managed forests. We also expanded the scope of our Little Planet® product offerings, made largely with organic cotton.

In the years ahead, we plan to increase the availability of sustainable choices across all our product lines, making it easier for our consumers to choose products that align with their values.

Our focus on responsible sourcing helps us mitigate supply chain risks and strengthens the resilience of our business model in an evolving consumer market.

Each year, our suppliers must verify compliance with our Vendor Code of Ethics, and we regularly audit our suppliers to ensure compliance. In 2022, we expanded our ability to trace the origin of cotton used in our materials to confirm that there is no forced labor within our supply chain. Additionally, we updated our Restricted Substances List for chemicals used in the manufacturing process.

Reducing our Carbon Footprint

We continue to reduce our impact on the environment and recognize there is more to do. To identify new opportunities, we annually evaluate risks associated with climate change and weather patterns.

We are taking a holistic approach to minimizing our carbon and environmental footprint, which includes reducing greenhouse gas emissions and waste. Since 2019, our Scope 1 and 2 greenhouse gas emissions from our direct operations have decreased by 28%.

We have also engaged our suppliers on our emissions reduction journey. To date, suppliers who represent 17% of our spending on goods and services have set science-based reduction goals.

In addition to reducing our emissions, we have a goal of reducing the volume of waste generated by our business. In 2022, we diverted 90% of distribution center waste from landfills through our reduction, recycling, and reuse initiatives. Our carton reuse program helped us avoid the use (and related costs) of more than 1,300 tons of corrugated cardboard. Also, since 2019, we have reduced the number of styles that require an additional wash during the manufacturing process by 50%.

Uplifting our Workers and Communities

Uplifting our workers and communities is fundamental to our Raise the Future strategy. We are dedicated to diversifying our consumers and workforce as we welcome Gen Z, the most diverse generation in our country's history, into our stores and workforce.

We believe in creating an environment that invites Gen Z and other generations to shop and work with us. By focusing on product styling, inclusive marketing, and a store environment that appeals to all consumers, we expect to attract and retain more diverse consumers and employees in the years ahead.

To accomplish our growth and ESG objectives, we will rely on the dedication and commitment of our more than 16,000 employees worldwide. In one of the strongest job markets in many years and historically low unemployment, our retention of employees remains high.

Last year, we provided our employees with a range of career advancement opportunities, including the Accelerated Development Program, Mentor Program, Executive Development

Program, and training to develop managerial, leadership, and technical skills to support their careers at Carter's. In 2022, we launched a new tuition-free degree program called Advance You™ to help our employees reach their full potential.

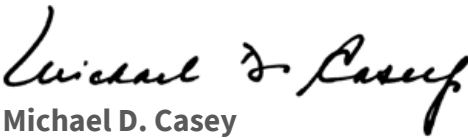
We are proud to support communities through our charitable giving, volunteerism, and our supplier diversity program. Last year, together with our consumers and employees, we donated over \$10.5 million in charitable contributions and product donations, with an emphasis on helping families with young children. Our employees also devoted more than 20,000 hours to supporting our communities, especially those in need.

Our Commitment

We are committed to making a positive impact on the world.

Through the execution of our ESG strategies, we expect to lead the market by serving the needs of all families with young children, ensuring the continued appeal of our brands to the next generation of consumers, mitigating risks inherent in our business, and improving the performance of Carter's for all of our stakeholders.

I am grateful for the support of our stakeholders as we continue this journey together. We look forward to sharing our progress with you in the years to come.


Michael D. Casey

Chairman & Chief Executive Officer



Raise the Future: We Promise to

Better Our World™

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

Carter's at a Glance

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

For more information on our financial results and tax payments, which reflect our commitment to supporting our communities, please see our [2022 Annual Report](#).

Consolidated Net Sales	
Fiscal 2022	Fiscal 2021
\$3.2B	\$3.5B
Operating Margin	
Fiscal 2022	Fiscal 2021
11.8%	14.3%
Diluted Earnings per Share	
Fiscal 2022	Fiscal 2021
\$6.34	\$7.83

\$64 million
income taxes paid*

*Corresponds to fiscal year 2022

\$10.5 million
in charitable contributions
and product donations*

~20,000
employee volunteer hours*

A Culture of Integrity

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

We manage this through comprehensive policies, training, and governance. For more information on these topics, please see our related materials.

- [Carter's Code of Ethics](#)
- [California Transparency In Supply Chains Act & UK Modern Slavery Act Policy](#)
- [Conflict Minerals Policy](#)
- [Corporate Social Responsibility Policy](#)
- [Environmental Policy](#)
- [Privacy Policy](#)
- [Restricted Substances List](#)
- [Manufacturing Restricted Substances List](#)
- [Vendor Code of Ethics](#)

Our Family of Brands

We are proud to have served many generations of families with young children with our brands.

carter's

Trusted by generations of families for making life easier, Carter's creates a full range of quality baby and children's clothing, gifts, and accessories that have provided solutions for real life since 1865.

OSHKOSH
B'gosh

OshKosh B'gosh is one of the most recognized brands of kids clothing in the world and designs apparel with a playful personality that celebrates the imagination and creativity of the kids who wear it.

SKIP*HOP

Skip Hop is a lifestyle brand committed to making parenting as easy and fun as possible. With a philosophy of "Must-Haves Made Better," Skip Hop re-thinks, re-energizes, and re-engineers essential products from diaper bags to bath toys to give parents, babies, and toddlers smart design and true functionality.

little planet
by carter's

Our newest budding brand launched in 2021. Crafted using organic fabrics and sustainable materials, Little Planet is a return to simplicity. This brand is leading the way in Carter's commitment to a sustainable world where all families with young children—including future generations—can grow and thrive.



carter's
— just one you —

Carter's created Just One You to provide cute, high-quality clothing, bedding, décor, and accessories for little ones from preemie to toddler at exceptional value to Target customers in 2001.

carter's
— child of mine —

Carter's launched Child of Mine to offer a variety of heartwarming infant and toddler products—including sleepwear, everyday essentials, bedding, décor, toys, and other accessories—to Walmart customers in 2003.

simple joys
by carter's

Carter's launched Simple Joys in 2017 to give Amazon shoppers an exclusive selection of baby and toddler clothing designed with fresh prints, bright colors, supersoft fabrics, functional details, and exceptional value.

Our Global Value Chain

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

We do not own any raw materials or manufacturing facilities. We source all of our garments and other products from a global network of third-party suppliers, primarily located in Asia. We source the remainder of our products primarily through North America, Central America, and Africa. During fiscal 2022, approximately 70% of our product was sourced from Cambodia, Vietnam, Bangladesh, and India, and approximately 94% of the cotton fiber that was used in the manufacture of our products was sourced from the U.S., Brazil, India, and Australia.

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

As of the end of 2022, we no longer have any contractual relationships in Russia and have stopped all business operations there.



Global headquarters:

Atlanta, Georgia, USA

Primary base of sourcing operations:

Hong Kong

993

North America retail stores*

~15,500

employees worldwide*

~19,350

North America wholesale locations*

90+ countries

in which our wholesale customers and licensees operate*

12

distribution centers worldwide*

*Data shown are as of the end of fiscal 2022



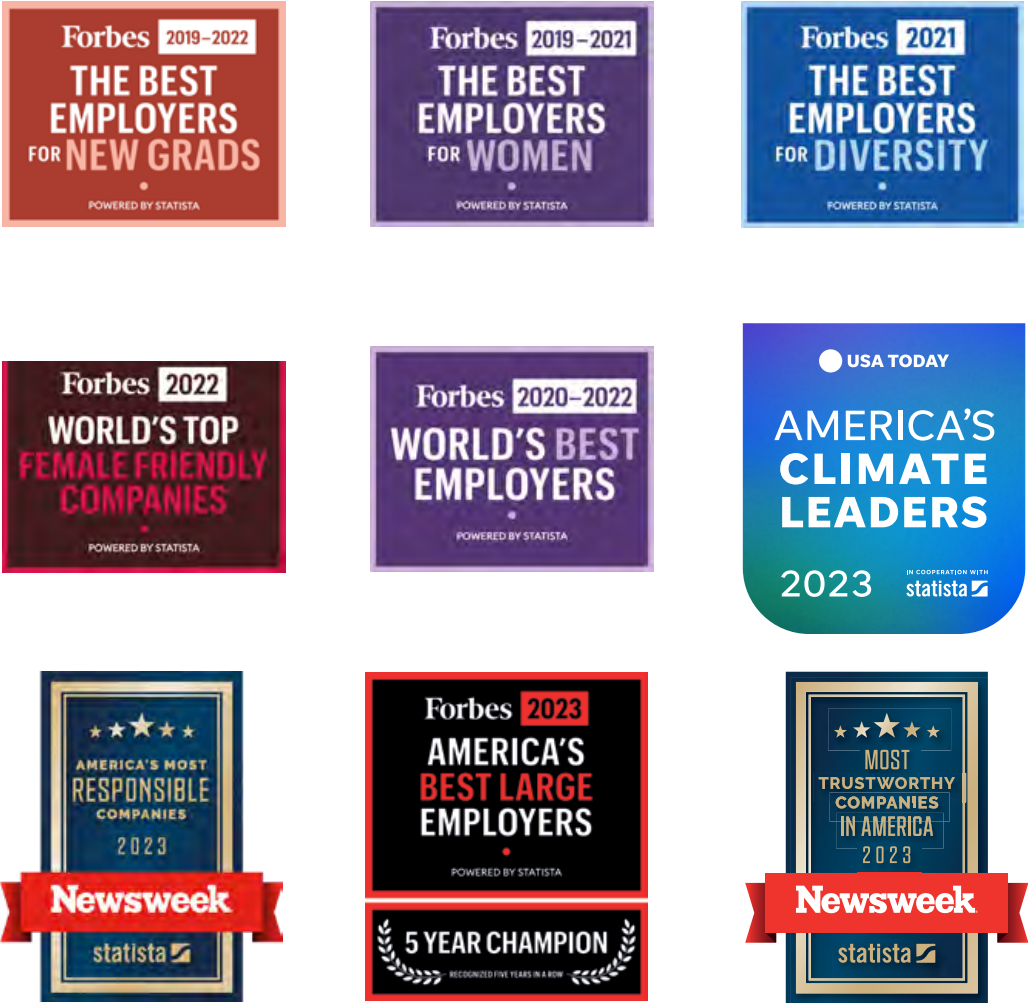
● Direct-to-consumer operations ● Sourcing operations (offices)

Our Values

Our shared values have paved the way to our success. We nurture inclusive work environments, and we invest in our teams in order to succeed together.



Awards & Recognition



ESG Governance

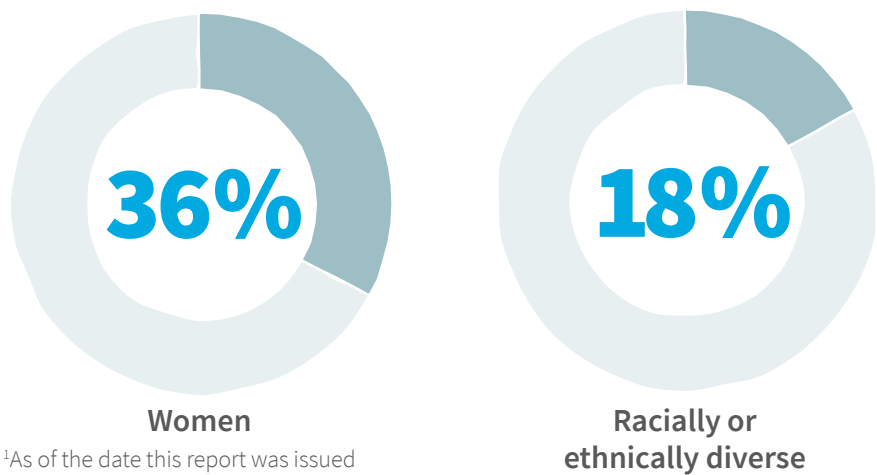
Board-Level Oversight

Our Board of Directors provides oversight of management and our business. All members of the Board are independent, except for one employee director, our Chairman and CEO Michael D. Casey. The Nominating and Corporate Governance Committee provides oversight of the Environmental, Social, and Governance (ESG) strategy.

Management-Level Oversight

Our SVP, General Counsel, Secretary, CSR and Chief Compliance Officer, who reports directly to our Chairman and CEO, has responsibility for the Company's ESG, Diversity and Inclusion (D&I), and Compliance programs.

Board of Directors Diversity¹



ESG Roles and Responsibilities



Protecting Customer and Employee Data and Privacy



Data Protection

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

In 2022, we improved our NIST score from a 2.7 to a 2.9. Our key initiatives included:

- Creating new Security Operations Center and Security Information & Event Management systems for better security monitoring.
- Implementing a Software-Defined Wide Area Network and Next Generation Firewall, which enable further network segmentation.
- Rolling out Single Sign-On and Multi-Factor Authentication to all of our on-premises applications as part of a continuing Identity Access Management update.
- Imposing an additional layer of email security, which isolates all emails outside of the Carter's network and scans them for potential threats.

Privacy Protection

As we strive to improve the shopping experiences of our consumers, we also seek to ensure their privacy. We 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. We maintain high standards in this area and provide a quality experience by:

- Allowing consumers to control aspects of how we use their personal information.
- Conducting Privacy Impact Assessments that allow us to manage use of personal information by new vendors.
- Defining and updating data protection standards used in our contracts in order to clearly define relationships with, and obligations of, service providers who have access to our customers' personal information.

Raise the Future: Our ESG Strategy

The Carter's family of brands is committed to a world where all families with young children, including future generations, can grow and thrive. Our multifaceted Raise the Future platform is founded on a promise to better our world through our commitment to uplifting workers and communities, providing more sustainable product offerings, and reducing our carbon footprint.



To help focus our efforts, we conducted an environmental and social materiality assessment. This study identified areas of importance to our Company's success and to our stakeholders, including employees, customers, and investors. Based on this assessment and additional stakeholder input, we have identified our key priorities and goals and developed three strategic pillars that guide our long-term CSR commitments: Product, Planet, and People.



Progress Highlights

Product: Grow Our Sustainable Offerings



GOAL	2022 PROGRESS
Products & Materials	
Grow Little Planet to be the U.S. market's leading sustainable children's apparel brand	More than 100% sales growth for Little Planet compared to 2021
Use 100% sustainable cotton and polyester fibers by 2030	~2% increase in use of more sustainable cotton
Achieve OEKO-TEX® STANDARD 100 certification for Carter's and OshKosh playwear by the end of 2023	73% of our apparel is OEKO-TEX® STANDARD 100 certified* as of end of fiscal 2022
Supply Chain	
Extend traceability of cotton to our fabric mills by 2025	100% of mills accounted for in traceability program
Improve the well-being of at least 1 million workers within our global value chain by 2030	139,686 workers benefited by education and empowerment programs

Planet: Reduce Our Carbon Footprint



GOAL	2022 PROGRESS
Climate	
Reduce absolute Scope 1 and 2 greenhouse gas emissions 50% by 2030 from 2019 baseline	28% decrease in absolute GHG emissions and 14% decrease in carbon intensity
Require 77% of our suppliers by spend covering purchased goods and services to have science-based targets by 2027	17% of our covered vendors by spend have set science-based targets
Achieve Net-Zero Scope 1 and 2 emissions in our direct operations by 2040	2030 emissions reduction roadmap developed; we will report 2040 plan in 2024
Waste	
Divert 80% of waste from landfill by 2025	62% of waste diverted from landfill
Achieve 50% reduction in virgin plastic packaging by 2030	New goal; we will report progress in 2024
Water	
Reduce water usage in the manufacturing and washing of our products by 2025	New goal; we will report progress in 2024

People: Uplift Our Workers and Communities



GOAL	2022 PROGRESS
Diversity & Inclusion	
Increase racial and ethnic diversity at the Vice President and District Manager levels	25% of VP hires in 2022 were diverse
Increase our African American and Hispanic consumers by 10% by 2025	Launched and completed marketing test tailored to these consumer segments
Develop supplier diversity program	Created and implemented a supplier diversity program
Community	
Improve the well-being of at least 10 million lives by 2030	2,320,590 lives improved
Volunteer over 200,000 hours in our communities by 2030	20,367 employee volunteer hours
Invest more than \$50 million toward improving the lives of children by 2030	\$10.5 million in combined charitable contributions and product donations



Products that Embody Quality, Safety, & Value

As the largest branded marketer of apparel for babies and young children in North America, we aim to earn the trust of parents through each product we sell. We are on a journey to ensure that our products are responsibly made and sustainably sourced.



Goals & Progress

GOAL	2022 PROGRESS
Grow Little Planet to be the U.S. market's leading sustainable children's apparel brand	More than 100% sales growth for Little Planet compared to 2021
Use 100% sustainable cotton and polyester fibers by 2030	~2% increase in use of more sustainable cotton
Achieve OEKO-TEX® STANDARD 100 certification for Carter's and OshKosh playwear by the end of 2023	73% of our apparel is OEKO-TEX® STANDARD 100 certified* as of end of fiscal 2022, including much of our 0-24 months baby apparel and sleepwear

*Does not include accessories, Skip Hop, or products using certified organic cotton

Our Commitment to High-Quality, Safe Products

The health and safety of the children who use our products is our highest priority. We focus on safety and quality throughout development and the manufacturing process and test finished products against our standards and regulatory requirements, such as those of the Consumer Product Safety Commission.

We review every product we develop for potential health and safety risks and take

appropriate steps to mitigate those risks. Our processes are designed to help ensure that our products are safe and made well.

We test for performance and quality according to U.S. regulatory requirements during the materials and manufacturing stages of product development. If a product does not meet quality standards, we take prompt action to safeguard the children who wear and use our products.

Improving Product Components

In 2022, we completed the transition of all of our five-prong ring snaps from brass to YKK's Kensin Stainless Steel SNAPET® snaps. Making snaps from this material substantially reduces the use of water, electricity, and CO₂ when compared to electroplated brass and reduces hazardous waste byproducts from the manufacturing process.

Chemicals Management

We manage and strive to minimize the use of potentially harmful chemicals in our products. For example, our Restricted Substances List (RSL) designates chemicals that should be minimized or avoided in our apparel and accessories in compliance with government legislation or regulation, health and safety concerns, or potential environmental hazards.

Restricted Substances

Our RSL, which we benchmark against the standards established by the American Apparel & Footwear Association (AAFA) and the Apparel and Footwear International RSL Management (AFIRM), was most recently updated in June 2023 and distributed to Tier 1 apparel suppliers. We also distribute it to our licensees, who are held accountable for meeting our standards and local laws.

Testing

We test products to our proprietary protocols, which include chemical, safety, and quality protocols aligned with international, federal, and state regulations as well as various industry standards. If a product fails our initial testing, we evaluate whether the issue can be remedied or if the product should be destroyed and the order canceled.

As of March 2022, our RSL testing was based on the percentage of a vendor's styles that were not OEKO-TEX® STANDARD 100 certified, a leading standard for testing textiles for harmful substances. **In fiscal 2022, we saw a 100% passing rate on the 193 styles tested.**

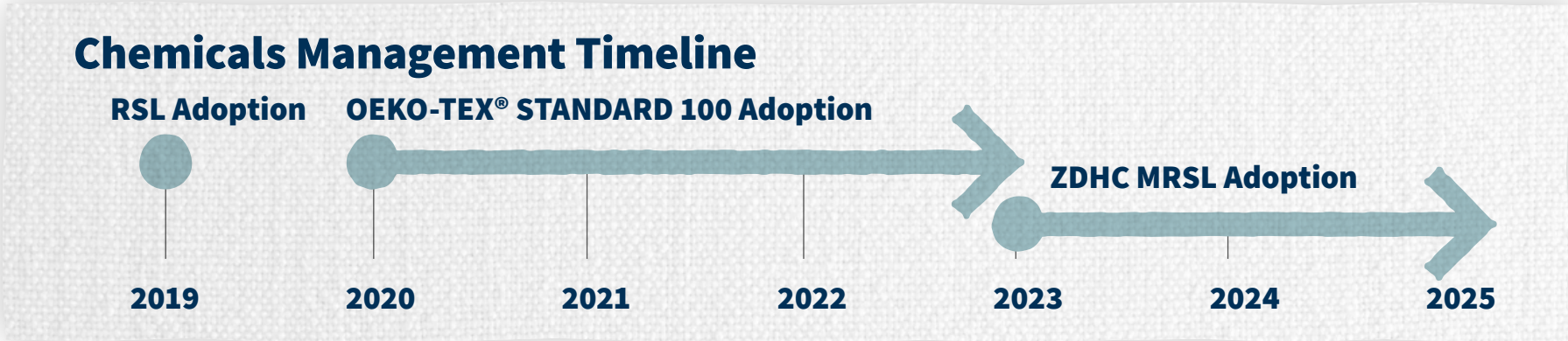
ZDHC Adoption

To further extend our commitment to product safety, we are in the process of aligning with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL).

The ZDHC MRSL goes beyond the traditional approaches to chemical restrictions (which only apply to finished products) by helping also protect employees, local communities, and the environment from the potential impacts of harmful chemicals during manufacturing.

In 2022, we surveyed our mills and laundries and benchmarked against industry MRSL programs. In February 2023, we notified our vendors of our roadmap for MRSL implementation. Based on our 2022 mill volume, more than 38% of our fabric is processed in alignment with the ZDHC MRSL.

We are striving to have 80% of our fabric volume mills and 80% of our laundry facilities engaged with the MRSL by the end of 2025.



Addressing PFAS in Our Products

We monitor proposed federal and state laws and regulations on per- and polyfluoroalkyl substances (PFAS), and we do not intentionally add PFAS to our apparel products per our RSL. As a proactive measure, our existing protocols call for PFAS testing on any product with claims to water resistance or stain resistance. In June 2023, we will update our protocols to test PFAS as measured by total organic fluorine. We work with our supply chain to reduce any trace elements found. We are also expanding the scope of product categories we test, regardless of whether they claim to be water- or stain-resistant.

OEKO-TEX® STANDARD 100 Certification

The quality of our products is additionally ensured by evaluating and committing to third-party certifications. We proudly use the OEKO-TEX® STANDARD 100 certification label, one of the world's best-known labels for textiles tested for harmful substances. Our intention is for Carter's and OshKosh playwear products and most apparel across our brands to be OEKO-TEX® STANDARD 100 Certified by the end of fiscal year 2023. As of end of fiscal 2022, we **achieved approximately 73% of this goal for products** within its scope, including much of our 0-24 months baby apparel and sleepwear.



99% of our supplier facilities are **OEKO-TEX® STANDARD 100 Certified.**

Our Sustainable Materials Journey

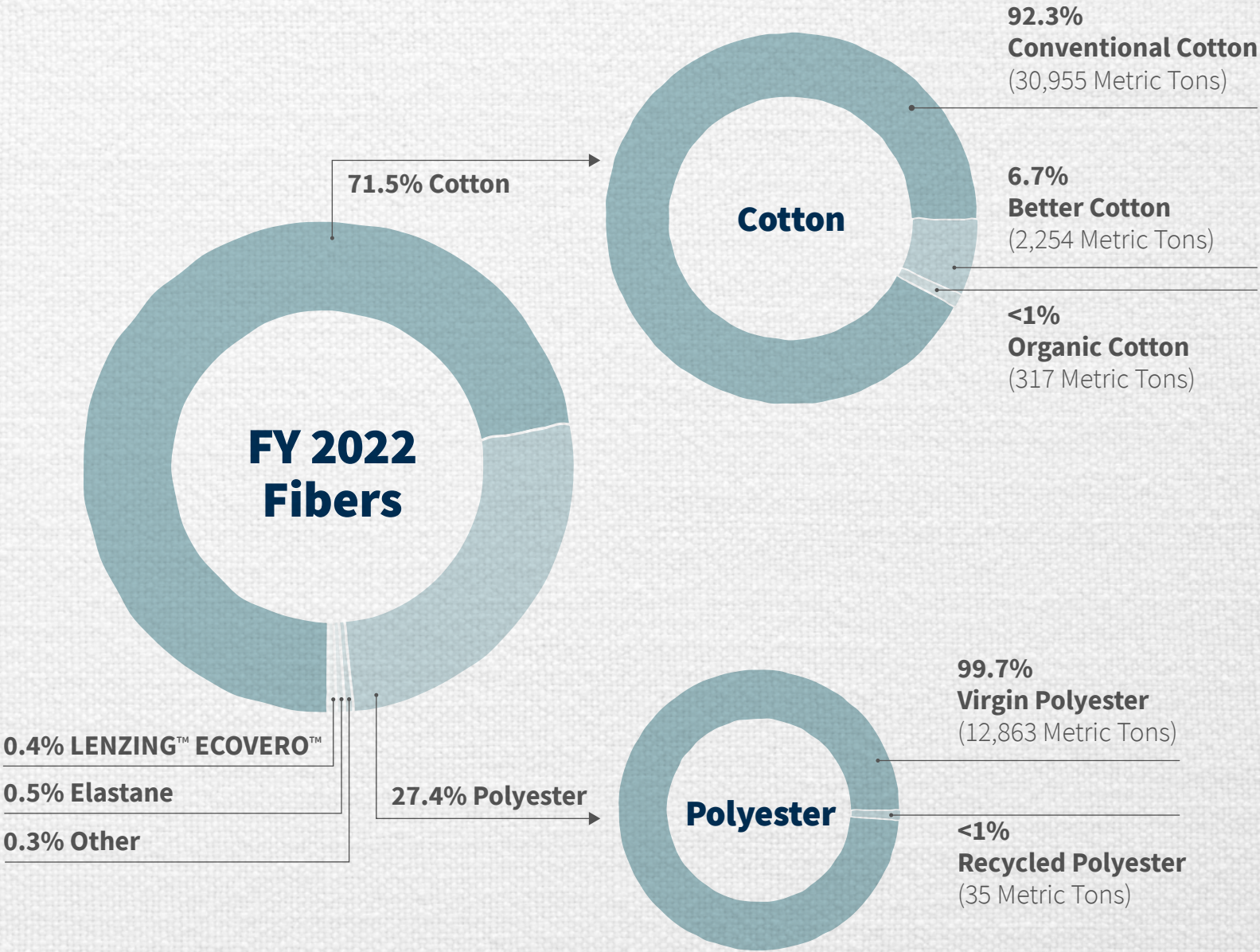
We select fibers and materials that are durable and deliver the safety and comfort our consumers expect. Our primary fabrics for apparel are cotton and polyester, and we have committed to securing those from sustainable sources by 2030. In 2022, cotton (~71% of our fiber) and polyester (~27% of our fiber) accounted for 98% of our fiber use.

We consider a sustainable fiber or material as one that is understood to consume fewer resources over its life cycle when compared to similar fiber or materials made under conventional production. As we evolve our fiber portfolio strategy for our directly-sourced apparel, we intend to transition away from conventionally produced fibers and assessing opportunities to increase our use of qualified sustainable fibers, such as:

- Certified Organic (e.g., Global Organic Textile Standard or “GOTS”)
- Verified Recycled (e.g., Global Recycled Standard or “GRS”)
- Substantiated Reduced Environmental Impacts (e.g., Better Cotton and LENZING™ ECOVERO™)

In fiscal 2022, more than 5% of our fibers met this criteria. We are building a roadmap that focuses on our top volume fabrics first and increases our sourcing through programs such as Better Cotton and GOTS.

Our Fiber Usage in 2022





The Benefits of Better Cotton

One of the primary ways we intend to achieve our goal of 100% sustainable cotton is through our participation with the Better Cotton program. Better Cotton methods provide benefits to farmers as well as to the environment, with approximately 2.9 million participating farmers globally. These farmers are able to use fewer pesticides and less water while producing higher yields and profits from their cotton.



Better Cotton includes labor standards that respect and protect the rights of farm workers. Better Cotton has also conducted initiatives to improve gender equality and women’s empowerment in cotton production and to address the specific needs and challenges of women participating in its programs. We are also evaluating the U.S. Cotton Trust Protocol for potential future sourcing.

We aim to have Better Cotton account for at least 50% of our cotton by 2026

	2021	2022	2023	2024	2025	2026
Total Cotton (actual) Consumption (metric tons)	56,859	33,527	33,527*	-	-	-
BCI Goal	1%	10%	25%	35%	45%	50%
BCI Consumed (actual)(metric tons)	970	2,254	-	-	-	-
% Toward Goal	1.7%	6.7%	-	-	-	-

*2023 consumption number and goal is based on previous year consumption.

Little Planet

Our Little Planet brand leads the way in our sustainable innovation, helping us develop practices from which our other brands can learn. It includes mostly organic cotton, certified by GOTS, a leading global textile processing standard for organic fibers.

In 2022, we significantly grew Little Planet's assortment and expanded into new categories, including organic bedding, swimwear, and outerwear made with recycled materials. We also doubled our overall Little Planet sales in 2022, compared to the prior year. Among other recognitions, the brand was named "Best Affordable Organic Baby Clothes" by *Glamour* magazine in 2023.

We believe Little Planet's success is the result of the brand delivering the sustainable quality that many consumers increasingly seek, and we intend to continue innovating and expanding our product offerings as we aim to meet the needs of the next generation of consumers.



Skip Hop's Sustainable Innovations

Products That Grow with a Child

Skip Hop is committed to designing innovative products consistent with its Must Haves Made Better® mission. We feel it's a privilege to have parents bring our products into their home and trust us to entertain, challenge, and help develop their child's skills. We also want to make parents' lives easier with products that have a longer lifespan and grow with their child. Our "grow with me" designs extend a product's life cycle, reducing the need for multiple items and creating less waste.

OEKO-TEX® STANDARD 100 Play Gyms

Our play gyms are tested under toy testing standards to ensure they're free from harmful substances. In 2023, we are adopting the even more stringent OEKO-TEX® STANDARD 100 certification for our play gyms, which provides strict criteria that exceed national and international requirements.

Oceanworks® Partnership

We are proud to have partnered with Oceanworks®, the leading source for recovered ocean-bound plastics, providing the world's most robust plastic action platform, to create a new version of our Skip Hop Moby Bath Bundle made from 70% recycled plastic, which launched on Earth Day 2023. The bundle consists of our Moby Bath Rinser, Moby Stowaway Bath Toy Bucket, and a special version of our brand-new Sort & Stack Boat. The bundle is packaged in a giftable 100% recycled box, without plastic packaging materials.

Recycled Diaper Bag Packaging

We are in the process of replacing all hangtags and polybags used on our Diaper Bags, On-the-Go, and Kids Bags categories with 100% recycled materials. We anticipate this effort will impact 112 product types in 2023, and we plan to continue this practice on all new launches in these categories. We are also evaluating the possibility of replacing our diaper bag liners with recycled materials.

Skip Hop Innovation Awards

Skip Hop is an award-winning brand, and many of these recognitions relate to product versatility or longevity. Among the recent awards we have won:



**Kind + Jugend
Innovation Award 2022**
[Stroll & Connect
Bladeless Stroller Fan](#)



**The Bump Best of
Baby Awards 2022**
[EON 4-in-1
High Chair](#)



**Good Housekeeping
Best Toy Awards 2022**
[Explore & More Grow
Along 4-in-1 Activity
Walker](#)

Reducing Waste through Manufacturing Excellence

Carter's Manufacturing Excellence team partners with vendors to assess their true product specialty and the suitability of their factories, along with identifying opportunities to increase their efficiencies that can provide financial, environmental, and/or social benefits, by reducing their waste. The findings from this team's analysis in 2022 uncovered efficiency opportunities that will help guide future sourcing strategies, planning, and purchasing. Its work has included:

- Implementing Shapeshifter, a computerized search engine for identifying the most efficient material usage per garment in order to control the amount of materials to be purchased.
 - For example: Reducing excess material purchases by vendors, which may result in substantial potential savings in cost and materials waste.
- Evaluating and standardizing the appropriate amount of manufacturing time per garment.
 - For example: Standardizing the sewing plan for a particular Sleep and Play product can reduce sewing time for some manufacturers.

Driving Efficiency through Our Manufacturing Excellence Continuous Improvement Program



Responsible Sourcing

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

Supply Chain Goals & Progress

GOAL	2022 PROGRESS
Extend traceability of cotton to our fabric mills by 2025	100% of mills accounted for in traceability program
Improve the well-being of at least 1 million workers within our global value chain by 2030	139,686 workers benefited by education and empowerment programs

Traceability

We work with our supply chain partners to ensure that raw materials and other components of our products do not use forced labor to harvest or produce them. This effort is dependent upon enhancing our traceability capabilities.

In 2022, we achieved our 2025 goal of extending traceability to the mill level (three years ahead of schedule). To accomplish this, we implemented a comprehensive traceability program focused on:

- **Capability Screening:** Assessing ability of suppliers to provide documentation showing material origin
- **Factory Training:** Providing training and education to suppliers and building competencies as needed
- **Mock Audits:** Verifying and validating material tracing capability



Traceability Program Components



Social Compliance

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

Tier 1 Supplier Compliance Auditing				
	2022	2021	2020	2019
Number of Active Tier 1 Suppliers	88	93	100	110
Number of Active Factories	137	142 ¹	164	195
Number of Factories with a Passing Score	137	125	155	191
Number of Factories with a Below Passing Score	0	4	3	4
Number of Unannounced Audits Conducted	36	55	69 ²	105

¹ There were 13 factories we were only able to audit virtually due to the pandemic; we therefore chose not to issue a score.

² Due to pandemic restrictions, we paused the execution of unannounced factory audits in 2020.



Partnering for Worker Well-being

We believe multi-stakeholder dialogue and collaboration often represent the most productive and effective approach to address complex industry-wide issues that cannot be solved by any one company alone. We work with a variety of partners to help create better working conditions in our supply chain.



This year, Carter's is proud to be partnering with Planet Water Foundation to bring access to clean, safe drinking water to a community in Pursat Province, Cambodia. Volunteers from Carter's will assist in the construction of a community water filtration system that can provide up to 1,800 people with access to clean, safe water. The project will also include a comprehensive Water Health and Hygiene Education program for students and the local community. For more information on Planet Water Foundation, please visit their [website](#).



RISE: Reimagining Industry to Support Equality is a collaborative initiative supporting industry to advance equality for women workers in global garment supply chains.

RISE brings together the four largest women's empowerment programs in the apparel industry—from BSR's HERproject, Gap Inc. P.A.C.E., CARE International, and Better Work—to build from proven approaches, scale impact, and improve efficiency. This single approach makes it easier and more efficient for industry and wider stakeholders to drive



accelerated and lasting impact on gender equality.

The four founding partner organizations work with 50 of the world's largest apparel brands and have reached over 5 million women workers

globally. Our participation in the program focuses on providing training programs to Carter's suppliers.

Maxturn Apparel

Maxturn serves as an example of our RISE efforts. The company is a highly strategic partner to Carter's in Vietnam with approximately 1,250 workers, more than 90% of whom are women. In collaboration with RISE and their local implementation partner Life Centre, a majority of the company's workforce has participated in health and career training that has helped them better care for themselves and their families.





Contributing to a Better Future for Children and Our Communities

Our strategy around climate and the environment takes a multi-pronged approach, building upon our belief in contributing to a better future for children and our communities. We have set ambitious, quantitative goals as we continue our journey to be a more environmentally sustainable brand.

Goals & Progress

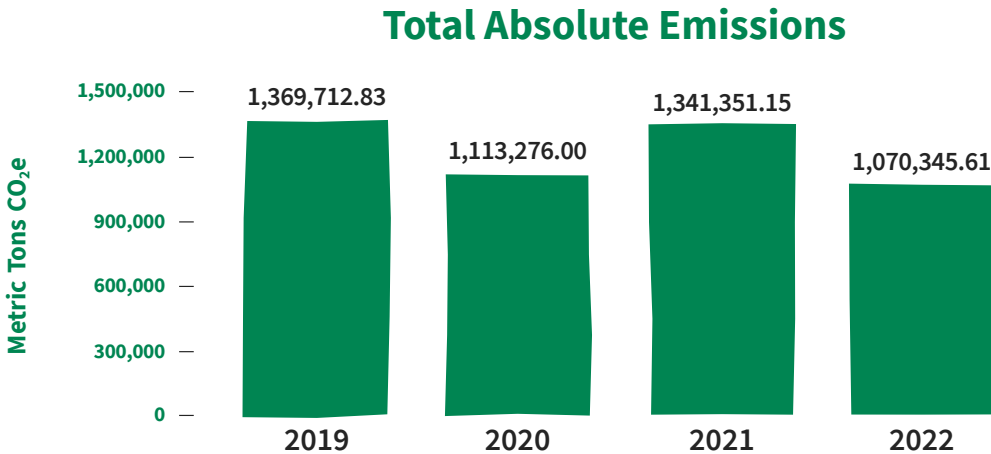
GOAL	2022 PROGRESS
Climate	
Reduce absolute Scope 1 and 2 greenhouse gas emissions 50% by 2030 from 2019 baseline	28% decrease in absolute GHG emissions and 14% decrease in carbon intensity
Require 77% of our suppliers by spend covering purchased goods and services to have science-based targets by 2027	17% of our covered vendors by spend have set science-based targets
Achieve Net-Zero Scope 1 and 2 emissions in our direct operations by 2040	2030 emissions reduction roadmap developed; we will report 2040 plan in 2024
Waste	
Divert 80% of waste from landfill by 2025	62% of waste diverted from landfill
Achieve 50% reduction in virgin plastic packaging by 2030	New goal; we will report progress in 2024
Water	
Reduce water usage in the manufacturing and washing of our products by 2025	New goal; we will report progress in 2024

Improving Our Energy and Emissions Footprint

We have set a near-term, science-based emissions reduction goal, validated by the Science Based Targets initiative (SBTi), to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2019 base year. Carter's also commits to engaging 77% of our suppliers by spend covering purchased goods and services to set science-based emissions reduction targets of their own by 2027.

A key part of achieving our goal is gathering primary GHG data and obtaining third-party,

limited assurance for our performance disclosures on Scope 1 and 2 GHG emissions, water usage, and waste volumes. In 2023, we completed our fifth annual GHG emissions inventory of our business activities, which included primary data collection from our logistics providers and 109 facilities of our top 69 suppliers, accounting for approximately 96% of the total purchase order spend on manufactured goods from our Tier 1 vendors. Based on that inventory, approximately 28% of our Scope 3 GHG emissions in 2022 came from our Tier 1 suppliers and logistics providers.



GHG Reduction Roadmap

We intend to accomplish our science-based target of a 50% reduction of Scope 1 and 2 GHG emissions by 2030 from a 2019 baseline through a combination of measures in our retail stores, distribution centers, and offices, including:

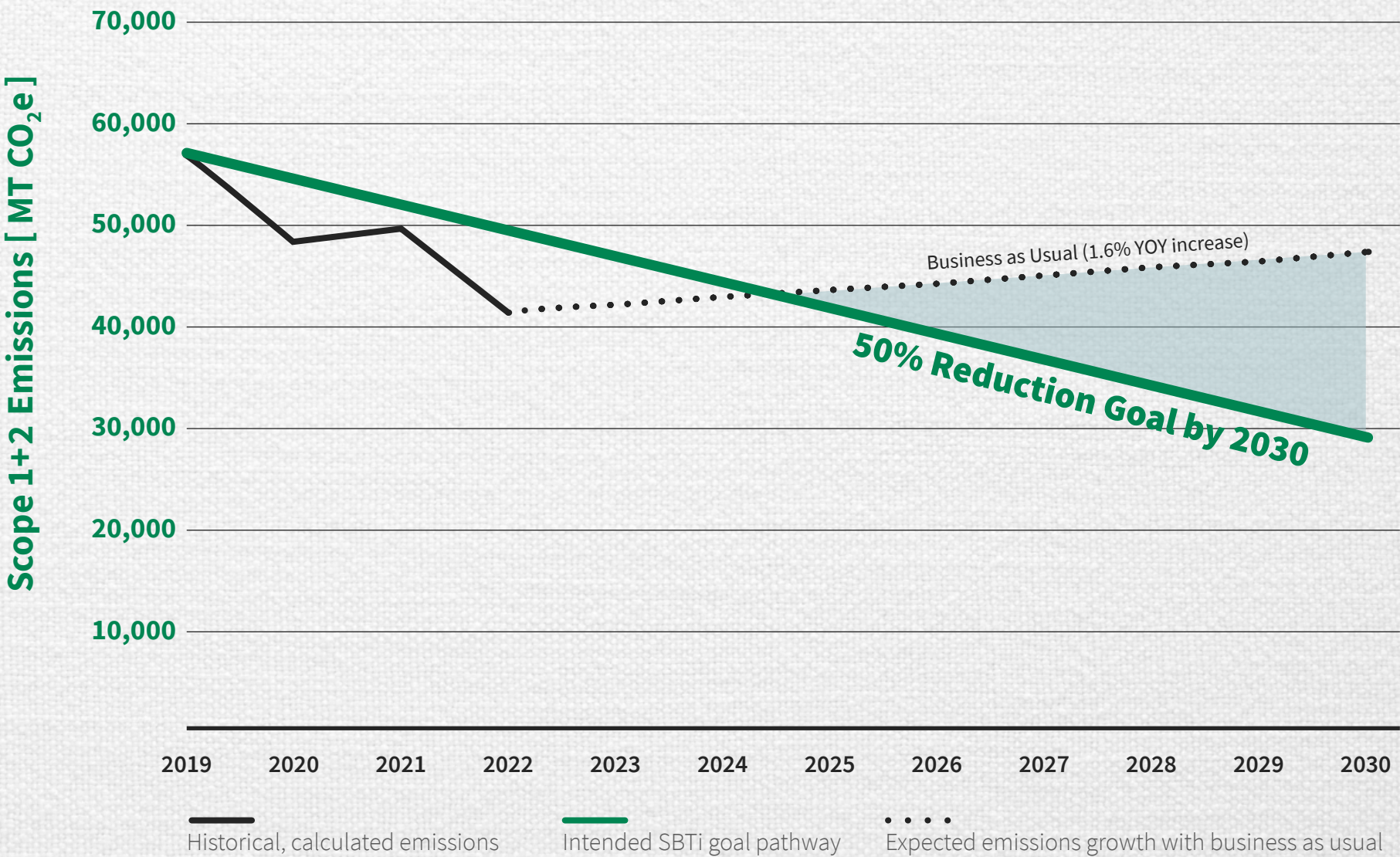
- Operational changes
- Technology and energy management investments
- Renewable energy credit (REC) purchases

We are evaluating pathways to reduce our overall energy usage year-over-year and expect that the purchase of renewable energy credits will be needed to meet the remainder of the goal.

In 2022, our Scope 1 and 2 emissions decreased by 28% and our emissions intensity decreased by 14%, both from 2019.

We believe the recent decrease in emissions is most likely attributed to operationally related factors, such as retail store closures and/or climate differences year-over-year that may have caused varying usages of energy across multiple locations. As we continue to evaluate the underlying drivers of changes in our emissions year-over-year, we expect to provide additional detail in our future CSR reports.

Historical and Expected Scope 1 and 2 GHG Emissions Through 2030



GHG Reduction Measures

Operational Initiatives

Behavioral practices and operational improvements will drive energy efficiency

Implementing standards to the way we work and operate our business can contribute to energy reductions.

Ongoing efforts:

- We are evaluating changes we can implement to our employee standard operating procedures at our retail stores and distribution centers to drive energy efficiencies, such as keeping doors closed and turning off lighting when not needed

Energy-Related Investments

Upgrades to technology and energy management systems will be needed

We recognize that investments will need to be made to meet our decarbonization goal, particularly in technologies at our stores and distribution centers.

Previous efforts:

- Achieved LEED Gold and Energy Star certification for our office headquarters
- Converted from conventional fuel to hydrogen power for forklifts at our largest distribution center

Ongoing efforts:

- Upgrading to LED lighting in our distribution centers and retail stores

Renewable Energy Credits

We will look to renewable energy credits (RECs) as a complementary measure

While not a primary solution to decarbonizing, we plan to invest in a limited number of third-party verified renewable energy credits to help us meet our goal.

Previous efforts:

- Evaluated environmental commodity/REC purchasing guidelines

Recent efforts:

- In April 2023, we purchased 14,000 verified credits to be applied to our 2022 emissions





Reducing Scope 3

We continue to explore ways to reduce our Scope 3 emissions. We believe that as we make progress toward our goal to use 100% sustainable cotton and polyester fibers by 2030, we can reduce GHG emissions associated with the raw materials of our products.

Regarding transportation, we gather information from our logistics providers to account for emissions associated with the transport of our products, including their measurement capabilities and opportunities to reduce transportation- and distribution-related emissions. These data help us make transportation purchasing decisions and advance our plans to reduce our impacts.

We are leveraging our use of radio-frequency identification (RFID) to better manage our inventory. In 2022, we grew our Buy Online, Pickup In-Store sales by almost 50% and our Deliver from Stores sales by more than 95%, compared to 2021. RFID has increased our monitoring of the real-time locations of our products and allows us to deliver them to consumers more efficiently.

We also are mindful of the energy usage and GHG emissions associated with the care and cleaning of our apparel products. All of Carter's care labels on apparel products recommend cold-water wash. According to [ENERGY STAR](#), heating water consumes about 90% of the energy it takes to operate a clothes washer.

We are using the Sustainable Apparel Coalition's Higg Facility Environmental Module (a database of supplier impact data) and direct engagement to better understand the environmental practices and impacts of our apparel and accessory suppliers.

We also expanded our request for data from our Tier 1 suppliers to determine if they have set science-based targets to reduce GHG emissions from their own operations.

Sustainable Apparel Coalition Membership

We're proud to be a member of the [Sustainable Apparel Coalition](#), a global, multi-stakeholder nonprofit alliance for the fashion industry. We join over 250 members working together to reduce environmental impact and promote social justice across the value chain. Through our membership, we will gain insights on how to best manage water used in manufacturing of our products and continue to challenge ourselves to create a more sustainable future.

Suppliers covering **17% of our spend** on purchased goods and services have set science-based targets.



Climate Risks and Opportunities

Climate Risk Assessment

In 2022, we conducted our second annual climate change risk assessment to better understand physical and transition risks and impacts for our stores, distribution centers, suppliers, and cotton sourcing. The assessment was aligned to the TCFD framework and identified both best-case ([Representative Concentration Pathways](#) [RCP] 2.6) and worst-case (RCP 8.6) climate scenarios across our owned operations, as well as for key aspects of our supply chain. From this assessment, we understand that the effects of climate change could have a long-term adverse impact on our business and operations and could present business and strategic opportunities.

Transition Risks

Risks related to policy, legal, technology, market, and reputation can impact our business in the short-, medium-, and long-term. For example, if global suppliers decide to pass additional costs from current and emerging regulation related to emissions reductions or global carbon tax schemes, Carter's could be impacted by those additional costs. Additionally, increasing consumer awareness of environmental issues has sparked a trend in the industry of offering more sustainable products, allowing customers 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.

Physical Risks

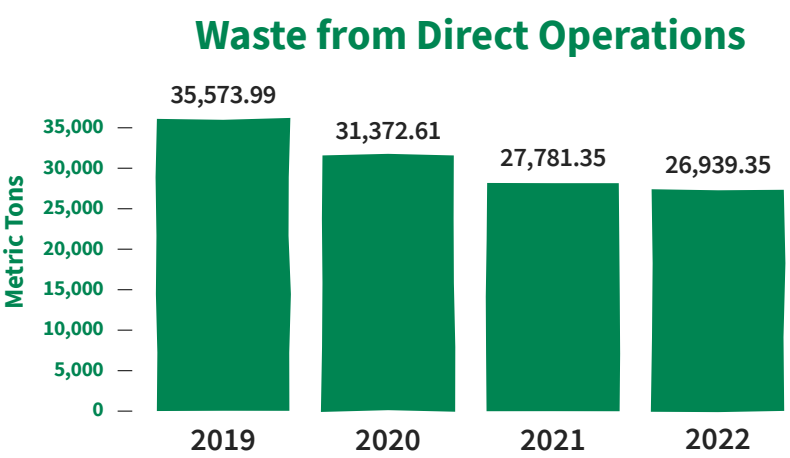
Our business is susceptible to unseasonable weather conditions, which could influence customer demand, consumer traffic, and shopping habits, as well as disrupt production along the supply chain. For example, severe weather events and other acute and chronic climate-related risks could affect timing 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 and 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, and 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. For a full list of our climate-related risks, please see the [Disclosure Index](#).

Reducing Waste

In 2022, we set a goal to divert 80% of our waste from landfill by 2025. We began by focusing on waste generated at our distribution centers, where we **diverted 90% of waste** in 2022. Our ability to manage waste at our retail stores is challenging since landlords manage waste disposal at many shopping centers and we do not have primary data related to volumes of waste generated or recycled at those locations.

We are responsible for the waste services at the remaining number of stores, and utilize a waste management company to manage the collection of waste and recycling. We utilize the data from those 195 stores to estimate the waste and recycling volumes at our other stores based on an average per square foot of retail space. For more waste data, please see the [Disclosure Index](#).



Packaging Reduction Progress

Product

Packaging type

- Hangers
- Hangtags



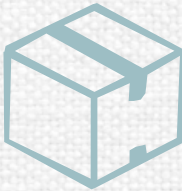
2022 Initiatives

- Utilized alternative hangers made of paper and recycled plastic for our Little Planet brand and for some of our products sold through our wholesale partners
- Changed the shape of hangtags and stickers for certain products to use paper more efficiently

Distribution/eCommerce

Packaging type

- Mailers
- Cartons
- Polybags



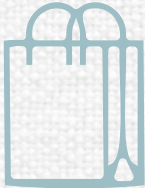
2022 Initiatives

- Converted to 80% and 50% recycled plastic poly mailers in the U.S. and Canada, respectively, for eCommerce orders
- Converted to polybags made of 100% recycled plastic for eCommerce apparel
- Piloted conversion of plastic poly mailers to recycled content paper mailers for Little Planet eCommerce
- Continued carton reuse for shipping from distribution centers (DCs) to retail stores

Retail

Packaging type

- Shopping bags
- Gift packaging

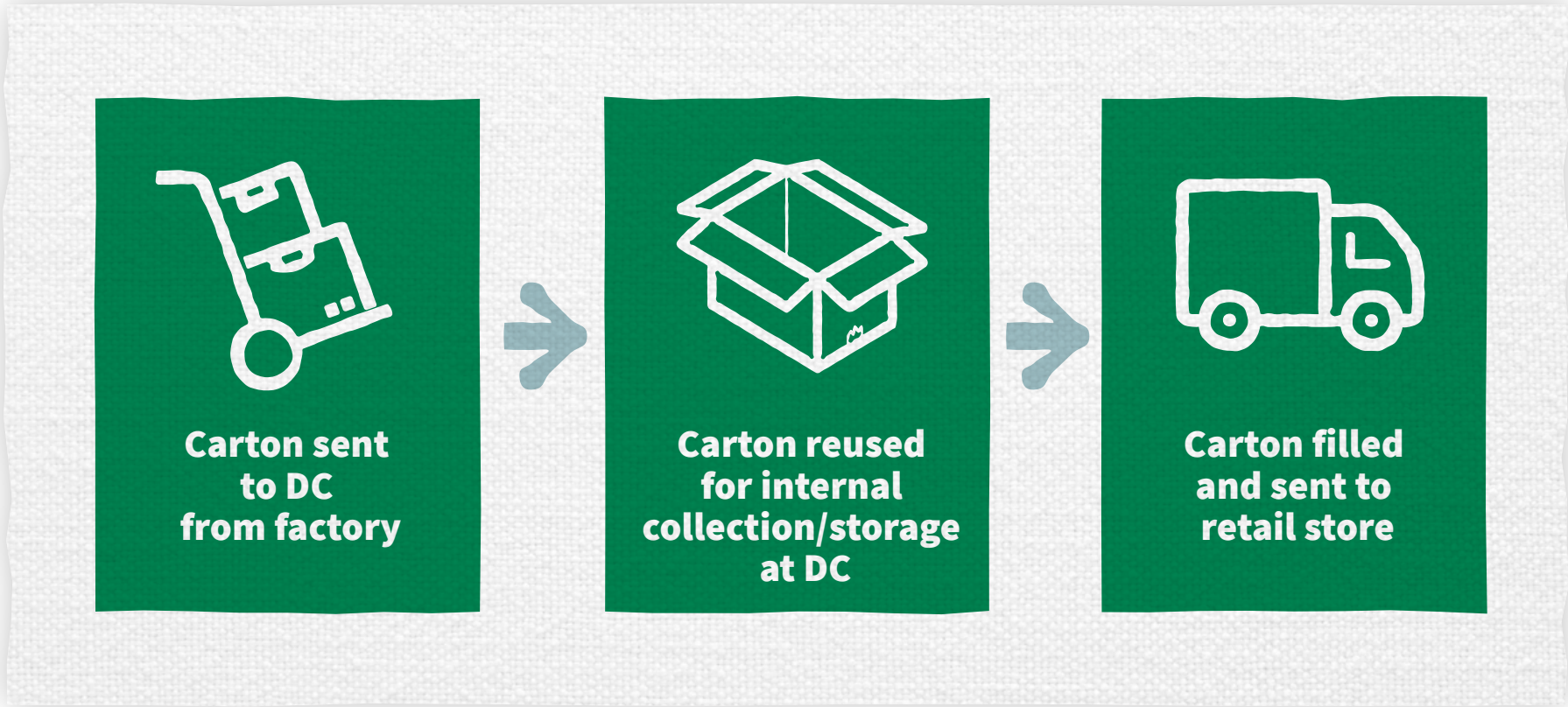


2023 Initiatives

- Converting to paper shopping bags from plastic in Canadian stores
- Converting plastic shopping bags in the U.S. to 100% recycled content
- Transitioning to gift packaging made of recycled materials
- Defaulting to electronic receipts

Our plastic reduction initiatives in 2022 helped us reduce our use of virgin plastic by more than **700 tons**.

Our carton reuse program helped us avoid using more than 1,300 tons of corrugated cardboard in 2022.



Packaging

Developing sustainable packaging solutions is an essential part of our commitment to waste reduction. In 2022, we compiled data to establish a packaging baseline from which to measure reductions in the overall amount of packaging used, as well as the conversion to more sustainable packaging materials for our products, in our stores, and for the delivery of eCommerce orders.

We are committed to achieving a 50% reduction in virgin plastic packaging by 2030.

Reducing Skip Hop Product Packaging and Waste

We are currently using approximately 70% recycled material across all Skip Hop cardboard boxes and cartons. In addition, as we develop new items, we have made a concerted effort to reduce the amount of packaging per product, the number and size of plastic blister packs, and the disposable cartons being used for shipping.

- For our new Montessori-inspired gym, instead of our standard window-box packaging, we will launch in a smaller, closed box that does not incorporate plastic.
- Small, pegged items have historically been packed on a blister card, but we designed our new Fox Camera without the need for a disposable blister, for example.
- Our best-selling activity centers will be shipped as individual units in the U.S. going forward instead of in two boxes, eliminating large master shipping cartons that are immediately discarded.

Product Recycling

Our KIDCYCLE™ product take-back program is another way in which we support product materials recycling.

Through KIDCYCLE, apparel that would otherwise be discarded can be mailed by customers to our partner, TerraCycle, and recycled at no cost. Once collected, the clothing is separated by fabric type, shredded, and recycled into materials used for insulation, mattresses, pet bedding, and sports equipment.

In 2023, we plan to evolve the program by providing collection bins in select stores.

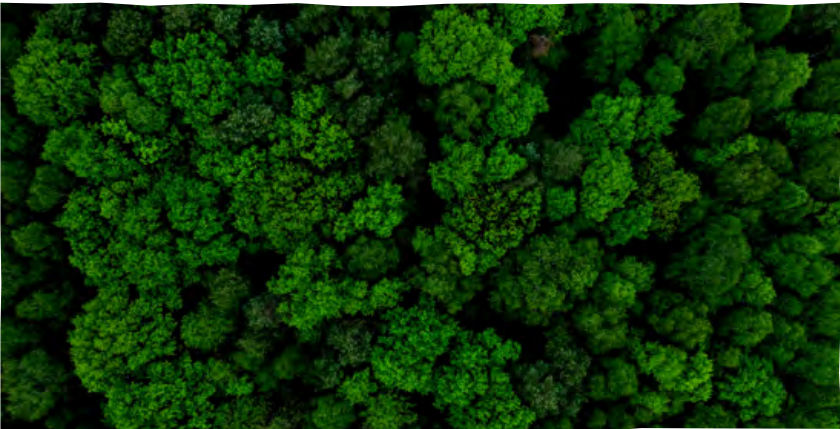


Kidcycle Metrics		
	2022	2021
Locations	2,956	3,260
Number of Items	67,218	32,436
Total Weight (lbs)	17,213	8,330

Biodiversity

We are committed to the continual reduction of the environmental impacts of our products and operations. Our commitment extends to raw materials usage, as we seek to incorporate materials certified by third-party sustainability standards.

We monitor, review, and scrutinize our operations for continuous environmental improvement, including the third-party factories that manufacture our products, on a regular basis. We are exploring additional ways to reduce our impact on biodiversity and will disclose progress in future reporting.

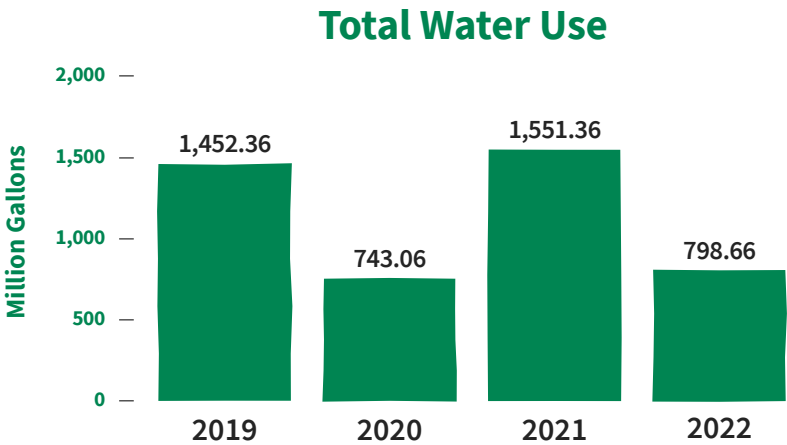


Managing Our Water Impact

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

We are working to better understand the water impacts in our global supply chain, and are requiring all of the factories and mills that make our products to complete the Higg FEM in 2023.

In 2022, we set a goal to utilize the Higg Index to further drive reduced water usage in the manufacturing and washing of our products by 2025.



Due to the uncertainty of supplier information, water use can be different year over year. Carter's is exploring this and is committed to improving data quality within our environmental reporting framework and supply chain.

Garment washing

Garment washing is a common step in apparel manufacturing to enhance the softness of a garment and to provide a distressed or “lived in” look to products such as denim. Over the past few years we have worked with our designers to reduce the amount of styles that require garment washing to achieve our design intent. We will continue to monitor this extra processing to increase water conservation in our manufacturing process where appropriate.

Since 2019, we have **reduced by 50%** the number of our styles that require an additional garment washing process.



Arbor Day Foundation

Thanks to the generosity of Carter's employees, for Earth Day 2022 we raised \$20,000 for the Arbor Day Foundation, which will support the planting of 20,000 trees. According to the I-Tree Planting and EPA Greenhouse Gas Equivalencies calculators, this effort contributed to:

- 47,152 metric tons of CO₂ sequestered—equivalent to 10,251 cars off the road for a year
- 202 tons of air pollution removed
- More than 14 million gallons of water runoff avoided—equivalent to 21 Olympic-sized swimming pools



Each Day Our Employees Help Us Make a Difference and **Live Our Values**

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

Goals & Progress

GOAL	2022 PROGRESS
Diversity & Inclusion	
Increase racial and ethnic diversity at the Vice President and District Manager levels	25% of VP hires in 2022 were diverse
Increase our African American and Hispanic consumers by 10% by 2025	Launched and completed marketing test tailored to these consumer segments
Develop supplier diversity program	Created and implemented the Supplier Diversity Program
Community	
Improve the well-being of at least 10 million lives by 2030	2,320,590 lives improved
Volunteer over 200,000 hours in our communities by 2030	20,367 employee volunteer hours
Invest more than \$50 million toward improving the lives of children by 2030	\$10.5 million in combined charitable contributions and product donations

Employee Engagement and Well-Being

The success of our Company is built on our people, so maintaining a positive workplace culture, high engagement, and strong retention among our employees are fundamental priorities.

We believe formal and informal mentoring activities and cross-functional meetings with leaders are essential ways in which we fuel engagement throughout our business.

Our high level of employee engagement is rooted in a strong sense of pride in our products, brands, and organization.

Many of our employees also see a connection between their work and the Company’s vision, as evidenced by our 2022 employee engagement survey results.



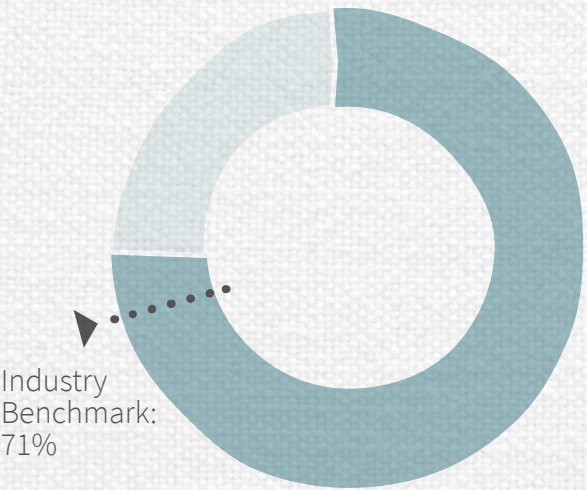
2022 Global Employee Survey

To measure engagement and identify areas for improvement, we conducted a global employee survey in 2022, the results of which will inform action planning. In addition to a high level of employee participation, the survey received 10,000 verbatim comments.

Insights from the survey will help us develop action plans for enhancing our workplace and culture. To implement our findings, Carter's Board of Directors participated in a thorough debrief of our Company-level results, and each Leadership Team member received results for their specific function and their direct reports. Managers received training to effectively interpret their survey results and lead action planning meetings with their teams.

Engagement Survey Highlights

Our 2022 survey saw a 98% response rate, doubling the total number of participants from our previous deployment.



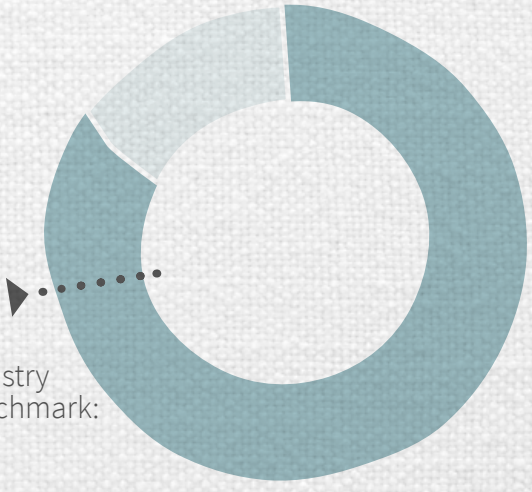
75%
of employees are motivated to contribute to organizational success and willing to apply discretionary effort



80%
of employees would recommend Carter's as an employer to a friend



80%
of employees believe their manager is highly effective



84%
of employees feel we have a diverse, equitable, and inclusive workplace

Recruitment

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

New Recruitment Support for Retail Stores

Retail employee recruitment and retention has been a challenge for every industry since the pandemic. To address these issues in our operations, for the first time, our recruitment team began to directly support hiring for retail store positions in 2022, with strong results that benefit our customer experience:

- **~20% of all retail management jobs** were filled by the new team
- **12% decrease in the number of critical openings**—roles that have been difficult to fill or that have the potential to impact normal operations

Supporting Our Veterans

We're proud to ensure our products are available to servicemen and servicewomen worldwide, and we're extending that passion to how we recruit for the team. While our military recruiting strategies are in their early stages, we are excited by our initial results and believe this area of focus can be a winning component in our overall diversity hiring strategies.

Through our partnerships with organizations like [VetJobs.org](#) and the American Public Military University, **we more than doubled our military recruitment outcomes** in 2022. In 2023, to build on this progress, we are expanding our Indeed relationships and exploring talent within the military spouse/partner community.

Partnering for Success

The partnerships and networks that we engaged in 2022 to support Carter's diverse recruitment include:

- Inroads
- National Retail Federation College Programs
- Professional Diversity Network
- American Military University/American Public University, GA VECTR & VetJobs.org





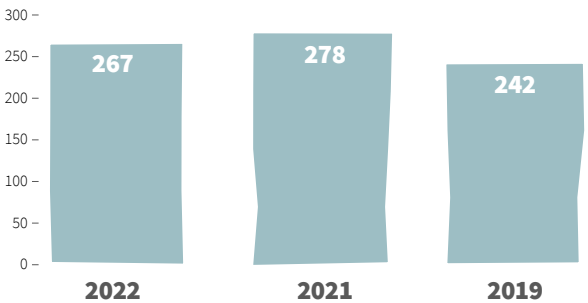
Career Development

We have a variety of programs to help employees accelerate their leadership skills and grow their careers. These programs include our Accelerated Development Program, for high-potential leaders at the Director/VP level, and the Executive Development Program, which supports recent college graduates in entry-level roles.

Our continued investment in our frontline retail store and distribution center leaders is a key priority. We know great leaders are a core component to an engaged workforce. For this reason, we purposefully created leadership development programs targeting our field managers from entry- to senior-level leaders. These programs support our efforts to further strengthen leadership skills, develop a pipeline of successors for key leadership positions, and retain our talent. In 2022, more than 225 field leaders participated in these programs.

Mentor Partnerships Program

We have a culture of people helping people. Mentor Partnerships is a signature program supporting our value of investing in our talent by offering professional guidance and opportunities to learn from each other. With nearly 270 participants from six countries, 2022 saw one of our highest levels of participation.



Mentor Partnerships Program Participants

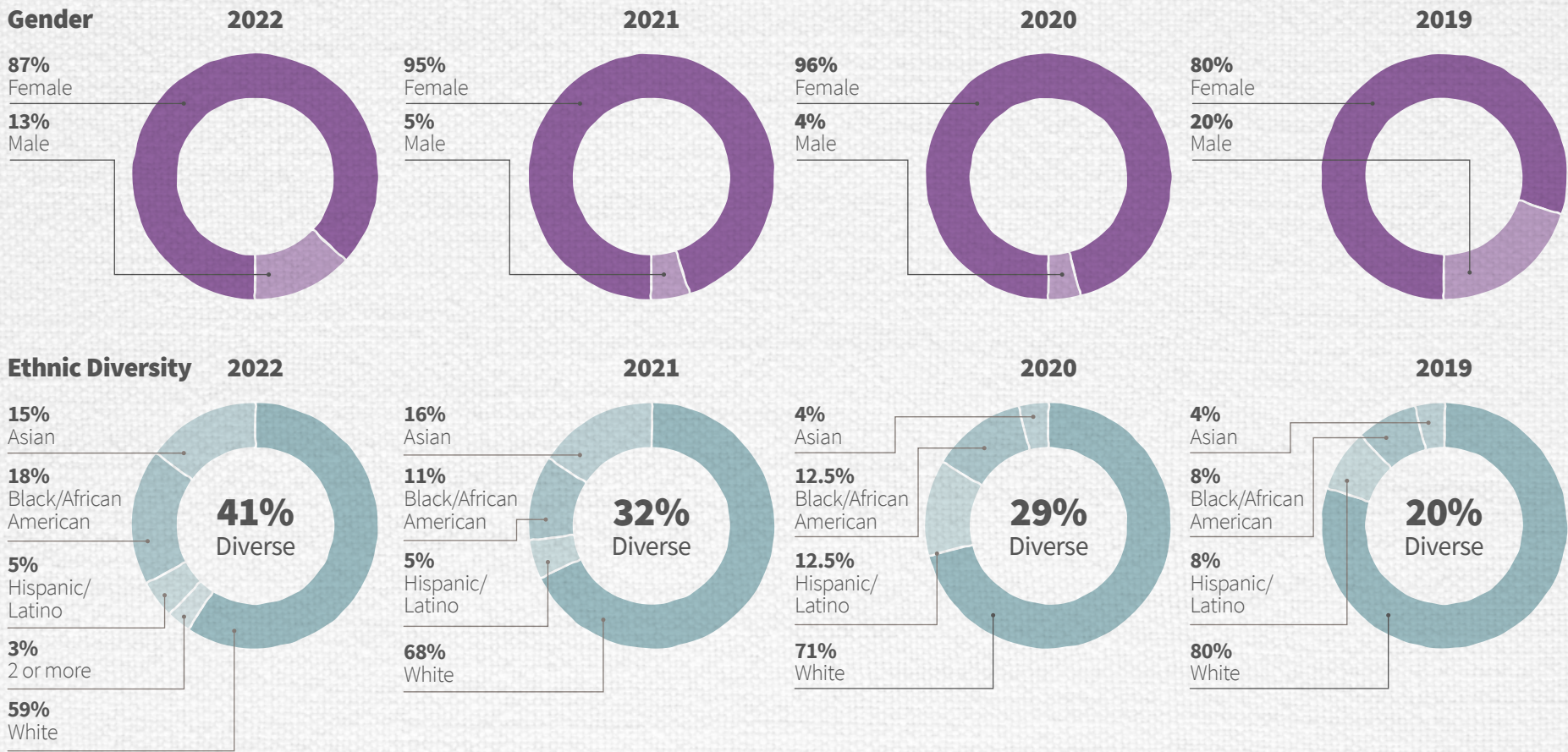
Fiscal 2022 Workplace Training		
	2022	2021
Total Number of Training Hours	~134,500	~153,900
Employees Participating	~14,600	~15,900
Average Hours of Training per Employee	~9.2	~9.7

The training we provided in 2022 to upgrade employee skills included managerial and leadership development, data analytics, and Microsoft 365.

Executive Development Program (EDP)

The EDP is a formal six month development program for recent college graduates in entry-level roles that gives participants the opportunity to transition from campus life to the corporate world. The program is designed to provide hands-on work experience as well as cross-functional learning opportunities to better understand the Company and our products.

EDP Participants



Creating a Hybrid Workplace

We have been committed to our hybrid work environment guided by principles of serving the needs of the business while providing flexibility to our employees.

We believe we are better together, and as a highly collaborative and creative organization, we believe there is value in having in-person connection. Coming together supports our ability to further connect, create, and solve problems. Being in the office together furthers the development of our teams, allowing them to learn from their leaders, peers, and mentors in person. We have asked employees to come back to the office at least three days a week. These are intentional days to support collaboration and connection with colleagues and to drive professional development.

For these reasons, we encourage employees to make the days they are in the office “collaborative days” with their teams, peers, and cross-functional partners. The hybrid approach also requires employees to consider their co-workers’ locations and needs when scheduling events, which we believe supports a culture of inclusivity.

We are taking a hybrid approach to our talent development offerings as well. We are providing educational workshops and trainings in-person while maintaining virtual options for remote and field teams. We are intentional about selecting the format (in-person, hybrid, or virtual) of our educational workshops and development programs to ensure they foster the highest level of engagement and interaction as well as support adoption of the materials.



Supporting Employee Well-Being through Benefits

Our employees fill many different roles as parents, partners, caregivers, and friends, so we design our benefits to support employee well-being inside and outside of work. We offer a wide range of benefits that will be valuable to any employee regardless of their stage of life.

401(k) Matching

Our U.S. retirement plan has more than 90% participation, attributable to both our automatic enrollment and our discretionary match, which has the potential for a generous Company match. For nine out of the last 13 years, our discretionary Company match was well above market.

In 2022, Carter’s offered eligible employees a 100% match to their 401(k) contributions up to 4% of eligible earnings contributed to the plan by employees.

Benefit*	Full-time Retail Employees	Full-time Distribution Center Employees	Full-time Corporate Employees	Part-time Employees**
Medical Plan	✓	✓	✓	✓
Dental Plan	✓	✓	✓	✓
Vision Plan	✓	✓	✓	✓
401(k) Savings Plan***	✓	✓	✓	✓
Life Insurance	✓	✓	✓	✓
Short-Term Disability	✓	✓	✓	✓
Accidental & Hospital Expense Plans	✓	✓	✓	✓
Paid Volunteer Time		✓	✓	
Employee Assistance Program	✓	✓	✓	✓
Identity Theft Protection	✓	✓	✓	✓
Pet Insurance	✓	✓	✓	✓
Employee Discount	✓	✓	✓	✓
Flexible Spending Accounts	✓	✓	✓	
Backup Dependent Care	✓	✓	✓	✓
Scholarship and Tuition Programs	✓	✓	✓	✓

*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.
**Part-time employee plans/programs may vary from full-time offering, including whether employer or employee paid.
***Part-time employees may become eligible for the 401(k) Plan by working more that 1,000 hours in their initial year of service or any subsequent Plan year.



New Benefits

We offer a comprehensive benefits package—which we regularly review and update—to employees across the U.S. in our retail stores, distribution centers, and office/corporate locations. Since the start of 2022, we have added several new benefits to support employees.

Carter's Advance You™

Carter's recognizes the value of education, as shown by our tuition-free degree program, Advance You™, through Bright Horizons. Program costs are directly covered by Carter's up to an annual limit, so eligible employees don't have to pay out of pocket for reimbursement. Program features include:

- **Advance You™ Fast Track Degree Program:** Employees can earn general education credits online at an accelerated pace and then transfer to an accredited partner college to complete a bachelor's degree.
- **Career Online High School:** Employees can earn an accredited high school diploma and a career certificate in a chosen field.
- **myTime ENGLISH:** Employees can develop proficiency in speaking, reading, and writing if English is not their primary language.
- **Coaching:** Employees can receive support from experienced coaches to learn about program options, discuss a personalized education plan, and receive continued guidance throughout their educational journey.

Menopause Support

Eligible employees can now utilize the service of our partner Maven for menopause support as part of their comprehensive digital reproductive and family health program. The benefit provides employees experiencing menopause with 24/7 access to unlimited virtual appointments with providers specializing in the menopause journey. It also offers a dedicated Care Advocate to help employees navigate health benefits and connect to in-person support if needed.

Foster Care Leave

U.S. and Canada full-time employees with at least one year of continuous service on the date of foster care placement are eligible for up to 10 days of Foster Care Leave time.

“I’m very grateful to Carter’s for adding foster care benefits, as families come in all different forms. As a new foster parent to a three-year-old, these benefits will have a positive impact as we settle in together as a family.”

— Hannah Aarsvold, Corporate Office

New Benefits (continued)

Cancer Care Program

Cancer Care Direct is a free benefit to ensure no one goes through a cancer diagnosis alone. This program is designed to guide eligible employees to oncologists and specialists at each stage in their journey and to support them every step of the way. It also provides access to financial benefits and incentives.

Expanded Benefits for Employees in Canada

In mid-2022, we expanded the full-time U.S. community benefits (Matching Gift program and Carter's In the Classroom program) to Canada full-time employees. And in 2023, we expanded the availability of the Headspace mental health app from the U.S. to also include full-time Canada employees.

Enhanced Bereavement Leave

We have shifted to an enhanced global policy of five days of paid bereavement leave for full-time employees in the U.S., Asia, and Canada. Since 2022, we have also included pregnancy loss in the definition of qualifying family members for bereavement.





Employee Safety

We believe workplace safety is a critical aspect of providing day-to-day well-being for employees. Our efforts in this area include having safety policies and providing training on safety-related practices.

In the event an on-the-job injury does occur, our employees have support to ensure that they can get the treatment they need. Additionally, all regular U.S. employees are eligible for workers' compensation, and we make temporary, light-duty positions available for employees with injury-related restrictions.

Distribution centers hold start-of-shift meetings to spread awareness on how to prevent injuries, including both acute and repetitive injuries. Safety managers are on staff at the distribution centers to support a healthy workplace.

Our team works with injured employees to help them get healthy and back to work as quickly as possible. Because of these efforts, we've seen a reduction to our financial reserve for workers' compensation claims over the past few years.

Occupational Health and Safety Data			
Data based on workers directly employed by Carter's			
	2022	2021	2020
Work-related injuries*	50	46	36
Days away, restricted, or transferred (DART) rate**	0.78	0.52	0.53
High-consequence work-related injuries***	0	0	1
Fatalities	0	0	0
* Top types of work-related injuries: Slip or fall, strain by lifting, injury due to repetitive motion.			
** DART Rate = Number of OSHA recordable injuries and illnesses that resulted in days away, restrictions, or transfers x 200,000 ÷ Employee hours worked.			
*** Work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.			

Our Commitment to Diversity and Inclusion



Workplace

We strive to create an environment where all employees have a sense of belonging regardless of any dimension of difference, including ability, race, ethnicity, national origin, gender, age, sexual orientation, genetics, veteran status, or other status protected by federal, state, or local law. We are committed to ensuring that our workforce reflects our diverse world through a range of programs to broaden diversity and ensure fairness across our global enterprise. We have a process in place to review and monitor pay, reviews, and promotions of protected classes at time of hire, during midyear/annual review process, and at time of promotion. We believe these efforts also help us understand and attract more diverse consumers and employees.

In 2022, we made progress toward our goal to diversify our vice presidents, with 25% of new hires at this level being diverse candidates. Progress has been more gradual in diversifying our district manager team, but we are working with our field team to identify markets that can widen our talent pool for future roles.

We are diversifying our leadership to help us better serve Millennial and Gen Z consumers, the most diverse in the country's history, by:

- Enhancing opportunity by developing a pipeline of successors for key positions through recruiting, formal succession planning, mentorship programs, and development strategies.

- Expanding partnerships with organizations that help us create diverse candidate slates and train recruiters.

As part of our commitment to transparency, and based on feedback from our stakeholders, we have published our most recent EEO-1 Report on our [website](#).

Marketplace

In 2022, we conducted two market tests to validate Carter's business opportunity among African American and Hispanic consumers. Results from these tests will help us execute a hyper-targeted, culturally relevant, insights-driven plan to drive inclusion and representation among multicultural customers.

Community

Carter's is committed to building long-term, mutually beneficial business opportunities for companies owned by women, minorities, veterans, or people who have disabilities or are LGBTQ+. In 2022 we took the first step in developing our supplier diversity program, with a focus on increasing shareholder value, driving innovation and creating positive economic impact in the communities we serve. We spent \$13.9 million with suppliers with diverse ownership in 2022. Our Strategic Procurement and Diversity & Inclusion teams continue to develop policies and processes to increase our reach to diverse owned companies and are committed to tracking and disclosing our progress in future reports.

Employees with Different Abilities

Carter’s is an equal opportunity employer. We strive to support every employee in succeeding and are committed to providing equal treatment with respect to employment without discrimination.

When a reasonable accommodation related to a physical or mental disability is needed, we work with employees to support their needs in relation to their job positions and responsibilities. We provide temporary or permanent accommodations when

appropriate, if such accommodations would not impose an undue hardship on the Company or pose a threat to the health or safety of the individual or others. In accommodating employees, we support their confidentiality and dignity wherever possible.

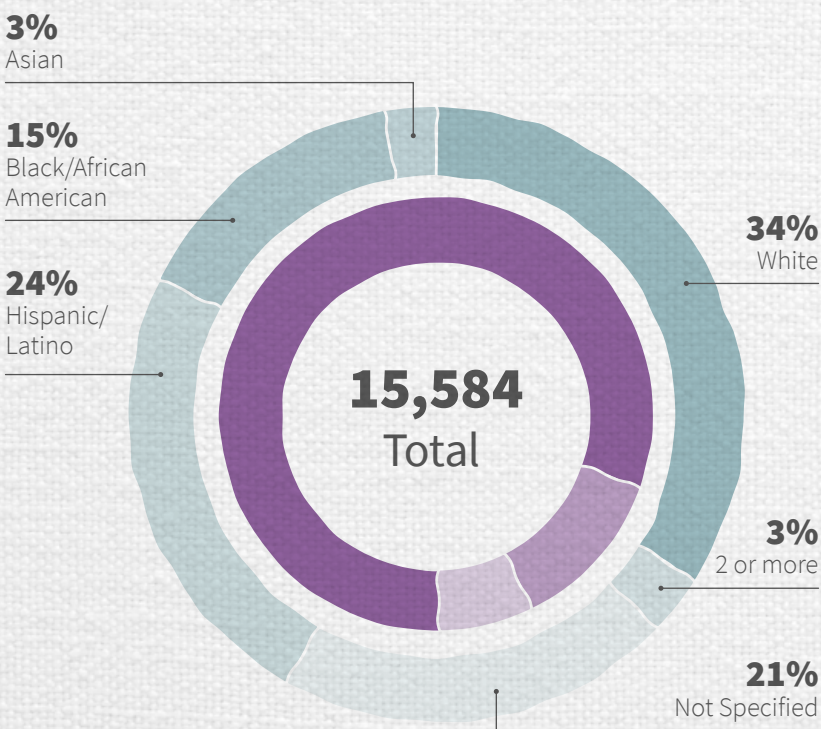
Interactive discussions with our consumers and employees to address potential access concerns have guided us in also enhancing shopping and work experiences and inviting certified service animals into locations.

Employees with Disabilities (in total number)					
	2022	2021	2020	2019	2018
Corporate	37	25	22	31	32
Distribution Centers	42	65	102	68	72
Retail	166	178	518	454	464
Total	245	268	642	553	568

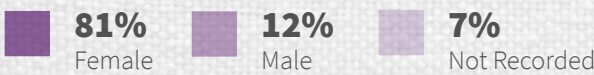


Workforce Demographics

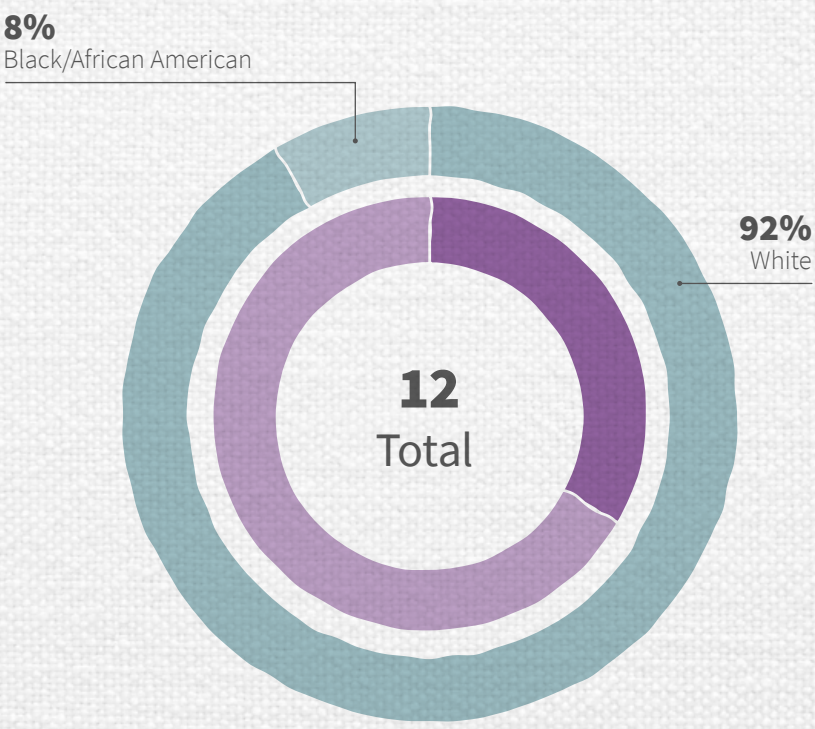
Total Employees



Gender



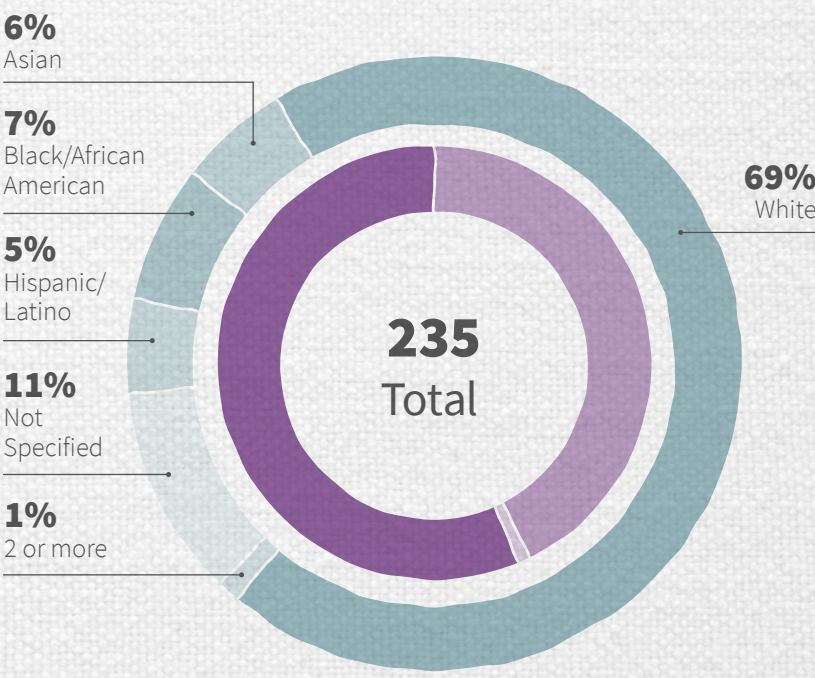
Senior Leadership Team



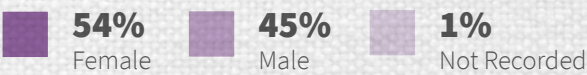
Gender



VP & Director-Level Employees



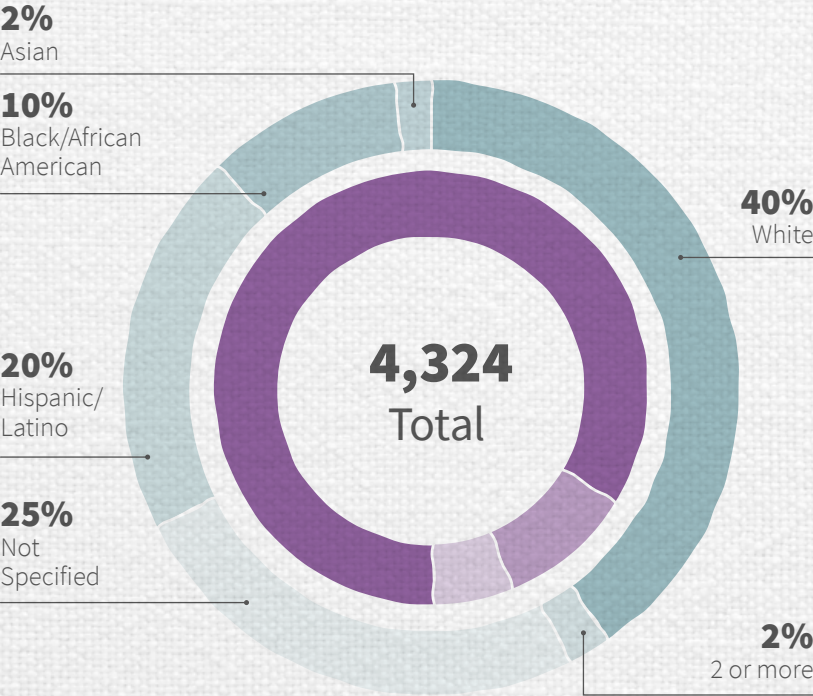
Gender



Global employee population as of December 31, 2022. Racial and ethnicity identification complies with regulatory standards: ethnicity of non-U.S. employees is recorded as “Not Specified.”

Workforce Demographics

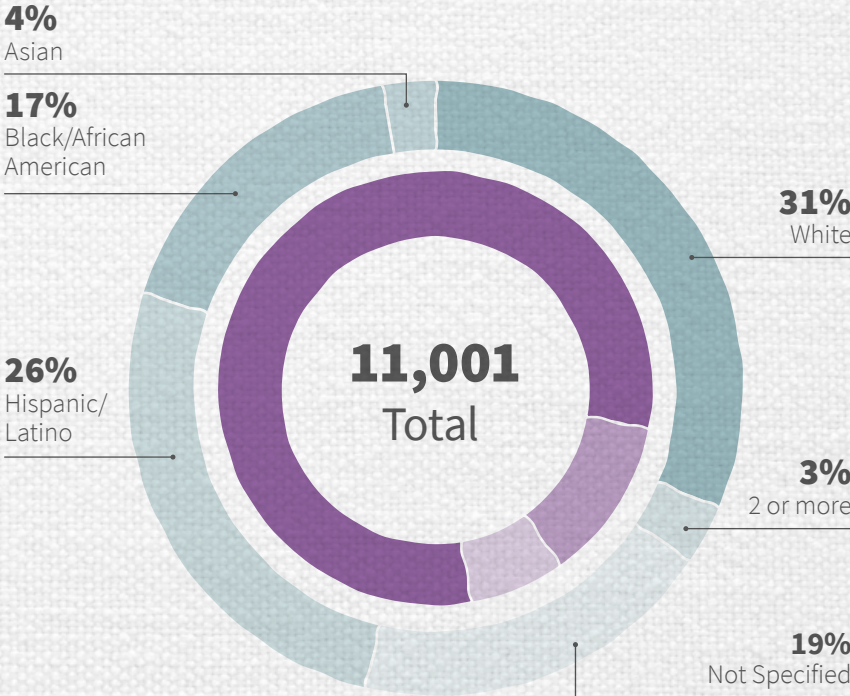
Supervisors, Senior Managers, and Managers



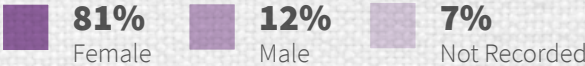
Gender



Below Manager



Gender



Global employee population as of December 31, 2022. Racial and ethnicity identification complies with regulatory standards: ethnicity of non-U.S. employees is recorded as “Not Specified.”

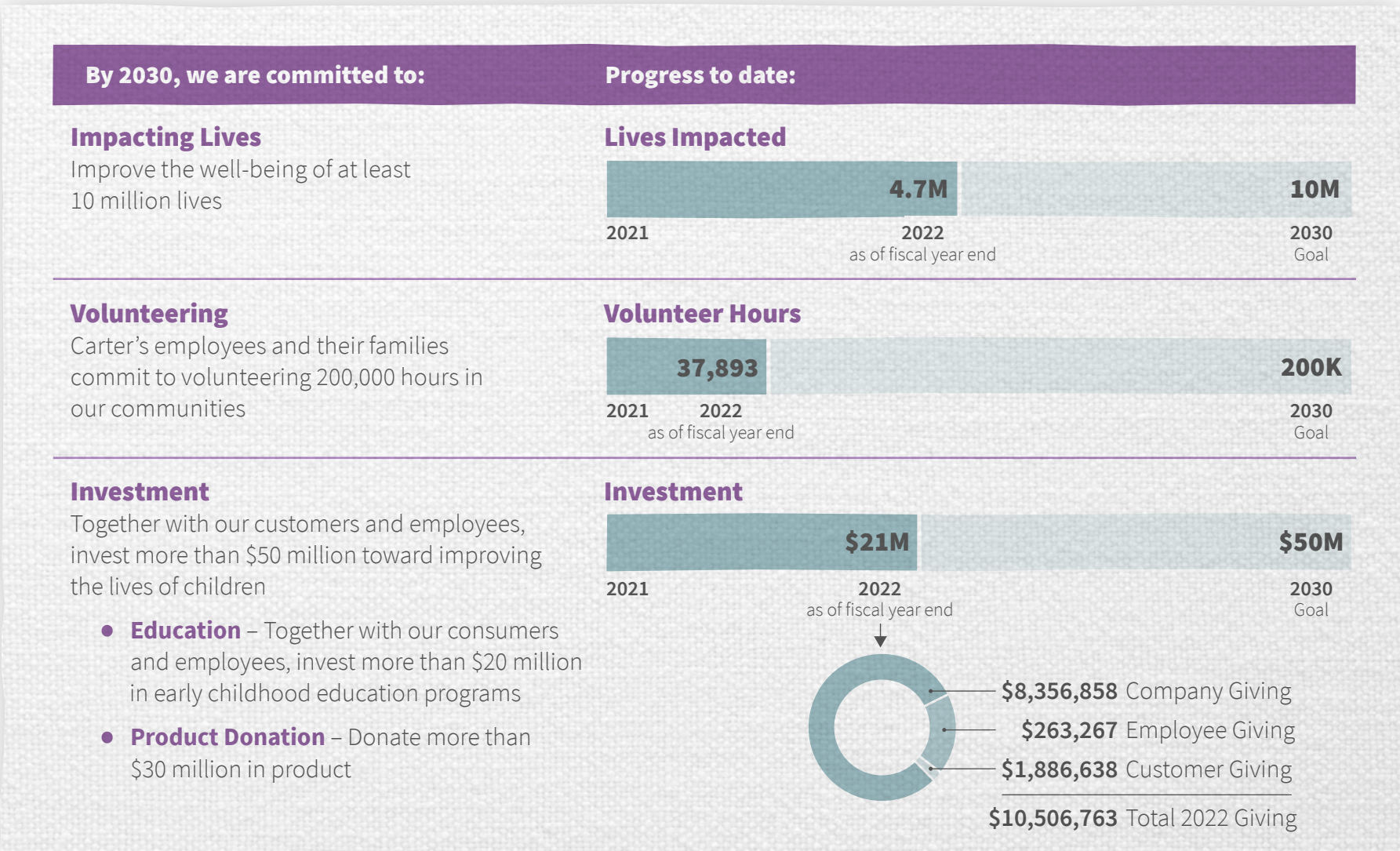
Uplifting Our Communities

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

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

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

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



Quality Care for Children

Quality Care for Children's (QCC) mission is to create a system that equips families and childcare providers with knowledge and resources to nurture and educate Georgia's infants and young children.

Carter's has been partnering with QCC since 2013 by providing grants from the Carter's Charitable Foundation and providing volunteers for the organization. In 2022, the Carter's Charitable Foundation donated \$100,000 to QCC and a portion of those funds were used to support Scholastic Book Fairs for three childcare centers in the Atlanta area. The donation has also helped with creating book packs for nearly 500 children at family childcare learning homes across the state.



About This Report

This report generally covers Carter's, Inc.'s corporate social responsibility efforts during fiscal year 2022, although some initiatives launched prior to fiscal 2022 and during fiscal 2023 are included as well. References to 2022, 2021, and 2020 are to calendar years, and references to 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. We intend to continue to publish a CSR report annually. "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, and Little Planet, many of which are registered in the United States and in over 100 other countries and territories, are each the property of one or more subsidiaries of Carter's, Inc.



Forward-Looking Statements; Other Important Notices

Unless otherwise indicated, this report covers our fiscal year ended December 31, 2022. This CSR 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 CSR 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. The forward-looking statements in our reporting are made as of the date they are made, and we undertake no obligation to update these forward-looking statements to reflect new information, subsequent events or circumstances, or otherwise.

Carter’s 2022 Global Reporting Initiative (GRI) Index

GRI 2: General Disclosures

Disclosure	Location
2-1 Organizational details	About This Report, p. 53 Carter’s, Inc. 2022 Form 10-K
2-2 Entities included in the organization’s sustainability reporting	Carter’s, Inc. 2022 Form 10-K
2-3 Reporting period, frequency, and contact point	About This Report, p. 53 We intend to continue to publish a CSR report annually. Questions and comments may be addressed to 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 2019, 2021, and 2022 have undergone independent limited assurance carried out by a third-party. See p. 69 for our Independent Limited Assurance Statement.
2-6 Activities, value chain, and other business relationships	About Carter’s, Carter’s at a Glance, p. 6 About Carter’s, Our Family of Brands, p. 7 About Carter’s, Our Global Value Chain, p. 8 Planet, Improving Our Energy and Emissions Footprint, p. 30 Product, Responsible Sourcing, p. 25
2-7 Employees	People, Workforce Demographics, pp. 49-50
2-8 Workers who are not employees	Workforce Data, p. 65
2-9 Governance structure and composition	Carter’s, Inc. 2022 Annual Report
2-10 Nomination and selection of the highest governance body	Carter’s, Inc. 2022 Annual Report
2-11 Chair of the highest governance body	Carter’s, Inc. 2022 Annual Report

Disclosure	Location
2-12 Role of the highest governance body in overseeing the management of impacts	About Carter’s, ESG Governance, p. 10 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 CSR team is responsible for the execution of our Raise the Future strategy, which is based on our Company purpose, and the ESG Council meets quarterly to review progress. Because the SVP, General Counsel, Secretary, CSR and Chief Compliance Officer serves 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 Chairman and CEO.
2-17 Collective knowledge of the highest governance body	About Carter’s, ESG Governance, p. 11 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. 2022 Annual Report
2-19 Remuneration policies	Carter’s, Inc. 2022 Annual Report
2-20 Process to determine remuneration	Carter’s, Inc. 2022 Annual Report
2-21 Annual total compensation ratio	Carter’s, Inc. 2022 Annual Report
2-22 Statement on sustainable development strategy	A Message from Our CEO, pp. 4-5

GRI 2: General Disclosures (continued)

Disclosure		Location																				
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. <table><tr><th colspan="5">Ethics Hotline Reporting</th></tr><tr><th></th><th>FY 2022</th><th>FY 2021</th><th>FY 2020</th><th>FY 2019</th></tr><tr><td>Total Call Volume</td><td>335</td><td>279</td><td>234</td><td>478</td></tr><tr><td>Anonymous</td><td>73</td><td>100</td><td>152</td><td>110</td></tr></table>	Ethics Hotline Reporting						FY 2022	FY 2021	FY 2020	FY 2019	Total Call Volume	335	279	234	478	Anonymous	73	100	152	110
Ethics Hotline Reporting																						
	FY 2022	FY 2021	FY 2020	FY 2019																		
Total Call Volume	335	279	234	478																		
Anonymous	73	100	152	110																		
2-28	Membership associations	Product, Our Sustainable Materials Journey, p. 19 Product, Responsible Sourcing, p. 25 Planet, Improving Our Energy and Emissions Footprint, p. 30																				
2-29	Approach to stakeholder engagement	In conducting our CSR issue assessment, the Company sought individuals or data representing the perspectives of wholesale customers, consumers, employees, and shareholders as groups we believe to be essential to our success. We make case-by-case decisions on when and how to engage with stakeholder groups and advocacy organizations based on a variety of business considerations. The Company did not directly engage external stakeholders in the preparation of this report, though priorities raised by some were considered in the development of the content.																				
2-30	Collective bargaining agreement	Approximately 160 employees out of approximately 15,500 employees are unionized.																				
3-1	Process to determine material topics	About Carter’s, Raise the Future: Our ESG Strategy, p. 12																				
3-2	List of material topics	About Carter’s, Raise the Future: Our ESG Strategy, p. 12																				

GRI 201: Economic Performance

Disclosure		Location
3-3	Management of material topics	Carter’s, Inc. 2022 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Planet, Climate Risks and Opportunities, p. 31 Carter’s Climate Risks and Opportunities, pp. 63-64

GRI 301: Materials

Disclosure		Location
3-3	Management of material topics	Product, Our Sustainable Materials Journey, pp. 18-19
301-2	Recycled input materials used	Product, Our Sustainable Materials Journey, p. 18 Raw Materials Usage, p. 69

GRI 305: Emissions

Disclosure		Location
3-3	Management of material topics	Planet, Improving Our Energy and Emissions Footprint, pp. 27-30
305-1	Direct (Scope 1) GHG emissions	Planet, Improving Our Energy and Emissions Footprint, p. 27 Environmental Data, p. 67
305-2	Energy indirect (Scope 2) GHG emissions	Planet, Improving Our Energy and Emissions Footprint, p. 27 Environmental Data, p. 67
305-3	Other indirect (Scope 3) GHG emissions	Planet, Improving Our Energy and Emissions Footprint, p. 27 Environmental Data, p. 67
305-4	GHG emissions intensity	Environmental Data, p. 67

GRI 308: Supplier Environmental Assessment

Disclosure		Location
3-3	Management of material topics	We intend to source only from suppliers that use the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) by 2025. As part of our ongoing engagement, we also surveyed suppliers in 2022 to identify whether they had goals related to energy, waste, greenhouse gases, worker well-being, and other matters.
308-1	New suppliers that were screened using environmental criteria	Tier 1 suppliers are currently screened on social, but not environmental, criteria. We intend, by 2025, to source only from Tier 1 suppliers that use the Sustainable Apparel Coalition’s HIGG Facility Environmental Module (FEM).

GRI 401: Employment

Disclosure		Location
3-3	Management of material topics	People, Supporting Employee Well-Being through Benefits, pp. 43-45
401-1	New employee hires and employee turnover	Workforce Data, p. 65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People, Supporting Employee Well-Being through Benefits, p. 43 careers.carters.com

GRI 403: Occupational Health and Safety

Disclosure		Location
3-3	Management of material topics	People, Employee Safety, p. 46
403-9	Work-related injuries	People, Employee Safety, p. 46

GRI 404: Training and Education

Disclosure		Location
3-3	Management of material topics	People, Career Development, pp. 40-41
404-1	Average hours of training per year per employee	People, Career Development, p. 40
404-2	Programs for upgrading employee skills and transition assistance programs	People, Career Development, pp. 40-41
404-3	Percentage of employees receiving regular performance and career development reviews	Total percentage of employees who received a regular review is 98% and gender is the following percentages: Female is 77%, Male is 19%, and Not Declared is 3%.

GRI 405: Diversity and Equal Opportunity

Disclosure		Location
3-3	Management of material topics	People, Our Commitment to Diversity and Inclusion, pp. 47-50
404-5	Diversity of governance bodies and employees	People, Workforce Data, pp. 49-50 Workforce Data, p. 65

GRI 408: Child Labor

Disclosure		Location
3-3	Management of material topics	Product, Responsible Sourcing, pp. 23-25
408-1	Operations and suppliers at significant risk for incidents of child labor	Product, Responsible Sourcing, pp. 23-24 As part of our monitoring and prevention efforts, we assess countries and suppliers that can represent a higher risk for the use of child labor. We have identified Myanmar and India as countries requiring particular attention on this issue. We consider China, Taiwan, Thailand, Myanmar, and India to be at higher risk for use of forced labor. We have no tolerance of forced labor, and we monitor our Tier 1 suppliers and events in the regions where we do business to maintain this standard to the best of our ability.

GRI 409: Forced or Compulsory Labor

Disclosure		Location
3-3	Management of material topics	Product, Responsible Sourcing, pp. 23-25
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Product, Responsible Sourcing, pp. 23-24 See response to 408-1, above.

GRI 414: Supplier Social Assessment

Disclosure		Location
3-3	Management of material topics	Product, Responsible Sourcing, pp. 23-25
414-1	New suppliers that were screened using social criteria	Product, Responsible Sourcing, pp. 23-24 Tier 1 suppliers must pass our onboarding procedures before being contracted. Phase 1: Identification – Includes evaluation of country conditions and review of Tier 1 supplier or factory credentials and alignment with Carter’s policies. Facilities reports may also be requested. Phase 2: Qualification – Includes extensive reputation screening and third-party audits for product safety, social compliance and security. These inform the decision on whether to contract with a potential Tier 1 supplier. Phase 3: Activation – Includes onboarding, production planning, and yearly assessments for compliance with our policies. Additional training and corrective action plans are put in place where needed, based on assessment results.

GRI 416: Customer Health and Safety

Disclosure		Location
3-3	Management of material topics	Product, Chemicals Management, pp. 16-17
416-1	Assessment of the health and safety impacts of product and service categories	Product, Chemicals Management, p. 16

GRI 417: Marketing and Labeling

Disclosure		Location
3-3	Management of material topics	Product, Chemicals Management, pp. 16-17 Product, Our Sustainable Materials Journey, pp. 18-19 Raw Materials Usage, p. 69
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.

Carter’s 2022 Sustainability Accounting Standards Board (SASB) Index

Apparel, Accessories, and Footwear

SASB Topic	Code	Accounting Metric	Response
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substance regulations	Product, Our Commitment to High-Quality, Safe Products, p. 15 Product, Chemicals Management, pp. 16-17 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 asses and manage risks and/or hazards associated with chemicals in products	Product, Our Commitment to High-Quality, Safe Products, p. 15 Product, Chemicals Management, pp. 16-17 We benchmark our restricted substances list against AAFA and AFIRM RSL lists, which are leading standards to promote best practice and advance the industry.
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	99%
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	(1) 74% of Tier 1 (Direct Manufacturing) and (2) 67% of Tier 2 (Mills)
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Product, Responsible Sourcing, p. 24 100% of Tier 1 suppliers are audited to our code of conduct.
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	In fiscal 2022, all active direct source manufacturing suppliers passed a compliance audit.
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety (EHS) risks in the supply chain	Product, Responsible Sourcing, pp. 23-24 We consider the greatest labor risk to be employee contracts, freedom of association, and disciplinary practices. We consider the greatest EHS risks to be machine safety, personal protective equipment, chemical storage, and emergency preparedness.

Apparel, Accessories, and Footwear (continued)

SASB Topic	Code	Accounting Metric	Response
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	Product, Our Sustainable Materials Journey, pp. 18-19 Planet, Climate Risks and Opportunities, p. 31 Carter's Climate Risks and Opportunities, pp. 63-64 Raw Materials Usage, p. 69
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Product, Our Sustainable Materials Journey, pp. 18-19 Raw Materials Usage, p. 69
Activity Metric	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	We have 137 Tier 1 suppliers (117 CGS and 20 Skip Hop factories) and 126 mills (Tier 2).

Multiline and Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Environmental Data, p. 67
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	About Carter’s, Protecting Customer and Employee Data and Privacy, p. 11
Labor Practices	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Workforce Data, p. 65
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	People, Workforce Demographics, pp. 49-50 Workforce Data, p. 65

Multiline and Specialty Retailers & Distributors (continued)

SASB Topic	Code	Accounting Metric	Response
Product Sourcing, Packaging, and Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	We do not disclose sales figures for individual product lines.
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Product, Chemicals Management, pp. 16-17
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Product, Skip Hop's Sustainable Innovations, p. 21 Product, Reducing Waste through Manufacturing Excellence, p. 22
Activity Metric	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	1) 993 retail locations in North America 2) In the United States, we operate three distribution centers in Georgia: an approximately 1.1 million square-foot multi-channel facility in Braselton, a 0.5 million square-foot facility in Stockbridge, and a 0.2 million square-foot single-channel facility in Jonesboro. We outsource some distribution activities to third-party logistics providers located in California and leverage additional third-party providers in Georgia primarily for storage seasonally. Our distribution center activities include receiving finished goods from our vendors, inspecting those products, preparing them for retail and wholesale presentation, 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 United States, as well as our international wholesale accounts, international licensees, international eCommerce operations, and Canadian and Mexican retail store networks.
	CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers	Total retail space: 4,750,505 square-feet Total distribution centers: 1,742,663 square-feet

Carter’s 2022 Task Force on Climate-Related Financial Disclosures (TCFD) Index

TCFD Topic	Description	Response
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	About Carter's, ESG Governance, p. 10
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Planet, Climate Risks and Opportunities, p. 31 Carter's Climate Risks and Opportunities, p. 63
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	Planet, Climate Risks and Opportunities, p. 31 Carter's Climate Risks and Opportunities, p. 63
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Planet, Improving Our Energy and Emissions Footprint, pp. 27-30 Environmental Data, p. 67

Carter’s Climate Risks and Opportunities

Carter’s took a deeper look at its climate-related risks and opportunities in 2022 to better inform our approach toward meeting our climate goals. Guided by the Task Force on Climate-Related Financial Disclosures (TCFD), we identified mitigation strategies for the risks identified during the third-party risk assessment include operational initiatives, tech enhancements, and monitoring and reporting.

Physical Risks	Potential Financial/Operational Impact	Time Horizon	Management Strategies
Acute Physical	• 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.	Short (1-2 years) Medium (3-4 years)	• 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 Physical	• 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.	Long (5-10 years)	
Transition Risks	Potential Financial/Operational Impact	Time Horizon	Management Strategies
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 ETS is set to expand and could have a waterfall effect on costs for suppliers, and thereby increased raw materials costs for Carter’s. • Potential carbon taxes around the globe could affect upstream operations, including the import of materials and finished goods.	Short Medium Long	• Carter’s continuously monitors emerging legislation on a global scale to determine its impact on our business.
Technology	• Improvements in technology may influence the viability of the use of alternative materials.	Medium Long	• Carter’s continuously evaluates 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 carbon-neutral and related products, allowing customers to make more conscious decisions. Companies that do not recognize this trend may be perceived to be behind market expectations.	Short Medium Long	• Carter’s is currently exploring carbon-neutral product offerings that are supported by ISO compliant life cycle assessments and carbon credit purchase that align with best practices in environmental commodity procurement. • Carter’s has also set ambitious climate and environmental goals.
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 customer perception and a decreased ability to participate in the expanding low-carbon market.	Medium Long	• Carter’s evaluated industry peers’ climate change commitments and reporting to better inform our own climate strategy. • We are taking steps to mitigate this risk through pledging to become net zero in our own operations by 2040 and having set a near-term target approved by SBTi.

Carter’s Climate Risks and Opportunities, continued

Opportunities	Potential Financial/Operational Impact	Time Horizon	Management Strategies
Resiliency	• Strong climate action and target setting can signal to market expectations and create resilience. • Could lead to indirect operating costs. • Could avoid increased indirect operating expenses.	Short	• Carter’s set a science-based target to reduce 50% of Scope 1 and 2 emissions by 2030 and has also committed to becoming net zero in its own operations by 2040.
Products & Services	• 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. • Offering carbon-reduced or carbon-neutral products can help meet customer demand and trends.	Short Medium Long	• Carter’s 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 GOTS-certified organic cotton and are set to be made from 100% sustainable cotton and poly by 2030.

Carter’s 2022 Workforce Data

2022 Global Workforce Data

	Total Employees	Female	Male	Not Recorded
Employment Status				
Regular	12,721	10,181	1,654	886
Temporary	2,851	2,469	246	136
Employment Type				
Full-time	5,984	4,164	1,436	384
Part-time	9,588	8,486	464	638

Diversity at Senior Levels

	2022 EOY		2021 EOY		2020 EOY	
	White	Minority ¹	White	Minority ¹	White	Minority ¹
SVP/Vice President	74% (39)	26% (14)	77% (40)	23% (12)	88% (49)	13% (7)
District Manager	80% (44)	20% (11)	82% (45)	18% (10)	83% (49)	17% (10)
	Male	Female	Male	Female	Male	Female
SVP/Vice President	45% (24)	55% (29)	40% (21)	60% (31)	43% (24)	57% (32)
District Manager	35% (19)	65% (36)	31% (17)	69% (38)	31% (18)	69% (41)

¹Refers to employees identifying as Asian, Black/African American, Hawaiian/Pacific Islander, Hispanic/Latino, or Native American.

2022 Hiring, Promotions, and Retention¹

	2022 Hirings ²		2022 Promotions ²		2022 Retention Rate ^{2, 3}		
	Total New Hires	%	Total Promotions	%	Total Departures	Turnover Rate	Retention Rate
Total	14,101	–	2,289	–	8,322	–	–
Role Category							
Corporate	398	3%	242	2%	332	15%	85%
Distribution Center	2,557	18%	55	0%	570	29%	71%
Retail	11,146	79%	1,992	14%	7420	74%	26%
Age Group							
Under 30	9,903	70%	1,426	10%	5,721	86%	14%
30 - 50	3,177	23%	701	5%	2,015	41%	59%
Above 50	1,021	7%	162	1%	586	25%	75%
Gender							
Male	1,788	13%	164	1%	735	36%	64%
Female	11,174	79%	1,994	14%	6,688	61%	39%
Not Recorded	1,139	8%	131	1%	899	97%	3%
Race/Ethnicity							
Asian	298	2%	65	3%	165	32%	68%
Black/African American	3,215	26%	253	13%	1,409	53%	47%
Hawaiian/Pacific Islander	38	0%	6	0%	27	75%	25%
Hispanic/Latino	3,548	29%	624	32%	1,879	46%	54%
Native American	108	1%	14	1%	61	87%	13%
White	3,922	32%	897	46%	2,703	48%	52%
2 or more	498	4%	65	3%	319	72%	28%
Not Specified	515	4%	22	1%	182	89%	11%
Seniority							
Below Manager	12,168	86%	673	5%	6,333	71%	29%
Supervisor - Sr. Managers	1,917	14%	1,574	11%	1,961	42%	58%
Director & Above	16	0%	42	0%	28	9%	91%

¹ Figures may not be additive due to rounding.
² All figures except race and ethnicity include global employee population from January 1, 2022 through December 31, 2022. Race and ethnicity data are U.S. only, from January 1, 2022 through December 31, 2022.
³ Turnover and retention metrics exclude involuntary terminations.

Carter’s 2022 Environmental Data

GHG Emissions (metric tons CO₂e)

	2022	2021	2020	2019
Total Absolute Emissions ¹	1,070,345.61	1,341,351.15	1,113,276.00	1,369,712.83
Scope 1 Emissions ²	7,042.36*	8,117.75*	7,536.77	7,821.85*
Scope 2 (location-based) Emissions ³	34,817.72*	38,698.67*	39,896.07	46,322.71*
Scope 2 (market-based) Emissions ⁴	34,228.25*	41,760.46*	40,707.74	49,457.77*
Scope 3 Emissions ⁵	1,029,075.00	1,291,472.94	1,065,031.49	1,312,433.21

Intensity Metrics

	2022	2021	2020	2019
Emissions Intensity (metric tons CO ₂ e per million in net sales)	333.13	384.78	368.15	389.23
Emissions Intensity (metric tons CO ₂ e per million units produced)	1,501.92	1,660.36	1,519.98	1,632.17

Energy Consumption

	2022	2021	2020	2019
Total Energy Consumption for Operations (MWh) ⁶	133,616.49	139,320.12	140,998.64	164,491.03
Energy Intensity (kWh per square foot) ⁷	18.45	15.19	17.12	20.23

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 69 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.

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

² 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.

³ The GHG Protocol defines Scope 2 emissions as indirect emissions from the use of purchased electricity and chilling water. Following the GHG Protocol, Carter’s elected to report Scope 2 emissions using both the location and market-based approaches. Carter’s used emissions factors from the latest release of the EPA eGrid emissions factors (eGrid2021, released Jan 2023) to calculate location-based emissions.

⁴ For market based emissions, Carter’s used emission factors from the latest release of Green-e residual mix (Green-e 2022, updated Oct 2022). Market emission factors are not available for many international facilities.

⁵ Scope 3 emissions are from sources not owned or directly controlled by Carter’s, but 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, upstream transportation, employee commuting, business travel, fuel and energy-related activities, end-of-life treatment of sold products, and processing of waste (landfill waste, recycling, and wastewater). As is commonly understood in the GHG inventory process, Scope 3 emissions tend to be the most difficult to quantify accurately and may require significant estimations due to the complexity of global supply chains.

⁶ 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).

⁷ The reported value is calculated from reported and estimated electricity and fuel usage. Correspondingly, the per-sq-ft number include fuels.

* This data has been assured by SGS (“the assurer”). As per the limited assurance statement, nothing has come to the assurer’s attention to indicate that the selected information is not fairly stated in all material respects.

Waste (metric tons)

	2022	2021	2020	2019
Waste from Direct Operations ¹	26,939.35	27,781.35*	31,372.61	35,573.99
Distribution Centers				
Landfilled	384.69	360.21	438.38	287.37
Recycled	3,692.18	3,447.57	2,676.38	2,853.09
Stores ²				
Landfilled	9,730.84	8,907.41	13,986.93	12,390.06
Recycled	13,026.93	15,066.16	14,270.93	20,043.47
Corporate Office				
Landfilled	72.43	-	-	-
Recycled	32.28	-	-	-
Diversion Rate ³				
Rate	62%	67%	54%	64%

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 69 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.

¹“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.

²Due to the location and lease structure of stores, it is difficult for every store to report an annual waste generation value. Between 2019 and 2022, only 10-15% of stores have reported waste values. For stores that could not report waste values, Carter’s extrapolated waste and recycling rates submitted by the stores that were able to track this information. Carter’s is working to improve waste tracking at all locations.

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

* This data has been assured by SGS (“the assurer”). As per the limited assurance statement, nothing has come to the assurer’s attention to indicate that the Selected information is not fairly stated in all material respects.

Water Use (million gallons)

	2022	2021	2020	2019
Total Water Use (direct and indirect)	798.65	1,551.36	743.06	1,452.36
Direct Operations ¹	57.73*	35.58*	47.36	59.94
Distribution Centers	6.52	7.05	6.04	5.63
Corporate Offices	4.34	0.14	0.16	0.25
Retail Stores	46.86	28.39	41.16	54.05
Indirect Operations ²	740.93	1,515.78	695.7	1,392.42
Intensity Metrics				
Water Intensity: Direct Only (per million \$ revenue)	0.02	0.01	0.02	0.02
Water Intensity: Direct and Indirect (per million \$ revenue)	0.25	0.43	0.25	0.41

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 69 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.

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

²“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.

* This data has been assured by SGS (“the assurer”). As per the limited assurance statement, nothing has come to the assurer’s attention to indicate that the Selected information is not fairly stated in all material respects.

Carter’s 2022 Raw Materials Usage

Fiber	% Weight	Metric Tons
Cotton	65.97%	30,955.63
Organic Cotton	0.68%	316.99
BCI Cotton	4.80%	2,254.04
Polyester	27.42%	12,863.97
Recycled Polyester	0.07%	34.97
LENZING™ ECOVERO™	0.38%	179.18
Elastane	0.48%	224.31
Linen	0.15%	68.92
Nylon	0.02%	7.97
Acrylic	0.02%	11.32
Modacrylic	0.01%	2.55
Spandex	0%	.80
Metallic	0%	0.13
Other	0%	0
Total	100.00%	46,920.78



ASSURANCE STATEMENT

SGS North America Inc.’s REPORT ON ASSURANCE Of Carter’s FY2022 Environmental KPIs in their 2022 Corporate Social Responsibility Report.

NATURE OF THE ASSURANCE/VERIFICATION
SGS North America (hereinafter referred to as SGS) was commissioned by The William Carter Company (hereinafter referred to as Carter’s) to conduct an independent assurance of selected FY2022 KPIs in their 2022 Corporate Social Responsibility Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all 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 to inform all 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 is as declared by Carter’s, 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 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 following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles)	n/a
B	ISAE3000	Limited

SCOPE OF ASSURANCE
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below:

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

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

KPI	KPI Verified Data 2022	Notes
Total Scope 1 (direct) GHG emissions in Tonnes CO ₂ e	7042.36	Including estimations
Total Scope 2 (indirect) GHG emissions in Tonnes CO ₂ e (location- & market-based)	Location based- 34,817.72 Market based- 34,228.25	Including estimations
Total waste- direct operations (MT)	26,939.35	Including estimations
Total waste to landfill (MT)	10,187.96	Including estimations
Total waste to recycling (MT)	16,751.39	Including estimations
Total Water-direct operations (MG)	57.72	Including estimations

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant KPI data owners (conducted site visit to corporate headquarters and DC-Braselton in Atlanta, USA); 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 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 affirm 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:

Ursula Antunez de Mayolo	Lead Auditor	USA
Adam Hammes	Auditor	USA
Harsh Vasoya	Auditor	Canada
Rebecca BOWENS	Technical Reviewer	UK

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 practice as well as some opportunities for improvement in underlying processes were identified and reported to Carter with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to 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

Ursula Antunez de Mayolo
ESG & GHG Lead Auditor
SGS North America

May 2023

www.sgs.com

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