



# carter's®

## 2023 Raise the Future Impact Report







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# A Message from Our CEO

To My Fellow Stakeholders,

For generations, Carter's has been trusted to provide families with safe, high-quality children's apparel that is responsibly made and helps celebrate the many joys of childhood. We have built a strong foundation for our iconic brands which is supported by our commitment to sustainability, social responsibility, and positive impact.

We are proud to share with you our Raise the Future Impact Report, which highlights the progress we have made in our promise to better our world. Our Raise the Future strategy has three objectives:

- Grow Our Sustainable Offerings
- Reduce Our Carbon Footprint
- Uplift Workers and Our Communities

**Grow Our Sustainable Offerings**

In recent years, we have increased the sales of our sustainable product offerings. Our Little Planet and PurelySoft brands have been overwhelmingly supported by our customers. These product offerings reflect our dedication to environmental stewardship and ability to meet the evolving needs and expectations of consumers.

In 2023, we increased the use of sustainable cotton in our product offerings to over 40%. We expect to achieve our goal of 100% by 2030. Our progress reflects our expanded use of Better Cotton and the success of our sustainable product offerings, which leverage our innovation in design, eco-friendly materials, and more efficient manufacturing processes.

**Reduce Our Carbon Footprint**

We are reducing our environmental impact, especially with our carbon emissions and packaging. By 2030, we plan to reduce our virgin plastic packaging by 50% and, to date, have reduced it by over 30%. Given our participation in the renewable energy market, we were recognized as a Top 30 Retail Company in the EPA's Green Power Partnership.

We continue to work towards our science-based targets to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 50% by 2030. Since 2019, we have reduced GHG emissions by over 25%. Our efforts to reduce GHG emissions and operational waste

have yielded tangible results. By implementing innovative technologies and refining our processes, we have reduced our environmental footprint which has improved operating efficiencies and lowered costs.

**Uplift Workers and Our Communities**

For many years, Carter's has been recognized as a top employer for women, diverse employees, and new college graduates. We also provide a broad range of competitive benefit programs that improve the lives of our employees and their families. By investing in career development opportunities and enhancing employee benefits, we have uplifted our workforce, and improved retention, productivity, and innovation.

Our mission to uplift communities is a reflection of the way we live our values every day. We foster a positive and inclusive culture, which has created good jobs for over 16,000 employees worldwide.

Since 2021, our employees and customers have supported our charitable giving efforts through more than 60,000 volunteer hours and nearly \$30 million of donations to various organizations focused on early childhood education and literacy.

**Our Commitment to a Sustainable Future**

We remain committed to social and environmental responsibility, and maintaining the trust that Carter's has earned over its nearly 160 years of operation.

We are dedicated to creating positive change and earning the trust that generations of families with young children have placed in us. We will continue to reduce our environmental footprint, support our communities, empower our employees, and provide sustainable and ethical products that meet the evolving needs of our customers.

Sincerely,

*Michael D. Casey*

**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

Carter’s is the largest branded marketer in North America of apparel exclusively for babies and young children. We reach a broad range of consumers around the world through our multi-channel global business model that includes retail stores, eCommerce, and wholesale channels, as well as omnichannel capabilities in the United States and Canada. We are a publicly-traded company listed on the New York Stock Exchange as “CRI.” Our mission is to serve the needs of all families with young children.

↑ Carter's<sup>1</sup> is the #1 baby apparel brand<sup>2</sup> and Little Planet was named "Best Affordable Organic Baby Clothes" by Glamour magazine in 2024.

For more information on our financial results and tax payments, please see our [2023 Annual Report](#).



## 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 strengthen our culture through comprehensive policies, training, and governance. For more information on these topics, please see our related materials shown below:

- [Carter’s Code of Ethics](#)
- [California Transparency in Supply Chains Act and UK Modern Slavery Act Policy](#)
- [Conflict Minerals Policy](#)
- [Corporate Social Responsibility Policy](#)
- [Environmental Policy](#)
- [Manufacturing Restricted Substances List](#)
- [Privacy Policy](#)
- [Restricted Substances List](#)
- [Tier 1 Suppliers](#)
- [Vendor Code of Ethics](#)

<sup>1</sup> Carter’s = Carter's, Little Planet, Just One You, Child of Mine, Simple Joys. Source: Circana, Consumer Tracking Service, U.S. apparel dollar sales, 12 months ending December 2023.  
<sup>2</sup> Carter's is the #1 baby apparel brand (ages 0-12 months) at 28% of the market.  
<sup>3</sup> Corresponds to fiscal year 2023.  
<sup>4</sup> includes ~\$500k donated from the Carter's Charitable Foundation, Inc.

ECONOMIC IMPACT	CONSOLIDATED NET SALES		OPERATING MARGIN		DILUTED EARNINGS PER SHARE	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
	\$2.9B	\$3.2B	11.0%	11.8%	\$6.24	\$6.34
SOCIAL IMPACT	\$76.5 million		\$8.4 million		25,500	
	income taxes paid <sup>3</sup>		donated in monetary and in-kind donations <sup>4</sup>		employee volunteer hours	



# Our Brands



## carter's

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

## OSH KOSH B'gosh

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

## little planet by carter's

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

## SKIP\*HOP

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

## carter's — just one you —

Launched in 2001, Just One You provides cute, high-quality clothing and accessories for little ones from preemie to toddler at exceptional value to Target customers.

## carter's — child of mine —

Launched in 2003, Child of Mine offers a variety of heartwarming infant and toddler products—including sleepwear, everyday essentials, and other accessories—to Walmart customers.

## simple joys by carter's

Launched in 2017, Simple Joys gives Amazon shoppers an exclusive selection of baby and toddler clothing designed with fresh prints, bright colors, supersoft fabrics, functional details, and exceptional value.



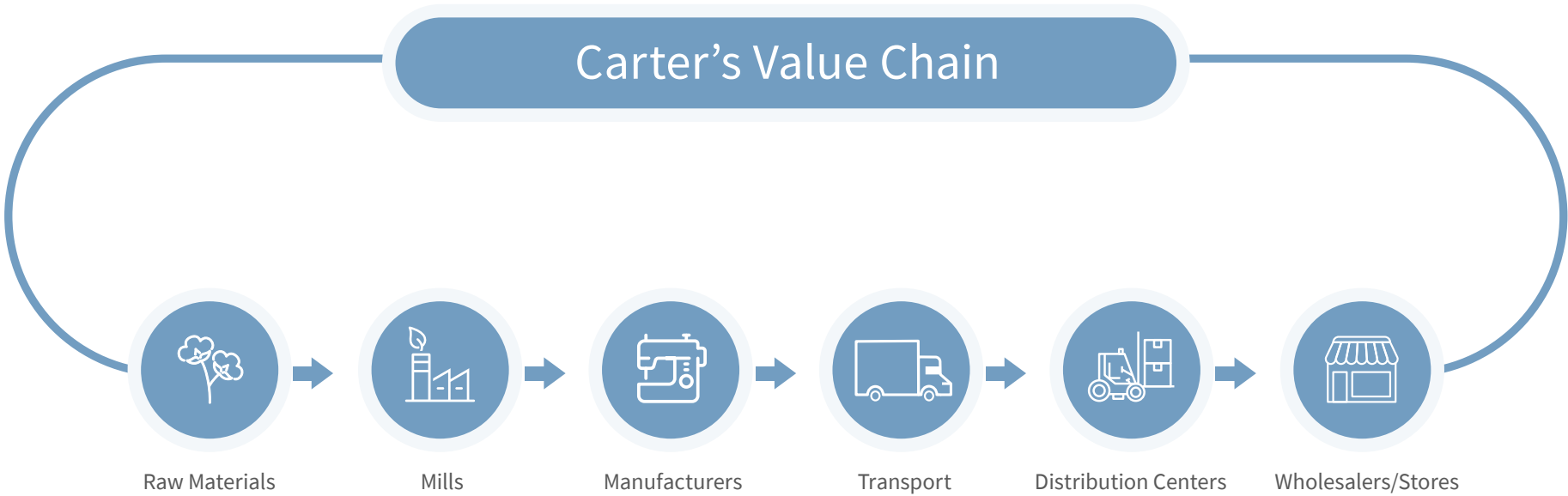


# Our Global Value Chain

Our value chain includes the people and businesses involved in making and transporting our products, as well as our customers and the communities where we operate. Since we do not own any raw materials or manufacturing facilities, we use a global network of third-party suppliers, primarily located in Asia, to source our garments and other products. The remainder of our products largely come from North America, Central America, and Africa.

Our sourcing operations are based in Hong Kong to facilitate efficiency and manage the volume of manufacturing in Asia. We also have supporting sourcing operations in Cambodia, Vietnam, China, and Bangladesh. A full list of our Tier 1 suppliers can be found on our [website](#).

During fiscal year 2023, approximately 74% of our product was sourced from Cambodia, Vietnam, Bangladesh, and India, and approximately 73% of the cotton fiber that was used in the manufacture of our products was sourced from the United States, Brazil, India and Australia.





# Our Values

Our shared values have paved the way to our success. We cultivate inclusive work environments and invest in our teams so we can succeed together. We recognize employees for living our values everyday (LOVE) with the annual LOVE award.



# Awards & Recognition

Forbes 2023

WORLD'S BEST EMPLOYERS

POWERED BY STATISTA

4 YEAR CHAMPION

RECOGNIZED YEAR AFTER YEAR SINCE 2017

Forbes 2023

AMERICA'S BEST LARGE EMPLOYERS

POWERED BY STATISTA

5 YEAR CHAMPION

RECOGNIZED FIVE YEARS IN A ROW

Forbes 2023

WORLD'S TOP COMPANIES FOR WOMEN

POWERED BY STATISTA

3 YEAR CHAMPION

EVERY YEAR SINCE 2021

TIME

WORLD'S BEST COMPANIES

In partnership with statista

2023

★★★★

MOST TRUSTWORTHY COMPANIES IN AMERICA

2023

Newsweek

statista

★★★★

AMERICA'S GREATEST WORKPLACES FOR DIVERSITY

2024

Newsweek

PLANT-A INSIGHTS GROUP

★★★★

AMERICA'S MOST RESPONSIBLE COMPANIES

2023-2024

Newsweek

statista

★★★★

MOST TRUSTWORTHY COMPANIES IN AMERICA

2024

Newsweek

statista

WOMEN SUSTAINALYTICS

ESG REGIONAL TOP RATED

2024

EPA

GREEN POWER PARTNER



# Pushing the Industry Forward



Our memberships in the following trade associations allow Carter’s to partner with our peers and focus on solutions for complex issues within the retail and apparel industry. This involvement provides us with meaningful insights that allow us to influence and innovate by working together to build consensus on matters that are important to our business, such as impending regulation and sustainability.

## American Apparel & Footwear Association (AAFA)

The AAFA represents more than 1,000 global brands on matters related to public policy in the apparel and footwear industry, its management, and shareholders. Our membership with AAFA allows Carter’s to have a seat at the table in navigating the industry’s complex regulatory landscape. Carter’s has been a member of AAFA since 1970, and Carter’s EVP Supply Chain, Karen Smith, is an AAFA Board Member.

## Cascale (formerly the Sustainable Apparel Coalition)

We are proud to be a member of Cascale – a global, multi-stakeholder nonprofit alliance for the fashion industry. We join 300 members working together to reduce environmental impact and promote social justice across the value chain. Through our membership, we gain insights on how to best manage environmental resources in the manufacturing of our products and continue to challenge ourselves to create a more sustainable future. Carter’s has been a member of Cascale since 2021.

## National Retail Federation (NRF)

The National Retail Federation (NRF) is the world’s largest retail trade association that enables retail success through bringing together people, policies, and ideas. Carter’s Chief Information Officer, Ben Pivar, is a member of the NRF’s CIO Council, and our Chief InfoSec Officer, Kemper Seay, is a member of the CISO Council. Carter’s membership allows us to benefit from NRF’s intelligence-sharing community and platform.

## Nirapon

Nirapon is a member-led organization committed to helping its members’ factories create a sustainable culture of safety by providing guided and supported maintenance, monitoring, and reporting processes. To date, approximately 37 of our suppliers participate in these efforts, including the Worker Helpline, which impacts approximately 95,000 workers.

## RILA – Retail Industry Leaders Association

The Retail Industry Leaders Association (RILA) is a U.S. trade association that partners with leading retailers, like Carter’s, to meet the challenges of a dynamic economy. Through collaboration and thought leadership, the group advances ideas that foster free markets, competition, economic growth, and sustainability. Carter’s SVP, General Counsel, Secretary, CSR, and Chief Compliance Officer, Antonio Robinson, is a member of RILA’s ESG Executive Committee.



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

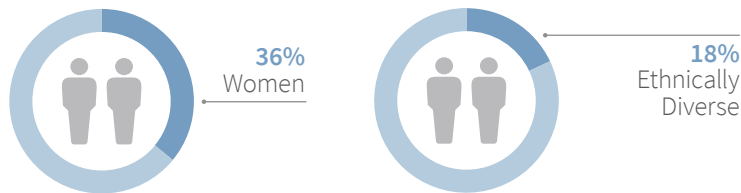
## Management Oversight

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

In 2023, we introduced a strategic objectives component to our annual cash incentive compensation program that included two ESG-related goals for the 2023 fiscal year.

- Grow our Little Planet brand
- Expand multicultural customer acquisition

## Board of Directors



## ESG Roles and Responsibilities





# Our ESG Strategy

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

In 2023, Carter’s conducted an ESG-focused materiality assessment that concluded in 2024. We partnered with a third-party firm to engage both internal and external stakeholders through surveys and interviews. The insights gained from this study enabled us to evaluate our key priorities and goals and to continue making progress against our strategic pillars that guide our long-term ESG commitments: Product, Planet, and People. Through a holistic approach, we believe we are able to realize added value across our operations such as reducing risk, increasing efficiencies, and enhancing resiliency and continuity.

Though key ESG topics, like climate change management, did not arise directly from our materiality assessment, Carter's remains committed to reducing our environmental footprint throughout our operations. Climate action is a key lever in addressing priority topics that surfaced, like Raw Material Sourcing and Supply Chain Resilience. Human Rights and Responsible Sourcing can also be positively impacted by efforts to mitigate climate change and reduce its impacts.

The following topics surfaced from our materiality assessment:

- Consumer Behavior
- Ethical Conduct
- Human Rights and Responsible Sourcing
- Product Quality and Safety
- Raw Materials Sourcing
- Supply Chain Resilience



## We promise to better our world



**Product**  
Grow Our Sustainable Offerings

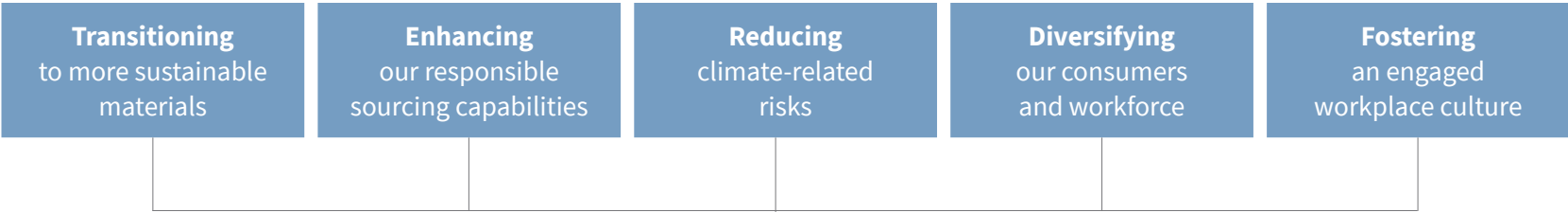


**Planet**  
Reduce Our Carbon Footprint

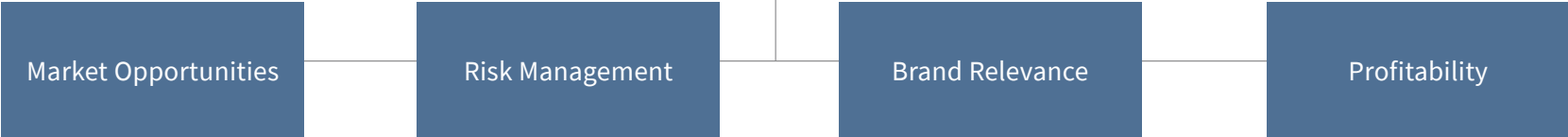


**People**  
Uplift Our Workers and Communities

PRIORITIES



BENEFITS





# Progress Highlights

GOAL	TARGET YEAR	STATUS	2023 PROGRESS
<strong>PRODUCT</strong> Become the U.S. market leader of sustainable children's apparel <ul style="list-style-type: none"><li>Continue growth of Little Planet brand</li></ul>	—	<div></div>	<strong>PRODUCT</strong> Grew sustainable product sales to 3% of overall sales from 2022 <sup>4</sup> <ul style="list-style-type: none"><li>Expanded Little Planet distribution from less than 800 to over 2,100 stores and introduced PurelySoft collection</li></ul>
Use 100% sustainable cotton and polyester fibers <sup>5</sup>	2030	<div></div>	41% of our cotton and recycled polyester are from either sustainable or recycled fibers
Extend traceability of cotton to our fabric mills	2025	<div></div>	Expanded traceability efforts by implementing country of origin testing technology
Improve the well-being of at least 1 million workers within our global value chain	2030	<div></div>	More than 446,000 workers positively impacted since 2021
<strong>PLANET</strong> Reduce absolute Scope 1 and 2 greenhouse gas emissions 50% from 2019 baseline and achieve Net Zero in our direct operations by 2040	2030	<div></div>	<strong>PLANET</strong> 26% reduction of Scopes 1 and 2 since 2019
Require 77% of our suppliers by spend to have science-based targets	2027	<div></div>	43% of suppliers by spend and 27% by number have set science-based targets <sup>7</sup>
Divert 80% of waste from landfill	—	<div></div>	67% of waste diverted from landfill
Achieve 50% reduction in virgin plastic packaging from a 2022 baseline	2025	<div></div>	33% reduction in virgin plastic packaging from 2022
Reduce water usage in the manufacturing and washing of our products	2030	<div></div>	We reduced the number of our styles that require an additional wash during manufacturing by 62% since 2019
<strong>PEOPLE</strong> Increase our African American and Hispanic consumers by 10% from a 2022 baseline	—	<div></div>	<strong>PEOPLE</strong> Increased market share with African American and Hispanic consumers by 1.8 and 2.4 percentage points, respectively
Increase racial and ethnic diversity at the Vice President and District Manager levels	—	<div></div>	21% of Vice Presidents and 26% of District Managers were considered racially or ethnically diverse
Continue to grow our Supplier Diversity program	—	<div></div>	Increased number of diverse suppliers by 31% compared to 2022
Improve the well-being of at least 10 million lives	2030	<div></div>	More than 6.5 million lives improved since 2021
Volunteer over 200,000 hours in our communities	2030	<div></div>	More than 63,000 volunteer hours contributed since 2021
Invest more than \$50 million toward improving the lives of children	2030	<div></div>	More than \$29 million donated in monetary and in-kind donations since 2021

<sup>5</sup> Apparel only  
<sup>6</sup> Excluding sales from Skip Hop  
<sup>7</sup> We surveyed 100% of our Tier I suppliers and received a 90% response rate. Those who did not respond were considered to have no targets.

In Progress Completed





# Product

As the largest branded marketer of apparel for babies and young children in North America, we are on a journey to ensure that our products are responsibly made and sustainably sourced so that all families with young children can grow and thrive for generations to come.



# High-Quality, Safe Product Commitment

Our highest priority is providing families raising future generations with safe products. We review every product we develop for potential health and safety risks and take appropriate steps to mitigate those risks. Our processes include rigorous testing to ensure that our products are safe and made well. A consumer insights survey we conducted in 2022 showed us that the top two sustainable attributes parents value when shopping for children’s clothing are safety and quality. We use insights like these to help drive business decisions and to prioritize company efforts.

We test against all relevant international, federal, and state regulations, including those of the Consumer Product Safety Commission, as well as our own proprietary testing protocols. If a product does not meet quality standards, we take prompt action to safeguard the children who wear and use our products.



GOALS	2023 PROGRESS
<p>Become the <b>U.S. market leader of sustainable children’s apparel</b></p> <ul style="list-style-type: none"><li>• Continue growth of Little Planet brand</li></ul> <p>● STATUS: IN PROGRESS</p>	<p><b>Grew sustainable product sales</b> to 3% of overall sales from 2022<sup>8</sup></p> <ul style="list-style-type: none"><li>• <b>Expanded Little Planet</b> distribution from less than 800 to over 2,100 stores in and introduced <b>PurelySoft collection</b></li></ul>
<p><b>Use 100% sustainable cotton and polyester</b> fibers by 2030</p> <p>● STATUS: IN PROGRESS</p>	<p><b>41% of our cotton and recycled polyester</b> are from either sustainable or recycled fibers</p>
<p><b>Extend traceability of cotton</b> to our fabric mills by 2025</p> <p>● STATUS: ACHIEVED</p>	<p><b>Expanded traceability efforts</b> by implementing country of origin testing technology</p>
<p><b>Improve the well-being of at least 1 million workers</b> within our global value chain by 2030</p> <p>● STATUS: IN PROGRESS</p>	<p>More than <b>446,000 workers</b> positively impacted since 2021</p>

<sup>8</sup> Excluding sales from Skip Hop

● In Progress   ● Completed

# Sustainable Apparel

Our focus on safety and durability of our products has been the foundation of our ability to serve the needs of multiple generations of families for nearly 160 years. It’s from this foundation that we aim to meet the increasing needs and interests of our customers by transitioning to more sustainable materials across our product offerings.

## Little Planet

Since launching in 2021, our Little Planet brand has fostered sustainable innovation and helped develop practices that our other brands can learn from. Little Planet uniquely includes organic cotton in its products that is certified by GOTS, a leading global textile processing standard for organic fibers. To receive GOTS certification, the cotton must be a minimum of 70% organic fibers, meet key environmental and social criteria for processing and manufacturing, and receive third-party, independent assurance.

Little Planet continues to be a strong growth vehicle. We continue to innovate and expand our product assortment as seen with our GOTS organic denim and cold-weather accessories made with recycled materials.

We believe Little Planet’s success comes from offering an incremental aesthetic to our portfolio of brands, in addition to its use of sustainable materials and processes. We believe consumers increasingly want sustainable options, and we intend to continue innovating and expanding our product offerings to meet the needs of the next generation of consumers.

## PurelySoft

Our new PurelySoft baby and sleep collection, which launched in 2023, offers products that are feather-soft, stretchy, and made with wood-based fibers sourced from sustainably managed forests. Our learnings from the growth of our Little Planet brand supported a successful roll out of our PurelySoft collection.





# Skip Hop’s Sustainable Innovations



**Explore & More  
Baby's View 3-Stage  
Activity Center**  
Converts from an activity center with height adjustable stages to grow with baby to a toddler activity table



**EON 4-In-1 High Chair**  
Converts from a high chair to dining and table-side booster seat to toddler chair



**3-In-1 Smart Snail Sound & Routine Machine**  
Works as a light & sound machine, sleep trainer and routine system that adapts to multiple ages and stages—from newborn to toddler to big kid

## Products That Grow with a Child

Skip Hop is committed to designing innovative products aligned with its Must Haves Made Better® brand promise. Our “grow with me” designs extend a product’s life cycle, which reduces the need to make more items, thus creating less waste and making parents’ lives easier as products grow with their child.

↑ All wood and paperboard used in Skip Hop products come from sustainably managed forests and are third-party certified.

## Oceanworks® Partnership

Through our partnership with Oceanworks® – an organization that recovers plastics in danger of ending up in nearby waterways – we created a new version of our Skip Hop Moby Bath Bundle made from 70% recycled plastic, which launched on Earth Day 2023. The bundle is packaged in a 100% recycled gift box, without plastic packaging materials.





# Our Sustainable Materials Journey

Our consumers’ safety and comfort drive our fiber and material selection. Cotton and polyester are the primary fabrics we use in our products – accounting for over 98% of our fiber usage in 2023 – and we have committed to obtaining 100% of these fibers from sustainable sources by 2030.

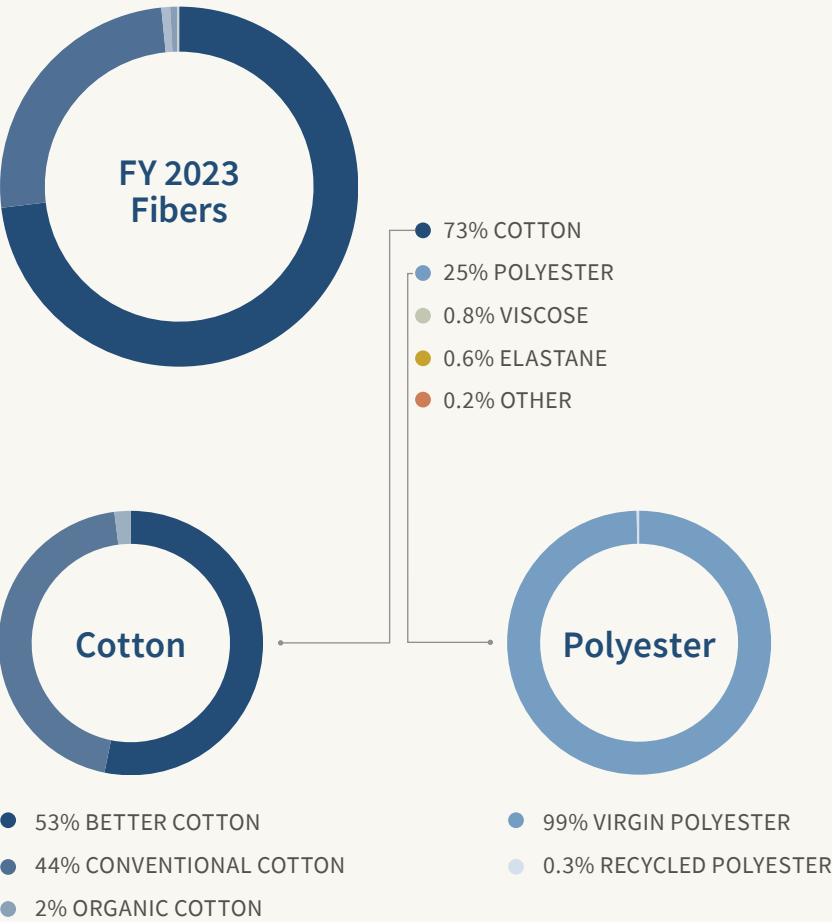
We consider a sustainable fiber or material as one that is understood to consume fewer resources over its life cycle when compared to its conventionally produced counterpart. We continue to evolve our fiber portfolio strategy for our directly sourced apparel and aim to increase our use of qualified sustainable 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 Viscose (LENZING™ ECOVERO™))

↑ In 2023, 41% of our cotton and recycled polyester came from either sustainable or recycled fibers

Regarding recycled polyester, the apparel industry is facing limited availability of source material (e.g., plastic bottles) and increased costs for certified fibers. In 2023, <1% of our total polyester consumption was from recycled plastics. To better address limited material availability, we are exploring industry partnerships focused on advancing the sourcing of recycled polyester and potential investment in fiber research and development.

## Our Fiber Usage in 2023



For more details on our raw materials usage, please see the Disclosure Index on p. 71 of this report.





# Better Cotton



We intend to achieve our 100% sustainable cotton goal by 2030 primarily through our sourcing of Better Cotton. Through its implementing partners, Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals, and respect workers' rights and wellbeing.

With over 2.9 million participating farmers globally, BCI includes labor standards that respect and protect the rights of farm workers. Better Cotton has 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. While we are focused on BCI, we continue to evaluate the U.S. Cotton Trust Protocol for potential future sourcing.

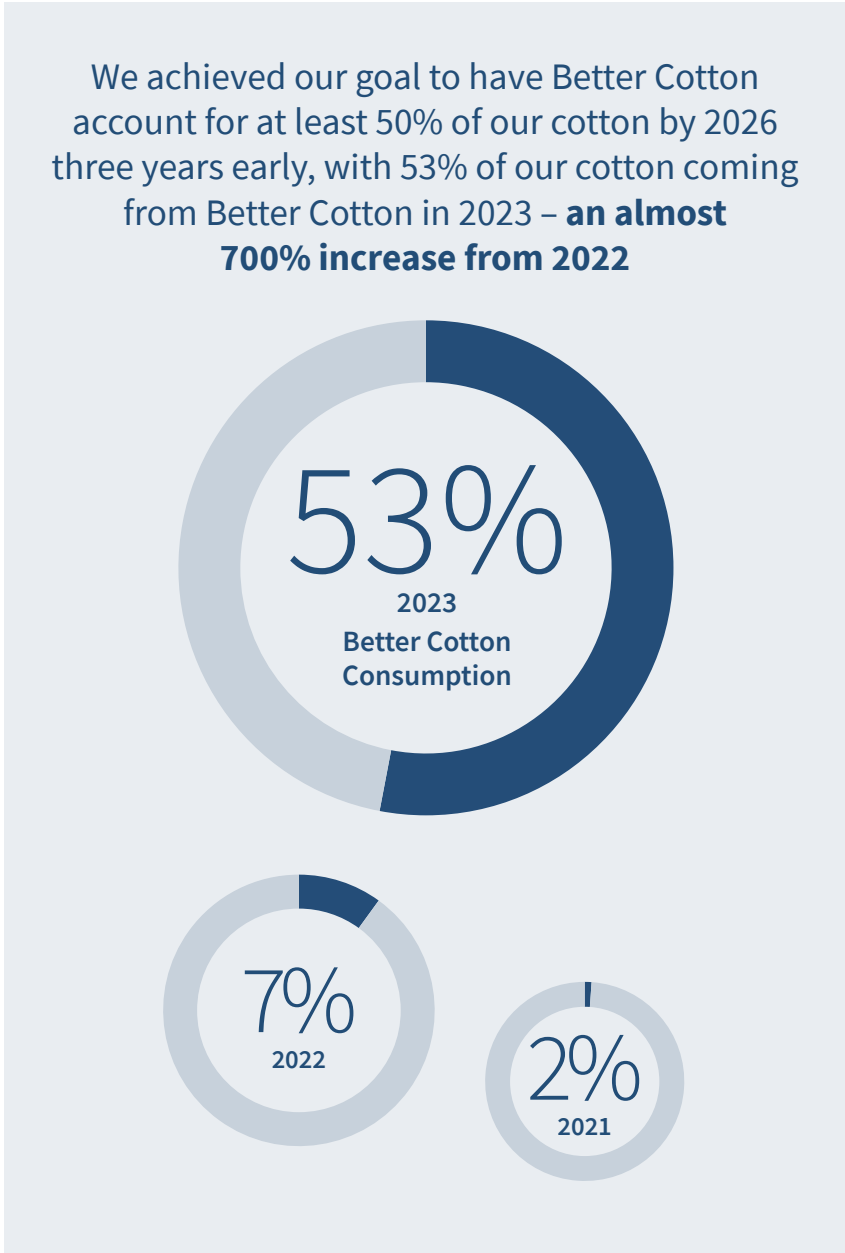
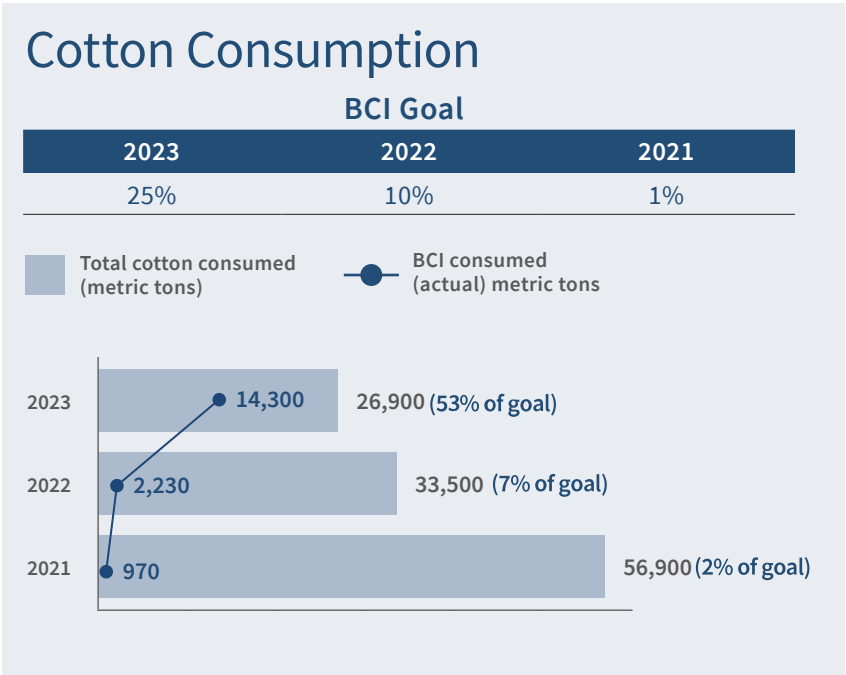


Photo Credit Khaula Jamil

“ I have been a farmer for 45 years, and I became a licensed Better Cotton Farmer in 2016. The most important technique I learnt through Better Cotton training sessions was how to use water more efficiently. In the past, I used to overwater my crops – whenever I had access to water, I used it on my crop. I did not know this was not good for my crop. Now, I conserve water and only use it when my crop needs it.

**Ghulam Hussain**  
Better Cotton Farmer

# Responsible Sourcing



We are committed to ensuring that all workers are treated fairly, and we expect the same from our suppliers. We seek to create a better world for current and future generations by ensuring the workers making our clothes and their families are treated with the dignity they deserve. We do this by carefully selecting our Tier 1 (i.e., direct) suppliers, who manufacture our products, and reinforcing our expectations through annual training, monitoring, and policies informed by the principles of the Universal Declaration of Human Rights.

In 2024, Carter’s enhanced our vendor transparency by publishing our full list of [Tier 1 suppliers](#).

## Traceability

Through our enhanced traceability capabilities, we are better able to work with our supply chain partners to ensure that raw materials and other components of our products are not harvested or produced with forced labor. We continue to monitor applicable laws and regulations subject to our value chain.

In 2023, we continued our traceability efforts to the mill level. Our comprehensive traceability program focuses 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

We also introduced isotopic testing, a new technology to test our cotton to the level of country of origin. This technology identifies country of origin by testing the chemical fingerprint of a material sample against an existing database of country-level markers. Understanding the country where our materials come from enables us to make better decisions as we consider labor risks, climate-related risks, and supply chain resiliency. We have randomly tested four of our top ten fabrics to validate country of origin, without incident. Remaining fabrics will be tested in the near future.

## Traceability Program Components





# Social Compliance

Our social compliance starts with an extensive vendor onboarding process to evaluate a potential vendor’s policies and practices against our [Vendor Code of Ethics](#) and [Corporate Social Responsibility Policy](#).

Once we have onboarded a vendor, we uphold our labor standards through a rigorous supplier monitoring process that includes yearly assessments for compliance with our policies.

## The Ungal Kural Worker Helpline

Carter’s, along with seven other brands, has proudly contributed to the establishment of the Ungal Kural Worker’s Helpline. This initiative aims to address challenges faced by workers in manufacturing and processing facilities, including issues related to gender-based violence and forced labor.

The helpline provides a platform for workers to report any concerns they may have, ensuring external support for remediation and resolution.

↑ The Ungal Kural Worker Helpline positively impacted the lives of over 4,500 workers in 2023.

Carter’s receives monthly reports to track complaints and evaluate whether the grievance mechanism is effective in engaging all stakeholders, including vulnerable groups. The reports capture disaggregated demographic data and metrics regarding usage, responses to grievances raised, and remedies implemented.

## Vendor Onboarding





# Social Compliance

In 2023, we began expanding our supplier monitoring process into our mills (i.e., Tier 2 suppliers). We expect to be able to report additional information regarding the outcomes of this process in the future.

Supplier Compliance Auditing			
	2023	2022	2021
Number of Active Tier 1 Suppliers	85	88	93
Number of Active Factories	126 <sup>9</sup>	137	142
Number of Factories with a Passing Score	125	137	125 <sup>10</sup>
Number of Factories with a Below Passing Score	1	0	4
Number of Unannounced Audits Conducted	21	36	55

<sup>9</sup> Includes 60 wholesale factories with scores converted from external audit reports.  
<sup>10</sup> There were 13 factories we were only able to audit virtually due to the pandemic; we therefore chose not to issue a score.





# Partnering for Worker Well-being

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

## RISE

[RISE: Reimagining Industry to Support Equality](#) supports industry collaboration 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—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 five million women workers globally. Our participation in the program focuses on providing training programs to Carter’s suppliers.



## CFC Garment Company

CFC Garment Company is a supplier of Carter’s in Cambodia with more than 590 workers, of which approximately 67% are women. Factory workers participated in a gender-sensitive training program aimed at improving financial literacy. Implemented by RISE and their local partner, Cambodian Women for Peace and Development, participants learned about mobile and digital finance, financial planning, budgeting, savings, and more.

Outcomes included an increase in using mobile money accounts for merchant payments, sending remittances, and paying bills. There have also been reports of increasing savings to better manage unplanned expenses like medical bills. The fear of unexpected expenses has faded, replaced by a sense of control and security.



## Planet Water

In 2023, Carter’s partnered with [Planet Water](#) to bring a primary school and its community an AquaTower in Pursat Province, Cambodia. Volunteers from Carter’s assisted in the construction of a water filtration system that can provide up to 1,800 children and community members with access to clean, safe water. The project also included a comprehensive Water-Health and Hygiene Education program for the students and local community.

“

I would like to thank Carter’s because we no longer have to worry about the lack of safe water in school. With the AquaTower, you gave our children a healthier start in life and enabled them to survive and thrive.”

**Keat Veasna**  
School Principal





# Chemicals Management

## OEKO-TEX® STANDARD 100 Certification

Third-party certifications provide an added level of product quality assurance. We adopted the OEKO-TEX® STANDARD 100 certification label, one of the world's best-known labels for textiles tested for harmful substances, to further differentiate our products in the marketplace. We are excited to share that we achieved our 2023 objective, which aimed for achieving the OEKO-TEX STANDARD 100 Certification for most of Carter's and OshKosh apparel products. At the end of 2023, 98% of our product within scope is OEKO-TEX® STANDARD 100 Certified and 99% of the manufacturing facilities are OEKO-TEX® STANDARD 100 Certified.

↑ At the end of 2023, 98% of our product within scope is OEKO-TEX® STANDARD 100 Certified.

In a study conducted by OEKO-TEX<sup>11</sup>, 53% of participants noted that they were interested in knowing if clothing is certified safe from harmful chemicals, and 45% favor brands that offer clothing that is safe and responsibly produced.

## Restricted Substances

Our [Restricted Substances List \(RSL\)](#) designates chemicals that should be minimized or avoided in our apparel and accessories. We have developed our RSL to ensure compliance with government regulation, address health and safety concerns, and avoid potential environmental hazards. We benchmark our RSL against the standards established by the American Apparel & Footwear Association (AAFA) and the Apparel and Footwear International RSL Management (AFIRM), as well as ensure compliance with government regulation, health and safety concerns, or potential environmental hazards. Our RSL applies to both our Tier 1 apparel suppliers and our licensees, who are held accountable for meeting our standards and local laws.

## Testing

We base our RSL testing on the percentage of a vendor's styles that are not OEKO-TEX® STANDARD 100 certified. In fiscal year 2023, we saw a 100% passing rate on the 169 styles tested.

In addition to RSL testing, we test against all relevant international, federal, and state regulations, as well as our own proprietary testing protocols. 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.

<sup>11</sup> "The Key To Confidence: Consumers and Textile Sustainability—Mindsets, Changing Behaviors, and Outlooks", OEKO-TEX® and Anerca, 2017.



# Chemicals Management

## MRSL Adoption

In 2023, we continued our alignment journey with the [Zero Discharge of Hazardous Chemicals \(ZDHC\) Manufacturing Restricted Substances List \(MRSL\)](#). The ZDHC MRSL focuses on consumer safety and helps protect workers, local communities, and the environment from the possible impacts of harmful chemicals by going beyond traditional finished product testing.

In February 2023, we notified our vendors of our MRSL implementation roadmap. Our goal was to have 80% of our fabric volume mills and 80% of our laundry facilities engaged with the MRSL by the end of 2025. Based on our 2023 mill volume, we achieved the fabric yards goal two years early and are making progress on our laundry facilities.

80% fabric yards  
produced came from mills engaged  
with the ZDHC MRSL

58% wash & laundry  
facilities used engaged with the ZDHC MRSL

## Addressing PFAS in Our Products

We continue to monitor proposed federal and state laws and regulations on per- and polyfluoroalkyl substances (PFAS). Per our RSL, we do not intentionally add PFAS to our apparel or accessory products and we also proactively conduct total fluorine testing on any product with claims to water resistance or stain resistance.

In 2023, we updated our PFAS testing protocols to measure total fluorine for Carter's sourced apparel and total organic fluorine for Skip Hop non-apparel goods. 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. In 2023, all Carter's source products within scope passed testing for PFAS or total fluorine testing.

↑ In 2023, all Carter's source products  
within scope passed PFAS testing  
or total fluorine testing.







# Contributing to a Better Future for Children & Our Communities

We pursue a multi-pronged approach to our climate and environmental strategy in order to contribute to a better future for current and future generations and to meet stakeholder expectations. We have set ambitious, quantitative goals as we continue our journey to protect the planet and be a more environmentally sustainable brand.



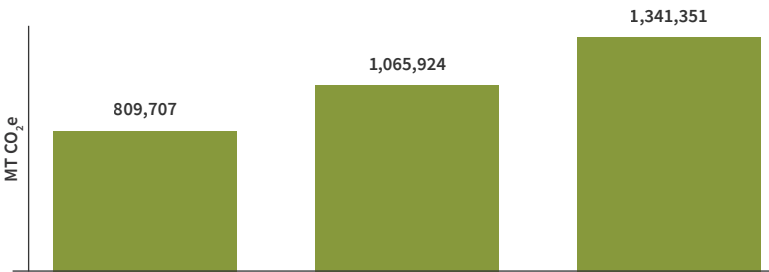
# Energy & Emissions

We set an emissions reduction goal, verified 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 that 77% of our purchased goods and services vendors by spend will have set their own science-based emissions reduction targets by 2027.

To aid in accurate tracking against our goal, we prioritize gathering primary GHG data from our operations and supply chain and obtaining third-party, limited assurance for our performance disclosures on Scope 1 and 2 GHG emissions, water usage, and waste volumes.

- **Scope 1:** Direct emissions from the stationary and mobile combustion of fuels and refrigerant fugitive emissions from stores, distribution centers, and corporate offices controlled by Carter's
- **Scope 2:** Indirect emissions from electricity usage in stores, distribution centers, and corporate offices controlled by Carter's
- **Scope 3:** Indirect emissions from purchased goods and services, fuel and energy-related activities, upstream transportation, processing of waste (landfill waste, recycling, and wastewater), business travel, employee commuting, and end-of-life treatment of sold products

## Total Emissions



GOALS	2023 PROGRESS
<b>Reduce absolute Scope 1 and 2 GHG emissions 50%</b> by 2030 from a 2019 baseline and achieve Net Zero in our direct operations by 2040 <div>● STATUS: IN PROGRESS</div>	<b>26% reduction of Scopes 1 and 2</b> since 2019
<b>Require 77% of our suppliers</b> by spend to have science-based targets by 2027 <div>● STATUS: IN PROGRESS</div>	<b>43% of suppliers by spend and 27% by number</b> have set science-based targets <sup>12</sup>
<b>Divert 80% of operational waste</b> from landfill by 2025 <div>● STATUS: IN PROGRESS</div>	<b>67% of waste diverted from landfill</b>
<b>Achieve 50% reduction in virgin plastic</b> packaging by 2030 <div>● STATUS: IN PROGRESS</div>	<b>33% reduction of virgin plastic packaging</b> since 2022
<b>Reduce water usage</b> in the manufacturing and washing of our products <div>● STATUS: IN PROGRESS</div>	<b>62% reduction</b> since 2019 in number of styles requiring additional wash during manufacturing

● In Progress   ● Completed

<sup>12</sup> We surveyed 100% of our Tier I suppliers and received a 90% response rate. Those who did not respond were considered to have no targets.



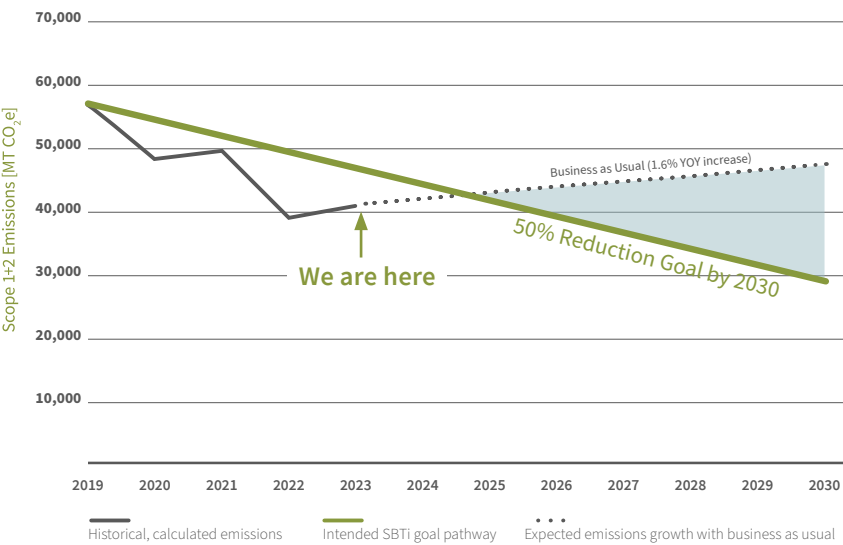
# Reducing Scopes 1 & 2 Emissions

To achieve our emissions reduction goal, we are continuing to make improvements across our retail stores, distribution centers, and offices, including:

- Evaluating tech and energy management investments
- Purchasing renewable energy credits (RECs)
- Making procedural changes in retail stores

In 2023, our Scope 1 and 2 emissions decreased by 26% from a 2019 baseline. However, they increased slightly from 2022. We believe this increase in emissions could be attributed to the net increase of 38 new store openings in 2023.

## Historical and Expected Scope 1 and 2 GHG Emissions Through 2030



## Energy-Related Investments

In 2023, we evaluated and selected a potential provider for energy management systems that we expect to create consistency and increase efficiency across our stores, as well as increase real-time data availability. We will roll out these systems taking a phased approach and will plan to provide updates in the future. While we anticipate these technologies will result in energy reductions, we also expect that renewable energy credits will be needed to meet the remainder of our goal.

## Renewable Energy Credits (RECs)

We view RECs as a complementary measure to cover any remaining emissions after we implement our direct reduction methods. In 2023, we purchased 14,000 RECs from wind power in North America, which earned us a spot on EPA’s Green Power Partnership as a top 30 retail company. This has been applied to our 2022 emissions inventory in this report. For our 2023 GHG inventory, we purchased 10,000 verified credits, to be applied to our 2023 emissions.



## Green Buildings

We prioritize green buildings for our corporate offices. Several of our office buildings have received Leadership in Energy and Environmental Design (LEED) certifications, the most widely used green building rating system globally. This certification, issued by the U.S. Green Building Council, is recognized around the world as a symbol of sustainability achievement and leadership.

- Headquarters, Atlanta: LEED Gold Certified
- Sourcing Office, Hong Kong: LEED Gold Certified
- Sourcing Office, Vietnam: LEED Gold Certified



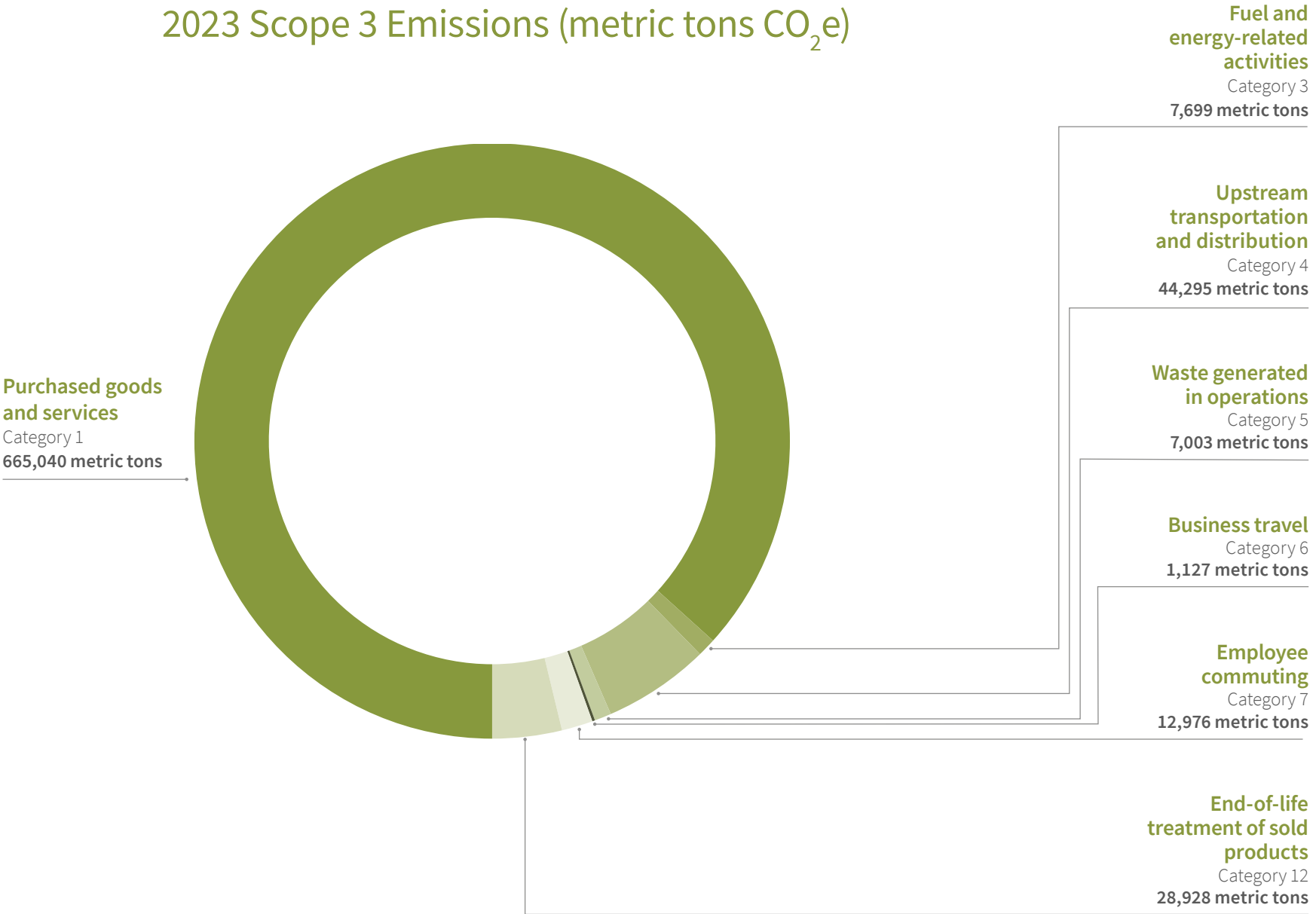
# Addressing Scope 3 Emissions

Scope 3 emissions represent the majority of our total GHG emissions. Therefore, we are continuing to explore pathways to reduce emissions from materials purchasing and logistics. In order to do so, we must first continue to gather data from various sources within our supply chain.

As part of data collection, our suppliers are asked to indicate whether they have set science-based targets of their own. Carter's commits that 77% of our purchased goods and services vendors by spend will have set their own science-based emissions reduction targets by 2027. In 2023, 43% of total vendors by spend have set science-based targets, and 27% of total vendors by number have set science-based targets.



2023 Scope 3 Emissions (metric tons CO<sub>2</sub>e)



# Our Suppliers

To provide an accurate understanding of our Scope 3 emissions, we collect primary data from our logistics providers and facilities of our Tier I suppliers. The majority of our Scope 3 GHG emissions in 2023 came from our Tier 1 suppliers and logistics providers.

We gather information from our logistics providers, including their measurement capabilities and opportunities to reduce transportation- and distribution-related emissions, to calculate our transportation-related emissions. This data informs transportation purchasing decisions and enables us to reduce our impacts. We continue leveraging our use of radio-frequency identification (RFID) to better manage our inventory. RFID increases our monitoring of the real-time locations of our products allowing us to deliver them to consumers more efficiently.

We also use the Sustainable Apparel Coalition’s Higg Facility Environmental Module (FEM), a database of supplier impact data, and direct engagement to better understand the environmental practices and impacts of our apparel and accessory suppliers. In 2023, we required all factories and mills that make our products to complete the Higg FEM. Our data requests for Tier 1 suppliers include asking if they have set science-based targets to reduce GHG emissions from their own operations.

In 2023, we developed a framework to help us identify strategic partners in our supply chain using vendor performance and capability assessments. This work will guide our decision-making during future supplier selection and production allocation. One measurement of a strong supplier is their ESG work and, as such, we have developed criteria in our framework that accounts for a supplier’s environmental initiatives, worker empowerment programs, and public disclosure, among other topics.

### Jay Jay Mills



One of our strategic vendors is Jay Jay Mills, located in India. Their mission is to clothe children for a sustainable future.

They utilize 55% renewable energy in their operations in order to manage energy consumption, mitigate emissions, and save costs.

Other initiatives like harvesting rainwater and recycling also contribute to their goal to reduce their environmental footprint for themselves and for customers like Carter’s.





# Climate Risks & Opportunities<sup>13</sup>

We regularly conduct climate change risk assessments to better understand and mitigate the physical and transition risks that may impact our stores, distribution centers, suppliers, and cotton sourcing, with our most recent update completed in 2023. Through these assessments, aligned with Task Force on Climate-Related Financial Disclosures (TCFD), we gain insight into the long-term adverse impacts that climate change could have on our business and operations, along with the potential business and strategic opportunities. Our most recent risk assessment in 2023 led us to operationalize the findings by including climate risk assessments within our new store evaluation process, alongside financial and market considerations. Our complete TCFD table can be found in the Disclosure Index.

↑ As investor interests in climate change management increase, companies facing elevated transition risk have been valued at a discount in recent years, especially those not taking proactive mitigation efforts.<sup>14</sup>

<sup>13</sup> For a full list of our climate-related risks and opportunities, please see the Disclosure Index.  
<sup>14</sup> Corporate Climate Risk: Measurements and Responses, Yao, et al. 2020.

## Impact Areas

### PHYSICAL RISKS

- Acute: Extreme weather events, e.g., severe flooding, droughts
- Chronic: Increased temperatures, extreme rainfall, sea level rise, water scarcity, etc.

### TRANSITION RISKS

- Failure to meet or properly report progress on our climate targets
- Public expectations or regulatory requirements
- Additional costs from current and emerging regulation related to emissions reductions or global carbon tax schemes
- Increasing consumer awareness of environmental issues resulting in industry pressure for companies to offer more sustainable products
- Improvements in technology may influence the viability of the use of alternative materials

### OPPORTUNITIES

- Offer more sustainable products
- Strong climate action and target setting
- Expanding supplier engagement through improved collection of their GHG emissions and climate target reporting

## Emissions Scenarios

- Aligned to TCFD
- Physical risk scenarios, including Representative Concentration Pathways (RCP) 2.6 and bespoke transition scenarios aligned with 1.5 degrees C

## Scope

- Carter’s owned operations – stores, distribution centers
- Value chain – suppliers, cotton sourcing

## Time frame

- Short: 1–2 years
- Medium: 3–4 years
- Long: 5–10 years

## Decision-making

- We have begun to include climate risk assessments within our new store evaluation process, alongside financial and market considerations



# Life Cycle Assessment (LCA)

Another advantage of transitioning to 100% sustainable cotton and polyester fibers by 2030 is the anticipated reduction in GHG emissions linked to the raw materials of our products. To aid us in tracking these reductions, in 2023 we began the LCA process for our top-selling product – the five-pack of our size six-to-nine-month bodysuit. We conducted a preliminary assessment that analyzed this item from cradle-to-gate across various impact areas. Moving forward, we aim to expand this assessment and develop reduction plans that address these impacts.

After the purchase of our apparel products, we recognize that energy consumption during their care and cleaning generates emissions, particularly when warm or hot water is used. As a result, all care labels on Carter’s apparel products advise for cold-water washing.





# Arbor Day Foundation

For the second year in a row, in 2023 Carter's employees partnered with the Arbor Day Foundation and supported the planting of more than 10,000 trees for The Cauvery Calling Project – a reforestation project in India's Cauvery Basin aimed at improving soil fertility, water runoff, and food security for the lives of 84 million people, including more than 17,000 factory workers, in the region. With these contributions, we supported<sup>15</sup>:



~24,000 metric tons CO2 emissions sequestered, equivalent to 5,130 cars off the road for one year



~6.6 million gallons of water runoff avoided, equivalent to water provided to ~80,000 people for one day

↑ In 2023, Carter's further supported our reinvestment in future generations by planting nearly 350 trees to celebrate the arrival of every new child welcomed to a Carter's employee that year.

<sup>15</sup> Emissions equivalency as determined by Arbor Day Foundation, i-Tree calculator.



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



# Reducing Waste

In 2023, we continued working toward our goal to divert 80% of our waste from landfill by 2025. Our distribution centers were responsible for diverting 92% of their waste from landfill, helping us achieve an overall diversion rate of 67% for the year.

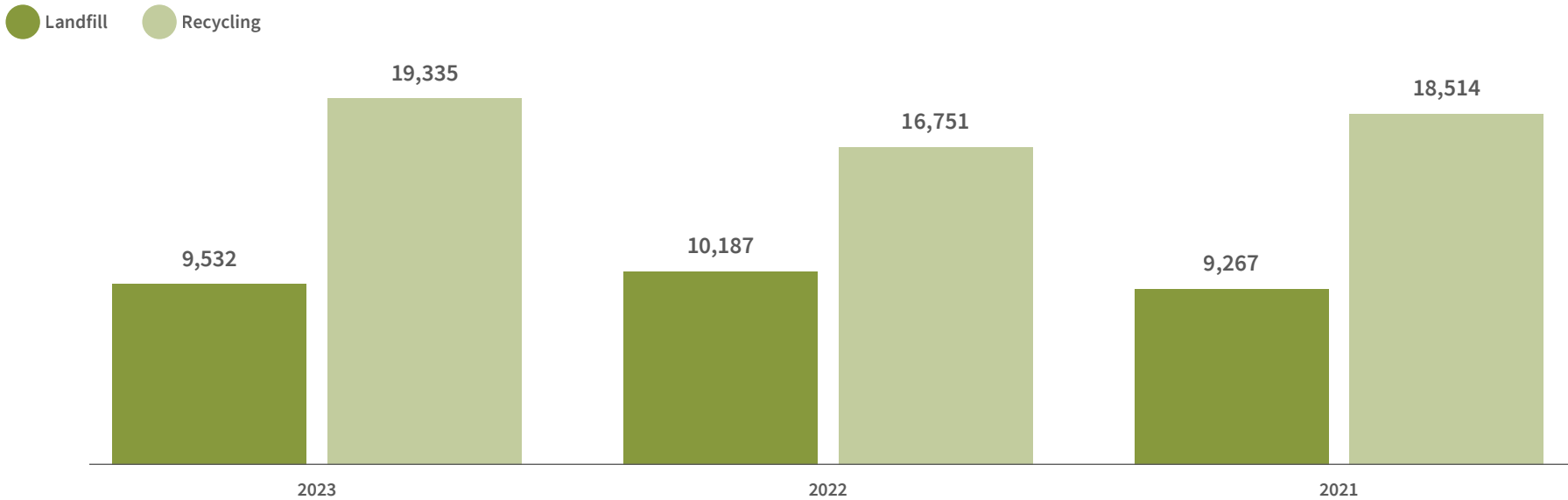
Our ability to manage waste can be challenging in certain locations, like most retail stores, where our landlords manage waste disposal. In these locations and certain others, we do not have access to primary waste data.

For the remaining ~200 stores that are under our direct management, we use a waste management company to manage the collection of waste and recycling. We extrapolate the data from these stores to estimate the volumes at our other stores based on average per square foot of retail space. For more waste data, please see the Disclosure Index.



67% of direct operations  
waste diverted from  
landfill in 2023

## Waste from Direct Operations (tons)





# Product Circularity

In a circular economy for fashion, products (apparel, footwear, and accessories) are designed to be made again, created using safe and recycled or renewable inputs, and used longer. At Carter's, we are on a journey towards product circularity, where our products are designed and created with their end-of-life in mind.



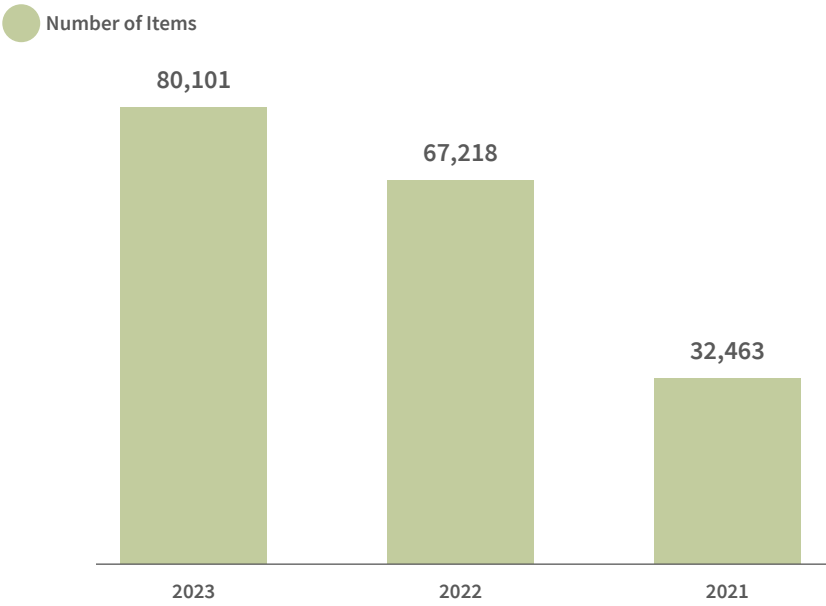
## Product Recycling

One step on our journey toward product circularity is helping to extend the useful life of a product, thereby reducing waste to landfill.

Our KIDCYCLE™ product take-back program is an example of this extension. Through KIDCYCLE, customers can mail apparel that would otherwise be discarded to our partner, TerraCycle, to be recycled at no cost to them. Once collected, the clothing is separated by fabric type, shredded, and recycled into materials used for insulation, mattresses, pet bedding, and sports equipment.

We are evaluating another version of this program where collection bins would be placed in select stores.

## KIDCYCLE metrics





# Packaging

Developing sustainable packaging solutions is essential to achieve our commitment of 50% reduction in virgin plastic packaging by 2030 from a 2022 baseline. In 2022, historic inflation weighed on consumer demand and resulted in excess inventories, which were held for sale in 2023. While the reduced inventory purchase volume in 2023 contributed to lower packaging consumption, we continued to increase the amount of recycled content in our packaging across all types to 31% of total plastic use, contributing to a 33% reduction in virgin plastic packaging since 2022.



## Packaging Reduction Efforts

### Product

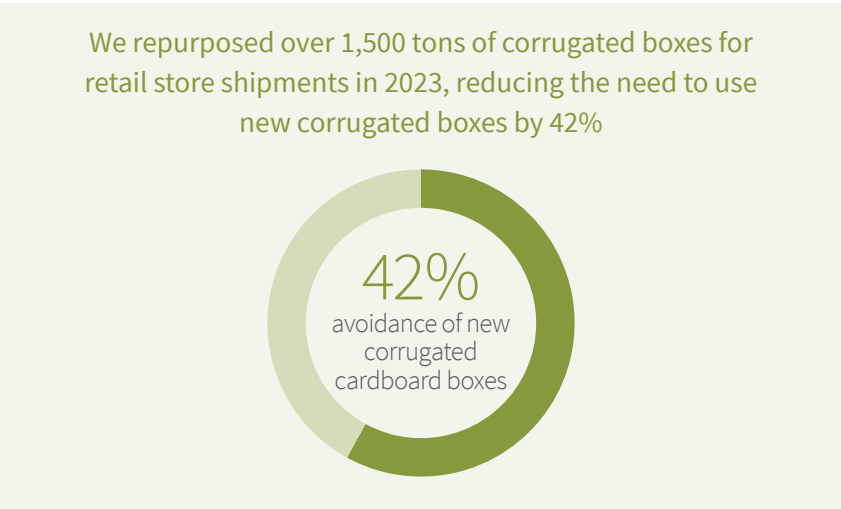
- Expanded use of recycled content plastic hangers and increased the use of the hybrid hanger, which has less plastic content than traditional hangers
- Reduced the size of hang tags across our brands
- Reduced use of stickers and sock inserts from product packaging

### Distribution/eCommerce

- Continued 80% and 50% recycled plastic poly mailers in the U.S. and Canada, respectively, for eCommerce orders
- Continued carton reuse for shipping from distribution centers (DCs) to retail stores

### Retail

- Converted to paper shopping bags from plastic in Canadian stores
- Defaulting to electronic receipts



↑ In 2023, we transitioned Skip Hop's entire soft goods product line, starting with Diaper Bags and On-the-Go accessories, to using 100% recycled polybags and printed retail packaging.



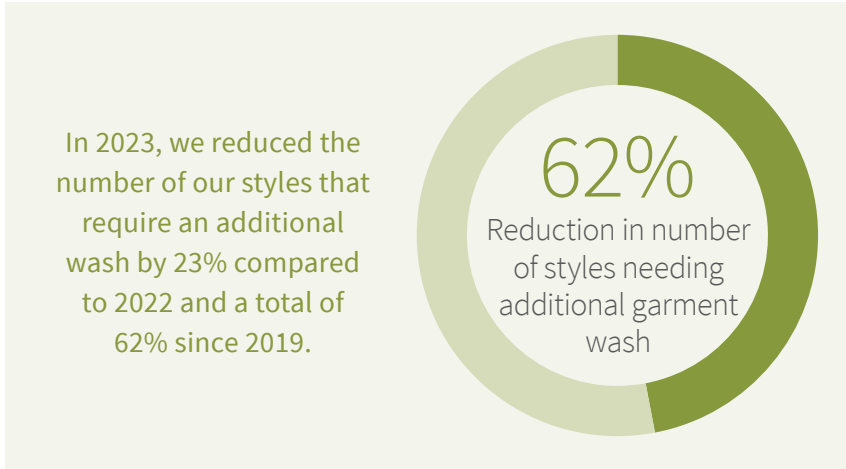


# Managing Our Water Impact

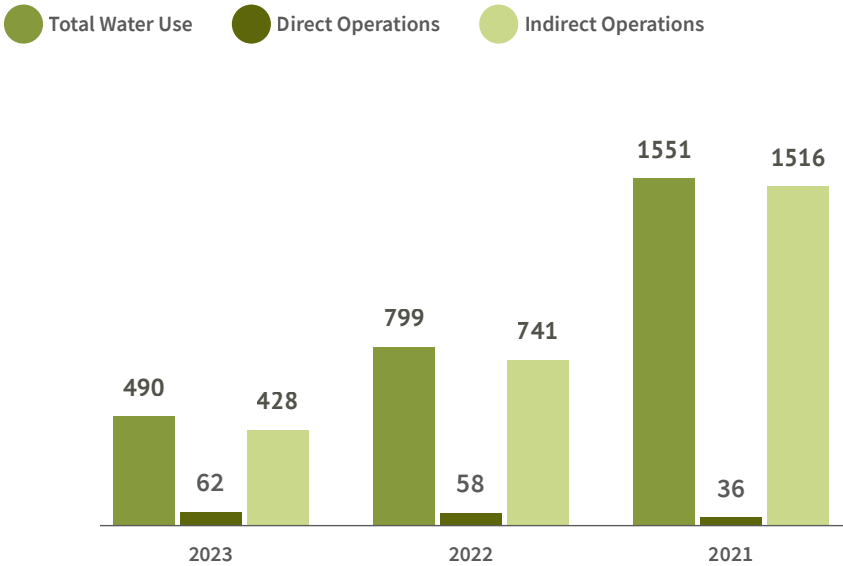
Water, a key and finite resource, is heavily relied upon in the textile manufacturing process. Carter’s is committed to managing our water consumption and supporting adequate water access for future generations. Based on our water usage metrics, the majority of our water footprint comes from our indirect operations via the manufacturing of our products. To better understand the water impacts in our global supply chain, in 2023, we required all factories and mills that make our products to complete the Higg FEM, a tool used to assess the environmental performance of product manufacturers in the consumer goods industry. 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. We aim to use the data from the Higg Index to better engage with suppliers on their water reduction efforts.

## 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 number of styles that require garment washing to achieve our design intent. We continue to monitor this extra processing to increase water conservation in our manufacturing process where appropriate.



## Total Water Use (Millions Gallons)







# Each Day Our Employees Help Us Make a Difference & Live Our Values

Our diverse team’s passion and dedication enable us to deliver on our commitment to provide high-quality children’s apparel and accessories to families raising future generations at great value. We support our employees by providing training, development, and an inclusive and respectful workplace.



# Our Culture

For nearly 160 years, Carter’s has been a family-first company – from our products to our brands to our employees – that stands true to its values. Our values are the cornerstone of who we are, and we empower our employees to live our values every day. We invest in our teams to foster an inclusive work environment where our people are respected, valued, and able to see the impact they make.

## Employee Engagement

Our values-driven culture fosters our high employee engagement. The success of our Company is built on our people, so maintaining a positive workplace culture, high engagement, and strong retention are among our fundamental priorities. 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	2023 PROGRESS
<b>Increase our African American and Hispanic consumers by 10%</b> from 2022 baseline by 2025 <div>● STATUS: IN PROGRESS</div>	<b>Increased market share</b> with African American and Hispanic consumers by 1.8 and 2.4 percentage points, respectively
<b>Increase racial and ethnic diversity</b> at the Vice President and District Manager levels <div>● STATUS: IN PROGRESS</div>	<b>21% of Vice Presidents and 26% of District Managers</b> were considered racially or ethnically diverse
Continue to <b>grow our Supplier Diversity program</b> <div>● STATUS: IN PROGRESS</div>	<b>31% increase in diverse suppliers</b> compared to 2022
<b>Improve the well-being of at least 10 million</b> lives by 2030 <div>● STATUS: IN PROGRESS</div>	<b>More than 6.6 million lives</b> improved since 2021
<b>Volunteer over 200,000 hours</b> in our communities by 2030 <div>● STATUS: IN PROGRESS</div>	<b>More than 63,000 volunteer hours</b> contributed since 2021
<b>Invest more than \$50 million</b> toward improving the lives of children by 2030 <div>● STATUS: IN PROGRESS</div>	<b>More than \$29 million</b> donated in monetary and in-kind donations since 2021

● In Progress ● Completed



# Recruitment



At Carter’s, our employee engagement begins with recruitment. In response to an increasingly competitive marketplace for talent, we updated our recruitment process to enhance the candidate experience while improving outcomes for the Company.

Carter’s recruitment team continues to experience positive outcomes from shifting to an in-house model over the last few years. Our successful strategies, coupled with the evolving job market, enabled us to exceed our recruitment goals across all hiring channels in 2023.

Our 2023 technology investment drove more than a 200% increase in applicant flow during the fourth quarter.

The partnerships and networks that we engaged in 2023 to support Carter’s diverse recruitment include: National Retail Federation College Programs, Professional Diversity Network, American Military University/American Public University, GA VECTR, and VetJobs.org.



We plan to begin working with Hiring our Heroes in 2024 and are looking forward to sharing positive impacts from this partnership in the future.

The partnerships and networks that we engaged in 2023 to support Carter’s diverse recruitment include:





# Career Development



Our commitment to invest in people is one of our core values of who we are at Carter’s. This is demonstrated in part by the programs and opportunities we offer to develop and engage our people for future career growth.

## Accelerated Development Program

The Accelerated Development Program (ADP) is a formal 12-month program that supports high-potential leaders in strengthening their leadership skills. Participants take part in assessments, 360° feedback, leadership roundtables, and networking and mentorship opportunities. In 2023, we expanded the program’s focus from advanced leaders (director-level and above) to include emerging leaders (manager-level talent) as a direct result of our employee engagement feedback and action plans to accelerate career growth of our managers.



## 2023 ADP Participants

“My experience in the ADP program has been amazing! I love working for a company that truly invests in their people so that we can all succeed together. The 360° feedback highlights strengths and opportunities and the smaller coaching sessions are more intimate, which allows you to build stronger relationships, brainstorm ideas, and share experiences with other team members within the organization.”

**Kerry Soares, Senior Buyer, eCommerce - Canada**  
Emerging Leader Participant

“I’ve thoroughly enjoyed and learned a great deal about leadership in my participation in the ADP program. I’ve learned specific strengths and blind spots I may have and was able to receive coaching from a senior leader. I’ve also enjoyed connecting with a broad and diverse group of leaders across the organization through our ADP class and have strengthened connections with my mentors.”

**Allen Lo, Senior Director, Marketing & Customer Analytics**  
Advanced Leader Participant



## Executive Development Program

The Executive Development Program (EDP) is a formal six-month program for recent college graduates in entry-level roles. EDP supports participants in their transition from campus life to the corporate world. The program provides participants with hands-on work experience through full-time positions and fosters cross-functional learning opportunities to increase their understanding of the Company and our products.

## Mentor Partnership Program

We have a culture of people helping people. Mentor Partnerships is a global signature program that supports our value of investing in our talent by offering professional guidance and opportunities to learn from each other. With nearly 400 participants from six countries, 2023 saw our highest level of participation.

↑ Since 2019, the Mentor Partnership Program has grown over 63% with a record number of participants in 2023.

## Field Manager Development

We continue to prioritize the development of our frontline retail store and distribution center leaders. Our field leadership development programs are designed for entry to senior-level field leaders. These programs focus on fast-tracking their leadership capabilities, creating a succession pipeline for key roles, and retaining our talent. In 2023, more than 200 field leaders participated in these programs.

## Training

In addition to our strategic development programs, we provide employees with opportunities to learn and grow regardless of their role. Employees have access to Carter's University, our internal learning and development program that provides various learning opportunities to meet our employees where they are. The classroom trainings and online courses help our employees develop skills and knowledge relevant to their roles, as well as leadership and managerial skills for career advancement within the company.

	2023	2022	2021
Total Number of Training Hours <sup>16</sup>	151,600	134,500	153,900
Employees Participating <sup>16</sup>	15,400	14,600	15,900
Average Hours of Training per Employee	9.8	9.2	9.7

<sup>16</sup> Numbers have been rounded to the nearest hundred value.





# Benefits & Well-being<sup>17</sup>

## 401(k) Matching

Eligible U.S. employees are auto-enrolled in our retirement plan, which includes the potential for an above-market annual discretionary match. Over 90% of eligible employees are taking advantage of our retirement plan. For 2023, Carter’s provided eligible employees a 100% match up to 4% of their eligible 401(k) compensation. This represents a Company investment of over \$8 million. For 9 out of the last 14 years, our Company match was well above benchmark.



I can barely contain my excitement and joy as I finally complete my college degree. This achievement means the world to me, and I can’t help but feel a sense of pride and accomplishment. It’s been a long journey, but I’ve never been more thrilled to hold that degree in my hands!”

**Michael Nadeau, Advance You Participant**  
Store Manager at our Oklahoma City, OK Carter’s Store

We recognize that our employees have many responsibilities outside of their roles at Carter’s. To support our employees’ well-being inside and outside of work, we provide access to a comprehensive range of benefits for all stages of life.

Beyond the standard offerings such as medical, dental, and vision benefits, Carter’s employees have access to unique benefit options that put them and their families first:

- **Advance You™:** A tuition-free program that helps full- and part-time employees earn their bachelor’s degree, high school diploma, or learn English as a second language.
- **Mental Health Support:** Through both our Employee Assistance Program (EAP) and the Headspace Care App, employees have access to on-demand mental health support services.
- **Backup Dependent Care:** Quality backup care is available at discounted rates for child, adult, or elder care when breakdowns in care occur. Offerings include both center-based and in-home care.
- **Maven:** Provides personalized support to expectant moms and dads through a tech-driven platform with on-demand, 24/7 access to doctors, therapists, lactation consultants, nutritionists, and more. Also included is access to Maven Fertility, which offers guidance on fertility treatment options and provides adoption and surrogacy support, and Maven Menopause, which supports women going through menopause.
- **Foster Care Leave<sup>18</sup>:** Eligible employees receive up to 10 days of paid time off when they have a foster child placed with them.
- **Surrogacy and Adoption<sup>18</sup>:** Employees welcoming a child via adoption or surrogate may be eligible for reimbursement of qualified expenses up to \$20,000.

- **Company 529 Contribution<sup>18</sup>:** Eligible employees receive a \$500 Company contribution to their child’s Path2College 529 Savings Plan.

For further information on Carter’s full suite of benefits, please see the Disclosure Index.



<sup>17</sup> Benefits vary by country. Benefits described here are specific to the U.S. Outside U.S. benefits may vary.

<sup>18</sup> Eligibility rules, including one year of service with Carter’s at time of event, apply for most of these benefits.



# Employee Safety



Our employees’ safety and well-being are of the utmost importance at Carter’s, and we foster our safety culture through policies, trainings, and communications. If an injury does occur on the job, we support our employees to ensure they get the treatment they need. Additionally, we provide temporary, light-duty positions for employees with injury-related restrictions and all regular U.S. employees are eligible for workers’ compensation.

Our distribution centers take a proactive approach to employee safety by regularly using start-of-shift meetings to spread awareness on how to prevent injuries, including both acute and repetitive injuries. They also have safety managers to further support a healthy workplace.

Our efforts to restore the health of our injured employees so they may return to work as quickly as possible have resulted in a reduction in our financial reserve for workers’ compensation claims.

## Safety Data

	2023	2022	2021
Work-related injuries <sup>19</sup>	56	50	46
Days away, restricted, or transferred (DART) rate <sup>20</sup>	0.88	0.78	0.52
Total recordable incident rate (TRIR) <sup>21</sup>	2.16	Not calculated	Not calculated
High-consequence work-related injuries <sup>22</sup>	0	0	0
Fatalities	0	0	0



<sup>19</sup> Top types of work-related injuries: Slip or fall, strain by lifting, injury due to repetitive motion.

<sup>20</sup> DART Rate = Number of OSHA recordable injuries and illnesses that resulted in days away, restrictions, or transfers x 200,000 / employee hours worked.

<sup>21</sup> TRIR = (Number of recordable injuries and illnesses \* 200,000) / employee hours worked.

<sup>22</sup> 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.



# Diversity & Inclusion

## Marketplace

Through our dedication to inclusion, we have made it a strategic priority to see a 10% increase in our African American and Hispanic consumer from a 2021 baseline. In 2022, we conducted market testing across these groups with encouraging results, paving the way for what we were able to accomplish in 2023.

- **Achieved at least 50% multi-cultural representation in all our media and assets**
- Established new customer baseline for multi-cultural growth



Our multicultural display campaign significantly outperformed benchmark, netting a return 2x higher than general market.

Celebrating Firsts Campaign

In 2023, we launched the Celebrating Firsts campaign that celebrates the first milestones a family can experience with their children alongside the cultures of our African American and Hispanic consumer bases. The campaign resulted in a significant increase in brand awareness among Hispanic consumers and significant improvement in a top driver of purchase among African American consumers.

**The campaign and activations drove a 7% increase in Hispanic dollar sales and a 14% increase in dollar sales.**

7%

increase in Hispanic dollar sales from 2022

14%

increase in African American dollar sales from 2022





# Workplace

We strive to create an environment where all employees feel a sense of belonging regardless of their 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 having a workforce that reflects our diverse world and provides a range of programs to broaden diversity and ensure fairness across our global enterprise. We also have a process in place to review and monitor pay, performance reviews, and promotions of protected classes at time of hire, during midyear/annual review process, and at time of promotion. In 2023, we focused on educating our employees about diversity and inclusion. We built a multi-year employee education strategy and

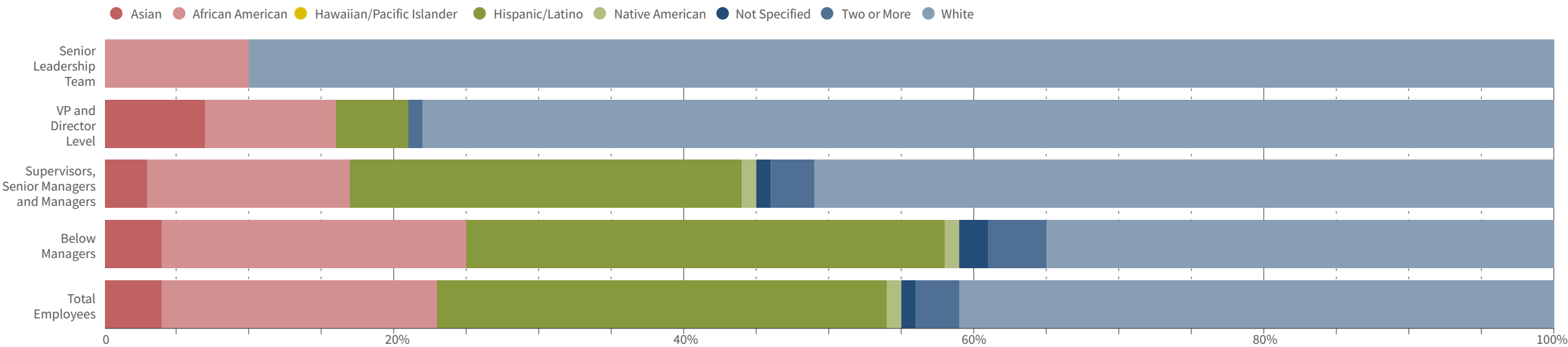
began activating the strategy with employees across the globe in manager-level roles and above. Employees were trained on building an inclusive workplace, inclusive leadership, and behaviors that demonstrate inclusion. Additionally, we are committed to supporting our diverse recruitment strategies with an increase in both diverse District Manager and veteran hires.

In 2023, 21% of Vice Presidents and 26% of District Managers were considered racially or ethnically diverse compared to 26% and 20% in 2022, respectively. 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](#).

## Employee Demographics: Gender<sup>24</sup>

Employee Population	Women	Men	Not Specified
Senior Leadership Team	40%	60%	—
VP and Director Level	56%	43%	1%
Supervisors, Senior Managers and Managers	87%	9%	4%
Below Managers	80%	13%	7%
Total Employees	82%	12%	6%

## Employee Demographics: Race & Ethnicity<sup>23</sup>



<sup>23</sup> Race and ethnicity data are U.S. only, from January 1, 2023 through December 31, 2023.

<sup>24</sup> Gender data are global, from January 1, 2023 through December 31, 2023.

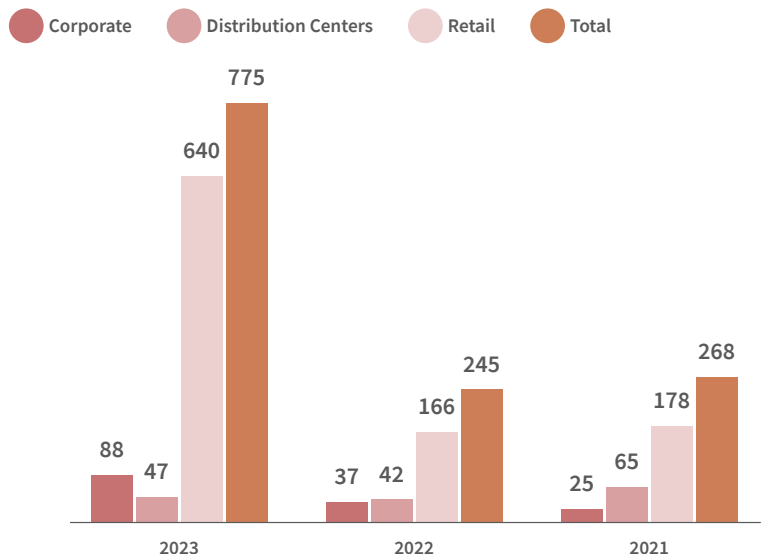


## Employees with Different Abilities

As an equal opportunity employer, Carter’s strives to support and to ensure equal treatment of every employee. We aspire to address barriers that may inhibit employees’ and consumers’ access to equitable workplace and retail experiences. We utilize state and federal accommodations requirements and, in line with our values, seek to engage in interactive conversations that do not impose undue hardship or pose a threat to the health or safety of the individual or others, maintaining confidentiality and dignity wherever possible. We also welcome certified service animals.

Due to enhancements of our methods to capture employee data, the number of responses significantly increased in 2023, particularly from those on our retail teams. We believe this led to the year-over-year increase in totals.

### Employees with Disabilities (in total numbers)



## Supplier Diversity

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 by developing policies and processes to increase our reach to diverse-owned companies. In 2023, we refined our program governance mechanisms and increased our data accuracy, which will allow us to make more informed decisions as the program evolves. Despite experiencing a drop in total spend with our diverse suppliers due to cost management initiatives, we saw a positive increase in the percent of our total spend with diverse suppliers and in the number of diverse suppliers engaged in 2023.

	2023	2022 <sup>25</sup>	% Change
Diverse Supplier Spend	\$19.2	\$22.1M	-13%
% of Total In-Scope Spend <sup>26</sup>	0.93%	0.90%	0.03%
# Diverse Suppliers	59	45	31%

<sup>25</sup> In our 2022 CSR report we reported a diverse supplier spend of \$13.9M. We now have better visibility and more accurate data and updated this value to reflect these findings.

<sup>26</sup> Items considered within in-scope spend include non-government suppliers located in the U.S. and Canada.

## Supplier Spotlight

Quantasy + Associates, an African American-owned and multicultural agency, aids Carter’s in bridging the gap between brand strategy, advertising and culture. Quantasy + Associates has developed multiple successful campaigns for Carter’s brands, including the Celebrating Firsts campaign focused on our African American and Hispanic consumer bases.

In 2024, we joined both the Women’s Business Enterprise National Council (WBENC) and National Minority Supplier Diversity Council (NMSDC). Our partnerships with these organizations grant us access to diverse supplier repositories and will enable us to become more proactive in our supplier diversification efforts. Moving forward, we will aim to increase the number of diverse suppliers invited to compete in Carter’s sourcing events.





# Uplifting Our Communities

Carter’s Cares, our corporate philanthropic program, focuses on helping children in need with an emphasis on early childhood education and literacy. We provide access to early childhood education through donations of clothing, books, and other resources. Through our charitable giving and product donations, as well as our volunteering efforts, we aim to support a diverse group of children and families raising future generations.

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

- **Corporate Giving:** The Company provides product and in-kind donations, while Carter’s Charitable Foundation, Inc. provides financial support to various 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 such as B’gosh Jeanius and Pajama Program.

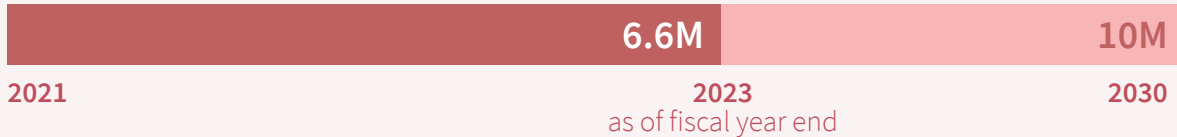


## Goal by 2030

## Progress

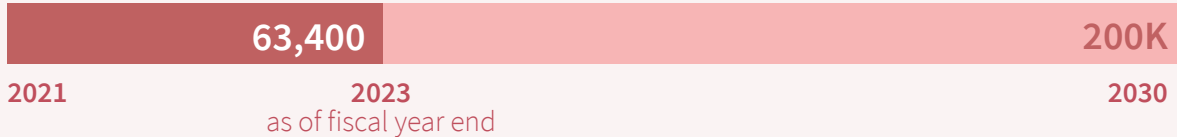
### Lives Impacted

Improve the well-being of at least 10 million lives



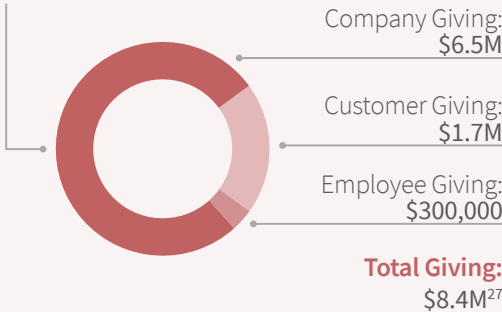
### Volunteer Hours

Volunteer over 200,000 hours



### Investment

Invest more than \$50 million toward improving the lives of children



<sup>27</sup> Includes ~\$500k donated from the Carter's Charitable Foundation, Inc.



## B'gosh Jeanius

In support of our commitment to early childhood education, 2023 marked our 10th annual B'gosh Jeanius campaign, which is hosted in stores and online during the back-to-school season. During the campaign, customers can donate at checkout to DonorsChoose – an education nonprofit that delivers classroom resources requested by public school teachers. Carter's and OshKosh also donated 100,000 articles of clothing to Delivering Good to support children in need. At the end of the campaign, U.S. employees in our offices, stores, and distribution centers helped allocate the donations raised through the campaign by funding classroom projects of their choice on DonorsChoose.org.

Alongside the campaign, we host an Overalls Day & B'gosh Jeanius Celebration with DonorsChoose where employees can learn more about the impact of the campaign, support classroom projects, and read thank you notes from students.



As a first-year teacher teaching kindergarten, my students and I are both learning together every single day. With 90% of my students being English learners, it is crucial for us to have the resources needed to meet their individual needs in order to become as successful as they can be. These phonic games and resources will foster creativity, academic excellence, and life-long learning in their first year of kindergarten.”

**Ms. Valera, Tolleson, AZ**  
Recipient of DonorsChoose



## United Through Reading

In April 2023, we held a Book for the Military Child event where over 300 Carter's employees volunteered to pack books to support United Through Reading, a nonprofit that connects military families through shared story time with video recorded stories and books to watch on demand.

↑ This project helped get 5,000 books into the hands of military children to support literacy development while keeping military families connected and resilient.

These books went to over 20 different states, 18 deployed ships at sea, one territory, and Guantanamo Bay Naval Base in Cuba. Many of our veteran employees also had the opportunity to go beyond and record themselves reading the Book for the Military Child to be shared with military children around the world.





# Boys & Girls Club Partnership



In 2024, Carter's partnered with Boys & Girls Clubs of America for a multi-year partnership to further the advancement of early childhood education and literacy. The Carter's Charitable Foundation donated \$1 million to support first-of-its-kind early childhood development program resources for children ages 0-5 and provide a summer education curriculum focused on literacy for children ages 6-9.

As a part of this multi-year partnership, Carter's plans to further its impact with a commitment of 50,000 employee volunteer hours at local Clubs across North America. Carter's has more than 1,000 retail store locations, nearly all in proximity to a Boys & Girls Clubs, allowing employees the opportunity to give back to the local communities where they live and work.



# Our Community Partners

We are proud partners of these empowering organizations, and we aspire to drive meaningful change in the lives of young families each day.





# Disclosure Index

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



# About this Report

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

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

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

This report focuses primarily on operations under our direct control, but also includes discussions and data relating to operations outside of our direct control, as indicated. 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 more than 100 other countries and territories, are each the property of one or more subsidiaries of Carter’s, Inc.

# Forward Looking Statements & Other Notices

Unless otherwise indicated, this report covers our fiscal year ended December 30, 2023. 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.

Readers of this report are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except for any ongoing obligations to disclose material information as required by federal securities laws, Carter’s does not undertake any obligation to publicly update or revise any forward-looking statements after the publication of this report, whether as a result of new information, future events, or otherwise.



# UN SDG Connection

The United Nations Sustainable Development Goals (SDGs) are a set of 17 interconnected goals adopted in 2015 to address a wide range of environmental, social, and economic challenges.

These goals support the 2030 Agenda for Sustainable Development, which aims to create a more equitable, inclusive, and sustainable world by 2030.

They cover a range of ESG areas and provide a comprehensive framework for global cooperation and collective effort to ensure a better future for all, now and in the future.

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



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



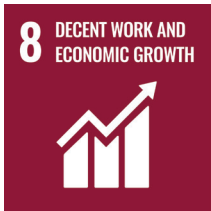
**Product**  
Grow Our  
Sustainable Offerings



**Planet**  
Reduce Our  
Carbon Footprint



**People**  
Uplift Our Workers  
and Communities



# Global Reporting Initiative (GRI) Index

Statement of Use	
Carter’s Inc. has reported in accordance with the GRI standard for the period January 1, 2023 through December 31, 2023.	
GRI 1 Used	
GRI 1: Foundation 2021	
2: General Disclosures	Location
2-1 Organizational details	About This Report, p. 51 <a href="#">Carter’s Inc. 2023 Form 10-K</a>
2-2 Entities included in the organization’s sustainability reporting	<a href="#">Carter’s Inc. 2023 Form 10-K</a>
2-3 Reporting period, frequency, and contact point	About this Report, p. 51 We intend to continue publishing a CSR report annually. Questions and comments may be addressed at <a href="mailto:CSR@carters.com">CSR@carters.com</a> .
2-4 Restatements of information	We now have better visibility and more accurate data regarding our diverse supplier spend and have updated our 2022 value to reflect these findings. Further information can be found in our Diversity and Inclusion section <a href="#">p. 44</a>
2-5 External assurance	Our performance disclosures on Scope 1 GHG emissions, Scope 2 GHG emissions, water, and waste for 2021, 2022, and 2023 have undergone independent limited assurance carried out by a third party. For our Independent Limited Assurance Statement, see <a href="#">p. 73</a>
2-6 Activities, value chain, and other business relationships	About Carter’s, Carter’s at a Glance, <a href="#">p. 5</a> About Carter’s, Our Brands, <a href="#">p. 6</a> About Carter’s, Our Global Value Chain, <a href="#">p. 7</a> Planet, Energy & Emissions, <a href="#">p. 26</a> Product, Responsible Sourcing, <a href="#">p. 19</a>
2-7 Employees	People, Diversity & Inclusion, <a href="#">p. 45</a>
2-8 Workers who are not employees	Workforce Data, <a href="#">p. 66</a>
2-9 Governance structure and composition	About Carters, ESG Governance, <a href="#">p. 10</a> <a href="#">Carter’s Inc. 2023 Annual Report</a>
2-10 Nomination and selection of the highest governing body	<a href="#">Carter’s Inc. 2023 Annual Report</a>

2: General Disclosures	Location
2-11 Chair of the highest governance body	<a href="#">Carter’s Inc. 2023 Annual Report</a>
2-12 Role of the highest governance body in overseeing the management of impacts	About Carters, ESG Governance, <a href="#">p. 10</a> Our Board of Directors provides oversight of management and our business.
2-13 Delegation of responsibility for managing impacts	About Carter’s, ESG Governance, <a href="#">p. 10</a> 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, <a href="#">p. 10</a> Our SVP, General Counsel, Secretary, CSR, and Chief Compliance Officer, reports directly to our Chairman and CEO.
2-15 Conflicts of interest	The Company has a Conflicts of Interest and Gift Policy that is communicated to employees annually. The policy includes detailed requirements for reporting violations or suspected misconduct, including, but not limited to, anonymous reporting telephonically via phone numbers provided for various locations where the Company and/or its distributors operate, as well as anonymous reporting via dedicated (and attended) email addresses and online via the Carter’s Ethics Hotline. Upon receipt of a report of a suspected violation of the policy, the Company is required to launch a prompt and thorough investigation, and the Company will, as needed, escalate any such investigation to the Audit Committee of the Board of Directors.
2-16 Communication of critical concerns	There were no critical concerns reported in 2023. When there are critical concerns, the Audit Committee and, if needed, the Board are informed pursuant to established reporting lines, processes, and procedures, including, but not limited to, the Company’s Fraud Policy."
2-17 Collective knowledge of the highest governance body	About Carter’s, ESG Governance, <a href="#">p. 10</a> 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.



# Global Reporting Initiative (GRI) Index

2: General Disclosures		Location	
2-18	Evaluation of the performance of the highest governance body	<a href="#">Carter’s Inc. 2023 Annual Report</a>	
2-19	Process to determine remuneration	<a href="#">Carter’s Inc. 2023 Annual Report</a>	
2-20		<a href="#">Carter’s Inc. 2023 Annual Report</a>	
2-21	Annual total compensation ratio	<a href="#">Carter’s Inc. 2023 Annual Report</a>	
2-22	Statement on sustainable development strategy	A Message from Our CEO, <a href="#">p. 3</a>	
2-23	Policy commitments	<a href="#">Corporate Social Responsibility Policy</a>	
2-24	Embedding policy commitments	Product, Responsible Sourcing, <a href="#">p. 19</a>	
2-25	Process to remediate negative impacts	Product, Responsible Sourcing, <a href="#">p. 19</a>	
2-26	Mechanisms for seeking advice and raising concern	<p>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.</p>	
Ethics Hotline Reporting			
	FY 2023	FY 2022	FY 2021
Total Call Volume	300	335	279
Anonymous	86	73	100

2: General Disclosures		Location
2-27	Compliance with laws and regulations	Carter's does not publicly disclose matters related to non-compliance.
2-28	Membership associations	About Carter's, Pushing the Industry Forward, <a href="#">p. 9</a> Product, Partnering for Worker Well-being, <a href="#">p. 22</a>
2-29	Approach to stakeholder engagement	About Carter's, ESG Governance, <a href="#">p. 10</a> About Carter's, Our ESG Strategy, <a href="#">p. 11</a> Both internal and external stakeholders across our employees, investors, wholesalers, suppliers, and community partners were engaged via interviews and online surveys.
2-30	Collective bargaining agreements	We have zero employees covered by collective bargaining agreements.
3-1	Process to determine material topics	About Carter's, Our ESG Strategy, <a href="#">p. 11</a>
3-2	List of material topics	Climate Change Management and Employee Safety were not found to be top priorities based on the results of our 2023-24 ESG materiality assessment. However, they remain integrated into many parts of our business, including other priority topics like Sourcing, as this report shows. Additionally, Consumer Behavior has been elevated to a priority topic.
201: Economic Performance		
3-3	Management of material topic	<a href="#">Carter's Inc. 2023 Annual Report</a>
201-2	Financial implications and other risks and opportunities due to climate change	Planet, Climate Risks and Opportunities, <a href="#">p. 30</a> Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>

# Global Reporting Initiative (GRI) Index

301: Materials		
3-3	Management of material topic	Product, Our Sustainable Materials Journey, <a href="#">p. 17</a>
301-2	Recycled input materials used	Product, Our Sustainable Materials Journey, <a href="#">p. 17</a> Raw Materials Usage, <a href="#">p. 72</a>
308: Supplier Environmental Assessment		
3-3	Management of material topic	We intend to source only from suppliers that use the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) by 2025.
308-1	New suppliers that were screened using environmental criteria	Tier 1 suppliers are currently evaluated on social and environmental criteria. We intend, by 2025, to source only from Tier 1 suppliers that use the Higg FEM.
401: Employment		
3-3	Management of material topic	People, Benefits & Well-being, <a href="#">p. 42</a>
401-1	New employee hires and employee turnover	Workforce Data, <a href="#">p. 67</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce Data <a href="#">p. 68</a>

404: Training		
3-3	Management of material topic	People, Career Development, <a href="#">p. 40</a>
404-1	Average hours training per year per employee	People, Career Development, <a href="#">p. 41</a>
404-2	Programs for upgrading employee skills and transition assistance programs	People, Career Development, <a href="#">p. 40</a>
404-3	Percentage of employees receiving regular performance and career development	Total percentage of employees who received a regular review is 98% and gender is the following percentages <sup>1</sup> : <ul style="list-style-type: none"><li>• Female – 81%</li><li>• Male – 12%</li><li>• Not Declared – 7%</li></ul>
405: Diversity and Equal Opportunity		
3-3	Management of material topic	People, Diversity and Inclusion, <a href="#">p. 44</a>
405-1	Diversity of governance bodies and employees	About Carter's, ESG Governance, <a href="#">p. 10</a> People, Workforce Data, <a href="#">p. 66</a>
408: Child Labor		
3-3	Management of material topic	Product, Responsible Sourcing, <a href="#">p. 19</a>
408-1	Operations and suppliers at significant risk for incidents of child labor	Product, Responsible Sourcing, <a href="#">p. 19</a>
409: Forced or Compulsory Labor		
3-3	Management of material topic	Product, Responsible Sourcing, <a href="#">p. 19</a>
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Product, Responsible Sourcing, <a href="#">p. 19</a>

<sup>1</sup> All eligible employees hired on or before October 1, 2023 and excludes contractors and temporary employees.



# Global Reporting Initiative (GRI) Index

414: Supplier Social Assessment		
3-3	Management of material topic	Product, Responsible Sourcing, <a href="#">p. 19</a>
414-1	New suppliers that were screened using social criteria	Product, Responsible Sourcing, <a href="#">p. 19</a>
416: Customer Health and Safety		
3-3	Management of material topic	Product, High-Quality, Safe Products, <a href="#">p. 14</a> Product, Chemicals Management, <a href="#">p. 23</a>
416-1	Assessment of the health and safety impacts of product and service categories	Product, High-Quality, Safe Products, <a href="#">p. 14</a> Product, Chemicals Management, <a href="#">p. 23</a>
417: Marketing and Labeling		
3-3	Management of material topic	Product, Chemicals Management, <a href="#">p. 23</a> Product, Our Sustainable Materials Journey, <a href="#">p. 17</a> Raw Materials Usage, <a href="#">p. 72</a>
417-1	Requirements for product and service information and labeling	In compliance with legal requirements, we provide information on fibers, country of manufacture, and safe use via care instruction labeling for textile items and consumer instructions. We also provide guidance for hard goods in the Skip Hop product lines.
Consumer Behavior		
3-3	Management of material topic	People, Diversity and Inclusion, <a href="#">p. 44</a>
	Consumer Behavior	People, Diversity and Inclusion, <a href="#">p. 44</a>

# Sustainable Accounting Standards Board (SASB) Index

Apparel, Accessories, & Footwear; Multiline & Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Energy Management in Retail & Distribution	CG-MR-130a.1	1. Total energy consumed 2. Percentage grid energy 3. Percentage renewable	1. 133,644 MWh 2. 100% 3. 0%
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	We have established physical, electronic, and contractual safeguards to protect the security of customer and employee personal information. Our approach follows the National Institute of Standards and Technology (NIST) and Capability Maturity Model Integration (CMMI) security frameworks. We also regularly review and update our privacy policy to ensure consumers have access to relevant information about their rights and how we handle their personal information. In 2023, we expanded our next generation firewall, implemented isolation of web and email items considered as threats, and continued cultivating a culture where all our employees feel responsible for data privacy and security through phishing campaigns, monthly newsletters, and trainings.
Data Security	CG-MR-230a.2	1. Number of data breaches 2. Percentage involving personally identifiable information 3. Number of customers affected	In 2023, we had zero data breaches directly within our network.
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Product, High-Quality, Safe Products, <a href="#">p. 14</a> Product, Chemicals Management, <a href="#">p. 23</a> 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.
Management of Chemicals in Products	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Product, High-Quality, Safe Products, <a href="#">p. 14</a> Product, Chemicals Management, <a href="#">p. 23</a> We benchmark our restricted substances list against AAFA and AFIRM RSL lists, which are leading standards to promote best practice and advance the industry.
Labor Practices	CG-MR-310a.1	1. Average hourly wage 2. Percentage of in-store employees earning minimum wage, by region	1. Carter’s does not publicly disclose information on wages at this time. 2. Carter’s does not publicly disclose information on wages at this time.
Labor Practices	CG-MR-310a.2	1. Voluntary turnover rate for in-store employees 2. Involuntary turnover rate for in-store employees	1. 64% 2. Carter's does not disclose information on involuntary turnovers.
Labor Practices	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Carter’s is an equal opportunity employer and seeks to comply with all labor and employment regulations where our employees are located. We respect current and former employees’ rights to raise labor concerns outside of our reporting systems. Carter’s defends alleged labor violations when resolution cannot be achieved with the other party. Carter’s has not, however, been found liable for labor law allegations by an administrative agency or legal tribunal during the period of this report.



# Sustainable Accounting Standards Board (SASB) Index

Apparel, Accessories, & Footwear; Multiline & Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for: 1. Management 2. All other employees	People, Diversity & Inclusion, <a href="#">p. 45</a> Workforce Data, <a href="#">p. 66</a>
Workforce Diversity & Inclusion	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Zero
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	We grew sustainable product sales to 3% of overall sales in 2023, excluding Skip Hop sales
Product Sourcing, Packaging & Marketing	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Product, Chemicals Management, <a href="#">p. 23</a>
Product Sourcing, Packaging & Marketing	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Product, Skip Hop’s Sustainable Innovations, <a href="#">p. 16</a> Planet, Packaging, <a href="#">p. 35</a>
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of supplier facilities in compliance with wastewater discharge permits and/or contractual agreement by: 1. Tier 1 2. Beyond Tier 1	1. 8% (YOY decline due to change in method of capturing data) 2. 40%
Environmental Impacts in the Supply Chain	CG-AA-430a.2	Percentage of supplier facilities that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment by: 1. Tier 1 2. Beyond Tier 1	1. 97% of Tier 1 2. 90% of Tier 2

# Sustainable Accounting Standards Board (SASB) Index

Apparel, Accessories, & Footwear; Multiline & Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of supplier facilities a that have been audited to a labor code of conduct by: 1. Tier 1 2. Beyond Tier 1 3. And percentage of total audits conducted by a third-party auditor	Product, Responsible Sourcing, <a href="#">p. 19</a> 1. 100% of Tier 1 Suppliers are audited to our Vendor Code. 2. 100 % of our Tier 2 3. 100%
Labor Conditions in the Supply Chain	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	In FY 2023, all but one active Tier 1 suppliers passed a compliance audit.
Labor Conditions in the Supply Chain	CG-AA-430b.3	Description of the greatest risks in the supply chain by: 1. Labor 2. Environmental, health and safety	Product, Responsible Sourcing, <a href="#">p. 19</a> 1. We consider the greatest labor risks to be violations of our worker employment contracts, freedom of association, forced labor, and disciplinary practices. 2. We consider the greatest EHS risks to be machine safety, personal protective equipment, chemical storage and emergency preparedness.
Raw Materials Sourcing	CG-AA-440a.3	1. List of priority raw materials; for each priority raw material 2. Environmental or social factor(s) most likely to threaten sourcing 3. Discussion on business risks or opportunities associated with environmental or social factors 4. Management strategy for addressing business risks and opportunities	Product, Our Sustainable Materials Journey, <a href="#">p. 17</a> Planet, Climate Risks and Opportunities, <a href="#">p. 30</a> Carter's Climate Risks and Opportunities, <a href="#">p. 63</a> Raw Materials Usage, <a href="#">p. 72</a>
Raw Materials Sourcing	CG-AA-440a.4	1. Amount of priority raw materials purchased, by material 2. Amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Product, Our Sustainable Materials Journey, <a href="#">p. 17</a> Raw Materials Usage, <a href="#">p. 72</a>



# Sustainable Accounting Standards Board (SASB) Index

Apparel, Accessories, & Footwear; Multiline & Specialty Retailers & Distributors

SASB Topic	Code	Accounting Metric	Response
Activity Metric	CG-AA-000.A	Number of: 1. Tier 1 suppliers 2. Suppliers beyond Tier 1	1. 85 Tier 1 Suppliers (126 active factories) 2. We expect to be able to report additional information regarding the outcomes of this process in the future.
Activity Metric	CG-MR-000.A	Number of 1. Retail locations 2. Distribution centers	1. 1,034 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.
Activity Metric	CG-MR-000.B	Total area of 1. Retail locations 2. Distribution centers	1. Total retail space: approx. 4.6M square feet 2. Total distribution centers: approx. 1.7M square feet

# Taskforce on Climate-related Financial Disclosure (TCFD) Index

TCFD Topic	Description	Response	Additional Resources
Governance	Describe the board’s oversight of climate-related risks and opportunities.	About Carter’s, ESG Governance, <a href="#">p. 10</a>	<a href="#">CDP Response – C1</a>
Governance	Describe management’s role in assessing and managing climate-related risks and opportunities.	About Carter’s, ESG Governance, <a href="#">p. 10</a>	<a href="#">CDP Response – C1</a>
Strategy	Describe management’s role in assessing and managing climate-related risks and opportunities.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C3</a>
Strategy	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C3</a>
Strategy	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C3</a>
Risk Management	Describe the organization’s processes for identifying and assessing climate-related risks.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C2</a>
Risk Management	Describe the organization’s processes for managing climate-related risks.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C2</a>
Risk Management	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Carter's Climate Risks and Opportunities, <a href="#">p. 63</a>	<a href="#">CDP Response – C2</a>
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Planet, Energy & Emissions, <a href="#">p. 26</a> Environmental Data, <a href="#">p. 69</a>	<a href="#">CDP Response – C6-8</a>
Metrics and Targets	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Planet, Energy & Emissions, <a href="#">p. 26</a> Environmental Data, <a href="#">p. 69</a>	<a href="#">CDP Response – C6-7</a>
Metrics and Targets	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Planet, Energy & Emissions, <a href="#">p. 26</a> Environmental Data, <a href="#">p. 69</a>	<a href="#">CDP Response – C4</a>



# Carter’s Climate Risks & Opportunities

We regularly conduct climate change risk assessments to better understand and mitigate physical and transition risks that may impact our stores, distribution centers, suppliers, and cotton sourcing, with our most recent update completed in 2023. Our assessments are aligned to the TCFD framework. Through these assessments, the long-term adverse impacts that climate change could have on our business and operations, along with the potential business and strategic opportunities. Our most recent risk assessment in 2022 led us to operationalize the findings by including climate risk assessments within our new store evaluation process, alongside financial and market considerations

## Transition Risks

Policy, legal, technology, market, and reputation risks can impact our business in the short-, medium-, and long-term. For example, Carter’s could be impacted if global suppliers decide to pass additional costs from current and emerging regulation related to emissions reductions or global carbon tax schemes. Additionally, increasing consumer awareness of environmental issues has sparked industry pressure for companies to offer more sustainable products, allowing 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 GHG emissions could also result in increased energy, transportation, and raw material costs, and may require us to make additional investments in facilities and equipment.

Time Horizon:

Short (1-2 years)

Medium (3-4 years)

Long (5-10 years)

Transition Risk	Potential Impacts	Time Horizon	Response
Policy/Legal	<ul style="list-style-type: none"><li>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.</li><li>China’s Emissions Trading Scheme is set to expand and could have a waterfall effect on costs for suppliers, and thereby increased raw materials costs for Carter’s.</li><li>Potential carbon taxes around the globe could affect upstream operations, including the import of materials and finished goods.</li></ul>	<div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Carter’s continuously monitors emerging legislation on a global scale, such as from the United States Securities and Exchange Commission, and various U.S. states, like California, to determine its impact on our business. This legislation includes, but is not limited to, climate disclosure and extended producer responsibility.</li></ul>
Technology	<ul style="list-style-type: none"><li>Improvements in technology may influence the viability of the use of alternative materials.</li></ul>	<div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Carter’s continuously evaluates alternative material options, using the principles of life cycle assessment to inform decision making.</li></ul>
Market	<ul style="list-style-type: none"><li>Increasing consumer awareness of environmental issues has sparked a trend in the industry of offering more sustainable products, allowing customers to make more conscious decisions. Companies that do not recognize this trend may be perceived to be behind market expectations.</li></ul>	<div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Carter’s continuously monitors consumer expectations and trends to inform decision-making</li><li>Carter’s has also set ambitious climate and environmental goals.</li></ul>
Reputation	<ul style="list-style-type: none"><li>There is potentially a significant positive or negative financial impact associated with reputational impacts based on climate inaction or industry-leading climate action.</li><li>Public expectations for reductions in greenhouse gas emissions could also result in increased energy, transportation, and raw material costs.</li><li>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.</li></ul>	<div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Carter’s evaluated industry peers’ climate change commitments and reporting to better inform our own climate strategy.</li><li>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.</li></ul>

Physical Risks

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

Frequent or unusually heavy or intense snowfall, flooding, hurricanes, heat stress, 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. They also could make it difficult for our customers and employees to travel to our stores or to receive products shipped to them, which in turn could negatively impact our operating results.

In addition, changes in weather patterns could result in decreased agricultural productivity in certain regions, which may limit availability and/or increase the cost of certain key materials, such as cotton.

Time Horizon:

Short (1-2 years)

Medium (3-4 years)

Long (5-10 years)

Physical Risk	Potential Financial/Operational Impacts	Time Horizon	Response
Acute	<div>Includes extreme weather events, e.g., severe flooding, droughts.</div> <ul style="list-style-type: none"><li>• May disrupt production along the value chain (upstream, direct operations, and downstream).</li><li>• May negatively impact consumer discretionary spending and negatively impact our sales and results of operations.</li><li>• Flooding of high importance for retail stores due to potential merchandise damage and inability for customers/employees to travel to affected locations.</li><li>• Could result in higher distribution expenses, revenue loss, and lower profit margins.</li></ul>	<div><div></div><div></div></div>	<ul style="list-style-type: none"><li>• Continue to monitor and evaluate corporate climate risk, complete our annual GHG inventory, and develop and manage an ambitious climate strategy.</li><li>• Retail, Real Estate, and Sourcing teams to incorporate climate risks into criteria for opening new stores and onboarding new vendors, based on location.</li></ul>
Chronic	<div>Includes increased temperatures, extreme rainfall, sea level rise, water scarcity, etc.</div> <ul style="list-style-type: none"><li>• May disrupt distribution activities in the southwest and southeast U.S., including retail and distribution centers.</li><li>• Could result in higher operating costs, supply disruption, and property damages distribution centers.</li></ul>	<div><div></div></div>	



Opportunity

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

have sustainability attributes that resonate with consumers' shifting preferences. As Gen Z ages, they are rapidly replacing Millennials as the dominant generation to be in the prime age for becoming new parents. 58% of Gen Z are already adults, and the oldest of Gen Z are now 27.<sup>2</sup> According to Deloitte, this emerging generation of new parents prioritizes sustainability and cares deeply about the environment.<sup>3</sup>

Time Horizon:

Short (1-2 years)

Medium (3-4 years)

Long (5-10 years)

Opportunities	Potential Impacts	Time Horizon	Response
Resiliency	<ul style="list-style-type: none"><li>Strong climate action and target setting can create resilience, in part by meeting stakeholder expectations.</li><li>Could lead to indirect operating costs.</li><li>Could avoid increased indirect operating expenses.</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Carter's set a science-based target to reduce 50% of Scope 1 and 2 emissions by 2030 from a 2019 base year and has also committed to becoming net zero in its own operations by 2040.</li></ul>
Products & Services	<ul style="list-style-type: none"><li>Offering more sustainable products can help meet customer demand and trends.</li><li>Expanding supplier engagement through their GHG emissions reporting and climate target would help develop more accurate accounting.</li></ul>	<div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>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.</li><li>Little Planet products are made with sustainable materials. The majority of styles include GOTS certified organic cotton, and recycled materials, which are used in certain products, such as swimwear.</li><li>Our new PurelySoft baby and sleep collection, which launched in 2023, offers products that are made with wood-based fibers sourced from sustainably-managed forests.</li></ul>

<sup>2</sup> Insider Intelligence, Jan. '23.  
<sup>3</sup> 2023 Gen Z and Millennial Survey, Deloitte LLP, 2023.

# Workforce Data

## 2023 Global Workforce Data

	Total Employees	Male	Female	Not Recorded
Employment Status				
Regular	12,883	10,480	1,581	822
Temporary	2,546	2,119	300	127
Total	15,429	12,599	1,881	949
Employment Type				
Full-time	5,831	4,105	1,382	344
Part-time	9,598	8,494	499	605
Total	15,429	12,599	1,881	949

## Diversity at Senior Levels

	2023 EOY		2022 EOY		2021 EOY	
	Male	Female	Male	Female	Male	Female
SVP/Vice President	43% (23)	57% (31)	45% (24)	55% (29)	40% (21)	60% (31)
District Managers	31%(17)	69% (37)	35% (19)	65% (36)	31% (17)	69% (38)
	White	Minority <sup>4</sup>	White	Minority <sup>4</sup>	White	Minority <sup>4</sup>
SVP/Vice President	79% (42)	21% (11)	74% (39)	26% (14)	77% (40)	23% (12)
District Managers	74% (40)	26% (14)	80% (44)	20% (11)	82% (45)	18% (10)

<sup>4</sup> Refers to employees identifying as Asian, Black/African American, Hawaiian/Pacific Islander, Hispanic/Latino, or Native American.



2023 Hirings, Promotions, and Retention<sup>5</sup>

2023 Hirings <sup>6</sup>			2023 Promotions <sup>6</sup>		2023 Retention Rate <sup>6,7</sup>		
	Total New Hires	%	Total Promotions	%	Total Departures	Turnover Rate	Retention Rate
Total	12,590		1,936		7,171		
Role Category							
Corporate	385	3%	248	13%	213	2%	98%
Distribution Center	2,396	19%	152	8%	362	3%	97%
Retail	9,809	78%	1,536	79%	6,596	51%	49%
Age Group							
Under 30	7,527	60%	1,005	52%	4,330	60%	40%
30-50	3,226	26%	690	36%	1,759	25%	75%
Above 50	953	8%	170	9%	595	8%	92%
Not Specified	884	7%	71	4%	487	7%	93%
Gender							
Male	1,792	14%	197	10%	569	8%	92%
Female	9,658	77%	1,612	83%	5,800	81%	19%
Not Recorded	1,140	9%	127	7%	802	11%	89%
Race/Ethnicity							
Asian	274	3%	61	4%	134	2%	98%
African American	2,802	27%	215	14%	1,217	22%	78%
Hawaiian/Pacific Islander	29	0%	6	0%	10	0%	100%
Hispanic/Latino	3,155	31%	434	28%	1,590	29%	71%
Native American	125	1%	12	1%	67	1%	99%
White	3,179	31%	729	48%	2,182	39%	61%
2 or More	473	5%	58	4%	266	5%	95%
Not Specified	194	2%	15	1%	102	2%	98%
Seniority							
Below Manager	10,876	86%	344	18%	5,448	76%	24%
Supervisor to Senior Manager	1,703	14%	1,545	80%	1,708	24%	76%
Director and Above	11	0%	47	2%	15	0%	100%

<sup>5</sup> Figures may not be additive to rounding.

<sup>6</sup> All figures except race and ethnicity include global employee population from January 1, 2023 through December 31, 2023. Race and ethnicity data are U.S. only, from January 2, 2023 through December 31, 2023.

<sup>7</sup> Turnover and retention metrics exclude involuntary terminations.

Benefits

Benefit <sup>8</sup>	Full-Time Retail Employees	Full-time Distribution Center Employees	Full-time Corporate Employees	Part-time Employees <sup>9</sup>
Medical Plan	X	X	X	X
Dental Plan	X	X	X	X
Vision Plan	X	X	X	X
401(k) Savings Plan <sup>10</sup>	X	X	X	X
Life Insurance	X	X	X	X
Short-term Disability	X	X	X	X
Accident and Hospital Expense Plans	X	X	X	X
Paid Parental Leave	X	X	X	
Paid Volunteer Time		X	X	
Employee Assistance Program	X	X	X	X
Identify Theft Protection	X	X	X	X
Pet Insurance	X	X	X	X
Employee Discount	X	X	X	X
Flexible Spending Accounts	X	X	X	
Backup Dependent Care	X	x	X	X
Scholarship and Tuition Programs	X	X	X	X

<sup>8</sup> 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.

<sup>9</sup> Part-time employee plans/programs may vary from full-time offering, including whether employer or employee paid.

<sup>10</sup> 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.



# Environmental Data

## GHG Emissions (metric tons CO2e)

	2023	2022	2021
Scope 1 Emissions <sup>11</sup>	7,433	7,042	8,118
Scope 2 Emissions market-based <sup>12</sup>	35,205	29,017	41,760
Scope 2 Emissions location-based <sup>13</sup>	33,840	34,818	
Scope 3 Emissions <sup>14</sup>	767,069	1,029,075	1,291,473
Category 1 – Purchased goods and services	665,040	868,555	
Category 3 – Fuel and energy-related activities	7,699	10,131	
Category 4 – Upstream transportation and distribution	44,295	83,247	
Category 5 – Waste generated in operations	7,003	77,289	
Category 6 – Business travel	1,127	251	
Category 7 – Employee commuting	12,976	13,953	
Category 12 – End-of-life treatment of sold products	28,928	45,220	
<b>Total Absolute Emissions<sup>15</sup></b>	<b>809,707</b>	<b>1,065,035</b>	<b>1,341,351</b>
<b>Emissions Intensity (per net sales)</b>	<b>260.41</b>	<b>331.75</b>	<b>384.78</b>
<b>Emissions Intensity (per million units produced)</b>	<b>1,473.98</b>	<b>1495.71</b>	<b>1,660.36</b>

## Energy Consumption

	2023	2022	2021
Total Energy Consumption for Operations (MWh) <sup>16</sup>	133,644	133,616	139,320
Energy Intensity (kWh per square foot) <sup>17</sup>	18	18	15

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 73 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.

<sup>11</sup> 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.

<sup>12</sup> For market-based emissions, Carter’s used emission factors (ef) from the Green-e residual mix (updated Oct 2022). Market ef are not available for many international facilities. 2022 Scope 2 market-based emissions updated to reflect REC application.

<sup>13</sup> 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.

<sup>14</sup> 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.

<sup>15</sup> 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.

<sup>16</sup> 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).

<sup>17</sup> The reported value is calculated from reported and estimated electricity and fuel usage. Correspondingly, the per-sq-ft number include fuels.

# Environmental Data

## Waste (tons)

	2023	2022	2021
Waste from Direct Operations <sup>18</sup>	28,868	26,939	27,781
Distribution Centers			
Landfilled	492	385	360
Recycled	5,830	3,692	3,448
Stores <sup>19</sup>			
Landfilled	8,985	9,731	8,907
Recycled	13,471	13,027	15,066
Corporate Office			
Landfilled	56	72	-
Recycled	34	32	-
Diversion Rate <sup>20</sup>			
Rate	67%	62%	67%

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 73 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.

<sup>18</sup> “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.

<sup>19</sup> Due to the location and lease structure of stores, it is difficult for every store to report an annual waste generation value. Between 2019 and 2023, 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.

<sup>20</sup> Diversion rate equals waste sent to recycling divided by total waste generated.



## Environmental Data

### Water Use (millions gallons)

	2023	2022	2021
Total water use (direct and indirect)	490	799	1,551
Direct Operations <sup>21</sup>	62	58	36
Distribution Centers	12	7	7
Corporate Offices	3	4	0.1
Retail Stores	46	47	28
Indirect Operations <sup>22</sup>	428	741	1,516
Intensity Metrics			
Water Intensity: Direct Only (per million \$ revenue)	0.02	0.02	0.01
Water Intensity: Direct and Indirect (per million \$ revenue)	0.17	0.25	0.43

Certain data presented have not been audited or assured. See the “Independent Limited Assurance Statement” on page 73 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.

<sup>21</sup> “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.

<sup>22</sup> “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.

## Raw Materials Data

Fiber	% Weight <sup>23</sup>	Metric Tons
Cotton	33%	12,054
Organic Cotton	2%	543
BCI Cotton	39%	14,294
Polyester	25%	9,251
Recycled Polyester	0.1%	32
Viscose	0.8%	290
Elastane	0.6%	215
Linen	0.1%	43.5
Nylon	0.1%	18.8
Other (incl. Recycled Nylon, Metallics)	0%	1.46
Total	100%	36,743

<sup>23</sup> Percentages have been rounded to the nearest whole number or tenth value if less than 1%.





ASSURANCE STATEMENT

SGS North America, Inc REPORT ON ASSURANCE of Carter’s Inc FY2023 KPIs in their 2023 Sustainability Report.

**NATURE OF THE ASSURANCE/VERIFICATION**  
SGS North America, Inc (hereinafter referred to as **SGS**) was commissioned by Carter’s Inc (hereinafter referred to as **Carters**) to conduct an independent assurance of selected FY2023 KPIs in their 2023 Sustainability Report (hereinafter referred to as the **Report**).

**INTENDED USERS OF THIS ASSURANCE STATEMENT**  
This Assurance Statement is provided with the intention of informing all of Carter’s Stakeholders.

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

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

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

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

Assurance has been conducted at a limited level of assurance. The assurance of this report has been conducted according to the International Standard on Assurance Engagement (ISAE) 3000 revised and SGS ESG & SRA Assurance Protocols (based on GRI principles).

**SCOPE OF ASSURANCE**  
The scope of the assurance included the 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 2023	Notes
Total Scope 1 (direct) GHG emissions in Tonnes CO <sub>2</sub> e	7,433	Including estimations
Total Scope 2 (indirect) GHG emissions in Tonnes CO <sub>2</sub> e (location- & market-based)	Location based- 33,840 Market based- 35,205	Including estimations
Total Waste-direct operations (MT)	28,868	Including estimations
Total Waste to landfill (MT)	9,533	Including estimations
Total Waste to recycling (MT)	19,335	Including estimations
Total Water- direct operations (MG)	62	Including estimations

**ASSURANCE METHODOLOGY**  
The assurance comprised a combination of pre-assurance research, interviews with relevant KPI data owners (conducted virtual audit of corporate headquarters); examination of processes and platforms used for collection, collation, and calculation of data for relevant KPIs; documentation and record review.  
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social, and ethical auditing and training; environmental, social, sustainability and ESG report assurance. SGS affirms our independence from Carter’s, being free from bias and conflicts of interest with the organisation, its subsidiaries, and stakeholders.  
The assurance team was assembled based on their knowledge, experience, and qualifications for this assignment, and included the following individuals:

Harsh Vasoya	Lead Auditor	Canada
Ursula Antunez de Mayolo	Technical Reviewer	USA

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 organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

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



Viqaruddin Mohammed  
SGS North America

May 2024

[www.sgs.com](http://www.sgs.com)