In Compliance with the regulations of the California Transparency and Supply Chains Act (SB 657) and the UK Modern Slavery Act of 2015, the following document discloses Carter’s policies and actions relating to slavery and human trafficking in the supply chain.

At Carter’s, we believe that the manufacture of our products should be performed in an ethical and socially responsible manner, and that the people who manufacture our products should be treated with dignity and respect. As part of this belief, Carter’s established a Code of Ethics as the foundation for how we conduct our business. It is a guide to help make business decisions with integrity and in a manner consistent with our values, our policies, and the law. Carter’s associates, including our business partners, vendors, and suppliers are required to adhere with our Code of Ethics.

Carter’s also established a Social Responsibility Policy, which prohibits human rights abuses, such as human trafficking, forced labor, slave labor, physical abuse, restricting worker’s freedom of movement, illegal child labor, and many other aspects of worker welfare. Suppliers are required to contractually agree to follow the Policy and to ensure that their sub-suppliers comply as well. This Policy also requires suppliers to comply with local laws in the countries where they operate.

In accordance with the California Transparency in Supply Chains Act and the UK Modern Slavery Act summarized below are some of the additional actions we are taking within our supply chain.

1. Verification of Supply Chain and Evaluation of Risk

In addition to our Code of Ethics and Social Responsibility Policy that our suppliers contractually agree to follow, Carter’s implemented a supplier onboarding program, which outlines the requirements for existing and new suppliers. As part of this onboarding program, Carter’s evaluates the background, reputation, quality, social compliance and other factors of each new supplier prior to engagement.

Factory audits are performed throughout the year as described below, and periodic strategy meetings are held between relevant departments to discuss supplier compliance, performance, and sourcing strategy. At least annually all relevant Carter’s stakeholders review and evaluate our entire sourcing strategy to identify areas of increased risk, such as political instability, unfavorable economic conditions, international events, and new foreign regulations to identify potential issues, and then we adjust our plans and audits accordingly.

2. Audits

Since we do not own any of the factories that produce merchandise for our stores, regular audits are conducted to verify that a supplier is complying with our Policy as well as to strengthen working conditions and labor practices in factories. We contract with an accredited and internationally recognized audit provider to execute these audits. Audits are conducted on an announced and semi-unannounced basis, and we
retain the right to conduct unannounced audits at any time. Generally, we conduct about 400 audits in 20 countries each year. Carter’s employees who visit suppliers are also asked to assess conditions informally while on location and report back any concerns.

Once a factory is audited an assessment rating is assigned, which is based on a number of factors including the frequency, severity, and probability of the finding. For major violations, we reserve the right to terminate the business relationship immediately. For non-major violations, we work with suppliers to address our concerns rather than terminating the relationship as such action is unlikely to correct the underlying issue(s) and may cause further hardship on those who depend upon the employment. The assigned rating determines the timeframe for remediation. If a supplier fails to demonstrate improvement, we reserve the right to terminate the business relationship with that supplier.

3. Certification

All our suppliers are contractually required to follow our Code of Ethics and Social Responsibility Policy. Additionally, as part of our supplier onboarding program, suppliers are required to certify that materials incorporated into their products comply with our Policy, including all applicable laws regarding slavery and human trafficking of the country or countries in which they are doing business. Finally, each year at our annual supplier conference, all our suppliers are reminded of and updated on any changes to our Code of Ethics and Social Responsibility Policy. The Audit and Internal Accountability sections provide descriptions of the consequences for suppliers who do not comply.

4. Internal Accountability

Carter’s associates are required to adhere to our Code of Ethics, with training and certification of compliance being conducted annually. All allegations of violations of the Code of Ethics are investigated and appropriate responsive action taken. Carter’s also maintains internal accountability standards and procedures for employees and contractors failing to meet company standards, and if any employee or supplier is found to be non-compliant in these areas, prompt corrective action must be taken by the employee or supplier. Regardless of the corrective action taken, Carter’s reserves the right to terminate any employee or any supplier that does not comply with our Code of Ethics or Policy.

5. Training

Code of Ethics training and certification of compliance is conducted annually for all Carter’s employees, business partners, vendors, and suppliers. Additionally, our Corporate Social Responsibility, Quality Assurance, Sourcing, Supply Chain and Merchandising teams who regularly engage with suppliers receive at least annual training on our Social Responsibility Policy. Regular strategy meetings between these departments are conducted to discuss supplier compliance, performance and sourcing strategy.