



Carter's, Inc. and The Genuine Canada Corporation – CANADA S.C. 2023, C.9 REPORT

In 2023, the Canadian Parliament passed Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (Statutes of Canada 2023, Chapter 9) (the “Act”). The Act requires covered companies to file a report with the Canadian Minister of Public Safety (“PS Canada”) outlining the measures they have taken to prevent and reduce the risk that forced labour or child labour is used in their supply chains.

In accordance with Section 11 of the Act, this report is submitted on behalf of Carter's, Inc. and The Genuine Canadian Corporation (collectively hereinafter referenced as “Carter's” or the “Company”) for the period from January 1, 2023 – December 31, 2023 (the “Disclosure Period”).

Carter's is committed to building products from components that are ethically sourced and produced, in accordance with the laws and regulations in all the jurisdictions that the Company conducts business. Carters Inc. has implemented a “whole of enterprise” approach towards the prevention of the use of forced labour, which involves comprehensive forced labour and child labour policies requiring that its subsidiaries (including the Genuine Canadian Corporation) and vendors implement these same policies. As both entities have similar policies, supply chains, and sell similar merchandise, Carter's hereby submits a joint report pursuant to PS Canada guidance.¹

I. DESCRIPTION OF STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

Under Section 11 of the Act, covered entities are required to publish a report annually outlining the steps they have taken to prevent and reduce the risks of forced labour and child labour in their supply chains. The Company committed to reducing the risks of forced labour and child labour in its supply chains long before the enactment of the Act. Carter's commitment to responsible sourcing is supported by Carter's leadership and is evidenced by the policies and procedures established by the Company.

A. The Company's Structure, Activities, and Supply Chains (Subsection 11(3)(a))

¹ These supply chain policies and procedures are also described in the reports published pursuant to the UK Modern Slavery Act and the California Transparency in Supply Chains Act. A link to the Company's report can be found here: https://www.cartersoshkosh.ca/en_CA/california-supply-chain.html?id=carters.

Carter’s, Inc. (business no. 13-3912933) is a United States Delaware corporation located at Phipps Tower 3438 Peachtree Road NE Suite 1800, Atlanta, GA 30326. The Genuine Canadian Corporation (business number 843754391 RC0002) is a corporation located at 6711 Mississauga Rd., Suite 202, Mississauga, ON Canada L5N 2W3. Carter’s, Inc. is the parent and controlling entity of The Genuine Canadian Corporation, and The Genuine Canadian Corporation imports merchandise into Canada and sells merchandise within the country. The policies and supply chain information described below applies to both Carter’s, Inc. and The Genuine Canadian Corporation. Therefore, the companies are hereinafter referenced collectively as the “Company” or “Carter’s”.

The Company markets and distributes children's and infant clothing and accessories in the U.S. and Canada. In the U.S. and Canada, the Company employs 14,230 employees.

Carter’s management is dedicated to supporting its businesses in complying with all applicable laws and has encouraged its businesses to work with partners that share the Company’s values of ethical and sustainable sourcing in its supply chains. Carter’s Board of Directors provides oversight of the Company’s management and our business. All members of the Board are independent, with the exception of one employee director, our Chairman, Chief Executive Officer & President, Michael D. Casey. The Nominating and Corporate Governance Committee provides oversight of the Company’s Environmental, Social, and Governance (ESG) strategy, including strategy on supply chain mapping and risk assessment. Our SVP, General Counsel, Secretary, CSR and Chief Compliance Officer, who reports directly to our Chairman, Chief Executive Officer & President, has responsibility for the Company’s ESG, Diversity and Inclusion (D&I), and Compliance programs.

The Company does not own any raw materials or manufacturing facilities. Carter’s sources all of our garments and other products from a global network of approved third-party suppliers, primarily located in Asia. We source the remainder of our products primarily through North America, Central America, and Africa. During fiscal 2023, approximately 74% of our products were 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 sourcing operations are based in Hong Kong to facilitate efficiency and manage the volume of manufacturing in Asia. We also have sourcing operations in Cambodia, Vietnam, China, and Bangladesh to help support these efforts.

B. The Company’s Supply Chain Due Diligence Program

1. The Company’s Due Diligence Policies (Subsection 11(3)(b))

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 these principles, 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 to our Code of Ethics.

Carter’s is committed to conducting business in a legally compliant and ethical manner and prohibits the use of forced labour, child labour, or indentured labour (hereinafter collectively referred to as “forced labour”) anywhere in our supply chain. Carter’s established a Social Responsibility Policy in 2012, which prohibits human rights abuses, such as human trafficking, forced labour, slave labour, physical abuse, restricting worker’s freedom of movement, illegal child labour, and protects many other aspects of worker welfare. Suppliers are required to contractually agree to comply with the Policy and to ensure that their sub-suppliers also comply. This Policy also requires suppliers to adhere to local laws in the countries where they operate. Carter’s has developed and continues to improve its forced labour and supply chain due diligence protocols with the goal of preventing the use of forced labour in its supply chains.

Carter’s commitment is echoed by senior leadership in several policies and statements, including a “*Message from our CEO*” highlighted in the 2022 Corporate Social Responsibility Report, where CEO Michael Casey emphasizes the Company’s commitment to supply chain tracing and preventing forced labour. Carter’s policies have also been highlighted in its clear Prohibition Against Forced Labor statement (dated April 27, 2020) issued by the Executive Vice President, Supply Chain, and Senior Vice President, Corporate Social Responsibility and Chief Compliance Officer. Carter’s has demonstrated that the prevention of forced labour inputs is of utmost importance to the Company.

2. The Company’s Due Diligence Processes (Subsection 11(3)(b) and (c))

Carter’s due diligence and supply chain management measures aimed at the prevention of forced labour inputs throughout their international supply chains are comprehensive, mature, and consist of several pillars: internal social responsibility policies and standards, cascaded down throughout the organization; the use of outside, third party resources to add depth to the risk assessment and compliance assurance efforts; supply chain mapping and traceability; and the adoption of evolving technology in supporting origin declarations for raw material inputs.

i. Verification of Supply Chain and Evaluation of Risk

As Carter’s manufactures and sells apparel and textile products manufactured worldwide, it is possible some forced labor risk exists. However, Carter’s has taken extraordinary efforts to protect its supply chain from the use of forced labor.

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 designed to better identify and qualify Suppliers upfront, consisting of a three-step process: (1) identification, (2) qualification, and (3) activation. 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, and as a general rule, every manufacturing supplier the Company does business with is required to participate in the Company's onboarding program.

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, key employees at the Company, including employees within the transportation, sourcing, and legal department, view 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.

Carter's also collaborates with HireAPartner ("HAP") to assist with supply chain mapping and traceability. Since 2022, Carter's and HAP have undertaken steps to better understand the sources of raw material origin through a three-step process which includes diagnostic examination, training and education, and mock exercises. These efforts are focused on educating and training suppliers on developing and/or enhancing internal systems to better support document retention and raw material supply chain mapping capabilities.

As part of our supply chain due diligence and onboarding programs, Carter's performs a reputational/risk screening conducted through the use of a third-party compliance screening tool. The screening process focuses on four (4) specific areas: financial crime compliance, third party risk management, sanctions compliance and trade compliance.

We also utilize multiple sources of information to better understand forced labour and other types of risk including, but not limited to, NGO reporting, global slavery indices, publications from public universities, reporting by media outlets, and information from the Company's outside counsel. These resources help the Company better understand potential risks within its supply chains. The Company also leverages its membership in trade associations to gain insight into developments within the industry.

ii. Audits

As Carter's does 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 policies as well as to strengthen working conditions and labour practices in factories. We contract with accredited and internationally recognized audit providers to execute these independent 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 approximately 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. Where the violation can be remediated, 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 assessment 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.

iii. Certification

All our suppliers are contractually required to comply with the Carter's Code of Ethics, our Vendor Code of Ethics (the Vendor Code of Ethics, together with the Carter's Code of Ethics, the "Code of Ethics"), and our 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 policies, 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.

C. Training (Subsection 11(3)(f))

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.

We have developed a lengthy and detailed training program for both internal staff and suppliers that provides specific guidance on compensation and benefits, employee documentation, worker health and safety, and forced and child labour. The program is updated periodically and provided internally and externally. We have teams working in Cambodia, China, and Bangladesh to better support our tier 1 suppliers and enhance workplace conditions. Staff responsible for procurement activities have been trained on labour rights issues in the supply chain.

D. Remediation Measures (Subsections 11(3)(d) and (e))

Carter's suppliers 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. In the event that 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 policies.

To the Company's knowledge, vulnerable families have not experienced loss of income as a result of steps the Company has taken to eliminate forced labour or child labour risks.

II. ASSESSING EFFECTIVENESS OF OUR PROGRAMS (SUBSECTION 11(3)(G))

The measures outlined in this Report demonstrate that Carter's has established a comprehensive, mature, and agile due diligence process centered on the prevention of forced labour inputs throughout our global supply chains.

To assess the effectiveness of our due diligence programs, Carter's utilizes a third-party consultant to provide an independent assessment of the measures the Company has implemented. For example, external risk assessment and compliance resources are used to ensure that the Company's screening processes fully capture supply chain risks. Carter's will continue to promote its values of collaboration and responsible sourcing as it continues to enhance its due diligence programs moving forward.

III. ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. I have the authority to bind Carter's.


Antonio Robinson (May 29, 2024 15:40 EDT)

Name: Antonio D. Robinson

Title: Senior Vice President, General Counsel
Secretary, Corporate Social Responsibility &
Chief Compliance Officer

Date: May 29, 2024