Carter's Inc

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions
This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.
Terms of disclosure for corporate questionnaire 2024 - CDP

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01/06/2025, 08:45 pm

Contents

C1. Introduction

(1.1) In which language are you submitting your response?

Select from:
☑ English

(1.2) Select the currency used for all financial information disclosed throughout your response.

Select from:
☑ USD

(1.3) Provide an overview and introduction to your organization.

(1.3.2) Organization type

Select from:
☑ Publicly traded organization

(1.3.3) Description of organization

Carter's is the largest branded marketer in North America of apparel exclusively for babies and young children. The company owns two of the most highly recognized and trusted brand names in the children's apparel market, Carter's and OshKosh B'gosh (or "OshKosh"). Carter's also owns Skip Hop, a leading young children's lifestyle brand, Little Planet, a brand focused on organic fabrics and sustainable materials, and exclusive Carter's brands developed for Amazon, Target, and Walmart. Carter's reaches 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. The company is publicly-traded, listed on the New York Stock Exchange as "CRI." Carter's mission is to serve the needs of all families with young children. Our multichannel global business model, which includes retail stores, eCommerce, and wholesale distribution channels, as well as omni-channel capabilities in the United States and Canada, enables us to reach a broad range of consumers around the world. At the end of fiscal 2023, our channels included 1,034 company-owned retail stores, eCommerce websites, approximately 19,350 wholesale locations in North America, as well as our international wholesale accounts and licensees who operate in over 1,100 locations outside of North America in over 90 countries. Carter's is headquartered in Atlanta, Georgia. Additional information regarding Carter's may be found at www.carters.com. This website is not incorporated by reference into this document.
[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

	End date of reporting year	Alignment of this reporting period with your financial reporting period	Indicate if you are providing emissions data for past reporting years
	12/31/2023	*Select from:* ☑ Yes	*Select from:* ☑ No

[Fixed row]

(1.4.1) What is your organization's annual revenue for the reporting period?

2945594000

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	Select from: ☑ Yes

[Fixed row]

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ Yes

(1.6.2) Provide your unique identifier

CRI

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

[Add row]

(1.7) Select the countries/areas in which you operate.

Select all that apply

☑ China

☑ Canada

☑ Mexico

☑ Cambodia

☑ Viet Nam

☑ Bangladesh

☑ Hong Kong SAR, China

☑ United States of America

(1.8) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
	Select from: ☑ No, this is confidential data	*This data is not confidential; location details provided where relevant within this disclosure.*

[Fixed row]

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

☑ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

Select all that apply

☑ Upstream value chain

☑ Downstream value chain

(1.24.3) Highest supplier tier mapped

Select from:

☑ Tier 2 suppliers

(1.24.4) Highest supplier tier known but not mapped

Select from:

☑ Tier 3 suppliers

(1.24.7) Description of mapping process and coverage

We consider the completion of the greenhouse gas inventory to have mapped our supply chain across Tier 1 and Tier 2 suppliers. 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. This will help us map Tier 3 suppliers in future reports.
[Fixed row]

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

	Plastics mapping	Value chain stages covered in mapping
	Select from: ☑ Yes, we have mapped or are currently in the process of mapping plastics in our value chain	*Select all that apply* ☑ Upstream value chain ☑ Downstream value chain

[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

1

(2.1.3) To (years)

2

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Timeline values align with the Company's enterprise risk management process.

Medium-term

(2.1.1) From (years)

3

(2.1.3) To (years)

4

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Timeline values align with the Company's enterprise risk management process.

Long-term

(2.1.1) From (years)

5

(2.1.2) Is your long-term time horizon open ended?

Select from:
☑ No

(2.1.3) To (years)

10

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Timeline values align with the Company's enterprise risk management process.
[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

	Process in place	Dependencies and/or impacts evaluated in this process
	Select from: ☑ Yes	*Select from:* ☑ Both dependencies and impacts

[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	Select from: ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

☑ Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

☑ Downstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

☑ Tier 1 suppliers

☑ Tier 2 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ Annually

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:

☑ A specific environmental risk management process

(2.2.2.11) Location-specificity used

Select all that apply

☑ Site-specific

☑ National

(2.2.2.12) Tools and methods used

International methodologies and standards

☑ IPCC Climate Change Projections

Databases

☑ Other databases, please specify **:**Network for Greening the Financial System, World Bank Carbon Pricing Dashboard, Cotton 2040 Climate Risk Explorer, and others

Other

☑ Desk-based research

☑ External consultants

☑ Jurisdictional/landscape assessment

☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Tornado

☑ Avalanche

☑ Landslide

☑ Wildfires

☑ Cold wave/frost

☑ Cyclones, hurricanes, typhoons

☑ Heavy precipitation (rain, hail, snow/ice)

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heat waves

☑ Storm (including blizzards, dust, and sandstorms)

Chronic physical

☑ Increased severity of extreme weather events

Policy

☑ Carbon pricing mechanisms

☑ Changes to national legislation

Market

☑ Changing customer behavior

Reputation

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback

Technology

☑ Data access/availability or monitoring systems

☑ Transition to lower emissions technology and products

Liability

☑ Non-compliance with regulations

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers

☑ Investors

☑ Local communities

☑ Regulators

☑ Suppliers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☑ No

(2.2.2.16) Further details of process

Beginning in 2021, Carter's engaged an external consultant (WAP Sustainability Consulting) to assess potential climate- and water-related risks and opportunities. Both physical climate and water risks (that pose threats to the availability of cotton, facilities in upstream, direct operations, and downstream activities) and transition risks (that may impact upstream activity and direct operations) over short, medium, and long-term timeframes were assessed. Indicators for financial impact, time horizon and probability aligned with those used in the Company's Enterprise Risk Management (ERM) process where possible. The risk assessment is conducted annually and the examples presented in this CDP response reflect the results of Carter's 2023 Climate Risk Assessment. Identification: Climate- and water-related risks relevant to Carter's are identified through a combination of scientific and market research, data analysis, and modeling. First, historical climate and water data and future market trends are analyzed to identify those risks with the potential to have substantive financial or strategic impact on Carter's. This data is then used to develop models that consider future scenarios and project potential impacts. The risk assessment also involves studying the vulnerability and exposure of Carter's supply chain (upstream, direct operations, and downstream), to determine susceptibility to climate change impacts (physical and transition risks). Carter's provides data to inform key risk categories, including real estate asset locations, supplier raw material spend and location, key customer accounts, key competitors, environmental commodity purchases, production numbers, energy consumption, and embodied carbon information on key products. Assessment: The assessment of identified climate- and water-related risks involves analyzing the identified risks in terms of their likelihood of occurrence and the magnitude of their impacts. Data is evaluated based on climate science using proprietary tools aligned with IPCC-published climate records, as well as desk-based market trends research and other publicly-available tools. The assessment process includes a consideration of the ERM risk assessment procedure to ensure alignment where possible. Collaboration between the management Team, the Company's General Counsel, and other employees, as well as consultants who analyzed and interpreted the findings, providing a comprehensive understanding of climate- and water-related risks. Response: Risks and opportunities identified are then presented to the Company's Leadership Team, supply chain sourcing team and the real estate team, among others, for review. Ultimately, the discussions between the teams serve as the decision-making mechanism to decide whether to mitigate, transfer, accept or control the identified climate- and water-related risks and to capitalize on opportunities. Priority risks are identified based primarily on the potential for the risks to have a substantive or strategic impact on the Company (informed by severity and the likelihood of the risk event(s) occurring within the identified time horizons of short-, medium-, or long-term). Climate and water risks are discussed and monitored throughout the year to inform the iterative, annual process that was undertaken again in 2023. The Climate Risk Management Process is aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations.

Row 2

(2.2.2.1) Environmental issue

Select all that apply

☑ Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

☑ Tier 1 suppliers

☑ Tier 2 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ Annually

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:

☑ A specific environmental risk management process

(2.2.2.11) Location-specificity used

Select all that apply

☑ Site-specific

☑ National

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

☑ WWF Water Risk Filter

☑ Other commercially/publicly available tools, please specify **:**Surging Seas (Climate Central), Cotton 2040 Climate Risk Explorer, and others

International methodologies and standards

☑ IPCC Climate Change Projections

Other

☑ Desk-based research

☑ External consultants

☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Drought

☑ Flood (coastal, fluvial, pluvial, ground water)

Chronic physical

☑ Changing precipitation patterns and types (rain, hail, snow/ice)

☑ Sea level rise

☑ Water stress

Technology

☑ Data access/availability or monitoring systems

☑ Transition to water efficient and low water intensity technologies and products

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers

☑ Investors

☑ Local communities

☑ Suppliers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☑ No

(2.2.2.16) Further details of process

Beginning in 2021, Carter's engaged an external consultant (WAP Sustainability Consulting) to assess potential climate- and water-related risks and opportunities. Both physical climate and water risks (that pose threats to the availability of cotton, facilities in upstream, direct operations, and downstream activities) and transition risks (that may impact upstream activity and direct operations) over short, medium, and long-term timeframes were assessed. Indicators for financial impact, time horizon and probability aligned with those used in the Company's Enterprise Risk Management (ERM) process where possible. The risk assessment is conducted annually and the examples presented in this CDP response reflect the results of Carter's 2023 Climate Risk Assessment. Identification: Climate- and water-related

risks relevant to Carter's are identified through a combination of scientific and market research, data analysis, and modeling. First, historical climate and water data and future market trends are analyzed to identify those risks with the potential to have substantive financial or strategic impact on Carter's. This data is then used to develop models that consider future scenarios and project potential impacts. The risk assessment also involves studying the vulnerability and exposure of Carter's supply chain (upstream, direct operations, and downstream), to determine susceptibility to climate change impacts (physical and transition risks). Carter's provides data to inform key risk categories, including real estate asset locations, supplier raw material spend and location, key customer accounts, key competitors, environmental commodity purchases, production numbers, energy consumption, and embodied carbon information on key products. Assessment: The assessment of identified climate- and water-related risks involves analyzing the identified risks in terms of their likelihood of occurrence and the magnitude of their impacts. Data is evaluated based on climate science using proprietary tools aligned with IPCC-published climate records, as well as desk-based market trends research and other publicly-available tools. The assessment process includes a consideration of the ERM risk assessment procedure to ensure alignment where possible. Collaboration between the management Team, the Company's General Counsel, and other employees, as well as consultants who analyzed and interpreted the findings, providing a comprehensive understanding of climate- and water-related risks. Response: Risks and opportunities identified are then presented to the Company's Leadership Team, supply chain sourcing team and the real estate team, among others, for review. Ultimately, the discussions between the teams serve as the decision-making mechanism to decide whether to mitigate, transfer, accept or control the identified climate- and water-related risks and to capitalize on opportunities. Priority risks are identified based primarily on the potential for the risks to have a substantive or strategic impact on the Company (informed by severity and the likelihood of the risk event(s) occurring within the identified time horizons of short-, medium-, or long-term). Climate and water risks are discussed and monitored throughout the year to inform the iterative, annual process that was undertaken again in 2023. The Climate Risk Management Process is aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations.
[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:
☑ Yes

(2.2.7.2) Description of how interconnections are assessed

All impacts and dependencies were considered and used to form the basis for the risk assessment. This included both nature- and climate-related elements. For example, dependency on both water and cotton (nature dependencies), as well as energy (climate impact) as inputs to operations were considered.
[Fixed row]

(2.3) Have you identified priority locations across your value chain?

(2.3.1) Identification of priority locations

Select from:

☑ No, but we plan to within the next two years

(2.3.7) Primary reason for not identifying priority locations

Select from:

☑ No standardized procedure

(2.3.8) Explain why you do not identify priority locations

We are pursuing traceability efforts with our suppliers. For example, 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. Increased transparency into our supply chain may support the identification of priority locations, though currently there is no standardize procedure. [Fixed row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Other, please specify **:**Net income

(2.4.3) Change to indicator

Select from:

☑ Absolute decrease

(2.4.6) Metrics considered in definition

Select all that apply

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

Definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks: Currently, the climate risk assessment process is adopting the definition of substantive financial or strategic impact from the Company's enterprise risk management (ERM) processes. Substantive financial or strategic impact is assessed by evaluating the likelihood and impact of an event or combination of events as it relates to financial, reputation/brand, operational, growth/value, talent, and legal/regulatory risk. Each potential risk is evaluated under this framework, which informs the risk mitigation practices that are to be adopted. Description of the quantifiable indicator(s) used to define substantive financial or strategic impact: Quantifiable indicators are applied across all dimensions of risk (financial, reputation/brand, operational, growth/value, talent, and legal/regulatory risk). In terms of financial risk, the impact rating ranges from insignificant impact on Net Income to severe impact on Net Income based on the Company's ERM process. Operational and talent risk focuses on declines in production capacity or declines in skill set/capability, respectively. The financial impact ranges are considered relevant in providing guidance to assess the potential impact of climate-related risks.

Opportunities

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Other, please specify **:**Net income

(2.4.3) Change to indicator

Select from:

☑ Absolute increase

(2.4.6) Metrics considered in definition

Select all that apply

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

Definition of 'substantive financial or strategic impact' when identifying or assessing climate-related opportunities: Regarding climate-related opportunities, Carter's evaluates each opportunity in its own right and considers it to be substantive if a combination of qualitative and quantitative indicators are likely to have a positive impact on the company over a certain time period. Climate opportunities often arise from risk mitigation, and therefore an absolute increase in net revenue is identified because it is the opposite impact of a risk. Description of the quantifiable indicator(s) used to define substantive financial or strategic impact: Climate opportunities often arise from risk mitigation, therefore substantive opportunities leverage quantifiable indicators that are applied across all dimensions of risk (financial, reputation/brand, operational, growth/value, talent, and legal/regulatory risk). In terms of financial opportunity, the impact rating ranges from insignificant impact on Net Income to severe (positive) impact on Net Income based on the Company's ERM process. Operational and talent opportunity focuses on increases in production capacity or increases in skill set/capability, respectively. The financial impact ranges are considered relevant in providing guidance to assess the potential impact of climate-related opportunities.
[Add row]

(2.5) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

(2.5.1) Identification and classification of potential water pollutants

Select from:

☑ Yes, we identify and classify our potential water pollutants

(2.5.2) How potential water pollutants are identified and classified

The potential presence of water pollutants is identified via supply chain mapping, and is most relevant in Carter's upstream and downstream supply chains. Upstream, the Tier 1 and Tier 2 manufacturing processes to create the products Carter's sells may use chemicals and dyes that could contribute to water pollution. The

production of cotton may also contribute to water pollution via runoff of pesticides and fertilizers. While this is beyond Carter's scope of control, the Company performs annual outreach to manufacturing vendors to collect environmental data and is performing isotopic testing to determine country of origin, which may give additional insight into production processes. Downstream, laundering of synthetic materials may release microfibers that could end up in water bodies. There are currently no standardized procedures or indicators for monitoring microfiber release, however additional research from the broader scientific community is forthcoming.
[Fixed row]

(2.5.1) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Row 1

(2.5.1.1) Water pollutant category

Select from:
☑ Other synthetic organic compounds

(2.5.1.2) Description of water pollutant and potential impacts

This may include chemicals and dyes from Tier 1 and Tier 2 manufacturing and/or pesticides and fertilizers from the production of cotton.

(2.5.1.3) Value chain stage

Select all that apply
☑ Upstream value chain

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply
☑ Procedure(s) under development/ R&D
☑ Other, please specify **:**Supplier engagement

(2.5.1.5) Please explain

While this is beyond Carter's scope of control, the Company performs annual outreach to manufacturing vendors to collect environmental data and is performing isotopic testing to determine country of origin, which may give additional insight into production processes. We have also established a Restricted Substance List (RSL), and Manufacturing Restricted Substance List (MSRL) designed to improve the substances in our products and used by suppliers. Our 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. Additionally, our MSRL 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 producttesting.

Row 2

(2.5.1.1) Water pollutant category

Select from:

☑ Microplastics and plastic particles

(2.5.1.2) Description of water pollutant and potential impacts

This may include the release of microfibers during laundering of synthetic materials.

(2.5.1.3) Value chain stage

Select all that apply

☑ Downstream value chain

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply

☑ No formal procedure(s) in place

☑ Other, please specify **:**Assessment of existing and forthcoming academic literature

(2.5.1.5) Please explain

There are currently no standardized procedures or indicators for monitoring microfiber release, however additional research from the broader scientific community is forthcoming.
[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.1.1) Environmental risks identified

Select from:

☑ Yes, both in direct operations and upstream/downstream value chain

Water

(3.1.1) Environmental risks identified

Select from:

☑ Yes, both in direct operations and upstream/downstream value chain

Plastics

(3.1.1) Environmental risks identified

Select from:

☑ Yes, only in our upstream/downstream value chain

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

☑ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

Substantive plastic risks may influence the materials we procure (upstream) and/or the materials we sell into certain markets (downstream). Direct operations are influenced by these decisions, but are not considered to be directly exposed to substantive plastic risks.
[Fixed row]

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

Select from:
☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Policy
☑ Carbon pricing mechanisms

(3.1.1.4) Value chain stage where the risk occurs

Select from:
☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply
☑ United States of America

(3.1.1.9) Organization-specific description of risk

As global emissions continue to rise, the risk of the implementation of carbon pricing mechanisms across the globe is also growing. Carbon pricing has not been a historically significant risk for Carter's because over two-thirds of the Company's scope 1 and 2 emissions occur in the U.S. (low risk of carbon tax) and carbon pricing regulation has thus far focused on sectors other than retail, including manufacturing and energy. However, Carter's relies on industries exposed to carbon taxation due to its use of electricity in retail stores and manufactured cotton products. Additionally, Carter's has operations in Canada, which has implemented a carbon pollution pricing system on certain large industrial emitters. Therefore, as the stringency and prevalence of carbon pricing mechanism grows, the likelihood that Carter's may experience increased operating costs is becoming more likely if its suppliers choose to pass these costs down to customers. As such, it will be necessary for Carter's to monitor this evolving risk and conduct financial risk calculations as new details emerge.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased indirect [operating] costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ About as likely as not

(3.1.1.14) Magnitude

Select from:

☑ Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

If this risk came to fruition it could increase operating costs.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

426380

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

4263800

(3.1.1.25) Explanation of financial effect figure

*To the extent that there is a carbon tax which Carter's would be subject to, our approach to quantify the associated risk would be based on the following assumptions: To assess the potential financial impact of this risk, a range of carbon taxes was applied to Carter's operational emissions (scope 1 and market-based scope 2 emissions). A range of 10-100 per MT CO2e was applied, due to the high volatility of the carbon market today. That is, 42,638 MT CO2e * [10-100]. This calculation assumes all of Carter's owned operations are subjected to a national-level carbon tax. Projected company growth is not accounted for in this calculation. Note: the calculation of this risk does not consider the upstream impacts of a carbon taxation scheme, such as taxes on energy providers, the cost of which could be passed onto customers. In this situation, Carter's may see higher energy costs. A 10-15% increase in energy cost due to carbon taxes or other energy policy would increase Company-wide energy expenditures by millions of dollars annually, in addition to the direct carbon tax. While this is not represented in this financial impact calculation, it is something that is being considered by the Company.*

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Establish organization-wide targets

(3.1.1.27) Cost of response to risk

200000

(3.1.1.28) Explanation of cost calculation

The cost of response to this risk is based on internal resource allocation and consultant support for continual monitoring and the development of strategic actions to mitigate the risk, such as conducting supplier outreach to encourage the adoption of science-based emissions reduction targets. Consultant and internal support for this has an estimated cost of 200,000 annually.

(3.1.1.29) Description of response

Market expectations are shifting to more robust, company-level target setting. In recognition of this, Carter's decided to move forward with a commitment to set near-term targets through the Science Based Targets initiative (SBTi), which are now approved. Additionally, the Company has pledged to become Net-Zero in its own operations by 2040. Through actions aligned with these targets, we believe that operational costs will go down (using more renewable energy) and carbon taxation price pressures will be mitigated upstream and downstream (avoiding potential carbon import taxes or operational carbon taxes in countries from which Carter's sources materials). If achieved, these results will play an important role in Carter's continued success and resilience in the emerging low-carbon economy. CASE STUDY (a) Situation: The retail industry in the U.S., along with all other industries, faces the potential risk of increased operating costs due to the introduction of a carbon tax on key input materials, including electricity and manufactured goods, if suppliers pass these costs on to customers. (b) Task: Continuously monitor the risk of the implementation of a carbon tax and simultaneously pursue strategies to mitigate its impact, including emission reduction efforts related to efficiency improvements in stores. Engage the supply chain in emissions reduction efforts, beginning with an outreach campaign to key suppliers to encourage the adoption of science-based targets. (c) Action: Carter's conducts an annual outreach campaign to key suppliers to collect information on emissions, emissions reduction efforts, and the status of adoption of science-based targets. In 2021, Carter's formalized this effort through its near-term supplier engagement target that was validated by the Science Based Targets initiative. (d) Result: In 2024, 43% of suppliers by spend and 27% by number have set science-based targets. This is based on a 90% response rate and the survey was sent to 100% of T

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Chronic physical

☑ Sea level rise

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Upstream value chain

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ United States of America

(3.1.1.7) River basin where the risk occurs

Select all that apply

☑ Other, please specify **:**Multiple countries where our sourcing and manufacturing operations are located

(3.1.1.9) Organization-specific description of risk

The impact of sea level rise is a concern for the apparel industry at large. A working paper published by Cornell University in 2021 shows 55% of apparel factories in Ho Chi Minh City, a top manufacturing city, will be inundated by sea level rise and flooding by 2030. As identified in Carter's 2023 10-K, "Our dependence on foreign supply sources are subject to risks associated with global sourcing and manufacturing which could result in disruptions to our operations." This includes "the occurrence of a natural disaster, unusual weather conditions" or other factors that could negatively affect our global supply chain and impact our ability to deliver to our customers.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Disruption to sales

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ More likely than not

(3.1.1.14) Magnitude

Select from:

☑ Unknown

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

As per Carter's 2023 10-K, "The occurrence of [a natural disaster or unusual weather conditions] could result in disruptions to our operations, which in turn could increase our cost of goods sold, decrease our gross profit, or impact our ability to deliver to our customers."

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ No

(3.1.1.26) Primary response to risk

Diversification

☑ Increase supplier diversification

(3.1.1.27) Cost of response to risk

200000

(3.1.1.28) Explanation of cost calculation

The cost of response to this risk is based on internal resource allocation and consultant support for continual monitoring and the development of strategic actions to mitigate the risk, such as conducting screening existing and new suppliers for relevant climate risks and engaging with suppliers to collect environmental performance data. Consultant and internal support for this has an estimated cost of 200,000 annually.

(3.1.1.29) Description of response

The long-term financial effect figure could be estimated, though we have a number of mitigating factors that would impact the figure which we are currently in the process of calculating. The estimates could be based on the number of vendors anticipated to experience some disruption due to sea level rise by 2030. This may include direct or indirect flooding which inundates surrounding roads and may limit access to the manufacturing location. Using an average annual spend per vendor and an estimated rate for production loss from now until 2030 per vendor for each of the vendors identified as exposed to disruption due to sea level rise by 2030, we could estimate the potential sales loss by 2030. However, as mentioned above, we have a number of mitigating factors such as geographical diversification of vendors in our network, so the ultimate estimates sales loss is currently in unknown. 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.

Plastics

(3.1.1.1) Risk identifier

Select from:

☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Policy

☑ Changes to national legislation

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Downstream value chain

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ United States of America

(3.1.1.9) Organization-specific description of risk

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 (EPR). EPR or other related tax schemes are relevant to the textile products we sell and the packaging of our products. In the reporting year, Carter's has experienced increased costs due to various extended producer initiatives, specifically on packaging in the US.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased indirect [operating] costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ The risk has already had a substantive effect on our organization in the reporting year

(3.1.1.14) Magnitude

Select from:

☑ Low

(3.1.1.15) Effect of the risk on the financial position, financial performance and cash flows of the organization in the reporting year

Increased costs in the form of taxes may have a negative impact on our net income.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Establish organization-wide targets

(3.1.1.29) Description of response

Carter's is working to reduce the amount of virgin plastic used in packaging for products in order to lessen the burden of extended producer responsibility. The Company has committed to a 50% reduction in virgin plastic packaging by 2030 from a 2022 baseline. In 2023, 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 initiatives have included: 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; and reduced use of stickers and sock inserts from product packaging.

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

☑ Flooding (coastal, fluvial, pluvial, groundwater)

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ United States of America

(3.1.1.7) River basin where the risk occurs

Select all that apply

☑ Other, please specify **:**Multiple locations in the US, Canda, and Mexico where our retail stores are located

(3.1.1.9) Organization-specific description of risk

The impact of severe flooding can lead to a disruption in operations directly related to our retail stores and distribution centers, the majority of which are located in the United States, Canada, and Mexico. Flooding can prevent customers and employees from being able to access roads to safely travel to store locations. It can also cause structural damage to our stores and distribution centers. Flooding can result from unusually heavy periods of rainfall or severe hurricanes.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Disruption to sales

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ More likely than not

(3.1.1.14) Magnitude

Select from:

☑ Unknown

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

If the risk came to fruition, it could increase operating costs, capital expenses that could be needed for repairs, and could decrease sales temporarily.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ No

(3.1.1.26) Primary response to risk

Policies and plans

☑ Develop flood emergency plans

(3.1.1.27) Cost of response to risk

200000

(3.1.1.28) Explanation of cost calculation

The cost of response to this risk is based on internal resource allocation and consultant support for continual monitoring and the development of strategic actions to mitigate the risk, such as monitoring and reporting financial impacts of flooding to our facilities. Consultant and internal support for this has an estimated cost of 200,000 annually.

(3.1.1.29) Description of response

Currently, Retail, Real Estate, and Sourcing teams incorporate climate risks into criteria for opening new stores based on location and based on our annual climate risk scenario analysis.
[Add row]

(3.2) Within each river basin, how many facilities are exposed to substantive effects of water-related risks, and what percentage of your total number of facilities does this represent?

Row 1

(3.2.1) Country/Area & River basin

Thailand
☑ Chao Phraya

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply
☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

2

(3.2.10) % organization’s total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 2

(3.2.1) Country/Area & River basin

Thailand

☑ Other, please specify **:**Gulf of Thailand Coast

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

1

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 3

(3.2.1) Country/Area & River basin

Viet Nam

☑ Hong (Red River)

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

2

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 4

(3.2.1) Country/Area & River basin

Viet Nam

☑ Other, please specify **:**Viet Nam, Coast

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

4

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 5

(3.2.1) Country/Area & River basin

Bangladesh

☑ Other, please specify **:**Bay of Bengal, North East Coast

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

4

(3.2.10) % organization’s total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 6

(3.2.1) Country/Area & River basin

Bangladesh

☑ Ganges - Brahmaputra

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

3

(3.2.10) % organization’s total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 7

(3.2.1) Country/Area & River basin

China

☑ Other, please specify **:**China Coast

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

9

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 8

(3.2.1) Country/Area & River basin

China

☑ Other, please specify :Xun Jiang

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

1

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ Less than 1%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.

Row 9

(3.2.1) Country/Area & River basin

Indonesia

☑ Other, please specify :Java - Timor

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Upstream value chain

(3.2.6) Number of facilities in upstream value chain exposed to water-related risk in this river basin

1

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ Less than 1%

(3.2.11) Please explain

Manufacturing vendor location exposed to potential disruption due to direct flooding from sea level rise and/or indirect flooding of nearby roads from sea level rise by 2030. % revenue is estimated based on the % spend with vendors within each river basin.
[Add row]

(3.3) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
	Select from: ☑ No	*No fines were issued during the reporting period regarding water-related regulatory violations*

[Fixed row]

(3.5) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Select from:

☑ No, and we do not anticipate being regulated in the next three years

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental opportunities identified
Climate change	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized
Water	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Shift in consumer preferences

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Brazil

☑ Canada

☑ Mexico

☑ United States of America

(3.6.1.8) Organization specific description

There is an opportunity to offer carbon-reduced or more environmentally sustainable products which are growing in demand and expected to continue to grow in demand as consumers become more climate-conscious. Specifically, there is a new market opportunity within Amazon.com, one of Carter's larger wholesale customers, to offer products that are "Climate Pledge Friendly". According to Amazon's website, "Climate Pledge Friendly highlights products that are certified by one of the sustainability certifications featured on our certification page or by our own certifications, Compact by Design or Pre-owned Certified". Certain of our products (including Little Planet, which includes products made with GOTS-certified organic cotton) are now available with this designation on Amazon.com, which provides an opportunity to reach the growing customer segment seeking environmentally friendly products. Carter's also created a shopping filter on its ecommerce site that allows consumers to easily shop for more sustainable products. Our Raise the Future initiative, in part, encompasses the sustainable attributes of Carter's products and is described in further detail on our ecommerce site. All of these initiatives support Carter's development and expansion of product offerings that have sustainability attributes that resonate with consumers' shifting preferences.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ The opportunity has already had a substantive effect on our organization in the reporting year

(3.6.1.12) Magnitude

Select from:

☑ High

(3.6.1.13) Effect of the opportunity on the financial position, financial performance and cash flows of the organization in the reporting period

Expanded Little Planet distribution from less than 800 to over 2,100 stores and introduced PurelySoft collection, which is made of responsibly-sourced viscose; grew sustainable product sales to 3% of overall sales from 2022 (excluding sales from Skip Hop).

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ No

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

Sustainable product sales did not require costs unique to this brand, and are therefore considered 0.

(3.6.1.26) Strategy to realize opportunity

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. 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.

Water

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Reduced water usage and consumption

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Upstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Bangladesh

☑ Cambodia

☑ China

☑ India

☑ Viet Nam

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

☑ Other, please specify **:**Multiple, where vendors' manufacturing occurs

(3.6.1.8) Organization specific description

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. In particular, 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. There is an opportunity to reduce water usage in the upstream value chain.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Carter's has reduced the number of product styles requiring additional wash during manufacturing by 62% since 2019. As customer preferences shift to products with lower water and/or carbon footprints, this opportunity has the potential to increase sales. For example, sustainable product sales (Little Planet and PurelySoft collection) grew to 3% of overall sales from 2022 (excluding sales from Skip Hop).

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ No

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

Sustainable product sales did not require costs unique to this product type, and are therefore considered 0.

(3.6.1.26) Strategy to realize opportunity

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. 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. In 2023, we reduced the number of our styles that require an additional wash by 23% compared to 2022 and a total of 62% since 2019.
[Add row]

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

☑ Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

☑ Quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

☑ Executive directors or equivalent

☑ Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

☑ No

[Fixed row]

(4.1.1) Is there board-level oversight of environmental issues within your organization?

Climate change

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

☑ Yes

Water

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

☑ Yes

Biodiversity

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

☑ No, but we plan to within the next two years

(4.1.1.2) Primary reason for no board-level oversight of this environmental issue

Select from:

☑ Other, please specify **:**We are exploring additional ways to reduce our impact on biodiversity and expect to disclose progress in future reporting.

(4.1.1.3) Explain why your organization does not have board-level oversight of this environmental issue

We regularly monitor, review, and scrutinize our operations for continuous environmental improvement, including the third-party factories that manufacture our products. Biodiversity is increasingly becoming a focus for Carter's environmental performance and is a target area to expand board expertise for future reporting. [Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate

☑ Individual role descriptions

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

(4.1.2.7) Please explain

Our Board of Directors provides oversight of management, business, and the direction of Carter's sustainability initiatives. 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), material makeup of products, and product sustainability, among other issues. Our Board of Directors also provides oversight of the setting of corporate targets related to

Carter's ESG initiatives. These targets include emissions reduction targets, tracking and preservation of water throughout our value chain, and commitments to reduce plastics and wasteful material in our packaging.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate

☑ Individual role descriptions

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

(4.1.2.7) Please explain

Our Board of Directors provides oversight of management, business, and the direction of Carter's sustainability initiatives. 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), material makeup of products, and product sustainability, among other issues. Our Board of Directors also provides oversight of the setting of corporate targets related to Carter's ESG initiatives. These targets include emissions reduction targets, tracking and preservation of water throughout our value chain, and commitments to reduce plastics and wasteful material in our packaging.
[Fixed row]

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:
☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply
☑ Consulting regularly with an internal, permanent, subject-expert working group
☑ Engaging regularly with external stakeholders and experts on environmental issues

Water

(4.2.1) Board-level competency on this environmental issue

Select from:
☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply
☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues
[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	*Select from:* ☑ Yes
Water	*Select from:* ☑ Yes
Biodiversity	*Select from:* ☑ Yes

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level
☑ General Counsel

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

☑ Measuring progress towards environmental science-based targets

☑ Setting corporate environmental policies and/or commitments

☑ Setting corporate environmental targets

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Quarterly

(4.3.1.6) Please explain

This position is held by the Senior Vice President, General Counsel, Secretary, Corporate Social Responsibility & Chief Compliance Officer. This position reports directly to the Chairman and CEO, and has responsibility for the Company's ESG, Diversity and Inclusion (D&I) and Compliance programs. Climate-related issues are brought forth and managed through the Company's ESG Council and related task forces, which includes senior leaders who support the advancement of the Company's ESG initiatives. Oversight of the Company's ESG initiatives includes quarterly reviews of climate plans and other key issues, including how to integrate the results of the climate risk assessment into larger strategic actions.

Water

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ General Counsel

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

☑ Measuring progress towards environmental science-based targets

☑ Setting corporate environmental policies and/or commitments

☑ Setting corporate environmental targets

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Quarterly

(4.3.1.6) Please explain

This position is held by the Senior Vice President, General Counsel, Secretary, Corporate Social Responsibility & Chief Compliance Officer. This position reports directly to the Chairman and CEO, and has responsibility for the Company's ESG, Diversity and Inclusion (D&I) and Compliance programs. Water-related issues are brought forth in tandem with Climate-related issues, and are managed through the Company's ESG Council and related task forces, which includes senior leaders who support the advancement of the Company's ESG initiatives. Oversight of the Company's ESG initiatives includes quarterly reviews of climate plans, water performance, and other key issues, including how to integrate the results of the climate risk assessment into larger strategic actions.

Biodiversity

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ General Counsel

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing future trends in environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Measuring progress towards environmental science-based targets

☑ Setting corporate environmental policies and/or commitments

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Quarterly

(4.3.1.6) Please explain

This position is held by the Senior Vice President, General Counsel, Secretary, Corporate Social Responsibility & Chief Compliance Officer. This position reports directly to the Chairman and CEO, and has responsibility for the Company's ESG, Diversity and Inclusion (D&I) and Compliance programs. Climate-related issues are brought forth and managed through the Company's ESG Council and related task forces, which includes senior leaders who support the advancement of the

Company's ESG initiatives. Oversight of the Company's ESG initiatives includes quarterly reviews of climate plans and other key issues, including how to integrate the results of the climate risk assessment into larger strategic actions.
[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Climate change

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:
☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

25

(4.5.3) Please explain

In 2023, Carter's structured its annual incentive compensation to consist of four performance metrics, which included the acceleration of growth of Carter's Little Planet sales, which is our innovative, eco-friendly brand comprised of organic fabrics and sustainable materials.

Water

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:
☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

25

(4.5.3) Please explain

In 2023, Carter's structured its annual incentive compensation to consist of four performance metrics, which included the acceleration of growth of Carter's Little Planet sales, which is our innovative, eco-friendly brand comprised of organic fabrics and sustainable materials.
[Fixed row]

(4.5.1) Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Corporate executive team

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

☑ Bonus – set figure

(4.5.1.3) Performance metrics

Strategy and financial planning

☑ Increased proportion of revenue from low environmental impact products or services

Engagement

☑ Other engagement-related metrics, please specify :demonstrate progress with multi-cultural customer acquisition

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ The incentives are not linked to an incentive plan, or equivalent (e.g. discretionary bonus in the reporting year)

(4.5.1.5) Further details of incentives

The four performance metrics are weighted equally at 25%, and include an environmental and social component as well: (1) net sales; (2) operating income (with attainment to be measured based on adjusted results reported to financial markets); (3) operating cash flow; and (4) strategic objectives (consisting of the following: (a) accelerate growth of Little Planet sales; (b) advance marketing personalization capabilities; (c) test new store experiences; and (d) demonstrate progress with multi-cultural customer acquisition)

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Tying financial incentives to executive positions' performance in promoting sustainable products directly reduces the impact of Carter's sold goods. Encouraging the prioritization of sustainability-focused products such as our Little Planet line serves to reduce the resource intensity of the products Carter's sells, increase the volume of lower-impact goods, and increases the brand value of our most efficient products. This prioritization directly impacts the emissions intensity, and water consumption of products sold, and demonstrates progress across Carter's environmental goals. Shifting to Little Planet products, and tying executive performance to this goal, reduces overall GHG emissions, water consumption, and plastic packaging.

Water

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Corporate executive team

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

☑ Bonus – set figure

(4.5.1.3) Performance metrics

Strategy and financial planning

☑ Increased proportion of revenue from low environmental impact products or services

Resource use and efficiency

☑ Other resource use and efficiency-related metrics, please specify **:**demonstrate progress with multi-cultural customer acquisition

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ The incentives are not linked to an incentive plan, or equivalent (e.g. discretionary bonus in the reporting year)

(4.5.1.5) Further details of incentives

The four performance metrics are weighted equally at 25%, and include an environmental and social component as well: (1) net sales; (2) operating income (with attainment to be measured based on adjusted results reported to financial markets); (3) operating cash flow; and (4) strategic objectives (consisting of the following: (a) accelerate growth of Little Planet sales; (b) advance marketing personalization capabilities; (c) test new store experiences; and (d) demonstrate progress with multi-cultural customer acquisition)

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Tying financial incentives to executive positions' performance in promoting sustainable products directly reduces the impact of Carter's sold goods. Encouraging the prioritization of sustainability-focused products such as our Little Planet line serves to reduce the resource intensity of the products Carter's sells, increase the volume of lower-impact goods, and increases the brand value of our most efficient products. This prioritization directly impacts the emissions intensity, and water consumption of products sold, and demonstrates progress across Carter's environmental goals. Shifting to Little Planet products, and tying executive performance to this goal, reduces overall GHG emissions, water consumption, and plastic packaging.
[Add row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: ☑ Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

(4.6.1.4) Explain the coverage

Carter's environmental policies outline a commitment to a sustainable world, and a recognition of the risks that climate change can pose for both businesses and individuals. Our policy covers 6 guiding principles, and 6 operational commitments. The principles serving as the backdrop for our policy include a commitment to: adhere or to all applicable laws or exceed regulatory requirements; continue to assess internal operations to pursue and create environmental goals; regularly report on environmental and sustainability topics; incorporate environmental considerations in business planning and operations; and to include customers' needs and goals in development of Carter's environmental programs. Our policy highlights focus areas including Chemicals, Energy and GHG Emissions, Waste, Water, Raw Materials, and our Supply Chain.

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to take environmental action beyond regulatory compliance

Climate-specific commitments

☑ Other climate-related commitment, please specify **:**Implement measures to reduce energy consumption and reduce greenhouse gas emissions

Water-specific commitments

☑ Commitment to reduce or phase out hazardous substances

☑ Commitment to reduce water consumption volumes

☑ Commitment to reduce water withdrawal volumes

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

☑ No, and we do not plan to align in the next two years

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

Carter's policy.pdf

[Add row]

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Select from:

☑ Yes

(4.10.2) Collaborative framework or initiative

Select all that apply

☑ HerProject

☑ Textile Exchange

☑ Better Cotton Initiative (BCI)

☑ Sustainable Apparel Coalition (SAC)

☑ Science-Based Targets Initiative (SBTi)

☑ Zero Discharge of Hazardous Chemicals (ZDHC)

☑ Task Force on Climate-related Financial Disclosures (TCFD)

(4.10.3) Describe your organization's role within each framework or initiative

Carter's is a Better Cotton Member and a supporter of BCI. 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. In 2023, we continued our alignment journey with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL). 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. 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.
[Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

☑ No, and we do not plan to have one in the next two years

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

☑ No

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

Carter's involvement in trade associations has allowed the company to participate in relationships and partnerships that align closely with our environmental commitments and aspirations. Our involvement relies on collaboration with peers to focus on solutions within the retail and apparel industry, and we position ourselves such that our environmental commitments serve as a leading influence in our industry consensus. 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. Through our membership in Cascale, 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. Carter's 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 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.
[Fixed row]

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☑ Indirect engagement via a trade association

(4.11.2.4) Trade association

North America

☑ Other trade association in North America, please specify **:**American Apparel and Footwear Association, Cascale (formerly the Sustainable Apparel Coalition), National Retail Federation, Nirapon, and Retail Industry Leadership Association

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☑ Climate change

(4.11.2.6) Indicate whether your organization's position is consistent with the organization or individual you engage with

Select from:

☑ Mixed

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☑ Yes, we publicly promoted their current position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

Our memberships in trade associations allow us 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.

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☑ Paris Agreement

[Add row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

☑ Yes

(4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

☑ In voluntary sustainability reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

☑ Water

☑ Biodiversity

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Governance

☑ Risks & Opportunities

☑ Strategy

☑ Emissions figures

☑ Emission targets

(4.12.1.6) Page/section reference

All

(4.12.1.7) Attach the relevant publication

Carters_CSR_May_17_10a.pdf

(4.12.1.8) Comment

Carter's publishes an annual sustainability report.

Row 2

(4.12.1.1) Publication

Select from:

☑ In other regulatory filings

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

☑ Water

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Risks & Opportunities

(4.12.1.6) Page/section reference

ITEM 1A. RISK FACTORS

(4.12.1.7) Attach the relevant publication

Carter's 10K.pdf

(4.12.1.8) Comment

Carter's includes risks, including climate risks, in annual 10-K filing.
[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Annually

Water

(5.1.1) Use of scenario analysis

Select from:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Annually
[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization’s scenario analysis.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios

☑ Bespoke climate transition scenario

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Policy

☑ Market

☑ Reputation

☑ Technology

☑ Liability

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 1.5°C or lower

(5.1.1.7) Reference year

2023

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025

☑ 2030

☑ 2040

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes in ecosystem services provision

☑ Climate change (one of five drivers of nature change)

Stakeholder and customer demands

☑ Consumer sentiment

☑ Consumer attention to impact

Regulators, legal and policy regimes

☑ Global regulation

☑ Global targets

Relevant technology and science

☑ Granularity of available data (from aggregated to local)

Macro and microeconomy

☑ Other macro and microeconomy driving forces, please specify **:**Increasing cost of energy and/or raw materials

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

This analysis was both quantitative and qualitative. The measurable factors built into this scenario include Carter's energy cost, carbon pricing pressure, raw material fiber mix, upstream manufacturing and production locations, among others. The scenario under consideration assumes sustainability-related policy becomes more

stringent in a fairly short time horizon (1-3 years), customer behavior continues to prefer products with sustainability-related attributes, and that carbon taxation is implemented unevenly across the globe and across sectors.

(5.1.1.11) Rationale for choice of scenario

A bespoke transition scenario was identified to assess what Carter's climate-related risk profile looks like in the transition to an emissions-reduced future, and at a pace that would keep the global increase in temperature at or below 1.5 degrees Celsius before the end of the century. This corresponds to a significant global reduction of CO2e emissions. As this is the most aggressive transition plan, using this scenario serves as a stress test to identify the potential market, reputation, and regulatory risks with the potential to impact Carter's.

Water

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 4.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ No SSP used

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0°C and above

(5.1.1.7) Reference year

2023

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Other local ecosystem asset interactions, dependencies and impacts driving forces, please specify **:**Availability of water

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Scenario analysis was conducted on sea level rise to further understand how these risks change in a business as usual and emissions regulated future. This analysis accounted for all vendors' manufacturing sites active in 2023. For these sites, scenario analysis was conducted to evaluate exposure to risk of flooding due to sea level rise in 2030 and 2050.

(5.1.1.11) Rationale for choice of scenario

While multiple scenarios were evaluated, it was determined that the "moderate cuts" scenario (RCP 4.5) captured all possible risk exposure at the sites under scope. That is, any site identified as having possible exposure to flooding from sea level rise under the "unchecked pollution" scenario (most conservative, RCP 8.5) was also identified under the "moderate cuts" scenario (RCP 4.5).

Climate change

(5.1.1.1) Scenario used

Physical climate scenarios

☑ Bespoke physical climate scenario

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0°C and above

(5.1.1.7) Reference year

2023

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2040

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes in ecosystem services provision

☑ Climate change (one of five drivers of nature change)

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

This analysis was both quantitative and qualitative. For Carter's owned and leased assets, including retail stores, chronic physical risks (e.g., water stress), and acute physical risks (e.g., hurricanes and flooding) were assessed. The measurable factors built into this scenario include historic loss rate exposure and frequency of various natural hazards. Physical risks were assessed using historical data to identify those sites likely to be most at risk of natural hazards that could become more frequent or severe with climate change. The qualitative assumption is that the results of the assessment are likely to become more frequent or severe with climate change. For physical risks in the upstream supply chain, natural hazard risk and potential influence on cotton availability was evaluated using the Cotton 2040: Climate Risk Explorer Tool (high emission scenario, RCP 8.5). Other assumptions are specific to Carter's or are dictated by the publicly-available and proprietary tools used that align with IPCC-published climate records. This analysis covers Carter's US operations and upstream manufacturing vendors.

(5.1.1.11) Rationale for choice of scenario

For Carter's owned and leased assets, including retail stores, the assessment of chronic physical risks (e.g., sea level rise) and acute physical risks (e.g., hurricanes and flooding) may help identify those sites likely to be most at risk of natural hazards that could become more frequent or severe with climate change and increasing emissions on a trajectory towards increasing global temperature. Projections for cotton-related risks were made up to the 2040 time horizon, due to data availability, and represent potential future changes in availability under a high emissions scenario.
[Add row]

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management
☑ Resilience of business model and strategy
☑ Capacity building
☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:
☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The results of scenario analysis have informed decisions and actions taken in 2023 and 2024. For example, as it relates to risk identification and management, the Company has begun to include climate risk assessments within our new store evaluation process, alongside financial and market considerations.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply
☑ Risk and opportunities identification, assessment and management
☑ Resilience of business model and strategy
☑ Capacity building
☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:
☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The results of scenario analysis have informed decisions and actions taken in 2023 and 2024. For example, as it relates to target setting, Carter's has set a target to reduce water usage in the manufacturing and washing of our products.

[Fixed row]

(5.2) Does your organization’s strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:

☑ No, but we are developing a climate transition plan within the next two years

(5.2.15) Primary reason for not having a climate transition plan that aligns with a 1.5°C world

Select from:

☑ Not an immediate strategic priority

(5.2.16) Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world

Carter's has pledged to become Net-Zero in its own operations by 2040. To achieve this goal, Carter's will build upon steps already taken by the Company, such as aiming to reduce Scope 1 and 2 emissions by 50% by 2030, implementing a waste reduction goal (resource efficiency) to complement our existing landfill diversion commitment (for which we achieved greater than 60% in 2023) and expanding our offering of low-carbon products. Progress is being made on our ESG priorities and targets (as reported in our annual Raise the Future Impact Report), therefore at this time it is not an immediate strategic priority to publish a stand-alone climate transition plan.
[Fixed row]

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

Select all that apply

☑ Products and services

☑ Upstream/downstream value chain

☑ Investment in R&D

☑ Operations

[Fixed row]

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Products and services

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Opportunity to expand low-carbon and low water impact products: Carter's has committed to using 100 percent sustainable cotton and polyester fibers by 2030 across our family of brands (apparel only). In 2021, Carter's introduced recycled polyester products, began purchasing Better Cotton Initiative (BCI) credits, and increased the purchasing of the Global Organic Textile Standard (GOTS) certified organic cotton. In 2023, 41% of our cotton and recycled polyester are from either sustainable or recycled fibers. Additionally, Carter's has achieved a 62% reduction since 2019 in number of styles requiring additional wash during manufacturing, reducing the water required to produce products.

Upstream/downstream value chain

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Opportunity for Carter's to continue to expand engagement with suppliers through information collection on upstream greenhouse gas emissions and climate target progress (expanding on the work Carter's does annually collecting data for the Company's GHG inventory): In 2023 Carter's expanded our primary data collection efforts for the Company's annual GHG inventory to cover 100% of the total purchase order spend on manufactured goods from our Tier 1 vendors. A 90% response rate was achieved. This effort also involved partnering more closely with suppliers to improve reporting, for example by offering transportation vendors the opportunity to speak with a third-party sustainability consultancy about their calculation methods. Carter's recognizes that collecting primary data is a strategic priority which will support achievement of the Company's SBTi near-term targets which were approved in 2022 by the Science Based Targets initiative and commitment to net-zero emissions by 2040. 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 (including water usage), worker empowerment programs, and public disclosure, among other topics.

Investment in R&D

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Opportunity to invest in research and development into lower-carbon product/material alternatives to achieve Carter's SBTi near-term goals and commitment to net-zero emissions by 2040: As Carter's evolves its fiber portfolio strategy for our directly-sourced apparel, we will be transitioning away from conventionally produced fibers and assessing opportunities to increase our use of qualified sustainable fibers. For example, Carter's is currently using LENZING ECOVERO, an eco-responsible Viscose fiber sourced from responsibly managed forests, as well as recycled polyester and recycled nylon in some of its products.

Operations

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Opportunity to invest in renewable energy, energy efficiency and emissions reduction in operations to achieve Carter's SBTi near-term goals and commitment to net-zero emissions by 2040: Investments for emissions reduction initiatives are the primary investment being investigated to reduce emissions. For example, 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. 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, as reported in our 2023 Raise the Future Impact Report. For our 2023 GHG inventory, we purchased 10,000 verified credits in 2024, to be applied to our 2023 emissions.

[Add row]

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Direct costs

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Climate change

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

CASE STUDY (a) Situation: The use of fossil-based energy can be considered a risk as price fluctuations occur due to market conditions (including divestment from fossil fuel companies and the implementation of carbon pricing on energy). Carter's relies on energy for its operations, in particular the use of electricity at stores and distribution centers. (b) Task: In order to insulate Carter's against the risk of price fluctuations and increased costs, the Company is developing a strategy to both reduce energy consumption and shift to renewable electricity, where possible. (c) Action: 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, as reported in our 2023 Raise the Future Impact Report. For our 2023 GHG inventory, we purchased 10,000 verified credits in 2024, to be applied to our 2023 emissions. (d) Result: As a result of these efforts among others, Carter's saw a 26% reduction in its Scope 1 and 2 greenhouse gas emissions since 2019 and is on the path toward achieving its near-term science-based targets and is well positioned to continue decarbonizing its direct operations.

Row 2

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Direct costs

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Water

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

Carter's has committed to using 100 percent sustainable cotton by 2030 across our family of brands (apparel only), 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. We achieved our goal to have Better Cotton account for at least 50% of our cotton by 2026 three years early, with 53% of our cotton coming from Better Cotton in 2023 – an almost 700% increase from 2022. This represents an intentional shift in direct costs towards Better Cotton.
[Add row]

(5.4) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
	Select from: ☑ No, but we plan to in the next two years

[Fixed row]

(5.9) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

(5.9.1) Water-related CAPEX (+/- % change)

0

(5.9.2) Anticipated forward trend for CAPEX (+/- % change)

0

(5.9.3) Water-related OPEX (+/- % change)

7.4

(5.9.4) Anticipated forward trend for OPEX (+/- % change)

7

(5.9.5) Please explain

Water-related OpEX is estimated based on percent change in water consumption in direct operations. From 2022 to 2023 water consumption increased 7.4%. This calculation assumes the cost of water remains consistent year over year. It is assumed that this trend will remain consistent year over year (hence anticipated forward trend of 7%).
[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

(5.10.1) Use of internal pricing of environmental externalities

Select from:

☑ No, and we do not plan to in the next two years

(5.10.3) Primary reason for not pricing environmental externalities

Select from:

☑ Not an immediate strategic priority

(5.10.4) Explain why your organization does not price environmental externalities

Carter's has made progress on the Company's goals related to emissions and water usage. Therefore, at this point in time there is no plan to implement an internal price on environmental externalities. Said another way there is not currently a need for an additional pool of money as Carter's already invests into sustainability initiatives and is making progress against goals.
[Fixed row]

(5.11) Do you engage with your value chain on environmental issues?

Suppliers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ Yes

(5.11.2) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

Customers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

Customer engagement is conducted through emissions allocation & engagement. Carter's may develop strategy to further include customers in sustainability initiatives in the future.

Investors and shareholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ Yes

(5.11.2) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

Other value chain stakeholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ Yes

(5.11.2) Environmental issues covered

Select all that apply

☑ Climate change

[Fixed row]

(5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

Climate change

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☑ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

☑ Contribution to supplier-related Scope 3 emissions

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

☑ 100%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

We define our threshold as the same value relating to our SBTi target-- Totaling 77% of suppliers developing an SBTi target.

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:
☑ 26-50%

(5.11.1.6) Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

37

Water

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:
☑ No, we do not currently assess the dependencies and/or impacts of our suppliers, but we plan to do so within the next two years
[Fixed row]

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Climate change

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:
☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change

☑ Material sourcing

☑ Other, please specify **:**Worker empowerment programs

(5.11.2.4) Please explain

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.

Water

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ No, we do not prioritize which suppliers to engage with on this environmental issue

(5.11.2.3) Primary reason for no supplier prioritization on this environmental issue

Select from:

☑ We engage with all suppliers

(5.11.2.4) Please explain

Our supplier engagement practices are, at this point, focused largely on climate criteria and support for suppliers' workforce. Water considerations may be prioritized in the future.
[Fixed row]

(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

	Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process	Policy in place for addressing supplier non-compliance	Comment
Climate change	*Select from:* ☑ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	*Select from:* ☑ No, we do not have a policy in place for addressing non-compliance	*We purchase cotton from some suppliers and increasingly prioritize material sourcing aligned with the Better Cotton Initiative (BCI).*
Water	*Select from:* ☑ No, but we plan to introduce environmental requirements related to this environmental issue within the next two years	*Select from:* ☑ No, we do not have a policy in place for addressing non-compliance	*We purchase cotton from some suppliers and increasingly prioritize material sourcing aligned with the Better Cotton Initiative (BCI).*

[Fixed row]

(5.11.6) Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Climate change

(5.11.6.1) Environmental requirement

Select from:

☑ Setting a science-based emissions reduction target

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Supplier self-assessment

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:
☑ 76-99%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:
☑ 26-50%

(5.11.6.7) % tier 1 supplier-related scope 3 emissions attributable to the suppliers required to comply with this environmental requirement

Select from:
☑ 76-99%

(5.11.6.8) % tier 1 supplier-related scope 3 emissions attributable to the suppliers in compliance with this environmental requirement

Select from:
☑ 76-99%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:
☑ Retain and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:
☑ 100%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply
☑ Other, please specify **:**Engage suppliers annually

(5.11.6.12) Comment

We track supplier engagement via annual survey and are increasing efforts to build visibility and engagement for these requirements.
[Add row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:
☑ Adaptation to climate change

(5.11.7.3) Type and details of engagement

Capacity building
☑ Support suppliers to develop public time-bound action plans with clear milestones
☑ Support suppliers to set their own environmental commitments across their operations

Information collection
☑ Collect GHG emissions data at least annually from suppliers
☑ Collect targets information at least annually from suppliers
☑ Collect water quality information at least annually from suppliers (e.g., discharge quality, pollution incidents, hazardous substances)
☑ Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)

(5.11.7.4) Upstream value chain coverage

Select all that apply
☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 100%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

Select from:

☑ 76-99%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

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.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement **:**We are helping suppliers position themselves to remain a preferred partner by having their own science-based targets. This will help meet Carter's STBi engagement target.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Unknown

Water

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ No other supplier engagement

[Add row]

(5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Climate change

(5.11.9.1) Type of stakeholder

Select from:

☑ Investors and shareholders

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Share information on environmental initiatives, progress and achievements

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 1-25%

(5.11.9.4) % stakeholder-associated scope 3 emissions

Select from:

☑ None

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

In 2023 Carter's has met with individual investors related to ESG matters. Additionally, we engage indirectly with investors through our participation in various ESG ratings assessments geared to that stakeholder group, such as ISS, MSCI, and Sustainalytics. For the second consecutive year, we were awarded Top ESG Program within the Region by Sustainalytics.

(5.11.9.6) Effect of engagement and measures of success

Enhancement of our ESG materiality assessment & improved relationship with investment community.

Water

(5.11.9.1) Type of stakeholder

Select from:

☑ Investors and shareholders

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Share information on environmental initiatives, progress and achievements

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 1-25%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

In 2023 Carter's has met with individual investors related to ESG matters. Additionally, we engage indirectly with investors through our participation in various ESG ratings assessments geared to that stakeholder group, such as ISS, MSCI, and Sustainalytics. For the second consecutive year, we were awarded Top ESG Program within the Region by Sustainalytics.

(5.11.9.6) Effect of engagement and measures of success

Enhancement of our ESG materiality assessment & improved relationship with investment community.
[Add row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Climate change

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

For Carter's, the control approach was selected, specifically using the operational control method to account for all operations under Carter's direct operational control. This consolidation approach was selected based on Carter's capacity to oversee the scope of its environmental performance, including water consumption, GHG emissions, etc., and implement changes across its consolidated operations. Additionally, Carter's does not hold investments, or financial stakes in entities through which an equity share, or financial control approach would be appropriate. This is demonstrated by the non-applicability of scope 3 categories, Investments & Franchises, and positions Operational Control as the most appropriate, complete, and comprehensive consolidation approach.

Water

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

For Carter's, the control approach was selected, specifically using the operational control method to account for all operations under Carter's direct operational control. This consolidation approach was selected based on Carter's capacity to oversee the scope of its environmental performance, including water consumption, GHG emissions, etc., and implement changes across its consolidated operations. Additionally, Carter's does not hold investments, or financial stakes in entities through which an equity share, or financial control approach would be appropriate. This is demonstrated by the non-applicability of scope 3 categories, Investments & Franchises, and positions Operational Control as the most appropriate, complete, and comprehensive consolidation approach.

Plastics

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

For Carter's, the control approach was selected, specifically using the operational control method to account for all operations under Carter's direct operational control. This consolidation approach was selected based on Carter's capacity to oversee the scope of its environmental performance, including water consumption, GHG emissions, etc., and implement changes across its consolidated operations. Additionally, Carter's does not hold investments, or financial stakes in entities through which an equity share, or financial control approach would be appropriate. This is demonstrated by the non-applicability of scope 3 categories, Investments & Franchises, and positions Operational Control as the most appropriate, complete, and comprehensive consolidation approach.

Biodiversity

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

For Carter's, the control approach was selected, specifically using the operational control method to account for all operations under Carter's direct operational control. This consolidation approach was selected based on Carter's capacity to oversee the scope of its environmental performance, including water consumption, GHG emissions, etc., and implement changes across its consolidated operations. Additionally, Carter's does not hold investments, or financial stakes in entities through which an equity share, or financial control approach would be appropriate. This is demonstrated by the non-applicability of scope 3 categories, Investments & Franchises, and positions Operational Control as the most appropriate, complete, and comprehensive consolidation approach.
[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:
☑ No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

	Has there been a structural change?
	Select all that apply ☑ No

[Fixed row]

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
	Select all that apply ☑ No

[Fixed row]

(7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Select all that apply

☑ The Climate Registry: General Reporting Protocol

☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

☑ The Greenhouse Gas Protocol: Scope 2 Guidance

☑ US EPA Emissions & Generation Resource Integrated Database (eGRID)

(7.3) Describe your organization’s approach to reporting Scope 2 emissions.

(7.3.1) Scope 2, location-based

Select from:

☑ We are reporting a Scope 2, location-based figure

(7.3.2) Scope 2, market-based

Select from:

☑ We are reporting a Scope 2, market-based figure

(7.3.3) Comment

The market-based figure is calculated based on Green-e's residual mix emission factors. When the utility-specific data are not available, located-based emission factors are applied as a default.
[Fixed row]

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Select from:

☑ No

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

7821.85

(7.5.3) Methodological details

An operational control approach is utilized. The emission sources in this scope include 1) natural gas, propane, and/or fuel oil stationary combustion in offices, stores, and distribution centers operated by Carter's. 2) refrigerant fugitive emission from A/C units in offices, stores, and distribution centers operated by Carter's. For source 1, the primary data was collected from utility bills received. When utility bills are unavailable, it is assumed natural gas was used and the usage was estimated based on the size of the facility, its type and the average per-ft2 thermal demand intensity of the type of facility in the same state/province. The intensity was calculated based on Carter's available primary data and on a state/province level because the thermal demand is for space heating and thus location relevant. The estimated thermal demand was assumed to be met by natural gas combustion as natural gas is more commonly used than fuel oil and propane on a national level. The emission factors for source 1 are derived from USEPA's GHG emission factor hub for facilities in the US. For locations in Canada, Canada's National Inventory Report was referenced. For other locations, IPCC's Guidelines were referenced. For source 3, the refrigerant fugitive emission is estimated based on the square footage of facilities that are climate controlled. The estimate is on the basis of 1) correlation between capacity of refrigerants in A/C units and the size of space the A/C units serve, and 2) USEPA's repairing threshold of annual leakage of comfort cooling units (10%). R-410a is assumed to be the refrigerant as it is commonly used in comfort cooling application and is a substitute for R-22 which was typically used. All the GHG emissions are normalized to CO2e as per IPCC AR5.

Scope 2 (location-based)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

46322.71

(7.5.3) Methodological details

An operational control approach is utilized. The emission sources in the scope include 1) purchased electricity consumed in offices, stores, and distribution centers operated by Carter's. 2) purchased chilled water consumed in stores operated by Carter's. For both sources 1 and 2, primary data of usage was collected from utility bills. When utility bills are not available, it is assumed electricity was used and the usage was estimated based on the size of the facility, its type, and the average per-ft2 electricity usage intensity of the type of facility in the same state/province. The intensity was calculated based on Carter's available primary data and on a state/province level. No chilled water usage was estimated as chilled water is not commonly used on a national level and the cooling need are more commonly met by electric units. The emission factors for source 1 is USEPA's eGRID dataset for facilities in the US (located-based), Green-e's residual mix for facility in the US (market-based), Canada's National Inventory Report for Canadian facilities (location-based and market-based). IEA's electricity emission factors were referenced for facilities located in other countries (location-based and market-based). The emission factors of chilled water were converted from electricity emission factors based on USDOE's instruction for Form EIA-1605. All the GHG emissions are normalized to CO2e as per IPCC AR5.

Scope 2 (market-based)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

49457.77

(7.5.3) Methodological details

An operational control approach is utilized. The emission sources in the scope include 1) purchased electricity consumed in offices, stores, and distribution centers operated by Carter's. 2) purchased chilled water consumed in stores operated by Carter's. For both sources 1 and 2, primary data of usage was collected from utility bills. When utility bills are not available, it is assumed electricity was used and the usage was estimated based on the size of the facility, its type, and the average per-ft2 electricity usage intensity of the type of facility in the same state/province. The intensity was calculated based on Carter's available primary data and on a state/province level. No chilled water usage was estimated as chilled water is not commonly used on a national level and the cooling needs are more commonly met by electric units. The emission factors for source 1 is USEPA's eGRID dataset for facilities in the US (located-based), Green-e's residual mix for facility in the US (market-based), Canada's National Inventory Report for Canadian facilities (location-based and market-based). IEA's electricity emission factors were referenced for facilities located in other countries (location-based and market-based). The emission factors of chilled water were converted from electricity emission factors based on USDOE's instruction for Form EIA-1605. All the GHG emissions are normalized to CO2e as per IPCC AR5.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

1138645.8

(7.5.3) Methodological details

The emission sources included in this category are: 1) the manufacturing facilities of Carter's suppliers, 2) the raw materials used for production, 3) collocated datacenters, and 4) tap water usage in the facilities operated by Carter's. For source 1, the activity data were collected by a survey covering the manufacturing facilities which represented more than 80% of the sourcing expense. The activity data collected include the fossil fuel usage, the purchased electricity, water usage, wastewater discharged, waste disposal, renewable energy sourcing, the total business volume and that attributed to Carter's. The activity data were allocated to Carter's based on the attributable business volume. The emissions from those manufacturing facilities not covered by the survey were accounted for by scaling the calculated result. The emission factors for fossil fuel combustion are based on IPCC's Guidelines. The emission factors for purchased emission factors are from IEA's dataset. For waste disposal, water usage, and wastewater treatment, Sphera's Managed Life Cycle Assessment Content database was utilized. For source 2, the best-selling product determined by the sales in monetary value in Carter's apparel product line and toy product line were selected as representative products and assessed for their raw material inputs. The emissions were calculated by multiplying the raw material input of one piece of product with the emission factors from Sphera's Managed LCA Content. The results are then scaled up based on the sourced quantity. For source 3, the electricity usage is estimated by the power of Carter's equipment housed in the data centers and the hours of operation. For source 4, the water usage data is collected from utility bills and for facilities without primary data, water usage is extrapolated based on the facility size.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Carter's business model does not involve acquiring capital goods. Based on the high-level evaluation, it is deemed immaterial.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

16570.05

(7.5.3) Methodological details

See the details of scope 1 and scope 2. The emission factors used in this category are from Sphera's Managed LCA content database.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

73252.23

(7.5.3) Methodological details

The emission sources included in this category are: 1) the transportation of the finished goods shipped from the manufacturing vendors to the distribution centers operated by Carter's or 3rd-party logistic vendors, 2) the transportation of the finished goods from the distribution centers to retail stores operated by Carter's or other clients that is paid by Carter's, and 3) the operation of the distribution centers operated by 3rd-party logistic vendors. For sources 1 and 2, the activity data collected are distance-based. An assumption would be made if the shipment weight data are not available. The emission factors utilized for calculation were from EPA's GHG emission factor hub. For some shipment vendors, the emissions of their transportation service were calculated by the vendors themselves. For source 3, the activity data collected are the energy usage and the allocation percentage. The source of the emission factors, depending on where the distribution centers are located, includes USEPA (for US-based distribution centers), Canada National Inventory Report (for Canada-based distribution centers), Mexico government, IEA, and IPCC's guidelines.

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

6176.72

(7.5.3) Methodological details

This category employs an operational control approach. The data collected includes 1) the weight of solid waste collected from retail stores, offices and distribution centers operated by Carter's, and 2) the wastewater data. Assumptions are made when primary data is not available and include 1) waste generation is correlated with the size and the type of facilities so extrapolation and allocates are done based on size of a facility and the facility type, 2) water source is assumed to be the amount of wastewater when wastewater quantity is not available. The calculation approach is waste type based. The emission factors utilized are mainly from USEPA.

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

This category is deemed immaterial based on the evaluation using the spend-based method.

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

21047.45

(7.5.3) Methodological details

This category includes all Carter's employees in the retail stores, distribution centers and offices operated by Carter's. The input is the employee numbers in the US-based facilities. The employee numbers are used to estimate the total commuting distance based on the states where the employees reside. The US-based results are used to estimate those of Canada, Asia and Mexico based on the size of the facilities in each region. All the distance data is scaled up by 25% to account for the well-to-tank emissions. The emission factors used in the calculation is from USEPA.

Scope 3 category 8: Upstream leased assets

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

All the upstream leased assets owned by Carter's have been included in scope 1 and scope 2 based on the operational control consolidation approach.

Scope 3 category 9: Downstream transportation and distribution

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

This category covers customer trips to stores. Data assumptions, particularly about customer behavior, make emissions allocation in this category very uncertain, therefore this category is excluded.

Scope 3 category 10: Processing of sold products

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Carter's products do not require further processing after sale therefore this category is not applicable.

Scope 3 category 11: Use of sold products

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Carter's products do not have direct use phase emissions therefore this category is not applicable.

Scope 3 category 12: End of life treatment of sold products

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

56330.76

(7.5.3) Methodological details

The measurement approach is waste-specific based. The input of the calculation is the total unit of sold apparel and sold toys. Using the weight of the representative apparel product and toy, the total unit of sold apparel and sold toys are converted to the total weight of sold products. It is assumed all the products are landfilled at their EOL. The emission factors used are from Sphera's Managed LCA content database.

Scope 3 category 13: Downstream leased assets

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

There are no downstream leased assets.

Scope 3 category 14: Franchises

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

This category is deemed immaterial. Based on the evaluation of franchises, the impact falls below 1% of the total emission.

Scope 3 category 15: Investments

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

There are no investments.

Scope 3: Other (upstream)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

No other upstream emissions were considered.

Scope 3: Other (downstream)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

No other downstream emissions were considered.
[Fixed row]

(7.6) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

7432.65

(7.6.3) Methodological details

Operational control approach is utilized. The emission sources in this scope include 1) natural gas and propane stationary combustion in offices, stores, and distribution centers operated by Carter’s. 2) diesel mobile combustion in distribution centers operated by Carter’s. 3) refrigerant fugitive emission from A/C units in offices, stores, and distribution centers operated by Carter’s. For source 1, the primary data was collected from utility bills received. When utility bills are not available, it is assumed natural gas was used and the usage was estimated based on the size of the facility, its type and the average per-ft2 thermal demand intensity of the type of facility in the same state/province. The intensity was calculated based on Carter’s available primary data and on a state/province level because the thermal demand is for space heating and thus location relevant. The estimated thermal demand was assumed to be met by natural gas combustion as natural gas is more commonly used than fuel oil and propane on a national level. The emission factors for sources 1 and 2 are derived from USEPA’s GHG emission factor hub for facilities in the US. For locations in Canada, Canada’s National Inventory Report was referenced. For other locations, IPCC’s Guidelines were referenced. For source 3, the refrigerant fugitive emission is estimated based on the square footage of facilities that are climate controlled. The estimate is on the basis of 1) correlation between capacity of refrigerants in A/C units and the size of space the A/C units serve, and 2) USEPA’s repairing threshold of annual leakage of comfort cooling units (10%). R-410a is assumed to be the refrigerant as it is commonly used in comfort cooling application and is a substitute of R-22 which was typically used. All the GHG emissions are normalized to CO2e as per IPCC AR6.
[Fixed row]

(7.7) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

33839.78

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

35205.19

(7.7.4) Methodological details

Operational control approach is utilized. The emission sources in the scope include 1) purchased electricity consumed in offices, stores, and distribution centers operated by Carter's. 2) purchased chilled water consumed in stores operated by Carter's. For both source 1 and 2, primary data of usage was collected from utility bills. When utility bills are not available, it is assumed electricity was used and the usage was estimated based on the size of the facility, its type, and the average per-ft2 electricity usage intensity of the type of facility in the same state/province. The intensity was calculated based on Carter's available primary data and on a state/province level. No chilled water usage was estimated as chilled water is not commonly used on a national level and the cooling need are more commonly met by electric units. The emission factors for source 1 is USEPA's eGRID dataset for facilities in the US (located-based), Green-e's residual mix for facility in the US (market-based), Canada's National Inventory Report for Canadian facilities (location-based and market-based). IEA's electricity emission factors were referenced for facilities located in other countries (location-based and market-based). The emission factors of chilled water were converted from electricity emission factors based on USDOE's instruction for Form EIA-1605. All the GHG emissions are normalized to CO2e as per IPCC AR6.
[Fixed row]

(7.8) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

665040.32

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Supplier-specific method

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

32.35

(7.8.5) Please explain

The emission sources included in this category are: 1) the manufacturing facilities of Carter's suppliers, 2) the raw materials used for production, 3) collocated data centers, and 4) tap water usage in the facilities operated by Carter's. For source 1, the activity data were collected by a survey covering the manufacturing facilities which represented more than 80% of the sourcing expense. The activity data collected include fossil fuel usage, purchased electricity, water usage, wastewater discharge, waste disposal, and renewable energy sourcing. The calculated emission of each manufacturer is allocated to Carter's based on the percentage of Carter's order to the total business volume of a manufacturer. The emissions from those manufacturing facilities not covered by the survey were accounted for by scaling the calculated result. The emission factors for fossil fuel combustion are based on IPCC's Guidelines. The emission factors for purchased electricity are from IEA's dataset. For waste disposal, water usage, and wastewater treatment, Sphera's Managed Life Cycle Assessment Content database was utilized. For source 2, two scenarios exist. The emissions of the fiber used for apparel products are calculated based on Sphera's Managed LCA content database and the actual weight Carter's sourced in the reporting period. The emissions of the raw materials used for toy products are based on the best-selling product as the representative product. Its material usage is scaled up to the total purchased quantity and then multiplied with the appropriate emission factors from Sphera's database. For source 3, the electricity usage is estimated by the power of Carter's equipment housed in the data centers and the hours of operation. For source 4, the water usage data is collected from utility bills, and for facilities without primary data, water usage is extrapolated based on the facility size.

Capital goods

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Carter's business model does not involve acquiring capital goods. Based on the high-level evaluation, it is deemed immaterial.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

7699.27

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

The boundary of this category covers all four elements of the minimum boundary described in GHG Protocol's scope 3 reporting standard. The input data is the same as those used in scope 1 and scope 2. The emission factors are from Sphera's Managed LCA content database.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

44295

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Distance-based method

☑ Site-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

88.87

(7.8.5) Please explain

The boundary of this category covers the minimum boundary described in GHG Protocol's scope 3 reporting standard. The approach to calculating the emissions from transportation vehicles is distance-based. Primary data collected include shipment distances as well as cargo weights. Assumptions were made when cargo weights were not available. Average cargo weight is used as the proxy. The emission factors for calculation are from USEPA's emission factor hub. To account for the well-to-tank emissions, the tank-to-well emission results were scaled up by 25%. The approach to calculating the emission from facilities is site-specific. When a facility is shared with other parties, the allocation is based on Carter's occupied size in the facility.

Waste generated in operations

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

7003.25

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

☑ Waste-type-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

This category employs an operational control approach. The data collected includes 1) the weight of solid waste collected from retail stores, offices, and distribution centers operated by Carter's, and 2) the wastewater data. Assumptions are made when primary data is not available and include 1) waste generation is correlated with the size and the type of facilities so extrapolation and allocates are done based on the size of a facility and the facility type, 2) water source is assumed to be the amount of wastewater when wastewater quantity is not available. The calculation approach is waste type-based. The emission factors utilized are mainly from USEPA.

Business travel

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

1126.64

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Supplier-specific method

☑ Spend-based method

☑ Fuel-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

72.65

(7.8.5) Please explain

The category includes the emissions of air flights, car rentals, and hotel accommodation. The emissions of air flights were calculated and provided by the service providers. The expense charged for the fuel of car rentals is used to estimate the quantity of fuel. It is assumed the fuel type is regular gasoline.

Employee commuting

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

12976

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

This category includes all Carter's employees in the retail stores, distribution centers, and offices operated by Carter's. The input is the employee numbers in the US-based facilities. The employee numbers are used to estimate the total commuting distance based on the states where the employees reside. The US-based results are used to estimate those of Canada, Asia, and Mexico based on the size of the facilities in each region. The emission factors used in the calculation are from USEPA. To account for the well-to-tank emissions, the fuel consumption is calculated by dividing the total commuting distance by an assumed MPG (24.4 miles per gal of gasoline). The quotient is multiplied by the upstream emission factor of gasoline sourced from Sphera's database for the well-to-tank emissions.

Upstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

The emissions from the facilities of which Carter's is the lessee were either included in Scope 1 and Scope 2 as Carter's have operational control of the assets or included in Upstream Transportation and Distribution as these facilities were used as distribution centers.

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Relevant, not yet calculated

(7.8.5) Please explain

Carter's has approximately 1000 retail stores in North America and its products are also sold in many major retailers around the world. So far, we have not found a robust data source to estimate the distance of consumers travel to Carter's stores or retailers selling Carter's products.

Processing of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Products are sold in their final form. No further processing is needed before using the products.

Use of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

The indirect emissions from using Carter's products are from washing and drying the apparel. Its reporting is optional according to WRI's GHG Protocol.

End of life treatment of sold products

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

28928.46

(7.8.3) Emissions calculation methodology

Select all that apply
☑ Waste-type-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

The measurement approach is waste-specific based. The input of the calculation is the total unit of sold toy, and the total weight of fiber used in apparel products. Using the weight of the representative toy product, the total unit of sold toys is converted to the weight of sold products. It is assumed all the products are landfilled at their EOL. The emission factors used are from Sphera's Managed LCA content database.

Downstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Carter's does not have downstream leased assets.

Franchises

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

A high-level screening evaluation was conducted to determine the significance of GHG emissions from franchises stores. The result of the evaluation indicated the emissions of this category were not material.

Investments

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Carter's does not have an investment portfolio to include in this category.

Other (upstream)

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

No other upstream emission.

Other (downstream)

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

No other upstream emission.
[Fixed row]

(7.9) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	*Select from:* ☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	*Select from:* ☑ Third-party verification or assurance process in place
Scope 3	*Select from:* ☑ No third-party verification or assurance

[Fixed row]

(7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Row 1

(7.9.1.1) Verification or assurance cycle in place

Select from:
☑ Annual process

(7.9.1.2) Status in the current reporting year

Select from:
☑ Complete

(7.9.1.3) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.1.4) Attach the statement

Carters_CSR_May_17_10a.pdf

(7.9.1.5) Page/section reference

2023 Impact Report p. 73 Note: "FY2023" is equivalent to "CY2023" and is consistent with the data provided in this 2024 CDP Climate Change questionnaire.

(7.9.1.6) Relevant standard

Select from:
☑ ISAE3000

(7.9.1.7) Proportion of reported emissions verified (%)

100
[Add row]

(7.9.2) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Row 1

(7.9.2.1) Scope 2 approach

Select from:
☑ Scope 2 location-based

(7.9.2.2) Verification or assurance cycle in place

Select from:
☑ Annual process

(7.9.2.3) Status in the current reporting year

Select from:
☑ Complete

(7.9.2.4) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.2.5) Attach the statement

Carters_CSR_May_17_10a.pdf

(7.9.2.6) Page/ section reference

2023 Impact Report p. 73. Note: "FY2023" is equivalent to "CY2023" and is consistent with the data provided in this 2024 CDP Climate Change questionnaire.

(7.9.2.7) Relevant standard

Select from:
☑ ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100

Row 2

(7.9.2.1) Scope 2 approach

Select from:
☑ Scope 2 market-based

(7.9.2.2) Verification or assurance cycle in place

Select from:
☑ Annual process

(7.9.2.3) Status in the current reporting year

Select from:
☑ Complete

(7.9.2.4) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.2.5) Attach the statement

Carters_CSR_May_17_10a.pdf

(7.9.2.6) Page/ section reference

2023 Impact Report p. 73. Note: "FY2023" is equivalent to "CY2023" and is consistent with the data provided in this 2024 CDP Climate Change questionnaire.

(7.9.2.7) Relevant standard

Select from:
☑ ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100
[Add row]

(7.10) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Select from:
☑ Increased

(7.10.1) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Change in renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Divestment

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Acquisitions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Mergers

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Change in output

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Change in methodology

(7.10.1.1) Change in emissions (metric tons CO2e)

237.3

(7.10.1.2) Direction of change in emissions

Select from:
☑ Increased

(7.10.1.3) Emissions value (percentage)

0.575

(7.10.1.4) Please explain calculation

AR6 factors are applied to 2022's scope 1 and 2 (market-based) emissions. The sum of the products are then subtracted by 2022's scope 1 and scope 2 emissions.

Change in boundary

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Change in physical operating conditions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Unidentified

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

N/A

Other

(7.10.1.1) Change in emissions (metric tons CO2e)

1129.94

(7.10.1.2) Direction of change in emissions

Select from:
☑ Increased

(7.10.1.3) Emissions value (percentage)

2.7379

(7.10.1.4) Please explain calculation

The recent increase in emissions is most likely attributed to operationally related factors, such as retail store opening and/or climate differences year-over-year that may have caused varying usages of energy across multiple locations.
[Fixed row]

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Select from:
☑ Market-based

(7.12) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Select from:
☑ No

(7.15) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Select from:
☑ Yes

(7.15.1) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

Row 1

(7.15.1.1) Greenhouse gas

Select from:
☑ CO2

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

5759.4

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 2

(7.15.1.1) Greenhouse gas

Select from:
☑ CH4

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

11.71

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 3

(7.15.1.1) Greenhouse gas

Select from:

☑ N2O

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

11.6

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 4

(7.15.1.1) Greenhouse gas

Select from:

☑ HFCs

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

1649.95

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)
[Add row]

(7.16) Break down your total gross global Scope 1 and 2 emissions by country/area.

Bangladesh

(7.16.1) Scope 1 emissions (metric tons CO2e)

1.34

(7.16.2) Scope 2, location-based (metric tons CO2e)

17.08

(7.16.3) Scope 2, market-based (metric tons CO2e)

17.08

Cambodia

(7.16.1) Scope 1 emissions (metric tons CO2e)

0.68

(7.16.2) Scope 2, location-based (metric tons CO2e)

4.38

(7.16.3) Scope 2, market-based (metric tons CO2e)

4.38

Canada

(7.16.1) Scope 1 emissions (metric tons CO2e)

2062.71

(7.16.2) Scope 2, location-based (metric tons CO2e)

1353.02

(7.16.3) Scope 2, market-based (metric tons CO2e)

1353.02

China

(7.16.1) Scope 1 emissions (metric tons CO2e)

1.04

(7.16.2) Scope 2, location-based (metric tons CO2e)

18.37

(7.16.3) Scope 2, market-based (metric tons CO2e)

18.37

Hong Kong SAR, China

(7.16.1) Scope 1 emissions (metric tons CO2e)

9.35

(7.16.2) Scope 2, location-based (metric tons CO2e)

202.48

(7.16.3) Scope 2, market-based (metric tons CO2e)

202.48

Mexico

(7.16.1) Scope 1 emissions (metric tons CO2e)

37.64

(7.16.2) Scope 2, location-based (metric tons CO2e)

673.02

(7.16.3) Scope 2, market-based (metric tons CO2e)

673.02

United States of America

(7.16.1) Scope 1 emissions (metric tons CO2e)

5318.86

(7.16.2) Scope 2, location-based (metric tons CO2e)

31569.11

(7.16.3) Scope 2, market-based (metric tons CO2e)

32934.52

Viet Nam

(7.16.1) Scope 1 emissions (metric tons CO2e)

1.03

(7.16.2) Scope 2, location-based (metric tons CO2e)

2.32

(7.16.3) Scope 2, market-based (metric tons CO2e)

2.32
[Fixed row]

(7.17) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

Select all that apply
☑ By activity

(7.17.3) Break down your total gross global Scope 1 emissions by business activity.

	Activity	Scope 1 emissions (metric tons CO2e)
Row 1	*Retail Stores (Company-operated)*	*5337.71*
Row 2	*Distribution Centers*	*1926.02*
Row 4	*Corporate Offices*	*168.92*

[Add row]

(7.20) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

Select all that apply
☑ By activity

(7.20.3) Break down your total gross global Scope 2 emissions by business activity.

	Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Row 1	*Retail Stores (Company-operated)*	*24225.37*	*25523.35*
Row 2	*Corporate Offices*	*1515.82*	*1519.33*
Row 4	*Distribution Centers*	*8098.59*	*8162.51*

[Add row]

(7.22) Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Consolidated accounting group

(7.22.1) Scope 1 emissions (metric tons CO2e)

7432.65

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

33839.78

(7.22.3) Scope 2, market-based emissions (metric tons CO2e)

35205.19

(7.22.4) Please explain

Consolidated emissions totals reflect the parent organization's Scope 1 & 2 emissions.

All other entities

(7.22.1) Scope 1 emissions (metric tons CO2e)

0

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

0

(7.22.3) Scope 2, market-based emissions (metric tons CO2e)

0

(7.22.4) Please explain

0
[Fixed row]

(7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Select from:
☑ No

(7.26) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Row 1

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Other unit, please specify **:**Units sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

2337923

(7.26.9) Emissions in metric tonnes of CO2e

32

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The stationary combustion of natural gas in corporate offices and distribution centers for space heating, and the mobile combustion of fuel for material handling.

(7.26.12) Allocation verified by a third party?

Select from:

☑ Yes

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The retail stores' operation is not related to the products supplied to the requester company; thus, the emissions from this source are excluded from allocation. This scope's other operational sources are connected with the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A

Row 2

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 2: market-based

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Other unit, please specify **:**Units sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

2337923

(7.26.9) Emissions in metric tonnes of CO2e

150

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The indirect emission of electricity used in corporate offices and distribution centers under Carter's direct control.

(7.26.12) Allocation verified by a third party?

Select from:

☑ Yes

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Retail store operation is not related to the products supplied to the requester company; thus, emissions from this source are excluded from allocation. This scope's other operational sources are directly related to the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A

Row 3

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply

☑ Category 6: Business travel

☑ Category 7: Employee commuting

☑ Category 1: Purchased goods and services

☑ Category 5: Waste generated in operations

☑ Category 12: End-of-life treatment of sold products

☑ Category 4: Upstream transportation and distribution

☑ Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Other unit, please specify **:**Units sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

2337923

(7.26.9) Emissions in metric tonnes of CO2e

3265

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The cradle-to-gate emissions of products supplied to the requester company; the upstream emission of fuel and energy consumed in the operation of corporate facilities and distribution centers under Carter's direct control; the transportation of products from manufacturing facilities to Carter's distribution centers and 3rd-party logistic distribution centers; the operation of 3rd party logistic distribution centers; the off-site treatment of waste generated in the operation of Carter's corporate offices and distribution centers under Carter's direction control; the commuting of employees working in Carter's corporate offices and distribution centers; the end-of-life treatment of sold products; business travel of employees working in the corporate offices.

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Retail store operation is not related to the products supplied to the requester company; thus, emissions from this source are excluded from allocation. This scope's other operational sources are directly related to the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A

Row 4

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Other unit, please specify **:**Units Sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

48460574

(7.26.9) Emissions in metric tonnes of CO2e

656

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The stationary combustion of natural gas in corporate offices and distribution centers for space heating, and the mobile combustion of fuel for material handling.

(7.26.12) Allocation verified by a third party?

Select from:

☑ Yes

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Retail store operation is not related to the products supplied to the requester company; thus, emissions from this source are excluded from allocation. This scope's other operational sources are directly related to the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A

Row 5

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 2: market-based

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:
☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Other unit, please specify **:**Units Sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

48460574

(7.26.9) Emissions in metric tonnes of CO2e

3106

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The indirect emission of electricity used in corporate offices and distribution centers under Carter's direct control.

(7.26.12) Allocation verified by a third party?

Select from:
☑ Yes

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Retail store operation is not related to the products supplied to the requester company; thus, emissions from this source are excluded from allocation. This scope's other operational sources are directly related to the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A

Row 6

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply

☑ Category 6: Business travel

☑ Category 7: Employee commuting

☑ Category 1: Purchased goods and services

☑ Category 5: Waste generated in operations

☑ Category 12: End-of-life treatment of sold products

☑ Category 4: Upstream transportation and distribution

☑ Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

The operation of distribution centers under Carter's direct control and Carter's corporate offices. The emissions from the operation of retail stores were excluded.

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Other unit, please specify **:**Units Sold

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

48460574

(7.26.9) Emissions in metric tonnes of CO2e

67668

(7.26.10) Uncertainty (±%)

50

(7.26.11) Major sources of emissions

The cradle-to-gate emissions of products supplied to the requester company; the upstream emission of fuel and energy consumed in the operation of corporate facilities and distribution centers under Carter's direct control; the transportation of products from manufacturing facilities to Carter's distribution centers and 3rd-party logistic distribution centers; the operation of 3rd party logistic distribution centers; the off-site treatment of waste generated in the operation of Carter's corporate offices and distribution centers under Carter's direction control; the commuting of employees working in Carter's corporate offices and distribution centers; the end-of-life treatment of sold products; business travel of employees working in the corporate offices.

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Retail store operation is not related to the products supplied to the requester company; thus, emissions from this source are excluded from allocation. This scope's other operational sources are directly related to the products supplied.

(7.26.14) Where published information has been used, please provide a reference

N/A
[Add row]

(7.27) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Row 1

(7.27.1) Allocation challenges

Select from:

☑ Other, please specify **:**Scope 3 evaluation

(7.27.2) Please explain what would help you overcome these challenges

Carter's conducted a deeper dive into Scope 3 emissions to better understand data quality from suppliers. Challenges learned included: suppliers may not calculate energy consumption and carbon emissions the same every year; definition and interpretation of units is potentially different from one supplier to the next; all suppliers do not have trained individuals providing data; and turnover at suppliers leads to inconsistency in providing data year over year.

Row 3

(7.27.1) Allocation challenges

Select from:

☑ Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult

(7.27.2) Please explain what would help you overcome these challenges

Carter's supply chain is highly diversified and consists of manufacturing throughout the globe. Emissions factors are highly dependent on subregions based on energy source availability. Carter's is planning to conduct Life Cycle Assessment on products in the near future. We believe this effort will better help us clarify subregion specific emissions factors.

Row 4

(7.27.1) Allocation challenges

Select from:

☑ Diversity of product lines makes accurately accounting for each product/product line cost ineffective

(7.27.2) Please explain what would help you overcome these challenges

Not all suppliers provide products for CDP-requesting customers. Going forward it will be important for Carter's to allocate specifically based on brand, style, and category sent specifically to CDP requesting customers. This will take some future collaboration with suppliers and will require product-level evaluations and life cycle assessments.
[Add row]

(7.28) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

	Do you plan to develop your capabilities to allocate emissions to your customers in the future?	Describe how you plan to develop your capabilities
	Select from: ☑ Yes	*Customer allocation capabilities are in progress, including by sales and units.*

[Fixed row]

(7.29) What percentage of your total operational spend in the reporting year was on energy?

Select from:
☑ More than 0% but less than or equal to 5%

(7.30) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	*Select from:* ☑ Yes
Consumption of purchased or acquired electricity	*Select from:*

	Indicate whether your organization undertook this energy-related activity in the reporting year
	☑ Yes
Consumption of purchased or acquired heat	*Select from:* ☑ No
Consumption of purchased or acquired steam	*Select from:* ☑ No
Consumption of purchased or acquired cooling	*Select from:* ☑ Yes
Generation of electricity, heat, steam, or cooling	*Select from:* ☑ No

[Fixed row]

(7.30.1) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

31837.81

(7.30.1.4) Total (renewable and non-renewable) MWh

31837.81

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

21722.34

(7.30.1.3) MWh from non-renewable sources

79659.02

(7.30.1.4) Total (renewable and non-renewable) MWh

101381.36

Consumption of purchased or acquired cooling

(7.30.1.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

38.7

(7.30.1.4) Total (renewable and non-renewable) MWh

38.7

Total energy consumption

(7.30.1.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

21722.34

(7.30.1.3) MWh from non-renewable sources

111496.83

(7.30.1.4) Total (renewable and non-renewable) MWh

133219.17
[Fixed row]

(7.30.6) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	*Select from:* ☑ No
Consumption of fuel for the generation of heat	*Select from:* ☑ Yes
Consumption of fuel for the generation of steam	*Select from:* ☑ No
Consumption of fuel for the generation of cooling	*Select from:* ☑ No
Consumption of fuel for co-generation or tri-generation	*Select from:* ☑ No

[Fixed row]

(7.30.7) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.8) Comment

No sustainable biomass was consumed.

Other biomass

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.8) Comment

No biomass was consumed.

Other renewable fuels (e.g. renewable hydrogen)

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.8) Comment

No renewable fuel was consumed.

Coal

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.8) Comment

No coal was consumed.

Oil

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

122.09

(7.30.7.8) Comment

The oil fuel consumed is diesel used by warehouse material handling equipment.

Gas

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

31715.72

(7.30.7.8) Comment

The gas fuels reported here are natural gas and propane.

Other non-renewable fuels (e.g. non-renewable hydrogen)

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.8) Comment

No other non-renewable fuels are consumed.

Total fuel

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

31837.81

(7.30.7.8) Comment

See above.
[Fixed row]

(7.30.14) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in 7.7.

Row 1

(7.30.14.1) Country/area

Select from:

☑ United States of America

(7.30.14.2) Sourcing method

Select from:

☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information

Row 2

(7.30.14.1) Country/area

Select from:

☑ Canada

(7.30.14.2) Sourcing method

Select from:

☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 3

(7.30.14.1) Country/area

Select from:
☑ Mexico

(7.30.14.2) Sourcing method

Select from:
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 4

(7.30.14.1) Country/area

Select from:
☑ Hong Kong SAR, China

(7.30.14.2) Sourcing method

Select from:
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 5

(7.30.14.1) Country/area

Select from:

☑ Bangladesh

(7.30.14.2) Sourcing method

Select from:

☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 6

(7.30.14.1) Country/area

Select from:

☑ Cambodia

(7.30.14.2) Sourcing method

Select from:

☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 7

(7.30.14.1) Country/area

Select from:

☑ China

(7.30.14.2) Sourcing method

Select from:
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.

Row 8

(7.30.14.1) Country/area

Select from:
☑ Viet Nam

(7.30.14.2) Sourcing method

Select from:
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

(7.30.14.10) Comment

No additional information.
[Add row]

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Bangladesh

(7.30.16.1) Consumption of purchased electricity (MWh)

31.36

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

31.36

Cambodia

(7.30.16.1) Consumption of purchased electricity (MWh)

8.83

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

8.83

Canada

(7.30.16.1) Consumption of purchased electricity (MWh)

14491.76

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

14491.76

China

(7.30.16.1) Consumption of purchased electricity (MWh)

29.74

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

29.74

Hong Kong SAR, China

(7.30.16.1) Consumption of purchased electricity (MWh)

315.85

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

316.00

Mexico

(7.30.16.1) Consumption of purchased electricity (MWh)

1536.59

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

1537.00

United States of America

(7.30.16.1) Consumption of purchased electricity (MWh)

84963.56

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

38.7

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

85002.26

Viet Nam

(7.30.16.1) Consumption of purchased electricity (MWh)

3.68

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

3.68
[Fixed row]

(7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Row 1

(7.45.1) Intensity figure

14.47

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

42637.84

(7.45.3) Metric denominator

Select from:

☑ Other, please specify **:**Sales in millions

(7.45.4) Metric denominator: Unit total

2946

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

13

(7.45.7) Direction of change

Select from:

☑ Increased

(7.45.8) Reasons for change

Select all that apply

☑ Change in methodology

☑ Other, please specify

(7.45.9) Please explain

1. AR6 factors are applied to 2022's scope 1 and 2 (market-based) emissions. The sum of the products is then subtracted from 2022's scope 1 and scope 2 emissions. 2. The recent increase in emissions is most likely attributed to operationally related factors, such as retail store opening and/or climate differences year-over-year that may have caused varying usages of energy across multiple locations.

Row 2

(7.45.1) Intensity figure

0.00007762

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

42637.84

(7.45.3) Metric denominator

Select from:

☑ unit of production

(7.45.4) Metric denominator: Unit total

549332549

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

34

(7.45.7) Direction of change

Select from:

☑ Increased

(7.45.8) Reasons for change

Select all that apply

☑ Change in output

☑ Other, please specify **:**Emissions increase

(7.45.9) Please explain

The recent increase in emissions is most likely attributed to operationally related factors, such as retail store opening and/or climate differences year-over-year that may have caused varying usages of energy across multiple locations.
[Add row]

(7.53) Did you have an emissions target that was active in the reporting year?

Select all that apply

☑ Absolute target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

Select from:

☑ Abs 1

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, and this target has been approved by the Science Based Targets initiative

(7.53.1.3) Science Based Targets initiative official validation letter

SBTi Goal Confirmation.pdf

(7.53.1.4) Target ambition

Select from:

☑ 1.5°C aligned

(7.53.1.5) Date target was set

01/01/2019

(7.53.1.6) Target coverage

Select from:

☑ Organization-wide

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

(7.53.1.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:

☑ Market-based

(7.53.1.11) End date of base year

12/31/2019

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

7821.85

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

49457.77

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

57279.620

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/31/2030

(7.53.1.55) Targeted reduction from base year (%)

50

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

28639.810

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

7432.65

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

35205.19

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

42637.840

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

51.12

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

This target is company-wide and covers 100% of both our Scope 1 and 2 emissions. The target exceeds what is required to be considered science-based (minimum ambition is 46.2%, Company target is 50%). We have not included any emissions or removals from bioenergy within the target boundary.

(7.53.1.83) Target objective

Target and reduce Scope 1 & 2 emissions, and continue to work towards Net Zero Emissions by 2040.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

The Company has begun assessing feasible intervention tactics with the primary aim being improvement of operational efficiency, with a focus on retail store and distribution center assets. Energy efficiency interventions under exploration include: behavioral actions through formalizing efficiency into store standards of practice, operational investments including lighting control panels and energy audits, as well as technical investments such as daylight sensors and programmable thermostats.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

[Add row]

(7.54) Did you have any other climate-related targets that were active in the reporting year?

Select all that apply

☑ Net-zero targets

☑ Other climate-related targets

(7.54.2) Provide details of any other climate-related targets, including methane reduction targets.

Row 1

(7.54.2.1) Target reference number

Select from:

☑ Oth 1

(7.54.2.2) Date target was set

01/01/2022

(7.54.2.3) Target coverage

Select from:

☑ Organization-wide

(7.54.2.4) Target type: absolute or intensity

Select from:

☑ Absolute

(7.54.2.5) Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

☑ metric tons of waste diverted from landfill

(7.54.2.7) End date of base year

12/31/2021

(7.54.2.8) Figure or percentage in base year

67

(7.54.2.9) End date of target

12/31/2025

(7.54.2.10) Figure or percentage at end of date of target

80

(7.54.2.11) Figure or percentage in reporting year

67

(7.54.2.12) % of target achieved relative to base year

0.0000000000

(7.54.2.13) Target status in reporting year

Select from:

☑ Underway

(7.54.2.15) Is this target part of an emissions target?

This is a complimentary goal to Carter's active emissions reduction targets and is part of the identified opportunity to improve resource efficiency.

(7.54.2.16) Is this target part of an overarching initiative?

Select all that apply

☑ No, it’s not part of an overarching initiative

(7.54.2.18) Please explain target coverage and identify any exclusions

The waste diversion goal covers waste generated at distribution centers and retail stores.

(7.54.2.19) Target objective

The objective of this target is to address the impact relating to waste generated by our operations and minimize both the volume of waste produced, and the external impacts of that waste from landfilling or waste processing.

(7.54.2.20) Plan for achieving target, and progress made to the end of the reporting year

In 2022, we set a goal to divert 80% of our waste from landfill by 2025. We began by focusing on waste generated at our distribution centers, where we diverted 90% of waste in 2022. We continued these efforts in 2023 and have reached 67% diversion this year. Our ability to manage waste at our retail stores is challenging since landlords manage waste disposal at many shopping centers and we do not have primary data related to volumes of waste generated or recycled at those locations. We are responsible for the waste services at the remaining number of stores, and utilize a waste management company to manage the collection of waste and

recycling. We utilize the data from those 195 stores to estimate the waste and recycling volumes at our other stores based on an average per square foot of retail space. Part of our plan for achieving our waste diversion target is to improve primary data availability.

Row 2

(7.54.2.1) Target reference number

Select from:

☑ Oth 1

(7.54.2.2) Date target was set

01/01/2022

(7.54.2.3) Target coverage

Select from:

☑ Organization-wide

(7.54.2.4) Target type: absolute or intensity

Select from:

☑ Absolute

(7.54.2.5) Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with suppliers

☑ Percentage of suppliers (by procurement spend) with a science-based target

(7.54.2.7) End date of base year

12/31/2019

(7.54.2.8) Figure or percentage in base year

0.0

(7.54.2.9) End date of target

12/31/2027

(7.54.2.10) Figure or percentage at end of date of target

77

(7.54.2.11) Figure or percentage in reporting year

43

(7.54.2.12) % of target achieved relative to base year

55.8441558442

(7.54.2.13) Target status in reporting year

Select from:

☑ Underway

(7.54.2.15) Is this target part of an emissions target?

This target is not part of an emissions target. It is the Scope 3 component of Carter's approved near-term science-based target through the Science Based Targets initiative.

(7.54.2.16) Is this target part of an overarching initiative?

Select all that apply

☑ Science Based Targets initiative – approved supplier engagement target

(7.54.2.17) Science Based Targets initiative official validation letter

SBTi Goal Confirmation.pdf

(7.54.2.18) Please explain target coverage and identify any exclusions

This target is part of Carter's near-term goal which was approved in 2022 by the Science Based Targets initiative. It is company-wide and Carter's commits that 77% of suppliers by spend covering purchased goods and services will have science-based targets by 2027. Currently 43% of suppliers by spend have set targets.

(7.54.2.19) Target objective

This target is part of Carter's near-term goal which was approved in 2022 by the Science Based Targets initiative. It is company-wide and Carter's commits that 77% of suppliers by spend covering purchased goods and services will have science-based targets by 2027.

(7.54.2.20) Plan for achieving target, and progress made to the end of the reporting year

The Company already engages with a wide range of suppliers for the process of conducting the greenhouse gas inventory, which occurs annually. Therefore, pursuing a supplier engagement goal aligned with SBTi is a logical next step. The process of achieving the target includes supplier surveys and currently covers nearly 100% of Tier 1 manufacturing facilities with an 84% response rate.
[Add row]

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

Select from:
☑ NZ1

(7.54.3.2) Date target was set

01/01/2022

(7.54.3.3) Target Coverage

Select from:
☑ Organization-wide

(7.54.3.4) Targets linked to this net zero target

Select all that apply

☑ Abs1

(7.54.3.5) End date of target for achieving net zero

12/31/2040

(7.54.3.6) Is this a science-based target?

Select from:

☑ No, but we are reporting another target that is science-based

(7.54.3.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.54.3.9) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

(7.54.3.10) Explain target coverage and identify any exclusions

This target is company-wide and covers emissions from our direct operations (scopes 1 and 2). It is an extension of our SBTi-approved near-term emissions reduction goal (Abs1).

(7.54.3.11) Target objective

This target is aimed at addressing our company's direct emissions and indirect emissions through purchased electricity.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Select from:
☑ Unsure

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

Select from:
☑ No, and we do not plan to within the next two years

(7.54.3.17) Target status in reporting year

Select from:
☑ Underway

(7.54.3.19) Process for reviewing target

Target review is is conducted during regular meetings scheduled to address climate and water related pursuits. Progress towards our target is tracked through annual greenhouse gas emissions calculations, REC procurement policies, and energy audits.
[Add row]

(7.55) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Select from:
☑ Yes

(7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	*2*	*`Numeric input*
To be implemented	*2*	*0*
Implementation commenced	*4*	*236*
Implemented	*1*	*43*
Not to be implemented	*0*	*`Numeric input*

[Fixed row]

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in buildings

☑ Lighting

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

43

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

0

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

0

(7.55.2.7) Payback period

Select from:

☑ No payback

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ Ongoing

(7.55.2.9) Comment

This energy-saving initiative refers to the switch to energy-efficient lighting (upgrade to LED). Lighting upgrades occur during store renovations, and are tracked annually. This calculation assumes an estimated average annual emissions savings.
[Add row]

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

Select from:

☑ Dedicated budget for energy efficiency

(7.55.3.2) Comment

Dedicating a budget for energy efficiency is part of our achievement path toward our SBTi-approved near-term emissions reduction target.

Row 3

(7.55.3.1) Method

Select from:

☑ Compliance with regulatory requirements/standards

(7.55.3.2) Comment

Our team monitors current and emerging regulations to ensure compliance. Regulatory requirements/standards related to emissions reduction would drive investment if further measures were needed for Carter's to remain compliant.

Row 4

(7.55.3.1) Method

Select from:

☑ Employee engagement

(7.55.3.2) Comment

Behavioral changes, including the modification of standard operating procedures at retail stores, are a key component of our emissions reduction initiatives.
[Add row]

(7.73) Are you providing product level data for your organization’s goods or services?

Select from:

☑ No, I am not providing data

(7.74) Do you classify any of your existing goods and/or services as low-carbon products?

Select from:
☑ No

(7.79) Has your organization canceled any project-based carbon credits within the reporting year?

Select from:
☑ No

C9. Environmental performance - Water security

(9.1) Are there any exclusions from your disclosure of water-related data?

Select from:

☑ No

(9.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

Water withdrawals – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 26-50

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

The measurement is provided with water utility bills.

(9.2.4) Please explain

1. The percentage provided is based on the number of facilities. 2. Most facilities receive monthly utility bills while a small portion of facilities' bills are provided quarterly. 3. For the remaining facilities without primary data, the estimate was made based on the size of a facility, the facility type, and the state/province where the facility is located.

Water withdrawals – volumes by source

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not monitored

(9.2.4) Please explain

All the water-related information was based on the utility bills. No water source information was available on the bills.

Water withdrawals quality

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not monitored

(9.2.4) Please explain

The water Carter's facilities sourced is municipal tap water.

Water discharges – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 1-25

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

The measurement is provided with water utility bills.

(9.2.4) Please explain

1. The percentage provided is based on the number of facilities. 2. Most facilities receive monthly utility bills while a small portion of facilities' bills are provided quarterly. 3. For the remaining facilities without primary data, the estimate was made that the wastewater quantity is equivalent to that of water sourced.

Water discharges – volumes by destination

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not monitored

(9.2.4) Please explain

The main water use in Carter's facilities is domestic. Domestic wastewater is discharged to a sewage system.

Water discharges – volumes by treatment method

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not monitored

(9.2.4) Please explain

All the water-related information was based on the utility bills. No wastewater treatment information was available on the bills.

Water discharge quality – by standard effluent parameters

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not monitored

(9.2.4) Please explain

Carter's does not collect information on effluent parameters.

Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)

(9.2.1) % of sites/facilities/operations

Select from:
☑ Not monitored

(9.2.4) Please explain

Carter's does not collect information on effluent parameters.

Water discharge quality – temperature

(9.2.1) % of sites/facilities/operations

Select from:
☑ Not monitored

(9.2.4) Please explain

Carter's does not collect information on effluent parameters.

Water consumption – total volume

(9.2.1) % of sites/facilities/operations

Select from:
☑ Not monitored

(9.2.4) Please explain

Because wastewater discharge volume is not tracked in all the facilities having primary data and the % of facilities having primary data is small, no estimate was made.

Water recycled/reused

(9.2.1) % of sites/facilities/operations

Select from:
☑ Not monitored

(9.2.4) Please explain

Water recycling is not currently tracked

The provision of fully-functioning, safely managed WASH services to all workers

(9.2.1) % of sites/facilities/operations

Select from:
☑ Not monitored

(9.2.4) Please explain

WASH services are not currently tracked
[Fixed row]

(9.2.2) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

Total withdrawals

(9.2.2.1) Volume (megaliters/year)

235.04

(9.2.2.2) Comparison with previous reporting year

Select from:
☑ Higher

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:
☑ Unknown

(9.2.2.4) Five-year forecast

Select from:
☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:
☑ Other, please specify **:**We anticipate consistent operation year over year on balance with annual store openings and closings. As such water withdrawals is not expected to change dramatically.

(9.2.2.6) Please explain

The percentage of increase is about 8%.

Total discharges

(9.2.2.1) Volume (megaliters/year)

230.14

(9.2.2.2) Comparison with previous reporting year

Select from:
☑ Higher

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:
☑ Unknown

(9.2.2.4) Five-year forecast

Select from:
☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:
☑ Other, please specify **:**We anticipate consistent operation year over year on balance with annual store openings and closings. As such water withdrawals is not expected to change dramatically.

(9.2.2.6) Please explain

Most wastewater discharge is based on estimates because of the lack of primary data.

Total consumption

(9.2.2.1) Volume (megaliters/year)

16.49

(9.2.2.2) Comparison with previous reporting year

Select from:
☑ Higher

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:
☑ Unknown

(9.2.2.4) Five-year forecast

Select from:
☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:
☑ Other, please specify **:**We anticipate consistent operation year over year on balance with annual store openings and closings. As such water withdrawals is not expected to change dramatically.

(9.2.2.6) Please explain

Most wastewater discharge is based on estimates because of the lack of primary data.
[Fixed row]

(9.2.4) Indicate whether water is withdrawn from areas with water stress, provide the volume, how it compares with the previous reporting year, and how it is forecasted to change.

(9.2.4.1) Withdrawals are from areas with water stress

Select from:
☑ Yes

(9.2.4.2) Volume withdrawn from areas with water stress (megaliters)

7.8

(9.2.4.3) Comparison with previous reporting year

Select from:
☑ This is our first year of measurement

(9.2.4.4) Primary reason for comparison with previous reporting year

Select from:
☑ Change in accounting methodology

(9.2.4.5) Five-year forecast

Select from:
☑ About the same

(9.2.4.6) Primary reason for forecast

Select from:
☑ Increase/decrease in business activity

(9.2.4.7) % of total withdrawals that are withdrawn from areas with water stress

3.32

(9.2.4.8) Identification tool

Select all that apply
☑ WWF Water Risk Filter

(9.2.4.9) Please explain

Offices and Distribution Centers (under operational control) with baseline water stress of 'High' or 'Very High' according to the WWF Water Risk tool are reported here. This is the first year of reporting. The forecast is expected to remain the same under the assumption that business activity remains about the same at the reported site types.
[Fixed row]

(9.3) In your direct operations and upstream value chain, what is the number of facilities where you have identified substantive water-related dependencies, impacts, risks, and opportunities?

Direct operations

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ Yes, we have assessed this value chain stage and identified facilities with water-related dependencies, impacts, risks, and opportunities

(9.3.2) Total number of facilities identified

2

(9.3.3) % of facilities in direct operations that this represents

Select from:

☑ Less than 1%

(9.3.4) Please explain

This disclosure covers US retail stores at risk of direct flooding from sea level rise by 2030.

Upstream value chain

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ Yes, we have assessed this value chain stage and identified facilities with water-related dependencies, impacts, risks, and opportunities

(9.3.2) Total number of facilities identified

14

(9.3.4) Please explain

This disclosure covers vendors at risk of direct flooding from sea level rise by 2030.
[Fixed row]

(9.3.2) For the facilities in your direct operations referenced in 9.3.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

(9.3.2.1) % verified

Select from:

☑ 76-100

(9.3.2.2) Verification standard used

International Standard on Assurance Engagement (ISAE) 3000 revised and SGS ESG & SRA Assurance Protocols (based on GRI principles). This verification covers "Total Water- direct operations".

Water withdrawals – volume by source

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water withdrawals – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water discharges – total volumes

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water discharges – volume by destination

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water discharges – volume by final treatment level

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water discharges – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This has not been verified.

Water consumption – total volume

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This has not been verified.
[Fixed row]

(9.5) Provide a figure for your organization's total water withdrawal efficiency.

(9.5.1) Revenue (currency)

2945594000

(9.5.2) Total water withdrawal efficiency

12532309.39

(9.5.3) Anticipated forward trend

We anticipate efficiency improvements through store renovations, and installation of technologies such as low-flow toilets and faucets in remodeled locations. [Fixed row]

(9.12) Provide any available water intensity values for your organization’s products or services.

Row 1

(9.12.1) Product name

All Products

(9.12.2) Water intensity value

0.11

(9.12.3) Numerator: Water aspect

Select from:

☑ Water consumed

(9.12.4) Denominator

549,332,549

(9.12.5) Comment

Direct operational water consumption divided by total products sold

Row 2

(9.12.1) Product name

All Products

(9.12.2) Water intensity value

0.89

(9.12.3) Numerator: Water aspect

Select from:
☑ Water consumed

(9.12.4) Denominator

549,332,549

(9.12.5) Comment

Direct and indirect water consumption divided by total products sold
[Add row]

(9.13) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
	Select from: ☑ No	*N/A*

[Fixed row]

(9.14) Do you classify any of your current products and/or services as low water impact?

(9.14.1) Products and/or services classified as low water impact

Select from:

☑ No, but we plan to address this within the next two years

(9.14.3) Primary reason for not classifying any of your current products and/or services as low water impact

Select from:

☑ Other, please specify **:**Working on implementing practices to reduce water consumption in certain product lines.

(9.14.4) Please explain

Carter's is implementing new ozone washing methods to reduce water consumption in our product lines. Ozone washing is an alternative to conventional washing that optimizes efficiency and reduces environmental impacts through water reduction. We are implementing ozone washing on a subset of our denim garments beginning in 2024. Over the past few years, our designers have worked to reduce the number of product 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. In 2023, we reduced the number of our styles that require an additional wash by 23% compared to 2022 and a total of 62% since 2019.
[Fixed row]

(9.15) Do you have any water-related targets?

Select from:

☑ No, but we plan to within the next two years

(9.15.3) Why do you not have water-related target(s) and what are your plans to develop these in the future?

(9.15.3.1) Primary reason

Select from:

☑ We are planning to introduce a target within the next two years

(9.15.3.2) Please explain

We currently have water reduction targets, and are practicing reduction measures, but are continuing to develop quantified metrics for these targets. Initiatives in 2023 and their impacts include: Reporting: 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. 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, our designers have worked to reduce the number of product 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. In 2023, we reduced the number of our styles that require an additional wash by 23% compared to 2022 and a total of 62% since 2019.
[Fixed row]

C10. Environmental performance - Plastics

(10.1) Do you have plastics-related targets, and if so what type?

(10.1.1) Targets in place

Select from:

☑ Yes

(10.1.2) Target type and metric

Plastic packaging

☑ Reduce the total weight of virgin content in plastic packaging

(10.1.3) Please explain

We have a goal to reduce virgin plastic packaging by 50% by 2030 and in 2023, have showed progress by reducing virgin plastic packaging by 30%.
[Fixed row]

(10.2) Indicate whether your organization engages in the following activities.

Production/commercialization of plastic polymers (including plastic converters)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

Carter's products are sold in a variety of forms, some of which include plastic packaging. No production or commercialization of plastic polymers are relevant to our business.

Production/commercialization of durable plastic goods and/or components (including mixed materials)

(10.2.1) Activity applies

Select from:

☑ Yes

(10.2.2) Comment

Carter's products are sold in a variety of forms, some of which include plastic packaging. Some items, including our Skip Hop brand, are composed of durable plastic

Usage of durable plastics goods and/or components (including mixed materials)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

Carter's products are sold in a variety of forms, some of which include plastic packaging. Some products, produced by third parties, are composed of durable plastic goods.

Production/commercialization of plastic packaging

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

Carter's does not produce the packaging in which our products are sold.

Production/commercialization of goods/products packaged in plastics

(10.2.1) Activity applies

Select from:

☑ Yes

(10.2.2) Comment

Carter's products are sold in a variety of forms, some of which include plastic packaging. Carter's has a goal to reduce virgin plastic in its packaging by 2030, and currently utilizes both virgin post-consumer recycled packaging.

Provision/commercialization of services that use plastic packaging (e.g., food services)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

Carter's does not operate in an industry related to services using plastic packaging.

Provision of waste management and/or water management services

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

Carter's does not operate in an industry related to waste management services.

Provision of financial products and/or services for plastics-related activities

(10.2.1) Activity applies

Select from:
☑ No

(10.2.2) Comment

No financial products are procured for plastics-related activities.

Other activities not specified

(10.2.1) Activity applies

Select from:
☑ No

(10.2.2) Comment

NA
[Fixed row]

(10.5) Provide the total weight of plastic packaging sold and/or used and indicate the raw material content.

Plastic packaging used

(10.5.1) Total weight during the reporting year (Metric tons)

4160

(10.5.2) Raw material content percentages available to report

Select all that apply

☑ % virgin fossil-based content

☑ % post-consumer recycled content

(10.5.3) % virgin fossil-based content

69

(10.5.6) % post-consumer recycled content

31

(10.5.7) Please explain

31% of our packaging is made from recycled content. The remaining material is assumed to be virgin material.
[Fixed row]

(10.5.1) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	Please explain
Plastic packaging used	*Select all that apply* ☑ None	*Plastic packaging is not considered reusable or recyclable at this time.*

[Fixed row]

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party
	Select from: ☑ Yes

[Fixed row]

(13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Row 1

(13.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☑ Water

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Water security

☑ Water consumption– total volume

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ SGS Sustainability Report Assurance

(13.1.1.4) Further details of the third-party verification/assurance process

Carter's direct water consumption volumes are verified annually by third party, along with scopes 1 & 2 (location-based and market-based) GHG emissions.

(13.1.1.5) Attach verification/assurance evidence/report (optional)

Carters_CSR_May_17_10a.pdf
[Add row]

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

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

(13.3.2) Corresponding job category

Select from:

☑ General Counsel

[Fixed row]

(13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Select from:

☑ No