

Company Name Carter's
Industry Apparel (Supply Chain only)
UNGP Core Score (*) 5.0 out of 26

Score	Out of	For indicators
Governance and Policy Commitments		
1	2	A.1.1 Commitment to respect human rights
0.5	2	A.1.2 Commitment to respect the human rights of workers
0.5	2	A.1.4 Commitment to engage with stakeholders
0	2	A.1.5 Commitment to remedy
Embedding respect and Human Rights Due Diligence		
Embedding respect		
0	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
0	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
0	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
0	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
0	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
Remedies and Grievance Mechanisms		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
1.5	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned
5.0	26	

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: The Company commits in the code to 'respect the human rights of all people throughout the world'. [Code of Ethics: ir.carters.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs: The Company states that 'Our policy aligns with the recommendations laid out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.' However, no formal statement of commitment was found according to CHRB wording criteria. [Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com] • Not met: OECD: See above [Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com]
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: ILO Core: The Company states that 'Carter's is proud to support the human rights standards outlined in the Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.' [Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com] • Not met: UNGC principles 3-6 • Not met: Explicitly list ALL four ILO for AP suppliers: The Company states that 'As set forth in more detail below, CRI requires all the third parties with which it does business, including vendors, factories, suppliers, and licensees (sub-suppliers), to comply with this Policy and all applicable labor, workplace, health, safety, and environmental laws and regulations of the country in which our merchandise is manufactured.' Furthermore, it states that 'The use of child labor is strictly prohibited. Supplier employees must be at least sixteen (16) years of age to work on the production of CRI products [...] Suppliers must not use any form of forced labor, including, but not limited to, slave labor, prison labor, indentured labor, and bonded labor [...] Suppliers must never discriminate in hiring practices or in any other employment related practice on the basis of any personal characteristic or belief, such as race, gender, age, nationality, religion, social or ethnic origin, sexual orientation, pregnancy, family status, political opinion, or other such classes protected through national law or international standards [...] Suppliers must recognize and respect the rights of employees to freely join or not join any association, organization, or collective bargaining unit, as applicable by local law, without any unlawful interference by management. The right to bargain collectively shall not be restricted. Suppliers must not subject employees to any intimidation or harassment for discussing, considering, or joining any association, organization, or collective bargaining unit'. However, it is not clear whether the Company is requiring to respecting those rights in all contexts, as it indicates 'as applicable by local law'. In these cases, companies are expected to require alternative mechanisms or equivalent workers bodies where the right to freedom of association and collective bargaining is restricted under law. [Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core: The Company's Social Responsibility Policy and Standards describes the standards that suppliers must follow. However, it is unclear if those commitments are applicable to the Company itself. [Our Commitment to Social Responsibility, N/A: carters.com & Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com] • Met: Respect H&S of workers: The code states that 'Maintaining a safe and healthy work environment is a priority at Carter's. We must all abide by the safety

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>rules, instructions, policies, and procedures in place at each of our facilities. In addition, we must all know and follow any safety-related laws and regulations that apply to our jobs'. [Code of Ethics: ir.carters.com]</p> <ul style="list-style-type: none"> • Met: H&S applies to AP suppliers: There is a commitment that outlines standards of health and safety for its suppliers. [Our Commitment to Social Responsibility, N/A: carters.com] • Not met: working hours for workers • Not met: Working hours for AP suppliers: The Company states that 'Suppliers must establish work schedules that are consistent with local legal requirements, including maximum work hour limits. Employees must be granted at least one day off in every seven (7) day period. Overtime must be voluntary and worked without threat of penalty or punishment. Overtime should not be systemic and must be in compliance with local legal requirements relating to work hours. Also, where provided to eligible employees by law, leave privileges, vacation time, and holidays shall be granted. Suppliers must prepare and maintain accurate payroll and time records that are consistent with actual hours worked, including both regular and overtime hours, leave, vacation, and holiday time.' However, no evidences regarding the total amount of permitted working hours and overtime was found, or requirement to meet international standards (ILO). [Social Responsibility Policy and Standards, 02/2020: carters-ecomm.s3.amazonaws.com]
A.1.4	Commitment to engage with stakeholders	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to stakeholder engagement • Not met: Regular stakeholder engagement <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design • Met: Regular stakeholder design engagement: The Company states that 'At least annually all relevant Carter's stakeholders review and evaluate our entire sourcing strategy to identify areas of increased risk, such as political instability, Unfavourable economic conditions, international events, and new foreign regulations to identify potential issues, and then we adjust our plans and audits accordingly'. [California Tranparency in supply chains act; UK Modern slavery act, 25/02/2019: carters.com]
A.1.5	Commitment to remedy	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to remedy: No evidence found of commitment to remediation. It only mentions that it prefers to work together with the supplier to address concerns rather than terminating relationship in the context of compliance monitoring. [Social compliance policy, 2013: jayjaysmills.com & Our Commitment to Social Responsibility, N/A: carters.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives: It does not show commitment, although it does say that it favours working with its business partners to address concerns rather than terminating the relationship. [Our Commitment to Social Responsibility, N/A: carters.com] • Not met: Work with AP suppliers to remedy impacts

Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See A.1.2 • Not met: Senior responsibility for HR <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Day-to-day responsibility • Not met: Day-to-day responsibility for AP in supply chain
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations • Not met: Identifying risks in AP suppliers <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Company states that 'In 2019, we conducted our first ESG-focused materiality analysis, a robust study that, using extensive data and stakeholder engagement, objectively identified the areas of greatest importance to our Company's success, and to stakeholders, such as employees, customers, investors, and community members. Our assessment determined six areas to be most important to our stakeholders and identified three additional areas that will also be important for continued monitoring and improvement. We intend to provide updates on our progress in these areas.' However, no further details found including process to determine which are its salient human rights risks and impacts. [Our Approach, N/A: carters.com] <ul style="list-style-type: none"> • Not met: Public disclosure of salient risks Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks • Not met: Including in AP supply chain • Not met: Example of Actions decided Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including AP suppliers Score 2 <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Channel accessible to all workers: In the Code of Ethics, the company indicates two different channels to receive complaints and concerns about the company. 'Additionally, you may always ask any question or raise any concern anonymously through the Carter's Ethics and Compliance Hotline'. [Code of Ethics: ir.carters.com] Score 2 <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved • Not met: Channel is available in all appropriate languages: It is stated in the Code of Ethics that If you work in another country, you can find the appropriate toll-free phone number at the back of this book. Regardless of your location, you may also access the Hotline via the Internet. However, no evidence found about other languages available. [Code of Ethics: ir.carters.com & Carter's ethicspoint (third party location), 25/02/19: secure.ethicspoint.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> Met: Opens own system to AP supplier workers: The Company states that 'employees, customers, business partners, shareholders, and other interested parties should feel comfortable asking questions and raising concerns'. The Company has an EthicsPoint available on the website. [Business Ethics, Financial ad Accounting Hotline, 01/03/2019: corporate.carters.com & Carter's ethicspoint (third party location), 25/02/19: secure.ethicspoint.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Grievance mechanism for community: The company's alert line can be accessed by anyone who wishes to raise a complaint against the company. [Code of Ethics: ir.carters.com & Carter's ethicspoint (third party location), 25/02/19: secure.ethicspoint.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Describes accessibility and local languages: Although the channel is available online, no evidence found of availability in local languages for all stakeholders. [Business Ethics, Financial ad Accounting Hotline, 01/03/2019: corporate.carters.com & Carter's ethicspoint (third party location), 25/02/19: secure.ethicspoint.com] Met: AP supplier communities use global system: Although business partners' communities not explicitly mentioned, anyone can access the company's alert line, which is available online. [Business Ethics, Financial ad Accounting Hotline, 01/03/2019: corporate.carters.com & Carter's ethicspoint (third party location), 25/02/19: secure.ethicspoint.com]
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Describes how remedy has been provided Not met: Says how it would remedy key sector risks <p>Score 2</p> <ul style="list-style-type: none"> Not met: Changes introduced to stop repetition Not met: Approach to learning from incident to prevent future impacts Not met: Evaluation of the channel/mechanism

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity threshold were found.

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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As WBA, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.

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