

Corporate Human Rights Benchmark 2023 Company Scorecard

Company name Carter's
Sector Apparel (supply chain only)
Overall score 9.1 out of 100

| Theme score | Out of | For theme |
|-------------|--------|---|
| 1.7 | 10 | A. Governance and Policy Commitments |
| 0.9 | 25 | B. Embedding Respect and Human Rights Due Diligence |
| 3.0 | 20 | C. Remedies and Grievance Mechanisms |
| 1.6 | 25 | D. Performance: Company Human Rights Practices |
| 1.8 | 20 | E. Performance: Responses to Serious Allegations |

Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also 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 2022 Methodology document for the sector concerned. 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

A. Governance and Policy Commitments (10% of Total)

A.1 Policy Commitments (5% of Total)

| 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 Code of Ethics indicates: 'We respect the human rights of all people throughout the world'. [Code of Ethics, N/A: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Commitment to UNGPs: The Social Responsibility Policy and Standards indicates: '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, it is not clear if the Company is formally committed to respect or follow the UNGPs [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] Not Met: Commitment to OECD MNE Guidelines |
| A.1.2.a | Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work | 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: Commitment to ILO core principles: The Social Responsibility Policy and Standards indicates: 'Carter's is proud to support the human rights standards outlined in [...] the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work'. However, 'support' is not considered a formal statement of commitment according to CHRB wording criteria. [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] Not Met: Explicitly lists all four ILO core principles: The Code of Ethics indicates: 'Carter's does not condone or permit the use of child, forced, or involuntary labor in any of our operations. [...] All employees are entitled to work in an environment |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | | | <p>free from discrimination. Carter's will not tolerate any form of discrimination [...]. However, no explicit commitment to respect the right to freedom of association and collective bargaining found. [Code of Ethics, N/A: cdn.coverstand.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Expects suppliers to commit to ILO core principles • Not Met: Explicitly lists all four ILO core principles for suppliers: The Social Responsibility Policy and Standards has explicit requirements regarding discrimination, forced labour, child labour, freedom of association and collective bargaining. As for freedom of association and collective bargaining, '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 requires to respect those rights in all contexts, as it indicates 'as applicable by local law'. In these cases (companies referring to local laws in freedom of association and collective bargaining), 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, 17/05/2022: carters-legal.s3.amazonaws.com] |
| A.1.2.b | Commitment to respect the human rights of workers: Health and safety and working hours | 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: Commitment to respect H&S of workers: The Code of Ethics indicates: 'Maintaining a safe and healthy work environment is a priority at Carter's. We must all abide by the safety 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. [...] Providing clean and safe stores that are accessible to all consumers and employees, including those with disabilities, is imperative'. [Code of Ethics, N/A: cdn.coverstand.com] • Not Met: Commitment to ILO working hours standards or 48 hour regular work week <p>Score 2</p> <ul style="list-style-type: none"> • Met: Expects suppliers to commit to H&S of workers: The Social Responsibility Policy and Standards indicates: 'Suppliers shall provide employees with safe, clean, and healthy working conditions'. It then discloses a list of requirements that suppliers must comply with at a minimum including provisions on: Equipment Safety, Ventilation and lighting, Personal Protective Equipment, Electrical, Emergency Evacuation, Fire Safety and Housing. [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] • Not Met: Expects suppliers to commit to ILO working hours standards or 48 hour regular work week: The Social Responsibility Policy and Standards indicates: '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'. However, no formal commitment about respecting the ILO conventions on working hours was found. Alternatively, the Company would achieve this by committing to a 48 hours regular working week, and consensual overtime paid at a premium rate. [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] |
| A.1.3.AP | Commitment to respect human rights particularly relevant to the sector – vulnerable groups (AP) | 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: Commitment to women's rights • Not Met: Commitment to children's rights • Not Met: Commitment to migrant worker's rights • Not Met: Expects suppliers to respect these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment refers to CEDAW/Women's Empowerment Principles • Not Met: Commitment refers to Child Rights Convention/Business Principles • Not Met: Commitment refers to Convention on migrant workers • Not Met: Expects suppliers to respect these rights |
| A.1.4 | 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: Commitment to remedy adverse HRs impacts |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | <ul style="list-style-type: none"> • Not Met: Expects suppliers to make this commitment [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] Score 2 <ul style="list-style-type: none"> • Not Met: Commitment to collaborate with judicial or non-judicial mechanisms • Not Met: Commitment to work with suppliers on remedy: The Social Responsibility Policy and Standards indicates: 'Suppliers must work with CRI [Carter's, Inc.] to develop a Corrective Action Plan (CAP) to remediate all areas of non-compliance found during a facility audit'. However, no commitment to work with suppliers to remedy adverse impacts which are directly linked to the company's operations, products or services found. It is expected a general commitment to work and cooperate with suppliers in remedy any adverse impact caused. [Social Responsibility Policy and Standards, 17/05/2022: carters-legal.s3.amazonaws.com] |
| A.1.5 | Commitment to respect the rights of human rights defenders | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Zero tolerance of threats/attacks on HRDs • Not Met: Expects suppliers to make this commitment Score 2 <ul style="list-style-type: none"> • Not Met: Commitment to working with HRDs to create safe and enabling environment |

A.2 Board Level Accountability (5% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---------------------------------------|------------------|--|
| A.2.1 | Commitment from the top | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Board level responsibility for HRs: The Company indicates that it has a committee at board level that is responsible for oversight of the environmental, social, and governance initiatives. This responsibility is placed with the Nominating and Corporate Governance Committee which is reviewing the Company's ESG initiatives at least quarterly. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Describes HRs expertise of Board member Score 2 <ul style="list-style-type: none"> • Not Met: Board member/CEO signal importance of HRs in their communications: The Company's CEO Michael D. Casey talks about the importance of human rights for the Company in a message to the shareholders. However, this message is included in the 2021 sustainability report and not an independent statement. No further evidence was found. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] |
| A.2.2 | Board responsibility | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Process to review HRs strategy at board level: The Company indicates that the quarterly reviews conducted by the responsibility Board committee include assessments of ongoing efforts related to ESG issues. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Example of HRs issues/trends discussed in last reporting period Score 2 <ul style="list-style-type: none"> • Not Met: Meets both requirements under score 1 • Not Met: Describes how affected stakeholders / HRs experts inform board discussions |
| A.2.3 | Incentives and performance management | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: At least one board member incentive linked to HRs commitments • Not Met: Incentive scheme linked to key HRs risks beyond employee H&S Score 2 <ul style="list-style-type: none"> • Not Met: Performance criteria linked to HRs made public • Not Met: Review of other board incentives for coherence with HRs policies |
| A.2.4 | Business model strategy and risks | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Board process to review business model and strategy for HRs risks • Not Met: Describes frequency and triggers for reviewing business model Score 2 <ul style="list-style-type: none"> • Not Met: Meets both requirements under score 1 • Not Met: Example of actions resulting from reviews |

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

| 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"> • Not Met: Score of 1 on A.1.2.a • Not Met: Senior responsibility for HRs implementation and decision making: The Company states that 'Our Senior Vice President, Corporate Social Responsibility (CSR), who reports directly to our Chairman and CEO, has responsibility for the Company's ESG, D&I, and compliance initiatives. These initiatives are supported by other leaders through our cross-functional D&I Steering Committee, Compliance Committee, and ESG Council. These bodies include employees from the Finance, Human Resources, Legal, Marketing, Merchandising, Retail, and Supply Chain teams.' However, no information was found as to whether this includes human rights issues. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes day-to-day responsibility for implementing HRs commitments • Not Met: Day-to-day resources and expertise allocation in own operations • Not Met: Resources and expertise allocation in supply chain |
| B.1.2 | Incentives and performance management | 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: Senior manager incentives linked to HRs commitments • Not Met: Incentive scheme linked to key HRs risks beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Performance criteria linked to HRs made public • Not Met: Review of other senior management incentives for coherence with HRs policies |
| B.1.3 | Integration with enterprise risk management | 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: HRs risks integrated as part of enterprise risk system • Not Met: Provides an example <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Risk assesment by Audit Committee or independent third party |
| B.1.4.a | Communication /dissemination of policy commitment(s) to workers and external stakeholders | 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: Score of 1 on A.1.2.a • Not Met: Communicates HRs policies to all workers in own operations <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Communicates HRs policies to stakeholders • Not Met: Example of how HRs policies are accessible for intended audience |
| B.1.4.b | Communication /dissemination of policy commitment(s) to business relationships | 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: Meets ILO requirement for suppliers on A.1.2.a • Not Met: Describes steps to communicate HRs policies to supply chain • Not Met: Requires suppliers to communicate HRs policies <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes how HRs policies are contractual/binding for suppliers: The Company states that 'Carter's requires its Vendors to adhere to the same ethical standards [...] This Code sets out expectations that build upon Carter's legal agreements with Vendors'. However, it is not clear whether the Code itself is part of those legal agreements. Therefore, it can not be concluded that the expectation to comply with the Code is part of binding or contractual agreements. [Vendor's Code of Ethics: cdn.coverstand.com] • Not Met: Requires suppliers to cascade contractual/binding HRs policies to its suppliers |
| B.1.5 | Training on Human Rights | 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: Score of at least 1 on A.1.2.a • Not Met: Describes how workers are trained on HRs policy commitments: The company say it does provides annual training on ethics and compliance topics, however there is no evidence suggesting that Carter's has training on human rights . [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Trains relevant managers including procurement on HRs |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | | | <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Score of 2 on A.1.2.a • Not Met: Meets both requirements under score 1 • Not Met: Trains suppliers to meet HRs commitments: The Company states that 'We have developed a Tier 1 supplier training program that provides specific guidance on compensation and benefits, employee documentation, and worker health and safety. The program is updated periodically and provided to Tier 1 suppliers. Today, we have teams working in Cambodia, China, and Bangladesh to better support our Tier 1 suppliers and enhance workplace conditions.' However, this only indicates training on specific human rights issues. No information on training on general human rights commitments was found. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Discloses % suppliers trained |
| B.1.6 | Monitoring and corrective actions | 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: Score of at least 1 on A.1.2.a • Not Met: Monitors implementation of HRs policy commitments across global ops and supply chain: The Company indicates that 'We uphold our labor standards through a rigorous supplier monitoring process that includes unannounced visits, verification of business documentation, assurance that worker pay complies with our CSR Policy and applicable labor laws, evaluation of health and safety conditions, and visits to production facilities and worker housing.' However, no information was found on how the Company is monitoring its own operations. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Discloses % of supply chain monitored: The Company states that ' We screen 100% of our new Tier 1 suppliers on our standards.' However, no information was found regarding the monitoring of existing suppliers. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Describes how workers are involved in monitoring <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Score of 2 on A.1.2.a • Not Met: Describes corrective actions process • Not Met: Discloses findings and number of correction action processes |
| B.1.7 | Engaging and terminating business relationships | 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: HRs performance affects selection suppliers: The Company describes its onboarding procedure for tier 1 suppliers. This includes a review of the suppliers' alignment with the Company's policies and third party audits for social compliance. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Met: HRs performance affects continuation supplier relationships: The Company states that violations of its vendor code of conduct can result in the termination of the business relationship. [Vendor's Code of Ethics: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes positive HRs incentives for business relationships • Not Met: Works with suppliers to meet HRs requirements |
| B.1.8 | Approach to engagement with affected stakeholders | 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 workers and communities identified and engaged in the last two years • Not Met: Discloses stakeholders whose HRs may be affected • Not Met: Provides two examples of engagement with stakeholders <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Analysis of stakeholder views on company's HRs issues • Not Met: Describes how stakeholders views influenced company's HRs approach |

B.2 Human Rights Due Diligence (15% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| B.2.1 | 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: Describes process of identifying risks in own operations • Not Met: Describes process for identifying risks in business relationships <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes global risk identification system incl. stakeholder consultation • Not Met: Describes how risk identification system is triggered by new circumstances • Not Met: Describes risks identified in relation to new circumstances |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| B.2.2 | Assessing 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: Describes assessment process and discloses salient HRs risks • Not Met: Describes how process applies to supply chain • Not Met: Public disclosure of results of HRs risk assessment Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Describes how assessment involved affected stakeholders |
| B.2.3 | Integrating and acting on human rights risks and impact assessments | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Describes system to prevent, mitigate and remediate HRs issues • Not Met: Describes how global system applies to supply chain • Not Met: Example of actions decided on at least 1 salient HRs issue Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Describes how stakeholders involved in decisions about actions taken |
| B.2.4 | Tracking 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: Describes system for evaluation effectiveness of actions • Not Met: Example of lessons learned from evaluation effectiveness of actions Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Involves stakeholders in evaluation effectiveness of actions |
| B.2.5 | Communicating on human rights impacts | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Provides two examples of comms with stakeholders Score 2 <ul style="list-style-type: none"> • Not Met: Describes challenges to effective comms and how it is working to address them |

C. Remedies and Grievance Mechanisms (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| C.1 | Grievance mechanism(s) for workers | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Grievance mechanism accessible to all workers: The company says it does have a Business Ethics, Financial, and Accounting Hotline used for store managers, employees, customers, business partners, shareholders, and other stakeholders with the purpose of asking questions and raising concerns. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] Score 2 <ul style="list-style-type: none"> • Not Met: Grievance mechanism available in appropriate languages and workers made aware: The company says it does provides annual training on ethics and compliance topics. Furthermore, the Carter's Ethics Hotline is available in all the countries where the company has suppliers. However, it is not clear whether the annual training includes information on the ethics Hotline. [Our Values, N/A: carters-ecomm.s3.amazonaws.com] & [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Met: Describes how workers in supply chain access grievance mechanism: The Company indicates 'Suppliers may not retaliate against workers who make complaints using grievance mechanisms.' However, no further information was found as to whether the company requires suppliers to implement grievance mechanisms for their workers. The Company states that 'other stakeholders' can raise concerns using the Company's own mechanism, which includes workers in the supply chain. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] & [Vendor's Code of Ethics: cdn.coverstand.com] • Not Met: Expects suppliers to convey expectation to their suppliers |
| C.2 | Grievance mechanism(s) for external individuals and communities | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Grievance mechanism accessible to all external individuals and communities: The Company indicates that 'other stakeholders' can raise concerns, which includes external stakeholders. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] Score 2 <ul style="list-style-type: none"> • Not Met: Grievance mechanism available in appropriate languages and affected stakeholders made aware • Not Met: Describes how external individuals/communities access grievance mechanism |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | <ul style="list-style-type: none"> • Not Met: Expects supplier to convey expectation to their suppliers |
| C.3 | Users are involved in the design and performance of the mechanism(s) | 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 users engaged on design and performance • Not Met: Provides user engagement examples (at least two) on design and performance <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes how users engaged on improvement of mechanism • Not Met: Provides user engagement examples (at least two) on improvement |
| C.4 | Procedures related to the mechanism(s) are equitable, publicly available and explained | 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 procedure and timescales for managing complaints or concerns: The Company describes the procedure for handling the complaints as 'Our Ethics Hotline is monitored by an independent company that provides a dedicated phone line and internet site for anonymous communication of any questions or concerns to a trained specialist, 24 hours a day. Users of the Hotline are assigned an identification number and security code so that they can follow up on their report later. A written notice of each report is sent to the Chief Compliance Officer, who provides updates to the Leadership Team and the Audit Committee of the Board of Directors as warranted. All reports are investigated. Resolution for substantiated cases can include termination of employees found to have violated our Code of Ethics.' However, no disclosure regarding timescales was found. Furthermore, it is unclear if the procedure described by the Company applies to external stakeholders as well as workers. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Describes technical, financial, advisory support to enable equal access <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describe types of outcome to complainant through use of mechanism • Not Met: Describes escalation to senior levels / independent adjudicators |
| C.5 | Prohibition of retaliation for raising complaints or concerns | 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: Public statement prohibiting retaliation against workers/stakeholders: The company states: 'Carter's prohibits retaliation against anyone for making a report in good faith involving an actual or potential violation of our Code, our policies, or the law'. [Code of Ethics, N/A: cdn.coverstand.com] • Not Met: Describes practical measures to prevent retaliation: The company ensures anonymity for those who need to ask questions and raise concerns. However, no information was found as to whether this applies to concerns raised by external stakeholders. [Code of Ethics, N/A: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Specifies no legal action, firing or violence: The company states that it: 'will not take legal action against, or suspend or terminate the accounts of, researchers who discover and report security vulnerabilities in accordance with this Responsible Disclosure Program'. However, no statement was found regarding retaliation in the form of violence. [Business Ethics, Financial and Accounting Hotline, 01/03/2019: corporate.carters.com] • Met: Expects suppliers to prohibit retaliation against workers/stakeholders: The Company states 'Suppliers may not retaliate against workers who make complaints using grievance mechanisms.' [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] |
| C.6 | Company involvement with state-based judicial and non-judicial grievance mechanisms | 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: Complainants not asked to waive legal rights • Not Met: Does not require confidentiality provisions <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Cooperates with state based non judicial mechanisms • Not Met: Example of issue resolved (if applicable) |
| C.7 | Remedying adverse 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: Describes approach taken to remedy adverse HRs impacts • Not Met: Describes how remedy would be provided if no adverse impact identified <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes changes to systems, processes and practices to prevent future impacts • Not Met: Describes approach to monitoring/implementing agreed remedy |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| | | | <ul style="list-style-type: none"> • Not Met: Describes approach to learning from incidents if no adverse impacts identified |
| C.8 | Communication on the effectiveness of grievance mechanism(s) 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: Discloses number of grievances filed, addressed or resolved and outcomes achieved • Not Met: Example of how lessons from mechanism improved HRs management system <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes process to evaluate mechanism and changes made as a result • Not Met: Describes procedures to address delays of outcomes agreed with stakeholders |

D. Performance: Company Human Rights Practices (25% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| D.2.1.b | Living wage (in the supply chain) | 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: Requirements on living wage in supplier codes and contracts • Not Met: Describes work with suppliers on living wage <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Assessment of scope of payment below living wage in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.2 | Aligning purchasing decisions with human rights | 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 practices to avoid price or short notice requirements that undermine HRs • Not Met: Describes practices to pay suppliers in line with agreed timeframes • Not Met: Reviews own operations to mitigate negative impact of purchasing practices <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Example of assessing and changing of purchasing practices |
| D.2.3 | Mapping and disclosing the supply chain | 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: Identifies direct and indirect suppliers including manufacturing sites <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Discloses names and locations of significant parts of supply chain and how significance was defined • Not Met: Discloses direct or indirect suppliers involved in higher-risk activities |
| D.2.4.b | Prohibition of child labour: Age verification and corrective actions (in the supply chain) | 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: Requirements on child labour in supplier codes and contracts: The Company states that 'This Code sets out expectations that build upon Carter's legal agreements with Vendors'. The Code contains the following minimum expectation of child labour: 'The use of child labor is strictly prohibited. Vendor employees must be at least sixteen (16) years of age wot work on the production of Carter's products. [...] Vendors must maintain official and verifiable documentation of each work's date of birth.' [Vendor's Code of Ethics: cdn.coverstand.com] • Not Met: Describes work with suppliers on eliminating child labour <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Assessment of scope of child labour in supply chain: The Company states that 'As part of our monitoring and prevention efforts, we assess countries and suppliers that can represent a higher risk for the use of child labor. We have identified Myanmar and India as countries requiring particular attention on this issue.' However, no information was found regarding the metrics of this. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Analysis of trends demonstrating progress |
| D.2.5.b | Prohibition of forced labour: Recruitment fees and costs (in the supply chain) | 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: Requirements on debt/fees in supplier codes and contracts: The Company states that 'Vendors must conduct due diligence throughout the recruitment and hiring process to prevent and address labor exploitation by third parties such as labor brokers or contractors.' It further indicates in it's CSR Report that 'Tier 1 suppliers must agree that no worker may be charged for receiving or retaining their job'. However, it is not clear if this is part of contractual agreements with suppliers. [Vendor's Code of Ethics: cdn.coverstand.com] & [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Describes work with suppliers on debt/fees for job seekers/workers |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of payment of recruitment fees in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.5.d | Prohibition of forced labour: Wage practices (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Requirements on paying in full and on time in supplier codes and contracts • Not Met: Describes work with suppliers on paying workers regularly, in full and on time Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of failure to pay workers in full and on time in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.5.f | Prohibition of forced labour: Restrictions on workers (in the supply chain) | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Requirements on free movement in supplier codes and contracts: The company states: 'Passports and other forms of personal identification shall remain in the worker's possession at all time and never be held by the Vendor or any third party'. [Carter's Venter Code of Conduct, 2018: carters-ecomm.s3.amazonaws.com] • Not Met: Describes working with suppliers on free movement of workers Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of movement in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.6.b | Freedom of association and collective bargaining (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Requirements on FoA/CB in suppliers codes and contracts • Not Met: Describes work with suppliers on FoA/CB Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of FoA/CB in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.7.b | Health and safety: Fatalities, lost days, injury, occupational disease rates (in the supply chain) | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Requirements on H&S in supplier codes and contracts • Met: Discloses injury rate or lost days in supply chain in last reporting period: The Company states that there were 50 work-related injuries in 2022. The 'Days away, restricted, or transferred rate' was 0.78 in 2022. [2022 CSR Report, 05/2023: carters-ecomm.s3.amazonaws.com] • Met: Discloses fatalities for workers in supply chain in last reporting period: The Company states that there were 0 fatalities in 2022. [2022 CSR Report, 05/2023: carters-ecomm.s3.amazonaws.com] <ul style="list-style-type: none"> • Not Met: Discloses occupational disease rate in supply chain in last reporting period Score 2 <ul style="list-style-type: none"> • Met: Describes work with suppliers of H&S: The Company states that 'We have developed a Tier 1 supplier training program that provides specific guidance on compensation and benefits, employee documentation, and worker health and safety. The program is updated periodically and provided to Tier 1 suppliers.' [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] • Not Met: Assessment of scope of H&S issues in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.8.b | Women's rights (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Requirements on women's rights in contracts/codes with suppliers • Not Met: Describes work with suppliers on women's rights Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of unsafe working conditions/discrimination against women in supply chain • Not Met: Analysis of trends demonstrating progress |
| D.2.9.b | Working hours (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Requirements on working hours in codes/contracts with suppliers • Not Met: Describes work with suppliers on working hours Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of excessive working hours in supply chain • Not Met: Analysis of trends demonstrating progress |

E. Performance: Responses to Serious Allegations (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| E(1).0 | Serious allegation No 1 | | <ul style="list-style-type: none"> Area: Forced Labour Headline: Carter's' Indian supplier, Kitex Garments, accused of forced labour by a lawyers association Story: On February 5, 2022, the All India Lawyers Association For Justice (AILAJ) published a report accusing Kitex Garments, an Indian manufacturer of children's wear and supplier to Walmart and Carter's of forced labour. <p>The AILAJ's report alleged that Kitex Garments is treating its migrant workers as "bonded labourers" and described their working conditions at the facility as inhumane and oppressive with little to no employment wage or social security, stating that the workers are not allowed to leave labour camps unless granted permissions. The report then added that the workers have limited access to organizations such as trade unions.</p> <p>The AILAJ published the report about the working conditions of migrant workers at Kitex Garments following a clash between workers, factory security guards and police over "loud" celebrations of Christmas in December 2021. As a result of the clash, 174 workers were arrested including "innocent" workers who were "asleep in their dormitories" at the time. The report alleged that the factory management and the police collaborated in the arrests of the workers. The NGO also alleged that Kitex's management used the incident to blackmail migrant workers.</p> <p>Campaigns and communications coordinator at the Asia Floor Wage Alliance, a nonprofit that promotes living wages in the garment industry, added that "the migrant workers are generally too scared to speak out to officials because they fear the loss of employment."</p> <p>Kitex Garments reportedly refuted the allegations stating that the AILAJ's report was part of a "politically motivated witch hunt" against the company. The company later reinstated 123 migrant workers on March 6, 2022. [Sourcing Journal, 28/02/2022, "Indian Supplier to Walmart, Carter's Accused of 'Slave Labor'" : sourcingjournal.com] [AILAJ, 05/02/2022, "Fact-finding on incidents of 25.12.21 with respect to the management and workers of Kitex Garments, Ernakulam (AILAJ Kerala)": ailaj.wordpress.com] [The Hindu, 06/03/2022, "Kitex Garments reinstates 123 migrant workers granted bail after Christmas arrests": thehindu.com]</p> |
| E(1).1 | The company has responded publicly to the allegation | 1 | <p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> Met: Public response: In response to a query from Sourcing Journal, in relation to the allegation, the Company notes that it does not tolerate 'injustice of any kind. We conduct our own audits as well as work with leading certification agencies that have audited and certified this facility. We have seen no evidence of the reported slave or bonded labor. That said, we will increase our audit frequency at this facility and take appropriate actions should we find any support for these allegations.' [Sourcing Journal, 28/02/2022 : sourcingjournal.com] <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Detailed response: The company responded in very general terms and did not address the allegation in detail. [Sourcing Journal, 28/02/2022 : sourcingjournal.com] |
| E(1).2 | The company has investigated and taken appropriate action | 0.5 | <p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> Not Met: Engaged with stakeholders Not Met: Identified cause: The Company discloses that its 'monitoring and prevention efforts' identified suppliers in India (and other countries) at a higher risk of child and forced labour. However, the Company does not disclose the cause of the alleged impacts at the specific location. [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Identified and implemented improvements: Carter's notes that it will increase the audit frequency at the facility in question and 'take appropriate actions should we find any support for these allegations'. [Sourcing Journal, 28/02/2022 : sourcingjournal.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | | | <ul style="list-style-type: none"> • Not Met: Stakeholder input to steps taken |
| E(1).3 | The company has engaged with affected stakeholders to provide for or cooperate in remedy(ies) | 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: Provided remedy: The supplier Kitex Garments notes that it has 'decided to post bail for this group [of arrested workers] and allow them to come back to work and use our facilities until their trials occur.' It provides no further detail on how it addressed other aspects of the allegation. The Company does not disclose how it used its leverage to provide remediation. [Sourcing Journal, 28/02/2022 : sourcingjournal.com] • Not Met: Evidence for lack of Impact or link <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Remedy satisfactory to stakeholders • Not Met: Remedy delivered • Not Met: Independent remedy process used |
| E(2).0 | Serious allegation No 2 | | <ul style="list-style-type: none"> • Area: Forced Labour; Discrimination • Headline: Carter's among companies accused of using suppliers linked to forced labour in China • Story: On March 1st., 2020, the Australian Strategic Policy Institute (ASPI) released a report that named Carter's among 83 other companies benefiting from the use of potentially abuse labour transfer programs. According to the report, more than 80,000 Uighur residents and former detainees from the north-western region of Xinjiang, China have been transferred to factories, implicating global supply chains. It is alleged that Muslim minorities are thought to be working in forced labour conditions across the country. The ASPI report said that workers live in segregated dormitories, are required to study Mandarin and undergo ideological training. The workers were transferred out of Xinjiang between 2017 and 2019, claiming that people are being effectively "bought" and "sold" by local governments and commercial brokers. ASPI used open-source public documents, satellite imagery, and media reports and identified 27 factories in nine Chinese provinces that have used labourers. <p>Carter's was found by the ASPI to be sourcing from a factory in eastern China that reportedly received a transfer of 46 workers including Kazakhs from Xinjiang. [Australian Strategic Policy Institute, 01/03/2020, "Uyghurs for sale": ad-aspi.s3.ap-southeast-2.amazonaws.com] [Financial Times, 01/03/2020, "Xinjiang forced labour reported in multinational supply chains": ft.com]</p> |
| E(2).1 | The Company has responded publicly to the allegation | 2 | <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: Public response: According to Carter's, none of its products are manufactured in Xinjiang. [Corporate Social Responsibility Report 2020, 2020: ir.carters.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Detailed response: According to Carter's, none of its products are manufactured in Xinjiang. On its company website, the company states that is "has no tolerance of forced labor". Carter's has a due diligence process which includes inspecting its suppliers factories and enforcing rules on its suppliers which require them to conduct their own due diligence to ensure that their recruitment and hiring processes are free of exploitation. In its 2020 Corporate Social Responsibility Report, the message from its CEO stated that Carter's had launched a cotton traceability initiative to strengthen the integrity of its global supply chain. [Corporate Social Responsibility Report 2020, 2020: ir.carters.com] |
| E(2).2 | The company has investigated and taken appropriate action | 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: Engaged with stakeholders • Not Met: Identified cause: Although Carter's has stated that none of its products are manufactured in Xinjiang, there is fragmentary information on whether the company commissioned an investigation or a review of its supply chain. Furthermore, no statement was found on Uyghur forced labour in supplier factories outside of Xinjiang. <p>Score 2</p> <ul style="list-style-type: none"> • Met: Identified and implemented improvements: In its 2020 Corporate Social Responsibility Report, the message from its CEO stated that Carter's had launched a cotton traceability initiative to strengthen the integrity of its global supply chain. Additionally, in its 2021 Corporate Social Responsibility Report the company shared its new initiatives to improve its traceability capabilities, including hiring an |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | | | <p>individual to "lead and implement a comprehensive responsible raw material program... Completing the risk assessment phase of our materials traceability road map to see if any of [its] suppliers are a significant risk from a human rights perspective... Developing a formalized onboarding program for fabric mills to better assess risk upfront... Incorporating a technology solution that will assist with documentation and the training and education of its suppliers beginning in early 2022." [2021 Corporate Social Responsibility Report, 2022: cdn.coverstand.com]</p> <ul style="list-style-type: none"> • Not Met: Stakeholder input to steps taken |
| E(2).3 | The company has engaged with affected stakeholders to provide for or cooperate in remedy(ies) | 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: Provided remedy • Not Met: Evidence for lack of Impact or link <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Remedy satisfactory to stakeholders • Not Met: Remedy delivered • Not Met: Independent remedy process used |

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