

Since our foundation in 1865, Carter's has been recognized for the superior quality of its products and its commitment to the highest legal and ethical standards of social compliance. Carter's requires compliance with these standards by itself, and also requires it by all of its vendors and suppliers. As Carter's expands our sourcing base through strategic alliances, we will only do business with vendors and suppliers whose practices meet our high standards and whose values are compatible with ours.

Each of our vendors, including vendors outside the United States, is required to ensure compliance with our social compliance standards in all its contracting, subcontracting and other relationships. To ensure compliance with our standards, each vendor agrees to require all of its officers and employees responsible for or involved with the implementation of compliance procedures to review, familiarize themselves with, and conduct themselves according to these standards.

Legal and Ethical Standards

All vendors shall comply with industry standards and all legal requirements of the countries in which the vendors are doing business. In addition, Carter's may impose more stringent standards and will only do business with vendors whose ethical standards and values are compatible with our own.

Human Rights / Discrimination

Carter's does not condone or permit the use of child, forced, indentured and involuntary, prison or uncompensated labor under any circumstances. Carter's will only do business with vendors who have a commitment to human rights, and who do not discriminate against their employees in hiring practices or any other term or condition of work on the basis of race, color, national origin, gender, religion, disability, sexual orientation or political opinion.

Child Labor

Carter's will not tolerate child labor under any circumstances. Carter's will not do business with a vendor that employs individuals who are under the minimum age required by applicable law in the State or Country of manufacture, and in no event will Carter's do business with a vendor that employs individuals under 16 (sixteen) years of age.

Compensation and Work Hours

Carter's requires vendors to pay employees in accordance with the applicable legal requirements of the State or Country of manufacture, including all regulations pertaining to minimum wage, overtime, maximum work hours, benefits, and any other conditions of compensation as mandated by applicable law.

Vendors must establish a work schedule that is consistent with applicable legal requirements and must grant at least a one-day rest period as part of the regular weekly work schedule.

Workplace Environment

Carter's maintains a safe, clean, healthy and productive environment for its employees and expects the same from its vendors. Carter's will only do business with vendors that provide their employees with safe and healthy working conditions, allow access to medical treatment, provide adequate first aid facilities, medical supplies, fire exits and safety equipment, well lit and comfortable workstations, clean restrooms, and adequate living quarters where necessary. Carter's will only do business with vendors that provide healthy, non-hazardous work environments and never utilize mental or physical disciplinary practices, such as intimidation, threats or harassment of any kind.

Freedom of Association

Carter's respects the rights of employees to freely join or not join any association, and expects our vendors to also recognize and respect this right, as applicable laws permit.

Environmental and Community Concerns

Carter's takes a proactive stance regarding environmental and community issues through its business practices. As a responsible corporate citizen, we will only use those vendors who share our commitment to the community and the environment, and who comply with international and local

requirements regarding environmental codes and guidelines in an effort to minimize negative effects on the environment.

We will favor vendors who contribute to the community in the areas of education, health care, and other related social programs.

Import and Export Regulation Requirements

Vendors shall comply with all applicable import and export regulations. Carter's does not condone or permit any activities that violate United States Customs Laws, International Treaties or foreign laws, including, but not limited to, false declarations of country of origin or other false documentation, counterfeit visas or illegal transshipment to evade the Textile Quota Restraint Agreements negotiated between the country of export and the United States or any other country of destination.

Carter's separately provides a Vendor Manual to all of its vendors detailing their obligations relating to labeling and shipment of product and cartons. Vendors are expected to perform in compliance with the instructions provided in the Vendor Manual, particularly as these relate to:

- Product description and country of origin
- Supporting documentation accompanying shipments

Confidentiality and Trademark

Our vendors must agree to treat as strictly confidential all information provided to it by Carter's, including but not limited to all product, pricing, and customer information. Vendor agrees not to disclose such information without prior written consent from Carter's. Vendor agrees that it will not reproduce items and/or sell items bearing a Carter's trademark or other identifying mark without prior written consent of Carter's.

Use of Subcontractors

Any subcontractor used by a Vendor must comply with the same requirements required of the Vendors themselves. The Vendor will be responsible for ensuring such compliance. If the Vendor uses any subcontractor in fulfilling any Carter's purchase order, the Vendor will ensure and verify that the obligations under this Social Compliance Policy are met and complied with by such subcontractor. The Vendor will provide Carter's with all information it may request regarding any subcontractors and their relationship with the Vendor. A revised listing of subcontractors (3rd parties) must be forwarded to the Carter's Social Compliance Staff with each addition or deletion as they occur.

Right of Inspection

Carter's or a third party designated by Carter's may conduct announced or unannounced on-site inspections of production facilities, to ensure and monitor compliance with these standards. All vendors are subject to inspection. Any vendor's failure or refusal to comply with these standards may result in immediate cancellation by Carter's of all its outstanding and/or future orders with that vendor as well as termination of the relationship. This also pertains to the use of any third party subcontractor.