

Carter's Inc.

TICKER
 NYS:CRI

MARKET CAPITALIZATION
 US\$4 billion

HEADQUARTERS
 United States

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

TARGETS

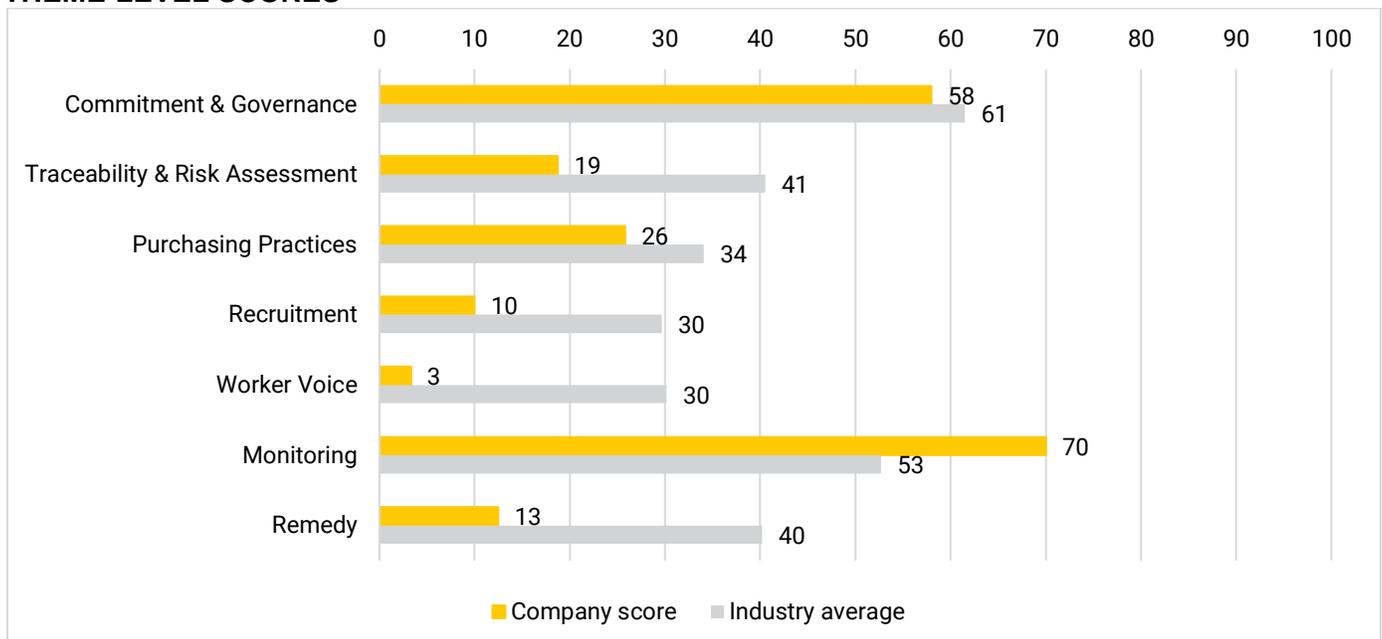
None

OVERALL RANKING
24 out of 37

(2018 Rank: 19 out of 43)

OVERALL SCORE
28 out of 100
SUMMARY

Carter's Inc. (Carter's), North America's largest branded marketer of children's apparel,¹ ranks 24th out of 37 companies and discloses less information on its forced labor policies and practices than its peers. Compared to 2018, its rank decreased by five places. It has taken only limited steps to improve, namely, by disclosing additional detail on internal responsibility for the implementation of its supplier code of conduct. Due to a strengthened methodology, its score has decreased. It scores higher than average on the theme of Monitoring and lower than average across the remaining themes. Carter's states that its products are not manufactured in Xinjiang and that it has "taken steps to ensure that [its] products do not include materials produced by entities that may use forced labor." However, it does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. Carter's is encouraged to improve on the themes of Recruitment, Worker Voice, and Remedy.

THEME-LEVEL SCORES


KEY DATA POINTS
SUPPLIER LIST

No

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton and viscose

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK SOURCING COUNTRIES

China, India, Thailand, and others

LEADING PRACTICES

None.

NOTABLE FINDINGS

Management and Accountability: Carter's discloses that its corporate social responsibility, quality assurance, sourcing, and supply chain and merchandising teams work together on supplier compliance with its supplier code of conduct, supplier performance, and its sourcing strategy. It also discloses information on board oversight of its social compliance program by its nominating and corporate governance committee.

Supplier Selection: Carter's states that it implements a supplier onboarding program, evaluating factors including social compliance before engagement. It also states that it requires its suppliers to ensure that subcontractors comply with its standards and that they are pre-approved.

Monitoring: Carter's discloses that it monitors suppliers against its supplier code of conduct. It states that its monitoring process includes unannounced audits, a review of relevant documents, interviews with workers, and site visits (including worker housing). Carter's discloses that, in 2018, it monitored "100% of all disclosed factories." It specifies that unannounced audits represented 35% of visits carried out in 2018 and that it interviewed 10% of the workforce. It further discloses the monitoring organizations used.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: While Carter's states that it has signed the AAFA's Commitment to Responsible Recruitment, which includes the requirement that no worker pays for a job, it is encouraged to incorporate the [Employer Pays Principle](#) into a formal policy that it makes publicly available. It may also consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers.

Worker Voice: Carter's is encouraged to take steps to ensure that workers in its supply chains are aware of their rights and are able to exercise their rights to freedom of association and collective bargaining. To support collective worker empowerment, Carter's is encouraged to work with local or global trade unions to support freedom of association in its supply chains and to disclose examples of how it improved freedom of association and/or collective bargaining for its suppliers' workers.

Remedy: Carter's may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate

to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

ENGAGED WITH KNOWTHECHAIN³

Yes.

¹ Bloomberg (24 July 2020), "[Carter's, Inc. Reports Second Quarter Fiscal 2020 Results.](#)"

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).