



**Audit Committee Charter  
(Revised February 19, 2024)**

**Committee Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Carter’s, Inc. (together with its subsidiaries, the “Company”) to discharge the Board’s responsibilities relative to the oversight of:

- the quality and integrity of, and risks related to, the Company's financial statements, including the accounting, auditing, reporting, and disclosure practices of the Company;
- the Company’s internal control over financial reporting;
- the Company’s audit process;
- the Company’s enterprise risk management program;
- the Company’s independent registered public accounting firm (the “Independent Auditor”), including sole responsibility for its selection and retention and oversight of its qualifications, independence, and performance;
- the Company's compliance with legal and regulatory requirements, except to the extent delegated to other Board committees; and
- the Company's internal audit function.

The Committee shall also engage in such other matters as may from time to time be specifically delegated to the Committee by the Board.

In carrying out its delegated responsibilities, it is the Committee’s responsibility to maintain free and open communication between itself, the Independent Auditor, and management. The Committee is empowered to investigate any matter brought to its attention. The Committee will be provided full, unrestricted access to all of the Company’s books, records, facilities, and personnel in connection with fulfilling its delegated responsibilities.

The Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company's financial statements. It is not the duty of the Committee to conduct audits or to determine whether the Company’s financial statements and disclosures are complete and accurate and are in accordance with Generally Accepted Accounting Principles and applicable rules and regulations. These are the responsibilities of management and the Independent Auditor.

**Committee Responsibilities and Authority**

**Independent Auditor**

***Appointment, Compensation and Oversight:*** The Committee is directly responsible for appointing, replacing, setting the compensation payable to, and overseeing the work of the Independent Auditor (including resolving disagreements between management and the Independent Auditor regarding financial reporting) for the purpose of preparing and issuing an audit report or related work. The Independent Auditor shall report directly to the Committee.

***Pre-Approval of Audit and Non-Audit Services:*** Pre-approve all auditing services (including comfort letters and statutory audits) and permitted non-audit services, including in each case the fees and retention terms thereof, to be performed for the Company by the Independent Auditor as required by the Securities and Exchange Act of 1934, as amended.

***Annual Report from Independent Auditor:*** At least annually, obtain and review a report from the Independent Auditor describing: (1) the firm’s internal quality control procedures; (2) any

material issues raised by the most recent internal quality control review, or peer review, of the Independent Auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Independent Auditor; (3) steps taken to deal with any such issues; and (4) all relationships between the Independent Auditor and the Company. The Committee shall review and discuss with the Independent Auditor whether any disclosed relationships, services, or any other factors may impact the objectivity and independence of the Independent Auditor, including addressing any matters set forth in Public Company Accounting Oversight Board (“PCAOB”) Ethics and Independence Rule 3526.

***Set Policies for Hiring:*** Set policies for the Company's hiring of employees and former employees of the Independent Auditor.

***Experience and Qualifications:*** Review the experience and qualifications of the lead partner and senior members of the Independent Auditor team.

***Rotation of Lead Partner:*** Discuss with management the timing and process for the rotation of the lead audit partner at least every five (5) years in order to assure continuing auditor independence and also consider whether there should be additional staff rotation or rotation of the firm itself in order to comply with the regulations of the U.S. Securities and Exchange Commission (“SEC”).

***Review Performance:*** Annually evaluate the performance of the Independent Auditor, including the senior audit team, and determine whether to reengage the current Independent Auditor or consider other audit firms.

***Discuss Accounting and Auditing Principles:*** Review and discuss with the Independent Auditor the matters required to be discussed by the Independent Auditor under PCAOB Auditing Standard No. 16, including any problems or difficulties the Independent Auditor encountered in the course of its audit work and management's response.

***Review Any Difficulties Encountered During Audit Work:*** The Committee will review with the Independent Auditor any difficulties encountered during the course of audit work, including any restrictions on the scope of its work and any difficulties or disputes with management during the course of the audit work.

***Shareholder Ratification of Independent Auditor:*** Make recommendations to the Board with respect to submission of the appointment of the Independent Auditor for ratification by the shareholders of the Company.

## **Financial Reporting and Disclosure**

***Form 10-K:*** Review and discuss with management and the Independent Auditor the audited financial statements proposed to be included in the Company's Annual Report on Form 10-K, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" (“MD&A”). The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the Independent Auditor under applicable standards of the PCAOB or applicable law or listing standards. Based on such review and discussion, the Committee shall determine whether to recommend to the Board that the audited financial statements be included in the Company's Form 10-K.

***Form 10-Q:*** Review and discuss with management and the Independent Auditor, the Company's interim financial statements (including disclosures under MD&A), prior to filing each of the Company's Quarterly Reports on Form 10-Q with the SEC.

**Earnings Releases and Other Financial Disclosures:** Review and discuss with management earnings press releases, including earnings and other financial guidance, prior to public disclosure. Review material sales and earnings guidance to be provided to ratings agencies and analysts (the Chair may represent the entire Committee for purposes of this review, or the Committee may establish general standards for this type of information).

**Report for Proxy:** Provide a report for inclusion in the Company's proxy statement in accordance with the rules and regulations of the SEC.

**Material Changes to Accounting Principles:** Review major changes or issues affecting the Company's auditing and accounting principles, policies, practices, and financial statement presentations, including critical accounting estimates and analyses of the effects of alternative Generally Accepted Accounting Principles ("GAAP") on the financial statements.

**Review Effect of Regulatory Initiatives:** Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the Company's financial statements.

**Second Opinions:** Review, through the Committee Chair and, if the Chair deems appropriate, the full Committee, any management decision to seek a second opinion from an independent auditing firm other than the Company's regular Independent Auditor with respect to any significant accounting issues.

**Legal and Regulatory Matters:** On at least an annual basis, review with management, the Independent Auditor and the Company's counsel, as appropriate, any legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and programs and reports received from regulators.

## **Internal Controls, Compliance and Risk Management**

**Internal Controls Over Financial Reporting:** Consider and review with management, the head of internal audit, and the Independent Auditor the quality and adequacy of the Company's internal accounting policies and the procedures with respect to maintaining effective internal control over financial reporting.

**Annual Audit of Internal Controls:** Review and discuss with management and the Independent Auditor the results of the annual audit of the Company's internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act, *Management's Assessment of Internal Controls*.

**Compliance Program:** Review and discuss the Company's compliance program and meet, at least annually, to review the implementation and effectiveness of the compliance program with the Chief Compliance Officer, who shall have the authority to communicate directly with the Committee about actual and alleged violations of the Company's Code of Ethics, including any matters involving criminal or potential criminal conduct. The Chief Compliance Officer shall update the Committee on any significant compliance findings and recommendations. Periodically discuss with management, the Board, and, as applicable, other Committees of the Board to determine whether the Board or any of its Committees should oversee the processes for monitoring and mitigating specific compliance risks.

**Internal Complaint Procedures:** Review and discuss with management the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters that allow for the confidential, anonymous submission by employees and other third-parties of concerns regarding questionable accounting or auditing matters as required by the rules and regulations of the SEC.

***Investigate Fraudulent or Illegal Activities:*** Review and, if warranted, investigate the circumstances of any actual or suspected fraudulent or illegal activities that may be discovered or brought to its attention by any officer, employee, director, or other third-party pursuant to the Company's Code of Ethics or applicable law, and any preventative action taken in response to such activities.

***Risk Oversight:*** Review and discuss with management, the processes, procedures, and capabilities related to the Company's enterprise risk management program. Working with the Board, determine which of the enterprise risks should be reviewed and monitored by the Board or any committee, and oversee those enterprise risks assigned to the Committee. Review and discuss with management the progress against the enterprise risk management and mitigation plans developed by management to manage and mitigate Tier 1 risks, including those identified in the Company's enterprise risk assessment or otherwise.

***Cybersecurity Matters:*** Review and discuss with management the Company's cybersecurity programs, policies, and practices, including its network security and information security policies and practices and the internal controls related to information security and cybersecurity.

***Code of Ethics:*** Review and monitor the implementation of the Company's Code of Ethics. Receive periodic updates from the Company's Chief Compliance Officer and/or General Counsel with respect to matters addressed by the Code of Ethics and any remedial actions or measures that may be taken with respect to any officer or Board member of the Company. Review with management any proposed waivers to the Company's Code of Ethics for any Board member, executive officer, or senior financial officer and ensure that any such waiver is presented to the Board for its consideration and, if appropriate, approval.

## **Internal Audit**

***General Oversight:*** Oversee the internal audit function, including the internal audit function's charter, audit plan, policies and procedures, resources, and overall risk assessment methodologies.

***Head of Internal Audit:*** Review, advise and approve the selection, retention, performance review, compensation and removal of the head of internal audit, who will report directly to the Committee.

***Budget and Staffing:*** Discuss with the Independent Auditor and management the internal audit function's responsibilities, audit plan, budget, staffing and other resources.

***Performance of Internal Audit:*** Review the results and performance of the internal audit function annually.

## **Other Responsibilities**

***Tax Matters:*** Review and discuss the status of tax returns, including open years and potential disputes, as well as the adequacy of tax reserves included in the Company's consolidated financial statements.

***Related-Party Transactions:*** Conduct reasonable prior review and oversight of all related party transactions, and prohibit transactions that the Committee determines to be not consistent with the interests of the Company and its stockholders, pursuant to the Company's Related Party Transaction Policy. Report to the full Board on any approved transactions.

***Perform Other Duties:*** The preceding list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties.

### **Committee Authority**

***Delegation of Authority:*** The Committee may delegate any of its responsibilities to one or more members of the Committee, unless otherwise prohibited by applicable laws or listing standards. The Committee may terminate any such subcommittee and revoke any such delegation at any time.

***Retain Advisors:*** The Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as the Committee solely deems appropriate to perform its duties and responsibilities. The Company will provide appropriate funding, as determined by the Committee, for compensation to any advisors that the Committee chooses to engage and for payment of ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

### **Committee Composition**

#### **Number of Directors**

The size of the Committee is set from time to time by the Board, but will always consist of at least three directors, all of whom are independent.

#### **Director Independence & Qualifications**

***Listing Standards:*** Each Committee member shall meet the requirements of the applicable listing standards, and federal laws and regulations, with respect to audit committees, as they may become applicable from time to time, as well as the requirements of the Company's Corporate Governance Principles. Committee members may have no direct or indirect financial relationship whatsoever with the Company other than the receipt of director's fees.

***Financial Literacy and Financial Expert:*** All Committee members will be financially literate. At least one member of the Committee will meet the definition of "audit committee financial expert" set forth in the rules and regulations of the SEC.

***Serving on Other Audit Committees:*** No Committee member may serve on the audit committees of more than two other public companies.

#### **Appointment & Removal of Directors**

The members of the Committee are appointed by the Board based on the recommendation of the Nominating and Corporate Governance Committee. Each appointed Committee member will be subject to annual reconfirmation and may be removed with or without cause by a majority vote of the Board at any time. Any vacancies on the Committee shall be filled by the Board.

#### **Committee Chair**

The Board shall designate one member of the Committee as the Committee Chair. If the Board does not designate a chair, the members of the Committee shall designate a chair by majority vote. From time to time, the Chair may establish such rules that are necessary and proper to conduct the business of the Committee.

## Committee Meetings and Procedures

### Committee Meetings

***Number of Meetings:*** The Committee will convene at least quarterly, either in-person or virtually, with additional meetings as appropriate.

***Set Meeting Agenda:*** The Chair of the Committee will, in consultation with other members of the Committee and the appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing the agenda for the meetings and conducting the meetings of the Committee.

***Maintain Meeting Minutes:*** The Committee shall maintain minutes or other records of meetings and activities of the Committee. The Committee must file the minutes of all Committee meetings in the Company's records.

***Rules and Procedures of Meetings:*** Meetings of the Committee will be governed by the same rules that govern regular Board meetings, action by written consent, notice, waiver of notice, and voting requirements.

***Meeting Quorum:*** A majority of the members shall constitute a quorum. Each committee member shall have one vote and actions at meetings may be approved by a majority of the members present.

***Executive Sessions:*** Unless the Committee determines otherwise, the Committee shall hold an executive session at each regularly scheduled meeting. The Committee may meet in executive session with management, advisors, the head of internal audit, and the Independent Auditor as it deems necessary or appropriate.

***Third Party Attendance at Meetings:*** The Committee may, in the discretion of the Chair, invite any director, member of management of the Company and such other persons as it deems appropriate to carry out its responsibilities, to attend the Committee's meetings.

### Review and Reporting

***Annual Charter Review:*** The Committee shall review and reassess the adequacy of this charter at least annually and will submit any recommended changes to the charter to the Board for approval.

***Committee Performance Review:*** The Committee shall conduct an evaluation of the Committee's performance at least annually. The evaluation shall address subjects including the Committee's composition, responsibilities, structure and processes and its effectiveness.

***Reporting to the Board:*** Reports of meetings of the Committee will be made to the Board at its next regularly scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.

***Discussions with Executive Officers:*** The Committee may meet with the CEO, Executive Officers, and other corporate officers of the Company as the Committee may deem appropriate to discuss matters related to the discharge of the Committee's duties, and such other topics as the Committee may deem appropriate from time to time.