



AUDIT COMMITTEE CHARTER

(Rev. May 2019)

1. Statement of Purpose

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Carter's, Inc. (the "Company"). Its primary purpose is to provide assistance to the Board in fulfilling its responsibilities to the shareholders and investment community. Primary responsibilities include oversight of:

- quality and integrity of, and risks related to, the consolidated 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 independent auditor, including sole responsibility for their selection and retention and oversight of their performance, qualifications and independence;
- the Company's compliance with legal and regulatory requirements, except to the extent delegated to other Board committees; and
- the performance of the Company's internal audit function.

In carrying out its duties hereunder, it is the responsibility of the Committee to maintain free and open communication between itself, independent auditors, internal auditors and management. The Committee shall also instruct management, the independent auditors and the internal auditors that the Committee expects to be advised immediately if there are areas that require its special attention. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all of the Company's books, records, facilities, and personnel along with the power to retain outside counsel, or other experts for this purpose. The Committee shall receive adequate funding from the Company, as determined by the Committee, to compensate any independent auditors, accounting firms, outside legal counsel, and other advisors that the Committee engages. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the tone of highest integrity and standards in the Company's reporting and business practices.

2. Composition of the Audit Committee

The Committee shall consist of not less than three members appointed by the Board. The Board shall appoint one of the members to serve as Chairman of the Committee. Members of the Committee shall satisfy the independence and financial literacy requirements of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") (Rule 10A-3 of the Securities Exchange Act of 1934), the New York Stock Exchange ("NYSE") and the Company, and at least one member shall be an Audit Committee Financial Expert, as defined by rules of the Securities and Exchange Commission, in

each case as such requirements are interpreted by the Board in its business judgment. No member of the Committee may sit on more than three separate audit committees of a Securities and Exchange Commission registrant.

3. Meetings of the Audit Committee

The Committee shall hold regularly scheduled meetings and such special meetings as circumstances dictate. Periodically, it shall meet separately with management, the internal auditor, and the independent auditor to discuss any matters that the Committee or any of these persons or firms believes should be discussed in private. All Committee members are expected to attend each meeting, in person or via teleconference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared by the Committee Chairman (or a delegate) and provided in advance to members, along with appropriate briefing materials. The Committee will be governed by the same rules that govern the Board regarding meetings, action by written consent, notice, waiver of notice, quorum, and voting requirements.

4. Function and Responsibilities of the Audit Committee

The Committee shall assist the Board in fulfilling its oversight responsibilities by accomplishing the following, including by reviewing and discussing topics with management, internal auditors, the independent auditor, and outside advisers as may be warranted or required:

Integrity of the Company's financial statements

1. Review and discuss the Company's annual and quarterly financial statements, including:
 - the results of the annual audit and quarterly reviews;
 - judgments about the application of generally accepted accounting principles ("GAAP"), including financial and critical accounting policies, significant estimates and accruals, the reasonableness of significant judgments (including a description of any transactions as to which the management obtained Statement on Auditing Standards No. 50 letters), and any other matters required to be communicated to the Committee by the independent auditor under GAAP;
 - the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") that are included in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q;
 - the clarity of disclosures in the financial statements (including the Company's disclosures of critical accounting policies and other disclosures in the MD&A);
 - off-balance sheet structures; and
 - regulatory and accounting pronouncements;
2. Review and discuss the Company's system of internal control, and risks relating to financial statements, financial reporting, and internal controls;
3. Review and discuss alternative treatments of financial information within GAAP, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
4. Review, on at least an annual basis, any material pending legal proceedings involving the Company and other contingent liabilities;
5. Recommend to the Board whether the Company's financial statements should be included in the Company's Annual Report on Form 10-K;

Compliance with legal and regulatory requirements

6. Review, discuss and approve as required related party transactions pursuant to the Company's related party transaction policy;
7. Review and discuss processes, procedures, and capabilities related to the Company's enterprise risk management program;
8. Review and discuss policies with respect to risk assessment and risk management;
9. Review and discuss the results of the annual audit of the Company's internal control over financial reporting required by Section 404 of Sarbanes-Oxley, *Management's Assessment of Internal Controls*;
10. Review and discuss the results of the annual audit of the Company's employee benefit plans;
11. 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;
12. Review and, if warranted, investigate the circumstances of any fraudulent or illegal activities that may be discovered or brought to its attention by any officer, employee, or director pursuant to the Company's Code of Business Ethics and Professional Conduct, and any preventative action taken in response to such activities;
13. Review and discuss the Company's overall compliance program;
14. Meet, periodically, with management, internal auditors, the independent auditor, and outside advisers (as needed) in separate executive sessions to discuss results of examinations or any other relevant matters;
15. Prepare the Committee's report for inclusion in the Company's annual proxy statement as required by the rules of the Securities and Exchange Commission;
16. Make recommendations to the Board with respect to submission of the appointment of the independent auditor for approval or ratification by the shareholders of the Company;

Independent auditor's qualifications and independence

17. Annually evaluate, and if necessary, determine the appointment of, replacement of, or rotation of, the independent auditor (including the lead audit partner and other members of the audit team);
18. At least annually, obtain and review a formal written statement from the independent auditor regarding the auditor's independence, including a delineation of all relationships between the auditor and the Company, and review and discuss any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, addressing the matters set forth in Public Company Accounting Oversight Board ("PCAOB") Ethics and Independence Rule 3526;
19. At least annually, obtain and review a report by the independent auditor describing: (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm, and (c) any steps taken to deal with any such issues;
20. Pre-approve all compensation to the auditor, including all auditing and audit-related services (including comfort letters and statutory audits) and all permitted non-audit services by the auditor;

21. Review and discuss with the independent auditor the matters required to be communicated to audit committees in accordance with Auditing Standard No. 16 Communication with Audit Committees;
22. Set clear hiring policies for employees or former employees of the independent auditors;

Performance of the Company's internal audit function and independent auditors

23. Monitor and assess the performance of the Company's internal audit function and independent auditors;
24. Review and discuss the overall scope and plans for audits and any difficulties or problems with audits, and resolve any disagreements between the Company's independent auditors and management;

General

25. Review sales and earnings press releases, and material sales and earnings guidance provided to analysts and rating agencies (the Chairman may represent the entire Committee for purposes of this review, or the Committee may establish general standards for this type of information);
26. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees or contractors of concerns regarding questionable accounting or accounting matters;
27. Review and discuss the appointment and replacement of senior internal auditor, internal audit's annual audit plan, budget, organizational structure, and qualifications; and
28. Perform any other activities consistent with this charter, by-laws and governing law (including the policies, practices and procedures of the NYSE) as the Board or the Committee may deem appropriate.

While the Committee has the responsibilities set forth in this charter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. It is management's responsibility to prepare complete and accurate financial statements in accordance with GAAP. It is the independent auditor's responsibility to plan and conduct an audit for the purpose of reaching an opinion on whether management's financial statements are fairly presented in accordance with GAAP. The independent auditor for the Company reports directly to the Committee.

5. Limitations on Scope

The Committee members shall serve on the Committee subject to the understanding on their part and the part of the Company's management, the independent auditors and the internal auditors that:

- The Committee members are not employees or officers of the Company and are not directly involved in the Company's daily operations, and they will not serve as members of the Committee on a full-time basis;
- The Committee members expect the Company's management, the independent auditors and the internal auditors to provide the Committee with prompt and accurate information, so that the Committee can discharge its duties properly; and

- To the extent permitted by law, the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that it receives information from and the information and opinions of the persons and entities noted above in carrying out its responsibilities.

The Committee members, in adopting this charter and in agreeing to serve on the Committee, do so in reliance on, among other things, the provisions of the Company's certificate of incorporation which:

- Together with the by-laws, provides indemnification for their benefit; and,
- To the fullest extent provided by law, provides that no director shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as director.

6. Reports

The Committee shall maintain minutes or other records of meetings and activities of the Committee and will report to the Board following each meeting. The reports shall include any recommendations the Committee deems appropriate and any other matters that are relevant to the fulfillment of the Committee's responsibilities. The report to the Board may be an oral report and may be made at any meeting of the Board.

7. Evaluation

The Committee will review and assess the adequacy of this charter annually and submit any changes to the Board for approval. Additionally, the Committee will annually perform an evaluation of the performance of the Committee.

8. Delegation of Authority

The Committee shall have the authority to delegate any of its responsibilities, and the authority to take action with respect to such responsibilities, to one or more subcommittees as the Committee deems appropriate in its sole discretion.