

## TRAVEL AND ENTERTAINMENT POLICY

### 1. Purpose and Scope

- A. This policy establishes the requirements for managing, accounting for and reporting business travel and entertainment (T&E) expenses.
- B. This policy applies to all employees, contractors, temporary employees, and consultants of The William Carter Company and its subsidiaries ("Carter's"). While traveling on behalf of the Company, your conduct must adhere to the laws of the United States, the laws of the state or country visited, and Company policies, including the Code of Ethics.

### 2. General Principles

- A. It is your responsibility to know, understand and be in full compliance with this policy, and other applicable Company policies, as well as the Company's Corporate Governance Principles and Code of Ethics. You are held accountable for exercising sound business judgment and engaging in ethical behavior in complying with this policy. You are expected to treat the Company's funds and assets as if they were your own, to spend wisely and efficiently respecting budgetary constraints, and to ensure that every spending decision is consistent with both the letter and the spirit of this policy. Any expense that your manager determines is not consistent with this policy will be treated as a personal, not Company, expense. If you have any questions concerning this policy, you should contact the VP of Finance & Corporate Controller (Julia McConnell) or the T&E Manager (Catherine Newbill).
- B. Before incurring travel or entertainment expenses, you and your manager should decide whether the travel or entertainment is appropriate and necessary for valid business reasons. Web-enabled meeting technology should be used whenever possible. If travel or entertainment is necessary, the lowest cost alternative meeting business requirements should be selected.
- C. All employees company-wide are required to use our approved travel agency (Travel Inc.). Employees are also required to follow this policy on the use of preferred suppliers for air travel, lodging, car service and rental cars. Information on preferred suppliers and negotiated discounts is available in Appendix A.
- D. If you have a corporate credit card (AMEX), all travel and meal/entertainment expenses must be charged to the card, except where the card is not accepted. Personal expenses may not be charged to a corporate credit card, other than in situations when the charge is unavoidable (e.g., a hotel will not separately charge incidental personal expenses to your personal credit card). Under those circumstances, you must pay the corporate credit card charge directly and promptly. Personal use of a corporate credit card could result in discipline, termination or legal action. If you are required to travel for business but do not have a corporate credit card, you should contact the T&E Manager (Catherine Newbill) or the VP of Finance & Corporate Controller (Julia McConnell). In those instances, your manager or another supervisor or manager may pay for your business-related travel costs. Alternatively, you may be eligible for a corporate credit card.
- E. All valid T&E expenses must be submitted for processing in accordance with the procedures established in this policy. It is your responsibility to review and approve your own T&E report and to ensure that all documentation is accurate and complete. Your approval means that you have reviewed and approved all expenses and documentation and that you agree that all reported charges are valid Company expenses. If you are an employee with responsibility for approving T&E reports of other employees, your approval means that you have reviewed the reports and supporting documentation and agree that all charges are reasonable and appropriate, were incurred by the employee in connection with company business, are in compliance with policy and are properly substantiated and documented. You may not delegate your responsibility for reviewing and approving your T&E report or the reports of other employees to anyone other than your manager or

another approver of the same level or above, within your department. Delegation would typically only be appropriate when the approver is on vacation and unable to review expense reports timely.

- F. Expense reports must be submitted on a timely basis. Expenses should be accumulated and submitted together on one expense report, generally every two weeks. In limited situations, an expense report may be submitted more than every two weeks. Any expenses that are submitted more than one month after they are incurred will be considered late, but will be reimbursed if determined to be a legitimate business expense. You are individually responsible for all late fees and delinquency charges.
- G. All expenses over \$25, and all hotel expenses and all mobile phone and mobile communication device usage (if not paid directly by the company), regardless of amount, must be accompanied by an original, legible receipt containing sufficient detail to substantiate the business nature of the expense. This requirement applies without exception to both your corporate credit card and to out-of-pocket expenses. If a receipt cannot be obtained, you must document the reason for the missing receipt and submit it with your expense report.
- H. Cash advances are not allowed. Cash withdrawals using the corporate credit card are prohibited. There are no exceptions to this policy.
- I. Fines and penalties for parking violations are not reimbursable without your manager's approval (occurrences should be extremely rare). Fines for other types of traffic violations or violations of other laws or regulations are not reimbursable. When traveling on behalf of the Company, you must abide by the laws of the United States and the country or territory you are traveling within. Violating the laws in either country will be deemed outside the scope of your employment, and any fines or penalties will not be reimbursed by the Company. Additionally, the Company will not be responsible and will not take action on your behalf for any unlawful conduct or unethical behavior.
- J. Prior to traveling internationally, you are recommended to take the following actions:
  - 1. Consult a medical professional on the necessary immunization
  - 2. Contact IT to enroll you in the global network plan
  - 3. Determine if you need a Visa for the countries you will be visiting. Many countries require a Visa and a passport. You must have the required paperwork to board your flight. Visas and Passports must be obtained through CIBT only  
<http://cibtvisas.com/index.php?login=carters>
  - 4. Review the safety concerns and tips for each country you will be visiting.

### **3. Authorized Travel Agency**

- A. All employees company-wide must book all travel through Company's approved travel agency to take advantage of negotiated discounts and to facilitate providing necessary support in emergency situations. There are no exceptions to this policy. Carter's has selected Travel Inc. to handle all business travel arrangements. See B. below regarding booking domestic travel. If booking through another Travel Management Company, employees may not be reimbursed.
- B. Concur, an on-line booking tool, must be used by all employees (contractors and consultants do not use Concur) for all domestic airline, hotel, rental car, and rail reservations to take advantage of lower rates and lower transaction fees. The telephone booking service is only appropriate for complex, multi-stop domestic trips and international trips. Employees contacting Travel Inc. via the telephone for initial bookings of simple, one-way or roundtrip domestic itineraries will be referred back to the tool by the live agent.
- C. Use of Travel Inc., Concur, and our preferred providers helps ensure we obtain the best rates and discounts and lowest fees. It also helps ensure we capture all Company spend which is used to make better business decisions and negotiate discounts.

#### **4. Air Travel**

- A. Travelers must book the lowest logical airfare. Higher fares are acceptable if the fare is more than 2 hours outside of the travelers desired arrival time. Every reasonable effort should be taken to select the lowest available airfare.
- B. When available, travelers should use alternate airports, when the fare is the least expensive option. Alternate airports should be used if the flight is more than \$200 less, and the alternate airport is within 60 miles of your destination.
- C. Connecting flights (no more than one connection) should be chosen if it does not add more than 2 hours traveling time. If the cost difference is less than \$200, the traveler may decline the connection.
- D. Air travel should be booked at least 14 days in advance of your trip, but, no more than 21 days in advance to avoid itinerary changes and the related change fees. Change fees will be tracked and reported to the appropriate Leadership Team member.
- E. Economy/coach class is required for all North American travel. You may not buy a full-fare economy ticket or a ticket and upgrade, if a less expensive economy ticket is available. Under no circumstances should travel decisions be influenced by frequent flier program benefits.
- F. Employees traveling internationally are required to use economy class for flight times less than 8 hours and business class is acceptable for flights over 8 hours. Exceptions to the policy must be approved by the CEO (Mike Casey) or CFO (Richard Westenberger).
- G. Checked baggage is allowed when travel is for more than 4 days or the traveler is transporting excessive work related materials (i.e., projector, presentation materials, storyboards). All others will not be reimbursed unless first approved by your Leadership Team member.
- H. Refunds received from downgrading or exchanging tickets must be applied to future business travel only. Savings on ticket downgrades may not be used to fund personal travel for yourself, spouses, domestic partners, family members or friends.
- I. Non-refundable tickets should be purchased in virtually all instances. Refundable flights must be approved in advance by your supervisor and the T&E Manager (Catherine Newbill).
- J. You must contact the approved travel agency to cancel all refundable tickets on a timely basis so that a credit will be applied to your corporate credit card. You must also contact the agency to cancel all non-refundable tickets prior to the original departure date. It is your responsibility to ensure that any cancelled tickets are applied to future business travel. Regardless of the cancellation, you must process the charge on your T&E report.
- K. Airline club membership is not reimbursable. Note that airline club membership may be free under the AMEX platinum card program, should you qualify to hold a platinum card.
- L. For flights less than two hours in duration, in-flight internet service will not be reimbursable.

#### **5. Executive Air Travel**

- A. The Chairman and Chief Executive Officer, President, and Chief Financial Officer may not travel aboard the same aircraft, whether for business or personal trips.

- B. Individuals holding the following positions at the Company or its subsidiaries will adhere to stated limits applicable to their travel aboard the same aircraft, whether for business or personal trips:

Position(s)	Limit
Member of the Board of Directors	Not more than 3 on the same aircraft
Executive Officers	Not more than 3 on the same aircraft
Vice President or above in the same department	Not more than 5 on the same aircraft

## 6. Ground Transportation

- A. The preferred means of ground transportation are taxi, rental car, personal car or public transportation. Travelers should choose the least expensive mode of transportation.
- B. Car services may only be used in certain areas and under exceptional situations.

Approved routes include:

1. To/from our New York offices from/to New York airports when cabs are not available (e.g., during shift change)

Exceptional situations include:

1. When safety or timing is an issue
2. When an employee is permanently or temporarily disabled (e.g., an employee who is 7 months pregnant or who has a broken leg)
3. When an employee is carrying several or large packages (e.g, storyboards, etc.)
4. When it is the lowest cost option

Employees should consider other cost effective methods such as self-parking, taxis or rental cars. Car services should be shared whenever possible and should not be used in an employee's home city, other than for situations noted above. Managers should regularly review car service usage to ensure it is reasonable and appropriate. All car services must be charged to your corporate credit card. Direct bill to the Company is prohibited. *Any exceptions must be approved by the VP of Finance and Corporate Controller (Julia McConnell).*

- C. Preferred car service suppliers must be used. There are no exceptions to this policy. A list of preferred car service suppliers is available in Appendix A. In the U.S., car service must be arranged through Concur/Travel Inc. or directly with the preferred car service supplier. When traveling internationally, you should use suppliers recommended by Travel Inc.
- D. The Company will not pay for car service wait charges, except when it is most cost-effective option or in extenuating situations that are fully documented in your T&E report and approved by your supervisor.
- E. In the U.S., a car rental should be used for Company business when the rental cost is less than the reimbursable personal mileage cost or when use of a personal car is not an option. Rental cars should not be used if the rental cost exceeds the reimbursable personal mileage cost, unless advance approval from the CFO (Richard Westenberger) is obtained. Please visit the Company's intranet for the current mileage reimbursement rate. Car rental reservations must be made through Concur/Travel Inc. Rentals should be mid-size cars, unless the employee cannot comfortably fit into the car or several employees are traveling together and a mid size car is not practical.

Avis is the preferred supplier and must be used whenever possible. Budget is the secondary supplier and should be used when Avis cars are unavailable or the cost of rental is less. Collision and liability/accident insurance should be waived for rentals in the U.S. because the Company has

insurance coverage. In international locations (including Canada), you should purchase the appropriate insurance coverage.

GPS devices are not reimbursable unless pre-approved by the T&E Dept. Employees should use a smart phone or travel with their personal GPS device.

- F. For rail travel less than 2 hours, you must book economy class. First class arrangements may be booked for rail travel over 2 hours. Sleeping accommodations may be used for overnight travel.
- G. Except for normal commuting expenses which are not reimbursable, you may be reimbursed at the normal IRS mileage rate for business use of your personal car. Parking and tolls incurred while the car is used for business, other than for normal commuting, are reimbursable. Weekend and late night parking or incremental transportation costs may be reimbursable with manager approval. Managers should make every effort to ensure reimbursable late night parking/transportation is rare. Employees normally should be commuting around regular business hours. *Note: Frequent reimbursement for cabs or mileage for an employee's normal commute is taxable to the employee under IRS rules.*

## **7. Lodging**

- A. Lodging must be booked through our on-line reservation tool (Concur) or Travel Inc. Anything booked outside of Travel Inc., without prior approval from the T&E Dept. may not be reimbursed. Only exceptions will be for conventions and conferences, or reservations made through customers or vendors.
- B. When traveling to a city with a preferred hotel, travelers must utilize the preferred hotels only. All other hotels must be approved by the T&E Dept. Otherwise, the cost may not be reimbursed.
- C. When staying in a city with no preferred hotel, travelers must stay at a moderately priced hotel. For example, Courtyard, Hilton Garden Inn, Hyatt Place, Best Western, etc. Any hotels higher in class than a moderately priced hotel must first be approved by the T&E Dept. Employees should not choose a higher rate hotel because of loyalty programs.
- D. When in Atlanta, travelers should not use the Ritz-Buckhead unless first approved by the CFO (Richard Westenber).
- E. In addition to room costs, fees and taxes, reasonable exercise facility charges, laundry (if traveling for 4 days or more, over the weekend, or under extenuating circumstances), baggage handling, parking, and business center charges will be reimbursed. Hotel internet should be used with discretion and for business reasons only. The Business Center and the hotel internet should not be used if the employee has a broadband card or ready access to a Carter's facility. Salon, health and beauty treatments or products, spa, in-room movie/entertainment, recreational and other personal expenses will not be reimbursed. Mini-bar charges will not be reimbursed except where security or health concerns are an issue (e.g., in a foreign country where an employee could become ill from drinking tap water or late at night and a vending machine is not available) or where the mini-bar is the lowest cost option. Employees must document the rationale for exceptions on their expense report. It is your responsibility to ensure that only reasonable, reimbursable expenses are charged to your corporate credit card.
- F. All hotel reservations are guaranteed late arrival unless you instruct the approved travel agent otherwise. You must cancel the room on a timely basis to avoid "no show" charges. No-show charges are not reimbursable except under extenuating circumstances, which must be approved by your manager and fully explained on your T&E report.
- G. Employees may not pay to upgrade their hotel rooms to a "club" or "concierge" floor without approval from the CFO (Richard Westenberger).

## **8. Meals and Entertainment -- Travel or Onsite Meals**

- A. Employees traveling within the US will be reimbursed for meals up to \$85.00 per day. When traveling internationally, employees will be reimbursed up to \$140.00 per day. These daily limit amounts have been established based upon industry and market benchmarks. Please note that submission of itemized receipts for meals is required and the \$85/\$140 is the maximum to be expensed. These daily limits will not apply to entertainment of customers or external business partners.
- B. . When traveling for a ½ day, the following applies:
  - 1. If travel commences after 12:00 p.m. (noon) on the day of departure then one-half of the per diem amount may be claimed.
  - 2. If travel commences prior to 12:00 p.m. (noon) on the day of return, then one-half of the per diem amount may be claimed.
- C. Until further notice, alcoholic beverage expense reimbursement will be limited to no more than two drinks per day. Alcoholic beverage charges while entertaining customers will be reimbursed if deemed reasonable and appropriate under the circumstances. See section 9 below.
- D. Meals for yourself in hotels must be itemized and properly described in your T&E report. Whenever you pay for business meals with other employees or third parties, you must submit complete receipts, indicating date and place, an itemized description of expenses, the names of attendees, their business relationship and the business purpose of the meal, with your T&E report. In all cases, reimbursement is limited to the actual expenditure.
- E. When two or more employees attend a business meal or entertainment event, the most senior employee (or, when traveling, the host location) should incur the expense.
- F. The use of “house accounts” at restaurants is prohibited.
- G. Catering of food for Company meetings should be limited to situations when the timing of the meeting requires a meal. Such instances should be limited and typically would involve a third party (non-employee). Extensive food menus are not appropriate in these situations, and you should use the most cost-effective provider.
- H. Overtime meals may be reimbursed for meals consumed on-site during non-business hours (i.e., after regular business hours or on the weekend or a holiday). Generally, overtime meals would not be incurred unless the employee is working during meal time hours and more than 2 hours beyond normal business hours.
- I. Reimbursement will be limited to food, beverages, and reasonable and necessary services directly related to the entertaining. Such instances should be limited and sound judgment should be exercised.

## **9. Meals and Entertainment – Customers**

- A. Any business entertainment expenses must be pre-approved by your Leadership Team member.
- B. Customer meal and entertainment expenses must be directly related to or associated with the active conduct of Company business. “Active conduct of Company business” means that:
  - 1) There is a clear business purpose for incurring the expense and will derive a specific business benefit from it,
  - 2) An active business meeting or negotiation is conducted during the meal or event, or the meal/event directly precedes or follows a business discussion, and

- 3) An employee is present and the customer who is being entertained has decision-making authority.
- C. Customer meals and entertainment should be reasonable in cost and frequency. "Reasonable" cost depends on the location. Meal cost (including alcohol) should not exceed an average of \$60/person. This amount is a guideline; you are expected to spend less than this in most situations. The meals and entertainment must be in good taste ("adult entertainment" is never acceptable), must be consistent with the Company's Corporate Governance Principles and Code of Ethics, and must not create the appearance of impropriety or embarrass the company. All attendees must be listed with a clear business purpose.
  - D. Season tickets to sporting events for customer entertainment are prohibited. Individual tickets to sporting or other events, such as shows or golf outings, may be purchased for customer entertainment or occasional employee recognition purposes and should be charged to your corporate credit card unless otherwise prohibited by law or regulation. Such instances should be rare and approved in advance by the VP of Finance and Corporate Controller (Julia McConnell).
  - E. Entertaining government officials is expressly prohibited. If you are asked to entertain a government official, including foreign officials, you must notify the Law department immediately.
  - F. Entertaining guests at home is reimbursable only with the pre-approval of the CEO (Mike Casey) and CFO (Richard Westenberger) and documentation of the business purpose, individuals involved, and expenses incurred.

#### **10. Meals and Entertainment -- Suppliers**

- A. Meals and entertainment (including tickets to sporting events, shows, and golf outings) provided by or to suppliers selling or seeking to sell goods or services to the Company must also be in connection with the active conduct of Company business. "Active conduct of Company business" in these circumstances means that:
  - 1) There is clear, specific business benefit resulting from your participation,
  - 2) An active business meeting or negotiation is conducted during the meal or event, or the meal/event directly precedes or follows a business discussion, and
  - 3) An employee of the supplier who has decision-making authority is present.
- B. As a general rule, the host company should pay the meal and entertainment expenses. Meals and entertainment with suppliers must also meet the requirements in 9 B above.

#### **11. Off-Site Meetings/Conferences**

- A. Off-site meetings, should be avoided when possible. Our new Phipps Tower offices have been designed to provide significant meeting and collaboration space. If there is a compelling reason to secure offsite space for a meeting, you must obtain approval from the VP of Finance and Corporate Controller (Julia McConnell) before the commitment is made. If approval is obtained, offsite meetings should be held in preferred hotels. If a preferred hotel isn't available, you must obtain pre-approval from your manager before using an alternate hotel.
- B. If you are attending an off-site meeting in your home city, you may not stay in a hotel without approval from your manager.
- C. If you are attending a conference at a hotel that is not a preferred hotel, you may stay at the conference hotel if the cost is no more than \$75/night higher than the preferred hotel and if you obtain approval from your Leadership Team Member. If a preferred hotel is not located within a reasonable distance from the conference, this restriction does not apply.

- D. “Planner points” and similar incentives offered by hotels and suppliers to associates who book group meetings or handle Company purchases of goods and services may not be used for personal benefit. These points or incentives are earned by the Company and must be credited to the Company for use in supporting Company business.
- E. Participation in customer or supplier off-site meetings or events, even as a speaker, must be based on a bona fide business need or purpose and approved in advance by your Leadership Team Member. You may not accept any type of payment, gratuity or favor from the customer or supplier for your attendance or for your participation as a speaker. You also may not accept air travel or lodging other than in exceptional circumstances with prior approval from the CFO (Richard Westenerger). You may only accept meals or entertainment during the off-site meeting if they are an integral part of the meeting.

## **12. Spouse/Domestic Partner/Family Travel**

- A. Spouse/domestic partner travel, meals and lodging expenses are only reimbursable if the spouse/domestic partner presence serves a legitimate business purpose and is pre-approved by the CFO (Richard Westenerger). A pre-approved Spousal/Domestic Partner Travel form must accompany each T&E report when submitting spouse/domestic partner expenses. Spousal travel expenses are taxable to the employee.
- B. If your spouse/domestic partner participation is personal, the incremental travel expenses, meals, lodging and other expenses cannot be charged to the Company. You may not turn in a first class or business class ticket to convert to two coach fares to pay for spouse/domestic partner travel.
- C. Expenses for guests who are not spouses or domestic partners are subject to the above rules. Any expenses for children taken on a business trip are personal and are not reimbursable.

## **13. Business Gifts**

- A. You may give a gift to a customer or supplier only if it meets all the following criteria:
  - 1) It is given on behalf of the Company and not on behalf of any individual employee.
  - 2) It is nominal in value and frequency. In the U.S., “nominal value” means less than \$75. Your Division, Region or Function may specify a lower amount.
  - 3) There is a legitimate business purpose. Gifts to mark birthdays, weddings, other personal events, religious or national holidays cannot be paid with Company funds except as approved by a Leadership Team member or the VP of Finance & Corporate Controller (Julia McConnell).
  - 4) The gift is in good taste, consistent with accepted business practices, isn’t offered to gain an unfair advantage and won’t create an appearance of impropriety or embarrass the Company.
  - 5) The gift is permitted by the recipient’s policy, policies and the law.

For example, you may give small quantities of free product or items having nominal value, such as promotional merchandise, to customers or suppliers to promote bona fide business relationships.

- B. You may accept a business gift from a customer or supplier only if it meets all the following criteria:
  - 1) It is nominal in value and frequency (see 13 A (2) above).
  - 2) There is a legitimate business purpose (see 13 A (3) above).
  - 3) The gift is in good taste, consistent with accepted business practices, isn’t offered to gain an unfair advantage and won’t create an appearance of impropriety or embarrass.
  - 4) The gift is permitted by policies and the law.
- C. You may never offer or accept a gift of cash or a cash equivalent (such as gift cards that can be redeemed for cash) from a customer or supplier.

- D. Giving gifts to government officials is prohibited. You must contact the Legal Department should you find yourself in a position where a gift has been given.
- E. All gifts must be charged on your corporate credit card. You must submit a complete receipt showing date and place of purchase, the recipient's name and business relationship and the business purpose of the gift with your T&E report.

#### **14. Employee Recognition and Gift-Giving**

- A. You may not use your corporate credit card or seek reimbursement for anniversary/service gifts or awards since they are provided through the Service Award program. See separate HR policy on Service Awards for additional information. Company funds also may not be used for birthday or holiday gifts, Secretary/Boss's Day gifts, other personal gifts or holiday cards. The only exceptions are gifts approved by the VP of Finance & Corporate Controller (Julia McConnell) or a member of the Leadership Team, retirement gifts on behalf of the Company or occasional de minimis gifts on behalf of the Company to recognize major life events or outstanding performance.
- B. Events to recognize anniversaries, promotions, transfers and retirement and occasional employee recognition events are reimbursable, subject to guidelines established by your local HR department or with the advance approval from a Leadership Team member.
- C. Employee gifts and entertainment that are appropriate Company expenses should be charged on your corporate credit card. You must submit a complete receipt showing the date and place of the purchase or event, the recipient and his/her position and the reason for the gift or event.
- D. Events requiring a cake, flowers, or some other type of recognition should be requested through HR which will respond on the Company's behalf. Such expenditures, outside of this policy, should be considered non-reimbursable personal expenses.
- E. Use of gift cards is discouraged. In instances where gift cards are pre-approved by the VP of Finance & Corporate Controller (Julia McConnell), you must ensure compliance with internal control requirements and applicable tax laws. If the cost or value of the award/gift card exceeds \$75, the entire amount is taxable to the employee. The award must also be infrequent. Gift cards will automatically be reported as taxable income to employees. Payroll gross up for the tax impact is not permitted.

#### **15. Communication Technology Expenses (see attached Smartphone Policy pg. 14)**

- A. As with any other expense, you must apply good business judgment to decisions involving the purchase and use of cell phones and other communication devices. Care must be taken at all times when using a cell phone or other communication device not to risk disclosure of confidential business information.
- B. The Executive Approval Form for Communication Technology must be used to document approval for the purchase of e-mail devices (e.g., blackberries), internet service, and home phone/fax service. The approval is valid for the duration of the employee's time in the current position, and re-approval must be granted by the appropriate Leadership Team member and the CFO (Richard Westenberger) at the time of any change in position or role. If your use of a wireless e-mail device is approved by the appropriate Functional head and CFO (Richard Westenberger) you may be reimbursed for the device and monthly data service fee.
- C. To gain e-mail connectivity, all wireless e-mail devices must be approved. Orders for approved devices must be placed through the IT department. There are no exceptions to this policy.

- D. Employees are personally responsible for the purchase of any upgraded equipment, peripherals and accessories for cell phones and mobile e-mail devices.
- E. Infrequent travelers may be reimbursed for business calls, business texts and business related GPS, as part of a service provider texting and GPS plan, made on your personal cell phone and for reasonable personal calls made while on business travel. You should request reimbursement for only the portion of your monthly cell phone service fees, roaming fees, texting and GPS attributable to business use. Individual occurrences or texting and GPS charges made outside of a service provider plan will not be reimbursed.
- F. For those employees seeking reimbursement of business use of an employee's personal cell phone or personal wireless e-mail device, a summary monthly service invoice (your bill) is required to be submitted with your expense report. Those employees with "Family Plans" or bundled services should identify the phone line used for business on their T&E report. Employees should still obtain and hold their detailed receipts and call detail, as it must be available to provide to the manager or other company representative if further substantiation is required. Call detail is required if the personal cell phone is used for both personal and business use.
- G. For home-based employees (i.e., those who don't work from an office location), monthly service fees for internet (\$30), phone and fax (\$10) used solely for business purposes are reimbursable with CFO (Richard Westenberger) approval. No other internet, broadband, or fax charges will be reimbursed.
- H. Monthly service fees for internet and fax lines in the home are not reimbursable. Exceptions outside of G. above should be extremely rare and must be approved by the CFO (Richard Westenberger) in advance.
- I. While traveling on Company business, all calls should be placed using an employee's cell phone. In limited situations, prepaid calling cards may be purchased when employees are traveling internationally and their calling plans either do not provide international coverage or it is cost prohibitive under their plan, and a valid business need necessitates the call(s). Note: Before traveling internationally, employees should contact the IT department to determine if their service plan should be temporarily changed during their trip to help minimize expensive service and roaming fees.
- J. Broadband access cards for your laptop should be limited to heavy travelers and those who are regularly not in an office. Broadband cards, devices and service charges may be reimbursed with advance approval from the VP of Finance & Corporate Controller (Julia McConnell) and the applicable Leadership Team member.
- K. Wi-Fi charges on domestic flights, related to valid business use, are reimbursable if the flight is more than two hours. Wi-Fi usage on planes should be limited and should only be used when the business need is critical.

## **16. Other Expenses**

- A. Carter's is committed to providing reasonable accommodation; upon request to disabled associates (this includes expectant mothers and employees who are temporarily disabled). This may include payment for reasonable, necessary and appropriate expenses for disabled employees who travel as part of their job duties. These expenses should be reviewed and pre-approved on a case-by-case basis by the employee's manager and Human Resources.
- B. For home-based employees (i.e., those who do not work from an office location), managers may approve reasonable and necessary expenses for office services, stationery, supplies and equipment. These purchases must be made through the Carter's Facilities Department. IT equipment should be ordered through the IT department and be approved by your manager.

- C. Reasonable, necessary and appropriate tips and other gratuities are reimbursable, provided they do not conflict with existing policies. Per-diem charges for tips are not acceptable.
- D. Passport, visa, landing charges, airport taxes, inoculations and medical expenses not covered through group insurance plans and incurred as a direct result of business travel are reimbursable.
- E. Non-reimbursable expenses include regular commuting costs between an employee's home and place of business; personal items or expenses such as clothing, shoes, jewelry, luggage, toiletries, haircuts, shoe shines, and books or magazines; donations to charities or political parties; meals or entertainment costs for employee, customer or supplier events that are primarily social in nature; travel-related items such as umbrellas, briefcases, and luggage; monthly fees or dues paid to alumni associations, social clubs, country clubs, health clubs and other personal memberships. Personal items may not be charged to the Company, even if they are purchased while on a business trip.
- F. External training events and industry conferences requiring a registration/tuition fee or travel must be approved by SVP of Human Resources and Talent Development.

### **17. Expense Report Submission and Processing**

- A. Expense reports must be submitted in Concur, our automated expense report solution. T&E expenses should not be reported through the Accounts Payable system. You are responsible for all charges on your corporate credit card. You are also responsible for ensuring that you comply fully with the requirements of this policy and any administrative processes established by your function.
- B. Expense reports must be reviewed and approved by the employee's direct supervisor. Each approver is responsible for ensuring that all charges on the T&E report are reasonable and appropriate, are properly documented and substantiated, and are incurred by the employee in connection with Company business. The approver must review all reports for personal expenses and must ensure that personal expenses are not submitted for reimbursement.
- C. Original invoices and unaltered receipts must be supplied as back-up documentation, unless provided via e-receipts in Concur. All invoices and receipts for travel expenses booked through an approved travel agent should contain the cost and the reservation or booking number to facilitate reporting and auditing. All reports and documentation must be accurate, timely and auditable.
- D. The following documents must be submitted with your T&E report, if applicable:
  - Copies of the applicable monthly personal credit card statement showing charges submitted for reimbursement anytime a personal card is used
  - Hotel bills, regardless of amount (note that meal expenses at a hotel must be separately itemized and fully described)
  - Original documentation for all expenses of more than \$25, clearly legible with appropriate detail (i.e., an itemized receipt) and organized for processing and imaging purposes
  - Lists of attendees at all entertainment, meals and meetings, together with business affiliation and business reason for the event
  - Summary monthly service invoices for cell phone charges, home internet access and home phone/fax charges (infrequent travelers), where a corporate device has not been issued
  - An Executive Approval Form for Communication Technology as required in 15 B
  - Spouse/Domestic Partner Travel Approval form
- E. You must retain copies of all expense reports, Corporate Card statements, receipts, including cell phone call detail or wireless email device detail, and other back-up documentation for two years.

- F. You are personally responsible for late fees, delinquency fees and suspension fees. The Company will automatically cancel a card without notice after the cardholder's second instance of delinquency in a twelve month period. The Company may also cancel a card at any time for personal spending or misuse or abuse of the card. In addition, AMEX may suspend or cancel a card and charge late, delinquency or suspension fees at their discretion, and this action may affect your personal credit rating. Upon suspension or cancellation, all balances including fees must be paid before the card will be reactivated. Canceled cards cannot be reinstated without approval granted by the VP of Finance & Corporate Controller (Julia McConnell).

## **18. Policy Administration**

- A. Violation of this policy, including misuse of a corporate credit card, may result in discipline, termination or legal action.
- B. Administration and supervision of this policy is the responsibility of the VP of Finance & Corporate Controller (Julia McConnell). The VP of Finance & Corporate Controller (Julia McConnell), and in some cases the CFO (Richard Westenberger) or CEO (Mike Casey or his designee), must approve any exception to this policy. Approvals should be obtained in advance of incurring an expense whenever possible.