



2023 CORPORATE RESPONSIBILITY REPORT

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BUILD-A-BEAR

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About This Report

This Corporate Responsibility Report presents Build-A-Bear Workshop, Inc.'s (Build-A-Bear's or the Company's) environmental, social, and governance (ESG) approach, policies, practices, and performance. The information contained herein reflects decisions and actions through the first quarter of fiscal year 2024 and quantitative data for the fiscal year 2023 (Jan. 29, 2023 – Feb. 3, 2024), unless otherwise noted.

A Company with

In 1997, Maxine Clark, our founder, had a vision. She believed that simple, heartfelt gestures of love, friendship, and warm embraces, much like the ones we shared with our beloved teddy bears, could truly transform the way we live and interact. From there, she set out on a journey to create a destination where kids could bring furry friends to life – spreading joy and nurturing connections one teddy bear hug at a time.

From that initial spark of inspiration, Build-A-Bear Workshop, and a new way of thinking about shopping, was formed. Since then, we have flourished into a global brand and entertainment company with multi-generational appeal. Along the way, we have stayed true to our strategic vision and have created nearly 250 million furry friends that celebrate and commemorate life's moments.

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A Heartfelt Message from Our CEO

Dear Stakeholders,

For over 26 years, Build-A-Bear has been more than just a place to make furry friends, we are a company that brings people together, sparks joy, and creates lasting memories. Our purpose extends beyond the products we make — it's about adding a little more  to life, a mission that remains at the core of everything we do. As we publish our inaugural Corporate Responsibility Report, I am filled with immense pride and gratitude to share how we're bringing this mission to life through our commitment to environmental, social, and governance (ESG) principles that matter most to our business and stakeholders.

As a brand trusted by families, we understand the responsibility we carry. Due to this, our corporate approach is guided by a set of priorities that reflect both who we are and who we aspire to be. These include our commitment to ensuring the highest standards of quality and safety in every product, fostering a workplace culture that is inclusive, diverse, and empowering, and reducing our environmental footprint for a more sustainable future for the next generation of furry friends and the people who love them. Giving back is our DNA, and through the Build-A-Bear Foundation, we have donated over 1.5 million furry friends and \$22 million to charitable organizations that support children, families, and communities.

This report marks a significant milestone on our path toward greater transparency and sustainability. But it's only the beginning. As we look to the future, we are excited to continue evolving, pursue ambitious goals, and collaborate with our stakeholders to drive positive change. Together, we can build a better world — one furry friend at a time.



Sharon Price John

President and Chief Executive Officer



“
Thank you
for your
continued trust
and support
on this journey.
”

Sharon Price John

President and Chief Executive Officer



BUILD-A-BEAR

2023 ESG REPORT



The Stuff You Love

We are all about people and moments that bring us together. Our brand and products appeal to guests of all ages from toddlers to teens, families, and adults. One's inner child is awakened "to life" in our Workshops when a furry friend is chosen, stuffed, dressed, named, and brought to life, as well as on our websites, which are often visited by 'kidults' who crave the nostalgia, comfort, and collection of toys and memorabilia. During the Heart Ceremony, when a heart is placed in a furry friend, a gift is shared, or new events or content are experienced, it brings to mind warm thoughts of friendship, trust, and love.

The embrace of a furry friend can provide comfort, stress relief, sleep support, and security throughout one's life! We strive to empower all our guests to express themselves in a safe, warm space through our services, experiences and of course, furry friends.

OUR MISSION

"To add a little more ❤️ to life"



Our Values

Our values are at the heart of everything we do. They guide how we operate our business and the experiences we provide our guests and fellow associates.

ACHIEVE

Push beyond what seems possible. Attain maximum results.

LEARN

Be intellectually curious. Own your development. Listen actively and seek opportunities to improve professionally and personally.

EMBRACE

Value the diversity individuality and background of associates, guests, and business partners.

COLLABORATE

Trust your teammates and work together to achieve common goals. Seek the opinion of others. Take accountability for your actions.

GIVE

Make our communities a better place to live work and play through contributions of time and talent.

WIN

Consistently demonstrate relentless drive to enhance value for stakeholders. With tenacity, passion, and focus, overcome all obstacles and attain excellence.

CELEBRATE

Acknowledge success, recognize individual and team contributions and have fun along the way.

¹Atomik Research survey commissioned by Build-A-Bear (2017). [National Teddy Bear Day Survey Finds More Than Half of Adult Americans Still Have Their Teddy Bear From Childhood](#) | Build-A-Bear Workshop (buildabear.com); Sumioka, H., Nakae, A., Kanai, R., and Ishiguro, H. (2013). Scientific Reports. 3:3034; Gannet, S. (2024, February 6). [The Case for Sleeping With Stuffed Animals as an Adult](#). The New York Times.



Our Reach

As of FYE 2023

26 years
of adding a little
more  to life

18 years
operating as a
public company

3 years
of record results with
\$486 million revenue
generated and \$1.2
million average net
retail sales per North
American store²

**1,000 full-time and
3,550 regular part-time
associates bringing
 to their work in
the U.S., Canada, U.K.,
and Ireland**

**525
stores**
located around
the world³



1.5 million
furry friends and
\$22 million donated to
charitable organizations
by the Build-A-Bear
Foundation since 2004

**50 million+ guests visiting our
experience locations each year⁵**

**240 million+ furry friends
sold since inception**



~40%
of sales are to
teens and adults

4
distribution centers
fulfilling store and
e-commerce needs⁴

Top 25
rank on
Forbes Best
Customer
Service list
2024

Top 20
recognition
for 2024 most
influential
retailer in North
America⁶

²Net retail sales based on North American stores open for the entire year. North America net retail sales on a per square foot basis was \$495,000 for the same period.
³Includes 359 corporately-managed, 92 partner-operated, and 74 international franchise locations as of February 3, 2024. In FY 2023, we had a net new unit growth of 37 new experience locations.
⁴Distribution centers include one 350,000 square-foot owned location in the U.S., two third-party distribution centers in the U.K. and China, and one third-party warehouse in California.
⁵Experience locations include traditional model stores, tourist locations, concourse and seasonal spaces, vending machines, cruise ships and more. They feature unique combinations of interactivity and products in which guests can "make their own stuffed animals" by participating in the stuffing, fluffing, dressing, accessorizing, and naming of their own teddy bears and other stuffed animals.
⁶WPP and BAV (January, 2024). "Most Influential Retail Brands 2024." [wpp-bav-retail-influence-2024.pdf](https://www.wpp-bav-retail-influence-2024.pdf) ([wppbav.com](https://www.wppbav.com))



A Bear's Commitment to Responsibility

In our journey to create memorable moments and add more ❤️ to life, we focus on acting with thoughtfulness, determination, and a strong sense of responsibility. We work to embody our values and the relentless drive to enhance value for all our stakeholders. This commitment naturally includes environmental, social, and governance (ESG) considerations and the risks and opportunities they present today and into the future.

8 Forging Our Path



Forging Our Path

Corporate responsibility has been a pillar of our business from the beginning. Along the way, we have emphasized the importance of acting with care and working with one another to achieve our collective aims. We have identified industry best practices across the organization to deliver high-quality products that serve our guests and create safe and memorable experiences at our stores and in our workplaces.

ESG Approach

Over the past few years, we have been formalizing our approach to corporate responsibility. We conducted an evaluation of our ESG risks and opportunities and identified the topics most relevant to our business and stakeholders. We engaged with internal team members to identify policies, programs, procedures, and metrics that reinforce our strategic decisions and actions. We also established the basis for consistent reporting of our corporate responsibility and sustainability efforts, starting with this inaugural report.

The identification of our ESG topics involved the evaluation of environmental and social issues from the perspective of multiple stakeholders. The process drew insights from sustainability and climate-related frameworks and standards, including the Sustainability Accounting Standards Board (SASB), now part of the International Financial Reporting Standards (IFRS) Foundation, the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, and the United Nations Sustainable Development Goals (UN SDGs). It factored in sustainability rating agencies, investor priorities, regulatory developments, and peer practices. In addition, we engaged internal stakeholders and external advisors to review our policies, practices, and procedures.



Our ESG Priorities



Sustainable Operations



Health and Safety



Product Materials, Distribution, and Packaging



Human Capital Management



Supply Chain Management



Diversity, Equity, and Inclusion



Product Safety



Corporate Governance



Responsible Marketing



Data Privacy and Security



ESG Oversight

We have strategically grown our Company and established robust internal structures to manage our risks and opportunities efficiently and effectively. This has enabled us to organically address many of our ESG topics and consistently advance our commitment to operating responsibly.

At the leadership level, our Chief Executive Officer (CEO) directs our corporate strategy under the guidance of the Board of Directors (Board) and with the support of our executive team and expansive workforce. Our ESG-related strategy, compliance, and disclosures are led by our Chief Administrative Officer (CAO) and General Counsel. Our Senior Vice President Chief People Officer (SVP CPO) manages our associate strategy, monitors and assesses progress on our safe, inclusive, and diverse work environments, and leads our philanthropic endeavors. Cybersecurity and data privacy risks are addressed by our Chief Technology Officer (CTO). Our corporate operations, retail, manufacturing, distribution, and logistics are managed by our Chief Operations Officer (COO), Chief Revenue Officer (CRO), and Chief Financial Officer (CFO).

Our Board is responsible for overseeing the management of the Company. As a whole and through its three standing committees, the Board is regularly briefed on matters by members of our executive team and senior management. Specific to our ESG topics, the Audit Committee addresses risk exposures, including data privacy and cybersecurity. The Compensation and Human Capital Committee handles human resources and pay-related matters, while the Nominating and Corporate Governance Committee addresses our business practices and ESG-related strategies, initiatives, and disclosures.

Learn more about the role of our Board and risk management in the [Acting from Values](#) section.

Supporting Collective Impact

We recognize that the collective efforts by many and actions big and small are advancing global aims of health, prosperity, and sustainability. We believe businesses have an important role to play in this mission and that the agenda of the UN SDGs is an ideal measure of our impact.

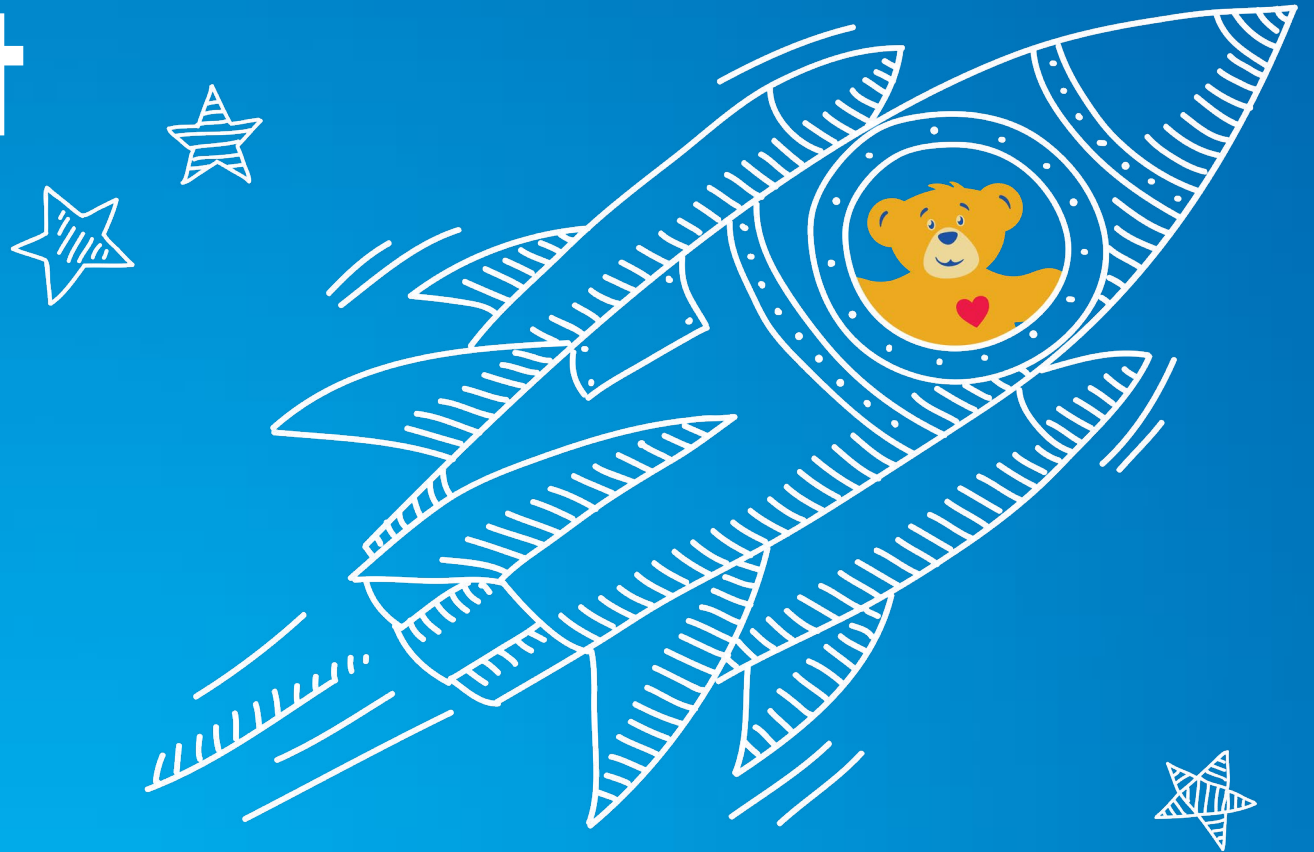
The UN SDGs are driving solutions to overcome global challenges, such as climate change, hunger, poverty, and gender inequality. Of the 17 UN SDGs, we have identified six that directly align with our business and ESG priorities. Our CEO plays an active role through her involvement with IDEAGEN, an organization dedicated to the UN goals. Through IDEAGEN, she's had the privilege of sharing our vision and initiatives to advance UN SDG #5: Gender Equality at the UN on two separate occasions.



Building with Impact

We are an interactive, multi-generational business with operations around the world. From our experience locations and e-commerce sites to our distribution centers, offices, and supply chain partners, we are spurring creativity, applying best practices, and exploring new opportunities to deliver to our guests' furry friends, gifts, and entertainment that are often cherished for years to come. Across our operations, we strive to be a trusted partner that always seeks to make an impact by adding a little more ❤️ with responsibility, sustainability, and accountability along the way.

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Building for the UN SDGs

UN SDGs 8, 12, and 13 address how we conduct business in consideration of our employees, our supply chain, and the environment at large. We are building momentum in these areas through our ethical policies, compliance programs, product development and packaging, shipping and logistics practices, and our internal operations.



Memorable Makings

The journey of our products from their creation to our guests involves multiple steps and stakeholders. This includes the creative process, planning, crafting, assurance, shipping, storing, and delivery. From product conception to at-home or in-store arrival, the journey takes around 12 to 18 months and requires strict adherence to our policies, programs, and procedures. These efforts are designed to ensure the delivery of quality, safe, responsible, and caring creations for our guests.

Bearific Products

Build-A-Bear provides a range of memory-creating products extending beyond our globally adored 'make your own stuffed animal' experience, where guests stuff, dress, accessorize, add scents and recordings, and name furry friends. Our offerings also include delightful additions, such as pre-stuffed plush animals, a diverse selection of furry friend clothing, shoes, accessories, collectibles, and adult-focused lines. On average, our plush toys make up the majority of the units we produce each year.

Our products are developed from our own creations and in partnership with a variety of other strong licensed brands. These products include pop culture characters from movies, games, shows, and cultural icons to our own family of friends. We also feature organizations, such as sports teams, and promote other businesses by offering their products alongside ours.



Global Partners

We carefully select supply chain partners who we believe share our values, uphold fair and dignified labor practices, and promote responsible and sustainable practices. These partners include factories that produce our plush products, clothing, shoes, and accessories, as well as companies that manage some of our warehouses, distribution, and logistics.

Our supply chain partners are located around the world. We contract with factories primarily in China and Vietnam, as well as in the U.S., and relied on five vendors for approximately 73% of our sourcing in 2023. Our supplier factories often operate their own production facilities while also collaborating with additional manufacturers to produce our goods, including the component parts and materials that ultimately constitute our products. From there, our products are shipped to warehouses and retail locations.

Accountability

We have developed a robust framework of internal and external policies, practices, and reporting mechanisms to uphold our values and adherence to the highest standards of conduct throughout our supply chain, from sourcing materials to manufacturing.

Our Sourcing team, which includes our Sourcing Manager and VP of Sourcing, Quality Assurance, and Product Development, leads the oversight of our product development and production. They routinely report to our CFO and, under certain circumstances, communicate with our CEO, legal, merchandising, and marketing teams to address any matters that impact our partners and guests.

We are members of [The Toy Association](#) and our affiliated vendors are members of the International Council of Toy industries. These member organizations are dedicated to advocacy, education, and standards setting in the toy, play, games, and youth entertainment industry. They have been instrumental in establishing and enhancing global standards for safety and social and environmental responsibility within our target markets and supply chains. As members, we follow the [Member Code of Conduct](#) and the [ICTI Code of Business Practice](#) and have embedded their principles for product safety, ethical manufacturing, environmental protection and sustainability, and non-discrimination within our own policies and programs.

We require all our suppliers to thoroughly review, sign, and comply with our Social Compliance Policy and ensure their upstream material suppliers do the same. The Policy addresses fair labor practices, zero tolerance of harassment or abuse, freedom of association and collective bargaining, safe and healthy working conditions, and environmental impacts. It also provides procedures to report any potential incidents of non-compliance.

We have clear procedures in place to comply with all supply chain-related legal and regulatory requirements in the jurisdictions where we operate. These include the requirements of the U.S. Consumer Product Safety Commission (CPSC), specifically those for children's toys, and the toy regulations and standards in Australia, Canada, Chile, China, India, the U.K, and the E.U. These cover workplace and product issues, including safety specifications, hazards, restricted chemicals, and packaging and labeling. We also meet regulations on modern slavery, human trafficking, and forced labor in Canada, [California](#), and the [U.K.](#) Due to human rights concerns, we do not source products or materials from the Chinese province of Xinjiang.

With all our partners, we expect our associates to conduct themselves in a manner that avoids conflicts of interest by adhering to our [Business Conduct Policy](#). In addition, we provide annual reminders to our primary vendors about our gift-giving protocols. Since our founding, we have trained all our associates on our policies and provided additional training to associates involved in sourcing on our zero tolerance for forced labor and human trafficking. As our industry and Company evolve, we look to further expand and enhance responsible and sustainable actions in our practices.



Serving as Leaders

We value the benefits gained from working with our peers to learn from one another, advance our practices, and improve our industry as a whole. We have stepped up as leaders in the industry with our CEO, Sharon Price John, serving as The Toy Association's Chair of the Board and our CFO, Voin Todorovic, as a member of The Toy Foundation's Board of Trustees and Chair of the Finance Committee.



Responsible Manufacturing

Our suppliers are required to meet the social, environmental, health, safety, and responsible business standards of our policies. Many of our suppliers are manufacturing partners for other large multinational companies with similar compliance requirements. We require annual audits from third parties, including the [Ethical Supply Chain Program \(ESCP\)](#)⁷ or other comparable third-party social compliance programs, such as Intertek's [Workplace Conditions Assessment \(WCA\)](#) program. The ESCP certification entails initial reviews as part of our onboarding due diligence and annual evaluations, which include one on-site visit per year conducted by an accredited ESCP auditor or accredited third-party auditing firms.

Third-party audits are supplemented with on-site visits by Build-A-Bear associates. Our on-site engagements include inspections of the facilities, production reviews, and observations of working conditions.

Examples of audit evaluation criteria include adherence to laws and regulations, elimination of child or forced labor and workplace harassment, fair wages and benefits, reasonable working hours, health and safety standards, women's rights, freedom of association, environmental management, subcontracting practices, and effective communication protocols.

If deficiencies are identified, factories participate in remediation programs to address required corrective actions. Active monitoring is conducted throughout the year to follow up on any violations and confirm compliance. In the event of persistent issues, we may require our partners to enter a probation program or, if necessary, cease operations with them.

Looking ahead, we are developing an environmental questionnaire to better understand the resource-based practices of our suppliers.



Adding ❤️ with Our Partners

We are proud to partner with factories that are dedicated to meeting or exceeding our social compliance expectations. All our partners hold valid ESCP or equivalent certifications and adhere to local and regional environmental laws and regulations.

Safety and Quality Assurance

We wholeheartedly embrace our responsibility to create products that are reliable, sustainable, and safe. We take precautions to ensure our products provide our guests with comfort and peace of mind while complying with legal and regulatory requirements by integrating quality and safety from product conception to shipment.

Our quality assurance team oversees the quality control risk assessment process for each product and product category. They ensure that we meet customer safety and satisfaction requirements. The team reviews design sheets to identify any potential safety risks

and examines product samples for hazards and quality concerns. They also verify compliance through our factory audits, specify product warnings and packaging, and approve inspections of final products. Each product is tested by an independent lab for quality, consistency, and accuracy of test results, and must have a passing test report on record prior to being shipped to our distribution centers.

The quality and safety requirements and standards we adhere to meet those for children's toys and other products in the countries where Build-A-Bear Workshop operates and address health, safety, and environmental issues, including physical, mechanical, chemical,

and electrical properties. These include the U.S. Consumer Product Safety Improvement Act (CPSIA), the American Society for Testing and Materials children's toy safety standard (ASTM F963), and the E.U. Safety of Toys standard (EN 71), among other regulations.



⁷Founded in 2004 by the ICTI as the ICTI CARE (Caring, Awareness, Responsible, Ethical) Foundation, it was renamed the ICTI Ethical Toy Program in 2018 until its new name as the Ethical Supply Chain Program in 2024.



Acting Proactively on Safety

We strive to make sure precautions are taken to ensure the safety of our products for our guests. Over the past 10 years, we have voluntarily recalled seven products due to safety issues, which account for less than 0.5% of the thousands of styles developed and even less on a unit volume basis.



To learn more, please visit our [Product Safety website](#).

Chemical Management

We take a hazard- and risk-based approach to the prevention, reduction, and elimination of harmful chemicals to keep our supply chain workers and guests safe. We have banned and restricted the use of certain substances, ensuring compliance with all local and regional restricted substance regulations, such as the E.U. [Toy Safety Directive on Substances Restricted in Toys](#). We also review our factory procedures to confirm and implement chemical management best practices in coordination with our partners.

Our consumer-facing materials are tested and monitored for chemicals of high concern, along with toxicological risk assessments. Our scented products are tested and comply with International Fragrance Association (IFRA) standards.

Our factories are inspected through ESCP assessments and other equivalent evaluations for the presence and use of chemicals and hazardous materials, as well as for the proper implementation of chemical management processes and procedures.

Sourced Materials

We seek out materials that are cuddly and durable. Our product lines, from plush products to clothing, are made from quality man-made materials and other natural fibers, such as polyester, cotton, and acrylic. High-grade polyester fiber is used for the stuffing of both our pre-stuffed furry friends and our experiential stuffing process.

Through supplier engagements, ongoing research, and regulatory reviews, we are exploring alternatives to our current material mix. Our goal is to reduce our environmental footprint by incorporating recycled content and diminishing the use of virgin materials. Over the years, we have offered different products to test these materials from a production and guest perspective. For example, in 2022 we released Grey Bear and in 2023 we released Cuddle Bunny—plush animals made of 100% recycled material. We also initiated pilot projects in the U.K. using 100% Global Recycled Standard (GRS)-certified polyester for our in-store stuffing.



Addressing Regulatory Impacts

Companies throughout the toy industry are exploring the adoption of recycled materials while maintaining adherence to legal and regulatory requirements. At the beginning of 2024, there were two states in the U.S., Pennsylvania and Ohio, with legacy regulations that restrict the use of recycled content in stuffed toys. Our industry, through organizations such as the Toy Association, has been working to modernize these state policies to allow the use of more sustainable materials that also uphold our quality and safety standards. In June 2024, Pennsylvania's Governor signed HB 1333 into law, lifting the long-held ban on the use of recycled materials, with efforts continuing to rescind outdated Ohio law as well.



Labels and Packaging

Our labels and packaging are designed to educate value chain partners and guests and protect our products when in use and en route to our guests. Each of our products includes markings about the producer and product specifications, in addition to special warnings and age grading as needed. Our teams are trained to ensure compliance with the U.S. CPSC requirements and other applicable standards and regulations, and continually evaluate the materials we use to identify more cost-effective and sustainable solutions.

The elimination of materials and the adoption of recycled and recyclable content have been our focal areas. We have been removing unnecessary plastics, such as blister packs, clamshells, and polybags, by transitioning to recycled cardboard and hangtags, where possible. We are working with our partners to source materials with post-consumer recycled plastic content and have begun integrating Forest Stewardship Council (FSC)-certified materials. We have also removed the inner case packs from our packaging and shrunk the overall dimensions of our cub condo, which also reduces our GHG emissions from shipping.

Other actions taken include improving our practices in our factories and stores. We are limiting the number of colors for our hangtags from four to one, which reduces our water usage and effluents. We have implemented in-store cardboard clothing hanger recycling programs to reduce their presence during production and delivery. We have introduced digital rather than physical birth certificates for our furry

friends. We have also eliminated the cardboard cub condo box as an automatic checkout solution and now offer them to guests for a small fee.

Shipping and Logistics

We rely on advanced shipping and logistics technologies and strategic partnerships to ensure that orders are efficiently delivered and handled with care. When considering the partners with whom we work and the modes of transportation used, we keep in mind their environmental and social impacts.

The product journey starts at our manufacturing partners' facilities, primarily located in Asia, where our products are prepared for shipment in recyclable cardboard cartons. From there, more than 95% of our shipments are delivered by sea and then travel by rail or truck to reach our Bearhouse in Ohio or other third-party warehouses and distribution centers in the U.S., U.K., and China. From there, they head to our corporate, third-party, and franchise retail locations or directly to our guests' homes. With the growth of digital demand, our retail stores are serving as mini distribution centers where our guests can pick up their orders, thus minimizing our last-mile deliveries and associated emissions.

Our inbound partners manage security through participation in the U.S. Customs Trade Partnership Against Terrorism (CTPAT), an initiative that strengthens international supply chains, and adhere to the requirements of the TSA-approved program and other equivalent security programs.



Addressing Sustainable Transport

Our shipping and logistics partners are actively addressing environmental and climate-related issues through their practices and reporting. By prioritizing ocean freight over air for our inbound shipments, it is estimated that approximately 65x fewer GHG emissions are generated per ton-mile. When we look to our land-based transportation modes, rail lowers GHG emissions by an estimated 75% as compared to trucks. Our short- and long-haul partners are stepping up by setting GHG emissions reduction targets to progressively minimize their impact. In addition, our outbound partners are members of supply chain efficiency programs, such as the U.S. EPA's [SmartWay®](#) program.



From our Bearhouse and distribution locations to our stores and deliveries to guests' homes, we leverage comprehensive management systems to coordinate outbound logistics. We increase shipping efficiency by grouping stores and consolidating orders in alignment with our fulfillment needs. We partner with outbound third-party logistics and postal companies in North America, the U.K., and Ireland that offer a variety of delivery methods that optimize delivery loads and routes. These include direct trucks with centralized delivery pool points and store groupings, less-than-truckload services for smaller, time-sensitive shipments, and direct parcel deliveries.

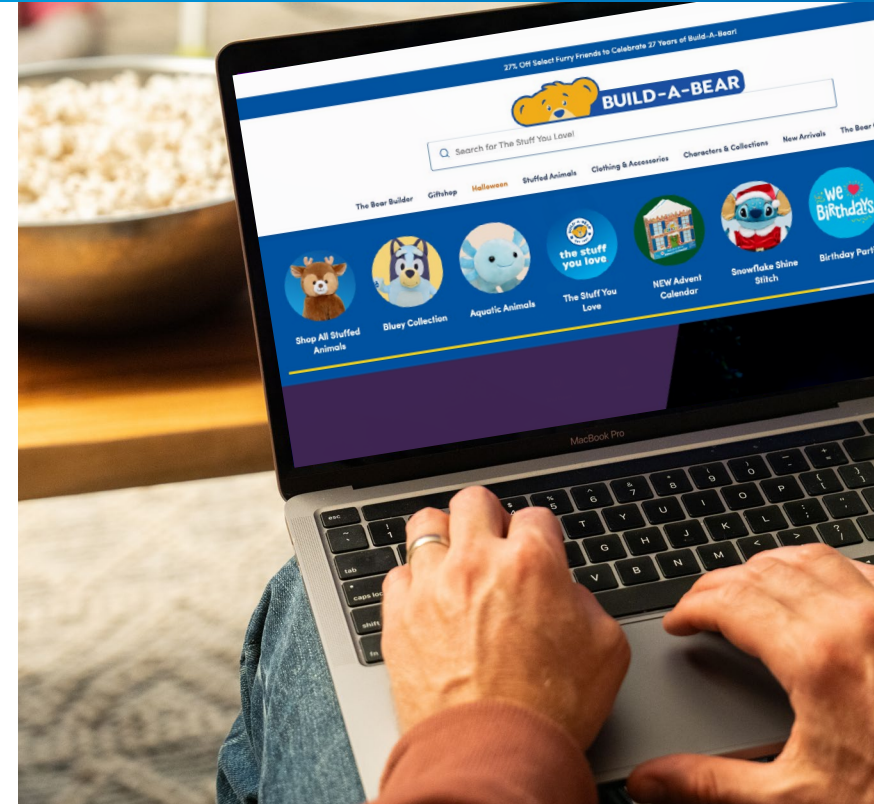
Meaningful Marketing

We seek ways to responsibly engage with our guests and raise our brand awareness through elevated messaging and personalization. Over the years, we have expanded beyond our immersive retail experiences, which elicit emotional connections as guests design, stuff, and personalize their own furry friends, to include high-quality family entertainment and online shopping tailored for every age.

Practices

We connect with millions of guests through our contactable marketing lists, loyalty programs, online content, social media, and entertainment initiatives. With the embrace of digital media, we are expanding our reach and have witnessed a tripling of e-commerce sales since 2018. At the same time, we continue to be mindful of ethical marketing practices to ensure that our audiences, especially the young ones, can safely engage with our online content and products.

We adhere to industry standards as well as country-specific online- and advertising-based rules and regulations, such as the ICTI's [Guiding Principles on Advertising and Marketing to Children](#) and the U.S. [Children's Online Privacy Protection Act \(COPPA\)](#). Our practices include age-gates for our webpages, like The Bear Cave, and other parental permissions to access our websites. We do not knowingly collect, use, or disclose the personal information of children in compliance with age restrictions in the locations where we operate.



Building Connections Through Storytelling

We are engaging guests with the power of music, games, and storytelling. In partnership with Cinemark, we released our first-ever animated theatrical film, *Glisten and the Merry Mission*, which was shown in theaters across the U.S. The movie, along with our music videos, gaming app (Roblox Build-A-Bear Tycoon), social media, and themed Build-A-Bear Workshops, increased our year-over-year Merry Mission product sales by more than 65% and reached over four billion social media impressions. Our comprehensive content strategy elevates the intellectual property of our furry friends' characters and story arcs to bring the Build-a-Bear experience to life.

To learn more about our data privacy practices, visit [Respecting Privacy](#).



Conscientious Conduct

We have grown from a single store in 1997 to a global omni-channel retail network with locations around the world. With this growth, our focus has been on creating memorable experiences in our retail locations and ensuring engaging and efficient operations at our offices and distribution centers. As we continue to grow, we are expanding our efforts to evolve our workplaces to embody more environmental and socially conscious practices.

Global Pawprint

Our pawprint, or overall operational footprint, includes a mix of owned, leased, and third-party locations consisting of offices, stores, distribution centers, and warehouses. Over the years, we have ventured into more asset-light strategies with franchises and third-party operations and presences in shop-in-shops, concourse settings, and non-traditional sites, such as family-centric tourist locations and hospitality locations. We even have Automatic Teddy Machines, or ATMs.

The corporate World Bearquarters in downtown St. Louis, Missouri, is where we manage our global operations in coordination with our regional headquarters in Slough, U.K. In FY 2023, we leased approximately 60,000 square feet of office space.

Our Bearhouse, spanning approximately 350,000 square feet, serves our North America corporate stores and e-commerce and is our only owned property. Our global inventories and distribution are managed through our Bearhouse and other third-party warehouse and distribution centers in the U.S., U.K., and China.

Since most of our stores are located in malls, we rely on the initiatives of our landlords to improve waste, recycling, water, and electricity services. To learn more about our in-store environmental initiatives, visit the [Sourced Materials](#) and [Labels and Packaging](#) sections.



Our Global Reach

World Bearquarters

St. Louis, MO

Bearhouse

Groveport, OH

92

Third-Party
Retailer Locations
Around the World,
Including:

74 Franchise Locations

Australia, Chile, China, Kuwait,
New Zealand, Qatar, South Africa,
United Arab Emirates

Regional Headquarters

Slough, U.K.



3 Third-Party Warehouse and Distribution Centers

U.S., U.K., China

359 Corporate Stores

U.S., Canada, U.K., Ireland



LANDRY'S
DINING • HOSPITALITY • ENTERTAINMENT • GAMING

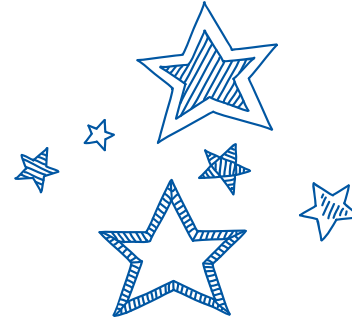


Sustainable Practices

We employ a variety of practices at our Bearquarters, Bearhouse, and other offices to reduce our energy consumption and waste. We have transitioned to 100% LED lighting, and in certain locations, we have installed motion sensor lighting, on-demand water heaters, and multi-site management systems for our heating and cooling. In the U.K., our offices and stores are assessed as part of the Energy Saving Opportunity Scheme (ESOS). We recycle all our copier paper, plastic, aluminum, and glass, where available, and partner with third parties for e-waste programs of our electronic and IT equipment.

We recognize that our actions contribute to broader environmental impacts through the generation of GHG emissions. Our Slough-based headquarters started its climate-conscious journey back in 2018. At that time, it completed the total energy consumption assessment across our U.K.-based store and office locations, in compliance with ESOS II. In 2022, it initiated the preparation of its first Streamlined Energy and Carbon Report (SECR), complying with the government initiative to improve transparency and accountability among U.K. businesses regarding energy use and carbon emissions.

Our U.K. activities are our first step in monitoring and reporting on our GHG emissions. We will continue to track regulatory and voluntary reporting requirements as they relate to the entirety of our operations and our internal strategies and priorities. In the meantime, we have taken steps to encourage emissions reductions through our commuting and travel policies. These include work-from-home policies, the selection of offices near public transportation, equipment for bicycle storage, and access to electric vehicle charging stations.



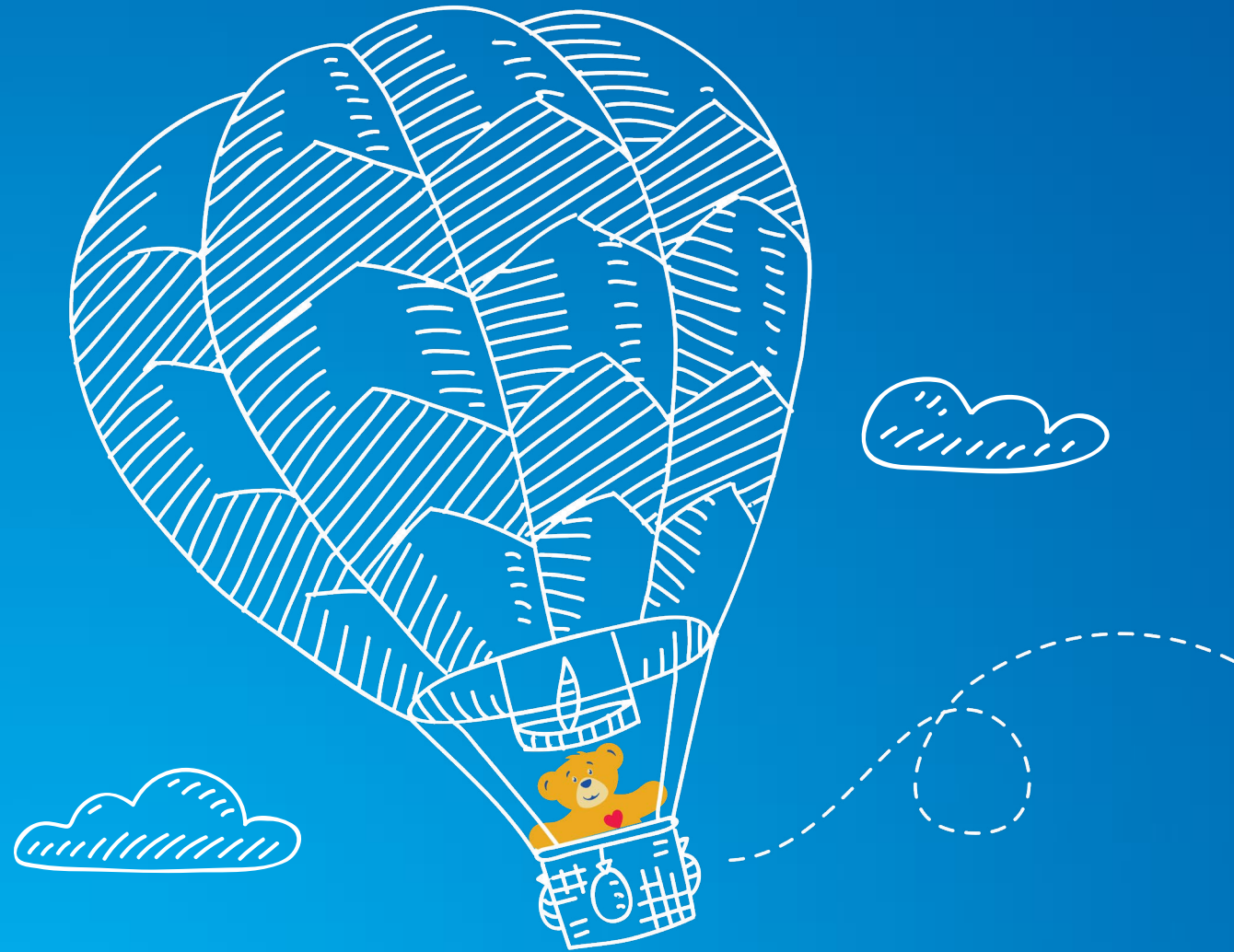
U.K. Energy and Emissions	FY 2021	FY 2022
Electricity & Gas Consumption (kWh)	1,427,866	1,448,363
Scope 2 Emissions (tCO ₂ e)	303	280



Caring for People

Our culture truly begins with heart. Every day, we focus on building a special, unique, and fun environment that values and promotes teamwork. We listen and learn from each other. We reward and recognize each other's efforts and accomplishments. We look for possibilities, not obstacles, always setting challenging goals to help us strive for breakthrough results. We celebrate achievements large and small, showing and sharing our gratitude for the many ways our associates bring a little more ❤️ to life every day. Their commitment and passion bring our core values – Achieve, Learn, Embrace, Collaborate, Give, Win, Celebrate – to life.

- 21 Heartful Service
- 27 Belonging Embraced
- 31 Giving Back



Caring for the UN SDGs

UN SDGs 3, 8, and 10 address how we support our employees and communities at large. We care for one another through our Bearrific benefits, our recruitment and development programs, and in our inclusive programming and philanthropic efforts.



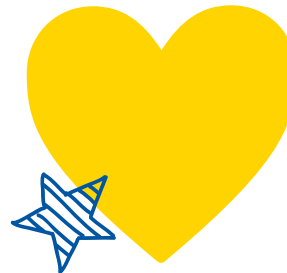
Heartful Service

Our team of associates is at the heart of everything that we do. They include 3,550 part-time and 1,000 full-time Bear-Builders (store associates), Chief Workshop Managers (store managers), and Bearhouse and Bearquarters associates located in the U.S., Canada, the U.K., and Ireland.

For more than a decade, we are proud to have been recognized for the many programs and services we provide our associates. **Our accomplishments include:**

- Newsweek's America's Best of the Best
- Forbes Best Small Cap Companies
- Fortune 100 Best Companies to Work
- Best Workplace for Women
- Best Workplaces in Retail
- Best Workplaces for Millennials
- Best Workplaces for Diversity
- Great Place To Work®

For many of these achievements, it is the direct responses from our associates' experiences that have garnered these accolades. It is a true testament to how our associates are vital to continuing to make Build-A-Bear one of the greatest places to work.



Human Capital Management Oversight

Our team of dedicated human capital management professionals guides our people-focused programs, policies, and procedures. They are led by our SVP Chief People Officer, who reports directly to our CEO and receives guidance and insight from our Board. **The full breadth of our comprehensive oversight structure and their responsibilities include:**

Board of Directors 	<ul style="list-style-type: none"> • Reviewing employee equity and inclusion policies, programs, and initiatives • Advising on the human resources strategies and initiatives 	The E.U. Leadership Team 	<ul style="list-style-type: none"> • Discussing specific HCM issues, such as labor turnover, recruitment tactics, performance systems, and recognition
Compensation and Human Capital Committee⁸ 	<ul style="list-style-type: none"> • Evaluating and approving overall compensation philosophy and policies • Consulting with management on compensation programs • Recommending compensation arrangements for executive officers (including annual salary, bonus, long-term incentives) and directors • Overseeing and administrating employee benefits and incentive compensation plans and programs • Establishing performance criteria for incentive compensation 	VP of HR Operations and Administration 	<ul style="list-style-type: none"> • Collaborating with leadership to devise strategies to support the organization's long-term goals and objectives through Compensation and Benefit strategy and HR Technology. • Setting, enforcing, and evaluating legally compliant HR policies, procedures, and practices
CEO & SVP Chief People Officer 	<ul style="list-style-type: none"> • Developing a comprehensive HR strategy supporting Build-A-Bear's long-term goals and vision • Reviewing risks of fraud within the Human Resource (HR) department, including our Human Capital Management (HCM) system • Defining and promoting our culture and values • Ensuring HR practices comply with labor laws and regulations • Overseeing performance management systems • Identifying potential leaders within the organization to plan for smooth transitions in key positions to ensure continuity 	Manager Training and Development 	<ul style="list-style-type: none"> • Providing employees with opportunities for skill development and career advancement • Promoting a learning culture within Build-A-Bear
VP of Talent and Culture 	<ul style="list-style-type: none"> • Leading the vision, development, and execution of talent and culture management programs • Developing corporate policies and frameworks to attract, retain, engage, and enrich associates with diverse backgrounds, skills, and perspectives. • Collaborating with the leadership team to ensure the development and advancement of an empowered, value-driven, diverse, and inclusive workplace culture. 	Global Diversity Council 	<ul style="list-style-type: none"> • Offering associate viewpoints from multiple perspectives within HR, diversity, equity, and inclusion (DE&I) policies and programs • Making decisions on DE&I charitable giving (short-listing organizations and allocating resources)

⁸In 2024, the company renamed the 'Compensation and Development Committee' to the 'Compensation and Human Capital Committee'.



Talent Acquisition

Our recruitment is all about finding the perfect fit for each position. We seek out individuals who will thrive and contribute to our special Bear family. Our Build-A-Bear HR teams scout for the best talent to fill a wide range of roles and functions. They rely on various avenues to support their efforts, including internal job placements and promotions, career websites, social media, internships, and temporary hiring services, as well as guests who have a desire to join our team. We have set a minimum age of 18 to work in our stores, Bearhouse, and Bearquarters.

Every year, we use temporary services to fill approximately **200** positions in our Bearhouse during peak seasons. Additionally, our store teams hire around **2,500** seasonal associates for the Back-to-School and Holiday seasons.

15-20%

of our seasonal Sup-Bear-Stars are offered regular associate positions.



Build-A-Bear places a strong emphasis on our interview process, so we can find the perfect candidates who embody our values and passion for creating magical experiences. In our interviews, we apply different tools and techniques to help us find a great match. Some of the practices we employ include:



Interview guides and digital surveys

To help our Bearquarters and store management teams spot integrity, customer-service orientation, and other success characteristics



Rigorous interviews and reference checks

To enable us to verify candidate's qualifications and background



Psychological assessments

To identify candidates whose values align with our mission and vision



Talent Development

Our talent development strategy focuses on the full employee lifecycle. We strive to nurture organizational capabilities through associate development, programs, and processes that help Build-A-Bear achieve its vision. Learning never stops at our Company, and we are always finding creative ways to nurture and grow our talent holistically.

We are committed to the development of our people and take a promote-from-within approach. We help our associates develop their skills and build their confidence to be the best versions of themselves at work and in life, whether by owning our Experience First customer model, running profitable workshops, operating machinery at the Bearhouse, or analyzing our sales at Bearquarters. We deliver comprehensive training programs that are tailored to different roles and responsibilities when they join the Company and on an ongoing basis.



Development Focus Areas



“ It takes a village to raise a Bear ”

Maxine Clark



Associates	Onboarding Training	Ongoing Training
Store Managers 	<ul style="list-style-type: none"> Management Training (includes Experience First and Bear Builder Training) 	<ul style="list-style-type: none"> Operations Training StoreForce (scheduling, task management) UKG Pro (HRIS system) Conversion Certification
Bearhouse Associates 	<ul style="list-style-type: none"> CPR for Exempt Leaders Aerial and Scissor Lift Training Lifting Ergonomics 	<ul style="list-style-type: none"> PPE training Lockout Tagout (General, Baler, Fan, Motor Type A and B, Shredder)
Bearquarters Associates 	<ul style="list-style-type: none"> Orientation and onboarding In-Store Experience Security and IT Policy Overview Software (SharePoint, Teams, Webex) 	<ul style="list-style-type: none"> Hearts, Hugs & Minds Associate Training Platform MasterClass StrengthsFinder 



Harnessing the Power of Psychology for Professional Advancement

We use psychological assessments to understand each team member better, including our store managers, Bearhouse managers, and all Bearquarters associates. Insights from the psychological assessments conducted during the interview process help us craft tailored development plans in collaboration with behavioral psychologists for our associates. These plans empower them to expand their professional expertise and grow not only as team members but also as leaders, making a lasting impact on their journey with us.

Our Bearquarters associates' training seamlessly blends a combination of in-person and online events and sessions, creating a learning experience through our Hearts, Hugs and Minds program. More recently, we launched the Hearts, Hugs & Minds website to scale up our learning and growth opportunities. The in-person events, captured through professional recordings, find a permanent home on our website. These events encompass:

- **TEDdy Talks/PAWdcasts** – Succinct, skills-oriented in-person and virtual presentations and podcasts, featuring our in-house experts. These discussions cover leadership, motivation, and more.
- **Learning PAWs** – Concise presentations that delve into leadership, professional development, systems and technology, and personal growth.
- **Organization Spotlights** – Event opportunities to gain valuable perspective into different departments within the Company, unveiling the inner workings of each role.

Building on the momentum of coming together again as a community after the Covid-19 pandemic, we continued or re-introduced other opportunities:

- **Masterclass Annual Subscription** – Enabling associates to enrich both their professional and personal lives, imparting valuable skills in writing, design, and self-care.
- **StrengthsFinder 2.0** – Aiding associates in comprehending their strengths and identifying areas primed for growth.
- **Professional Certifications** – Encouraging our associates to embark on continuous professional development, empowering them to pursue advanced and industry-leading professional certifications.
- **The Maxine Clark CEB Scholarship Program** – Advancing academic opportunities for a select number of associates on an annual basis to pursue their college and university aspirations.

Training Across Our Company FY 2023

Within the U.K.:

Average training time per associate

12 hours for Bear Builders and
30-40 hours for Store Managers

Average training cost per associate

£495 GBP

At Our North America Stores:

Average training time per associate

40 hours

Average training cost per associate

\$600 USD

Our Bearhouse associates also undergo extensive safety training before and during their time at the Bearhouse to ensure that everyone enjoys a safe and healthy working environment.

Our U.S. TRIR is aligned with the industry average at 3.14. Our LTIR was reported at 1.57.



Compensation & Performance Management

We cherish a culture of fairness and transparency and being an organization where the Company's success is everyone's success. When we collectively reach for maximum results, we often surprise ourselves with what we can achieve.

Our approach to compensation focuses on consistency and fairness across our offices, distribution centers, and stores worldwide. We have conducted compensation risk assessments to evaluate our pay practices and policies. These assessments help identify any high-risk compensation plans and assist us in understanding which plans may pose moderate risks. The results of the assessments are reviewed by the Board's Compensation and Human Capital Committee.

Our compensation plans include:



Competitive base salaries

Delineation of pay grades and corresponding pay ranges tailored for each position.



Incentive framework

Short-term and long-term incentives assigned to a job-levels.



Bonus initiatives

Acknowledgement programs for every store manager and full-time associate based on store and Company performance.



Executive and director compensation assessments

Regular comprehensive assessments of peer group market data to ensure competitive and informed stance on leadership remuneration.

As of the end of 2023, our retail pay rates are at least 5% above the minimum wage for North America and the national wage for the U.K.

Average U.K. hourly wage for store associates
£8.20

Average U.S. wage for store associates
\$13.11

Much of our success is due to the active role our associates play in meeting our Company goals. We take the opportunity to recognize the performance of our associates through a performance appraisal process, which includes performance targets and merit increases.

Store Managers, all regular full-time associates at the World Bearquarters, and all exempt associates at the Bearhouse are expected to meet at least twice a year with their team leader to review progress on their targets. At year-end, self evaluations are completed along with a team leader assessment. Depending on the outcomes of the assessments, associates are considered for a merit-based increase that is determined based on performance level and market conditions.

Benefits and Wellness

We make it a point to care about the health, well-being, and long-term financial security of our associates and their families. We achieve this through our comprehensive benefits that are competitive and meaningful within the specialty retail marketplace. **Examples of our program offerings, which vary by location, include:**

- Health and Wellness Benefits
- Paid Time Off
- Bonus Opportunity
- Savings and Retirement Benefits
- Work/Life Balance
- Mental Health Services
- Life and Disability Benefits
- Associate Discounts
- The Maxine Clark CEB Scholarship Program
- Online Corporate Perks Program
- Wellbeing Center
 - Employee Assistance Program (EAP)
 - Financial Wellbeing (Money)
 - Health and Fitness (Move)
 - Mental Wellbeing (Mind)
 - Healthy Eating (Munch)



Employee Engagement & Culture

We teach our teams to acknowledge success, recognize individual and team contributions, and to have fun along the way. It is important for us to have our associates feel that they are a part of a bigger mission of creating magic and spreading joy around the world.

We are connecting more with our associates through two important online platforms, UKG Pro and BAB Central, which provide them with helpful resources, whether to solve an administrative issue or to stay on top of Build-A-Bear news.

UKG Pro's employee case management system, HR Help, significantly improves the efficiency of handling HR cases. For example, on average, open cases are resolved in three hours or less and more than 4,000 HR cases are closed in a given year.

BAB Central, our global Branded Associate Engagement Platform, allows us to connect with our associates through purposeful communication that demonstrates our mission and core values in action. It's a one-stop-shop for all employee engagement communication, rewards, and recognition initiatives.

We pride ourselves on curating dynamic initiatives that cultivate engagement and meaningful connections among our associates across the globe. These include:

- **Global Weekly Bearquarters Meetings:** All-associate attend in-person and virtual meetings that cover topics such as our Atta Bear program (associate recognition), tenure gifts, quarterly earnings results, departments spotlights, and store content.
- **Experience First Fun:** Monthly in-person events with different themes that bring associates together to celebrate our Company culture by playing team games, sharing a meal, attending sporting events, running 5Ks, throwing Build-A-Bear's 25th birthday party, and celebrating holidays.
- **Coffee with Sharon:** An opportunity for new associates to have a casual coffee chat with our CEO to ask her questions about Build-A-Bear.

We also encourage associates to get involved with planning fun events for their teams, such as birthday celebrations or charitable activities.

Our associates can access all employment and operational policies on our intranet, the World Bearnet®. To learn more about the benefits we offer, check out our [Benefits and Careers](#) website.

Turnover Statistics

Within the U.K.:

Overall: 73%

(93% voluntary)

Stores: 72.8%

(2% for full-time associates; 98% for part-time associates)

Regional Office: 11% overall

Within North America:

Overall: 46%

(57% voluntary)

Bearhouse: 67%

(1.4% for full-time associates; 98.6% for part-time associates)

Stores: 31%

(6% for full-time associates; 62% for part-time associates)

Bearquarters: 3% overall

Belonging Embraced

Our vision is to be a Company that is inclusive, fair, and committed to enabling all people to participate with equitable access and opportunity. We strive to engage in communication, connection, and collaboration to drive change and remove barriers so that all our associates and the communities where we operate can participate and flourish in their interactions with Build-A-Bear.

As we strive to make equity and inclusion intentional, not optional, we have established three pillars – Associate Belonging, Consumer Belonging, and Community Belonging – that bolster our DE&I strategy. To support these aims, we have a dedicated resource for DE&I through our Global Diversity Council. We provide members of the Council with diversity training, include microinequity training during associate onboarding, and raise awareness against acts of racism, discrimination, violence, and inequity.



Our DEI Mission

To add a little more ❤️ to life for everyone, inclusive of race, ethnicity, gender identity, sexual orientation, religious and secular belief, socio-economic status, ability, and disability.



Associate Belonging

Associate Belonging places a strong emphasis on our workforce, maintaining an inclusive culture where everyone experiences a sense of belonging and can achieve their utmost capabilities. Build-A-Bear has a dedicated senior HR manager, our VP of Human Resources, who oversees the implementation of our DE&I strategy and Global Diversity Council, providing strategic advice and recommendations on DE&I issues.

We are an equal opportunity employer. As such, we do not discriminate or tolerate harassment (or tolerate discrimination by any associate or third party) against any associate, applicant for employment, or guest based on race, color, creed, age, sexual orientation, physical disability, mental disability, or medical condition, among others. We value the diversity, individuality, and backgrounds of our associates, guests, business partners, and strive to cultivate an environment of inclusion. We aim to make reasonable accommodations for individuals with disabilities, religious beliefs, or observances.

As part of our commitment to associate belonging, we have established the following goals:

Goals

Recruitment

- Increase the presence of diverse associates within management tiers throughout our business operations

Training and Awareness

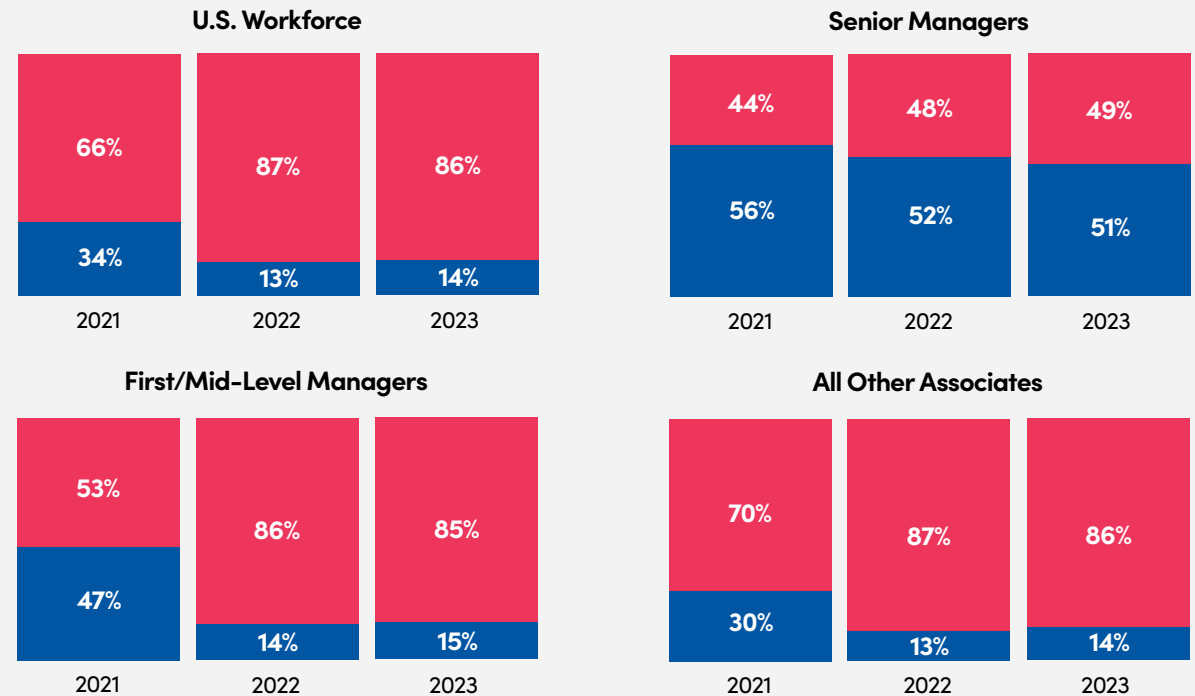
- Share transparently information on our associates racial and ethnic self-identity, at BQ and store levels
- Conduct ongoing anti-racism trainings

Associate Engagement

- Commit the necessary resources to support DE&I initiatives through actions such as dedicated resources and celebrations of cultural holiday, remembrances, and recognitions

Our U.S. Workforce Gender Diversity

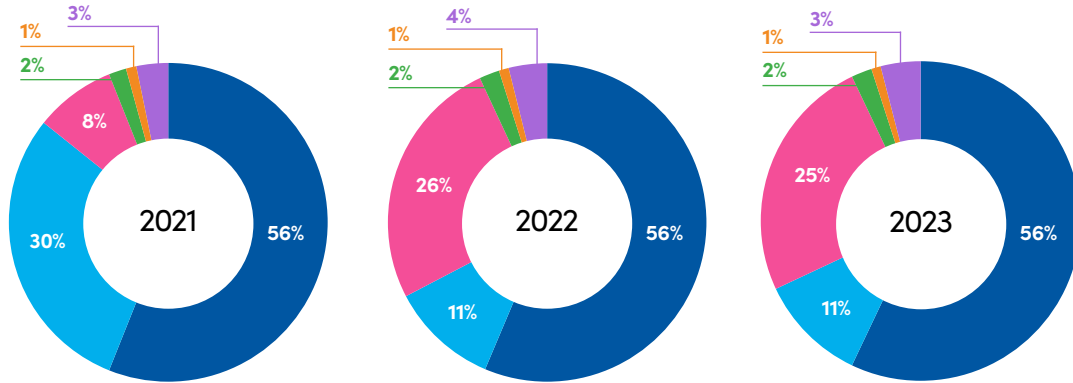
♥ Male ♥ Female



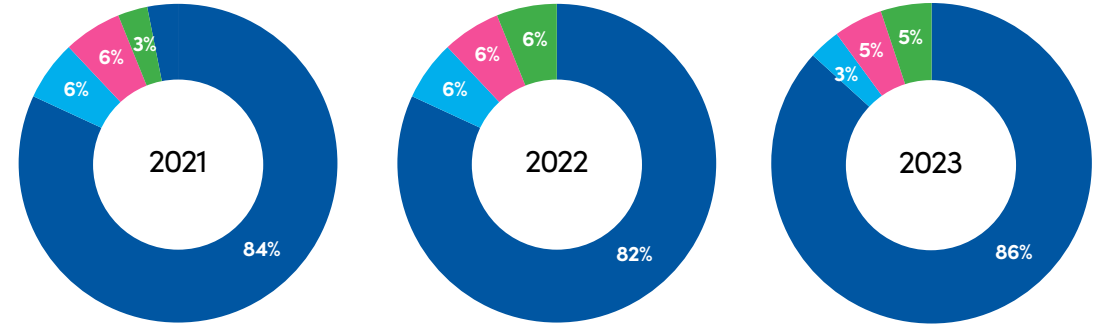
Racial/Ethnic Diversity*

- ♥ White
- ♥ Black or African American
- ♥ Hispanic or Latino
- ♥ Asian
- ♥ American Indian or Alaskan Native
- ♥ Two or More Races

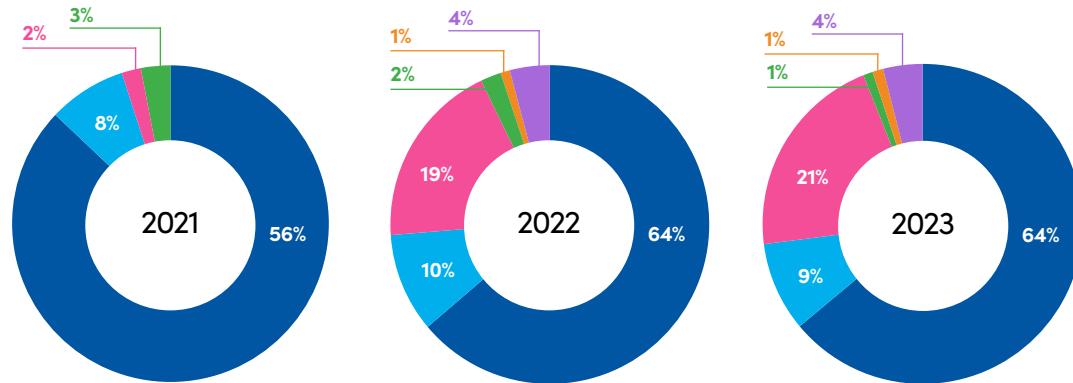
U.S. Workforce



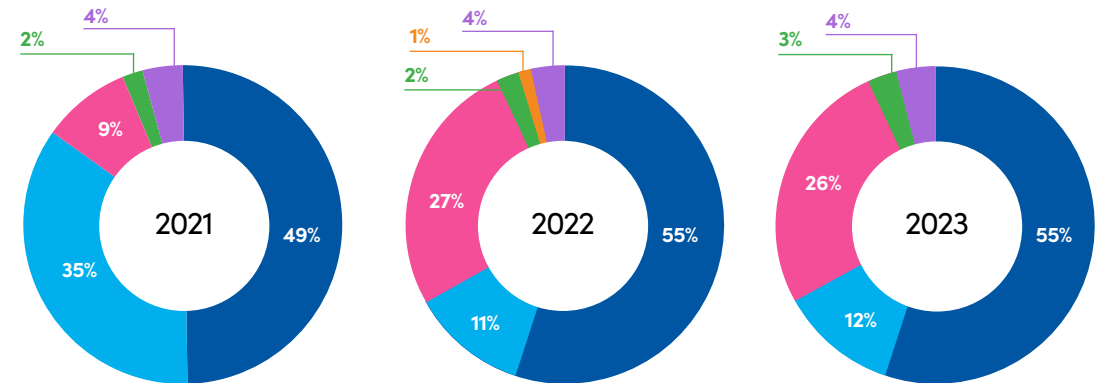
Senior Managers



First/Mid-Level Managers



All Other Associates



*Racially/ethnically diverse as defined by the EEOC: White, Black or African American, Hispanic or Latino, Asian, American Indian or Alaska Native, and Two or More Races. Managers and above include: Managers, Senior Managers, District Managers, Directors, Vice Presidents, Senior Vice Presidents, and Chiefs.



Consumer Belonging

Consumer Belonging is at the core of our brand, where we establish a strong bond between our products, experiences, and guests so that they feel seen and celebrated. Our multifaceted approach integrates our products, communications, and in-store experiences. Reflecting the communities we serve, our store associates bring diverse backgrounds, languages, and cultural perspectives to each guest interaction. In addition, through the creation of personalized furry friends and celebratory experiences, we are giving everyone a voice.

Examples of products celebrating DE&I



Community Belonging

Community Belonging centers on our ability to use our voice, our power, and our resources to create collective understanding, shared responsibility, and positively impact our most vulnerable and underserved communities. We believe that being active members of diverse communities is foundational to accepting everyone.

Goals	
Products	<ul style="list-style-type: none"> • Create product strategies with a focus on diverse consumers, considering diverse voices throughout the product cycle.
Communications	<ul style="list-style-type: none"> • Find intentional ways to amplify diverse voices in our creative and marketing.
Store Experience	<ul style="list-style-type: none"> • Provide an authentic, Experience-First level of engagement for all consumers and communities, wherever they choose to engage with our brand.
End Racial Inequality	<ul style="list-style-type: none"> • Support national and local organizations that are working to end racial inequality through Build-A-Bear Foundation. • Use a portion of the sales of products specifically designed to focus on diversity and in-store pin pad donations to provide funding for the foundation.

Diversity and Inclusion Initiative

Embrace@buildabear.com continues to be used by Guest Experience to maintain guest satisfaction. A list of words and phrases are identified to automatically allocate emails containing inappropriate language to the appropriate associate inbox.



Giving Back

The act of giving – providing support and caring for one another – is one of our core values and has been a pillar of our brand throughout our history. Our giving program comes to life through the work of the Build-A-Bear Foundation and the generous acts of our associates and guests. Through offering our guests the ability to support worthy causes at checkout with the touch of a pad and the ongoing contributions of our talent and resources, we expand our ability to strengthen and support our communities, amplifying our collective impact.

Build-A-Bear Foundation

Founded in 2004, the Build-A-Bear Foundation is the charitable arm of our Company. Its mission is to add a little more ❤️ to life by sharing hugs, inspiring creativity, and supporting those in need. The Foundation is led by a Vice President and Executive Director, along with the Foundation's Board of Directors, which is comprised of a selection of dedicated Build-A-Bear associates and our founder, Maxine Clark, serving as an emeritus director. Most recently, our SVP Chief People Officer was appointed to the Foundation's President role with the aim of increasing our impact and strengthening the connection we have between our associates, our guests, and the wider community.

Our giving strategy is driven by three impactful programs:

The Build-A-Bear Foundation Literacy Programs

Inspires creativity by donating reading materials and building a more equitable world for kids most in need of educational support. We are committed to helping children and families achieve their best futures by making children's literacy a core pillar of our charitable work.

The Hearts' 'n' Hugs Fund

Spreads the priceless gift of a teddy bear hug through in-kind donations of furry friends that support children facing unimaginable hardships, including critical illness, displacement, and lack of resources. By sharing hugs where they are needed most, these bears impact the lives of kids and families around the world.

Charitable Partnerships

Cultivates community strength and impact by funding remarkable organizations that empower people to overcome serious challenges and meet the diverse needs in our communities. Through direct donations, grants, and point-of-sale charity campaigns with our guests, we are adding a little more ❤️ to life.



1.5 million furry friends and \$22 million have been donated to charitable causes since its formation.



2023 Impact

Provided over **50,000** reading buddies to support literacy outcomes for young students

Granted **a wish a week** through Make-A-Wish America

Supported **10,000** families in partnership with First Responders Children's Foundation

Opened the **18th** Build-A-Bear Foundation Buddy Room at Shriner's Children's U.S. locations



American Red Cross



Associate Contributions

Our associates give back in service to others with their time and financial support. Volunteer opportunities provide associates with avenues to channel their efforts and empower them to serve causes that are near and dear to them. We also coordinate giving programs to maximize the reach of their contributions.

We launched our Associate Volunteer Program at our Bearquarters in 2016. This program provides opportunities to support our local communities and organizations through Company-sponsored and organized events. We have also expanded our program to include volunteer hours submitted through events pursued independently by our associates. More recently, we established a giving program through UKG Pro Giving, which provides donation opportunities for charities of our associates' choosing. We also provide our guests with the opportunity to give back through in-store donation drives.

The Beverly Fund

Associates who need the basic necessities of life due to unanticipated financial hardship or events, such as a natural disaster, can find relief through the Build-A-Bear Foundation's Beverly Fund. In honor of one of our associates who lost their battle with cancer, their legacy lives on through the generous donations of our associates.



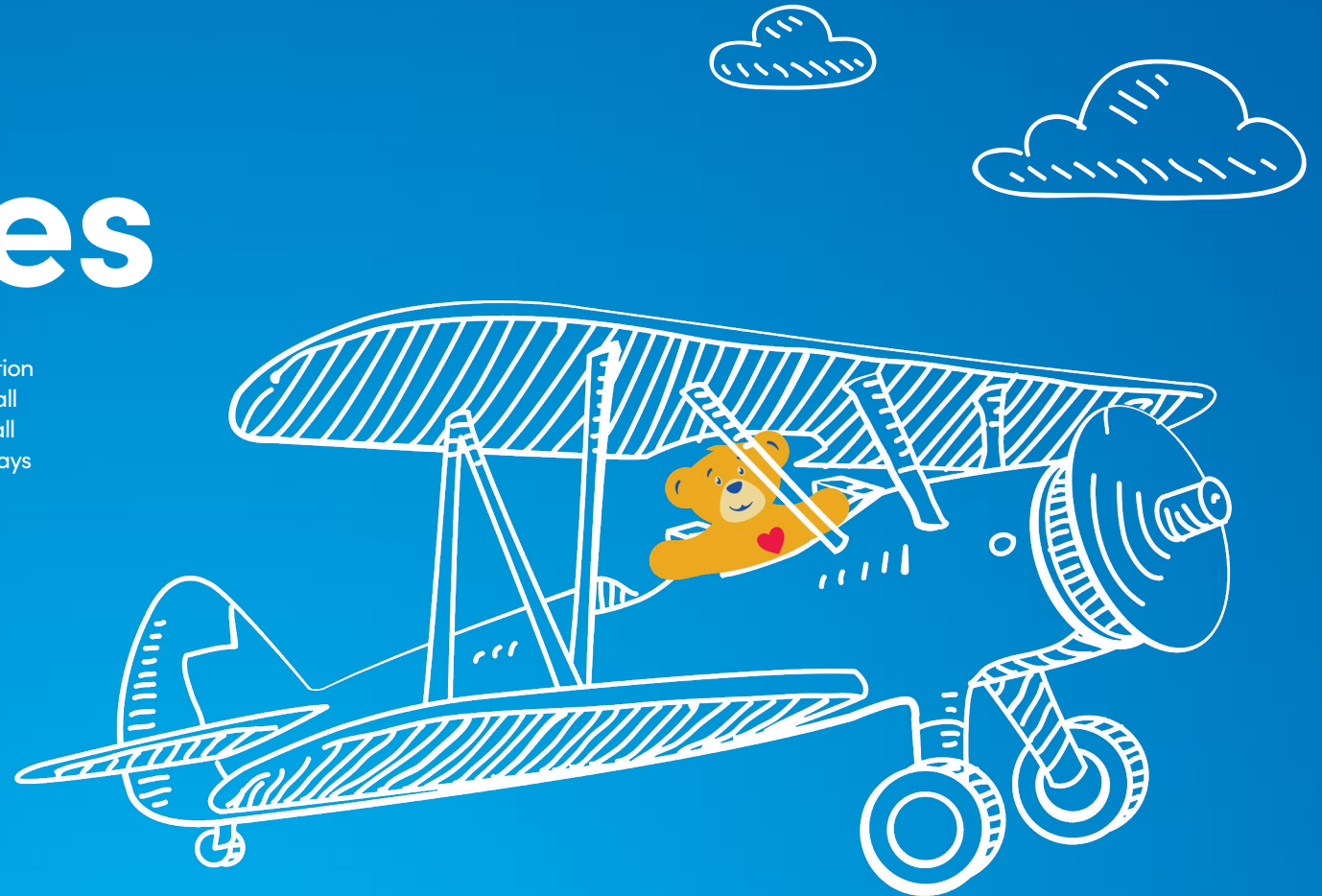
Acting from Values

To add a little more ❤️ to life, we strive to be an example to others and a reflection of how to conduct oneself. We use sound business judgement and comply with all rules and regulations. We put our values first, keeping them front and center in all our interactions and business decisions. We also act fairly and honestly and always in service to the care, security, and privacy of others.

34 **Caring Leadership**

37 **Principled Actions**

38 **Safeguarded Content**



Acting Alongside the UN SDGs

UN SDG 16 addresses how we are building strong institutions and effective decision-making policies, procedures, and processes to ensure we live up to our mission and generate value now and into the future. We bolster our activities through sound corporate governance practices, strong ethics, and robust safeguards that protect the interests of all our stakeholders.



Caring Leadership











Our corporate governance structure fosters our commitment to transparency, accountability, and sound decision-making. It supports the development and execution of our strategic initiatives and corresponding policies, programs, and procedures. It guides the oversight of our compliance and performance monitoring. It also supports our responsibility to grow our business, return value to shareholders, and attend to our broader stakeholder interests.

Director Oversight

Our Board oversees the strategic direction and performance of our Company. It is responsible for establishing our corporate policies, assessing our risks and opportunities and the effectiveness of our controls and procedures, evaluating our leadership team, and acting in the best interests of our stakeholders. Our directors are expected to act with loyalty and care when fulfilling their duties, and to align their practices with our [Corporate Governance Guidelines](#), [Business Conduct Policy](#), and other governing charters.



Corporate Governance Highlights

 One share, one vote	 Majority vote with director resignation policy
 Greater than majority independent directors	 Executive sessions of independent directors
 Separate independent Chair and CEO	 Limits on director overboarding
 Director retirement policy	 Stock ownership and retention guidelines
 Clawback policy	 Annual board and director self-evaluations

As a whole and through its three standing committees, our Board provides expert guidance and examination of the critical aspects of our business. The committees include our [Audit Committee](#), [Compensation and Human Capital Committee](#), and [Nominating and Corporate Governance Committee](#). Each committee has its own charter and area of oversight, which include coverage of our ESG priorities. The committees meet at least quarterly, during which they receive reports from our management team and other advisors, as necessary, and report their findings to the Board.



ESG Oversight by Committee

Audit Committee

Financial risks, data privacy and security, complaints regarding accounting, internal controls or auditing matters, and internal audit

Compensation and Human Capital Committee

Compensation and incentive plans, employee benefits, DEI, human resource strategies, and health and safety

Nominating and Corporate Governance Committee

Board and director evaluations, succession planning, corporate governance, whistleblower policy, ethics codes, and ESG initiatives

Corporate Leadership

Leadership on the Board is maintained through the separation of our Chair and CEO roles. Our CEO is responsible for setting the strategic direction of the Company and the day-to-day leadership, while our non-executive Chair directs the Board's activities. As part of their responsibilities, the Chair sets the Board's agendas, presides over executive sessions of independent directors, and facilitates communication.

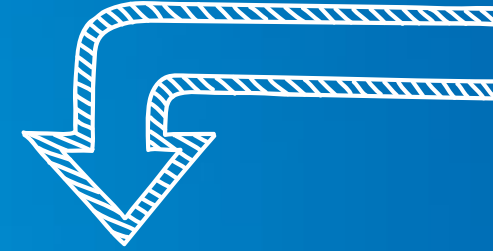
Board Composition

The directors who currently sit on our Board have the experience, qualifications, attributes, and skills necessary for the well-rounded oversight of our Company. We believe our directors possess strong business acumen, exercise sound judgement, and have a reputation for integrity, honesty, and adherence to high ethical standards. Our Nominating and Corporate Governance Committee conducts annual evaluations of the Board and its members, assessing the overall mix of our directors' expertise to ensure it aligns with our current and future business needs. The board refreshment process includes the consideration of director attributes, including educational background, employment history, outside commitments, gender, race/ethnicity, age, and personal experience.



Our Honorary Director

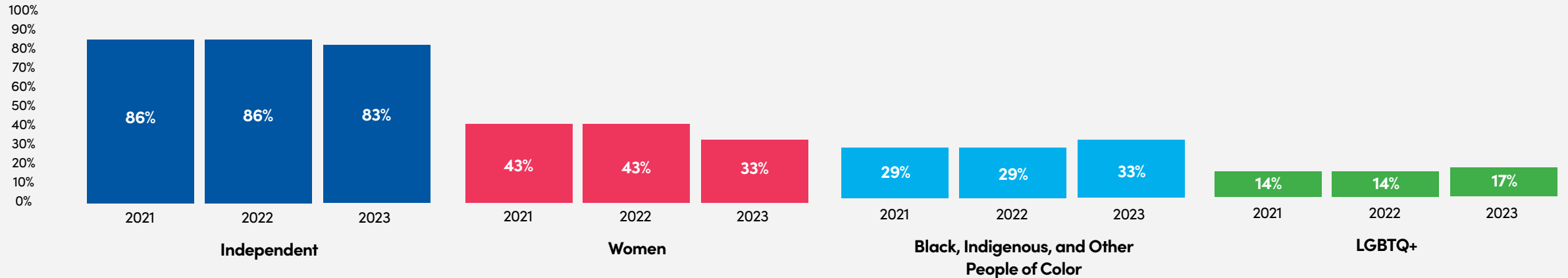
Maxine Clark, our founder and former Chief Executive Bear, has always been a guiding force in our Company and on our Board. When she reached our director retirement age in 2023, we were not ready to let her go. Instead, our Board requested that she become a Director Emeritus. In this role, she continues to impart her wisdom even though she does not vote on Board items, receive a compensation, or factor into quorum and other board composition matters.



Our Board consists of six directors. Every director has served on the Board since at least November 2021, with an average tenure of five-years as of our 2023 fiscal year. Our longest-serving director is our CEO, who has served on the Board since 2013. The skill sets of our directors are broad in scope, including strategic planning, product development and innovation, store operations, e-commerce and digital transformation strategies, cybersecurity, marketing and content creation and distribution, executive leadership, and corporate governance.

[Find out more about our Board and Governance practices in the Proxy Statement for our 2024 Annual Meeting of Stockholders.](#)

Our Directors by the Numbers



Principled Actions

We are committed to conducting our business in accordance with the highest ethical, moral, and legal standards. We promote adherence to standards of integrity and propriety in all that we do. We also encourage our associates, partners, and directors to be role models for one another and the industry from which all of us may benefit.

Risk Oversight

Among many other responsibilities, our leadership team is responsible for assessing and managing the various risks our Company faces every day. Our risks are generally categorized into four areas – strategic, operational, financial, and compliance. Annual planning sessions and routine discussions are held to review, record, prioritize, and monitor our current and emerging risks. This process incorporates feedback from routine business operations and guidance from the Board.

The Board is responsible for strategic and operational risks, with certain focus areas delegated to its committees. At Board and committee meetings, our CEO and members of leadership report on risks during designated sessions. The discussions that follow typically address risk management activities and efforts, best practices, lessons learned from incidents at other companies, the effectiveness of our measures, and other related matters.

Policies in Practice

It is our intent to fully comply with all legal and regulatory requirements in the regions and jurisdictions in which we operate and to uphold the highest ethical principles. We rely on a number of policies and procedures to raise awareness of and reinforce our expectations and requirements. They serve as guiding principles, aligning our operations with our core values and our commitment to treating everyone with dignity and respect.

Every associate is greeted with an onboarding orientation and our Employee Handbook when they join the Company. The handbook includes the policies and procedures important to the Company and the associate's role in upholding our standards and expectations. Our [Business Conduct Policy](#) serves as a comprehensive guide for our directors, leadership, and associates on matters such as conflicts of interest, anti-bribery and corruption, and fair dealing. We request all our associates to acknowledge and adhere to these policies on an annual basis. We also require adherence to and annual acknowledgement of an additional ethics [policy](#) for our senior executives.

Policies for All Associates



[Business Conduct Policy](#)



[Insider Trading Policy](#)



[Product Confidentiality Policy](#)



[Electronic Communication & Acceptable Use Policy](#)



[Social Media Policy](#)



[Public Relations and Media Policy](#)



[Store Security and Cash Management Policies](#)



[Alcohol, Drug, and Firearms Policy](#)

Compliance Procedures

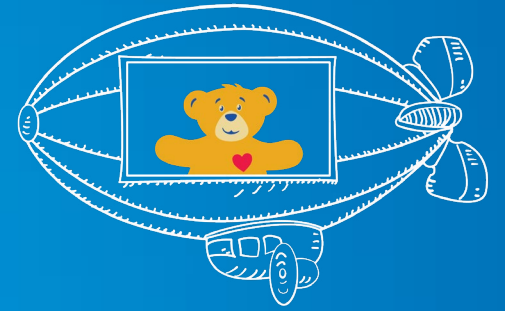
We evaluate the effectiveness of our policies and procedures through routine reviews and audits. Certain external third parties, including our legal and cybersecurity partners, are retained to review, report, and recommend actions regarding our internal controls and procedures. We also provide disclosures on our programs and progress as dictated by the legal and regulatory requirements of the jurisdictions in which we operate, including the U.S., Canada, Ireland, and the U.K.

Alongside our monitoring programs, we have a comprehensive whistleblower program to encourage good faith reports of suspected or known acts of non-compliance with our policies and procedures. All reports, including those from our third-party ethics hotline, are overseen by our General Counsel, who ensures they are promptly and thoroughly addressed. Reported violations are directed to appropriate leadership team members and communicated to the Chair of the Nominating and Corporate Governance Committee and/or the Audit Committee, depending on the subject matter. Throughout the investigations, we maintain confidentiality and prohibit any act of retaliation.



Raising One's Voice

Our associates are strongly encouraged to promptly report any knowledge or suspicion of actions or behaviors that do not adhere to our policies and procedures. Multiple reporting channels are offered from one's direct supervisor, a leadership team member, such as our Chief People Officer or General Counsel, or our third-party operated 24/7 anonymous ethics hotline, which is available for our associates and business partners in multiple languages and locations around the world. In all cases, we strive to uphold the utmost confidentiality.



As outlined in our Social Compliance Policy, we expect our supply chain partners to offer whistleblower and grievance mechanisms for their employees and to require the same of their upstream suppliers. The policy also provides information on the ESCP Worker Helpline, which serves as an option for ESCP-certified factories.

Training and Awareness

Our policies and procedures are supplemented with ongoing education and training to reinforce our expectations. We engage with external partners to develop and administer some of our compliance learning programs. In addition to the annual review of our handbooks and policies, our associates may complete courses related to anti-harassment, equal opportunity, diversity, payment processes, and data privacy and security, depending on their roles and locations.



Safeguarded Content

Trust is the hallmark of our business. We aim to foster and preserve the confidence of our guests, associates, business partners, shareholders, and other stakeholders by prioritizing the safety and security of our information technology (IT) systems. These critical systems process our transactions, manage our inventories and shipments, operate our website, protect our consumer databases, and maintain our operations. We rely on the vigilance of our associates and partners to maintain appropriate protections for our systems.

Approach

We apply a risk-based approach to the efficient and effective management of our IT systems. This includes the implementation and execution of proper controls and procedures designed to identify, mitigate, and manage potential or known data privacy and security risks. Given their pervasiveness, these issues are incorporated into our broader enterprise risk management, fostering a comprehensive consideration of the impacts these risks pose to our business.

Oversight

We have established a robust governance structure that forms the basis of a secure and resilient organizational environment. Our data privacy and cybersecurity strategies and initiatives are led by our SVP Chief Technology Officer (CTO), Chief Privacy Officer, and Director of IT Operations. They are supported by dedicated teams who routinely report on and manage the day-to-day operations. These include internal management and external partner collaboration on the execution of our data security and privacy controls and procedures, including compliance, risk assessments, monitoring, responses, and training.



Acting Through Leadership

Our Senior Vice President Chief Technology Officer, joined the Company in January 2023. With more than 20 years in global IT operations, she is leading the way in our digital transformation. She is also a role model, serving as a founder and advisory board member of [Women Leaders in Data and AI](#).



Internal committees comprised of technology leaders and members from various departments drive our strategies, initiatives, compliance, and communication, typically meeting at least once a month. These include the Security and Technology Risk Leadership Committee, led by our CTO, and the Privacy, Data Governance, and Artificial Intelligence Committee, guided by our Chief Privacy Officer. We also have a dedicated Incident Response Team that consists of a specialized group of multidisciplinary associates who are equipped to swiftly manage and communicate any cybersecurity incidents.

Our CTO maintains regular communication with our leadership team, routinely reports to our CFO, and provides updates to our Board's Audit Committee, which is responsible for overseeing our IT systems, information security, cybersecurity, and data privacy. The Audit Committee receives periodic presentations from third-party experts.

Practices and Safeguards

We are committed to continually investing in the enhancement of our capabilities to identify, protect, and detect security threats against our data and business processes. To do so, we have established a comprehensive set of processes, technologies, and mechanisms to support continuous surveillance, risk reduction, and system reliability.

Our data security management program addresses identity, trust, vulnerability, and threat management processes, along with the enforcement of standard data protection and privacy policies. We measure our data security effectiveness through industry-accepted methods and have procedures in place to remediate critical findings. We use the National Institute of Standards and Technology (NIST) Cybersecurity Framework to guide our cybersecurity initiatives and comply with the Payment Card Industry Data Security Standards (PCI-DSS), where necessary.

Our internal teams undertake regular audits and penetration tests and our security operations center works around the clock to promptly identify, lessen, and react to cyber threats. We have defined protocols in place to manage and mitigate any detected cybersecurity incidents and routinely maintain and test our backup

systems, including through external network security penetration testing, as part of our disaster recovery and business continuity plans. The teams also engage third-party experts to assess our cybersecurity maturity, conduct risk evaluations, and deliver specialized knowledge on various cybersecurity matters.

Preventative Practices

We routinely review our policies and procedures to ensure we are compliant with evolving regulatory standards and the dynamic threat landscape. Over the years, we are proud to have had **0 data breaches** and achieved a **2.5 average maturity** level across all NIST Core Functions.

We supplement our practices with policies that guide our associates on acceptable practices and compliance. These policies address areas such as data classification, access controls, incident response, and data retention. Our employee handbook includes an electronic communication and acceptable use policy, and our Business Conduct Policy incorporates additional expectations.



Data Privacy

We process personally identifiable information (PII) and other content about our guests, associates, and other third parties in our normal course of operations. This involves the storage and transmission of content such as names and addresses, as well as personal preferences and credit card information. Due to the sensitivity of this information, we have instituted comprehensive privacy policies alongside our established security features.

Our [Global Privacy Policy](#) details the collection, use, sharing, and retention of information we gather from guests in our retail locations and on our websites. The information shared may be used for purposes such as in-store purchases, party bookings, enrollment in our Build-A-Bear Bonus Club or Loyalty Programs, and engagement with our interactive programs. In all cases, we collect information only to the extent it is relevant to providing our services.

As part of our practices, we do not disclose or sell information to third parties unless there has been an opportunity for our guests to opt in and appropriate verification of consent has been obtained. In addition, our guests may [request](#) to limit the use and sharing of their personal information or seek its deletion, as defined by the different regional data protection regulations. Sensitive information is further safeguarded through our robust security measures of consumer database and websites.

It is our utmost responsibility to ensure we comply with all laws and regulations, especially as they relate to the type and content of information entrusted to us. Certain regulations we adhere to include the E.U. and U.K. General Data Protection Regulations (GDPR), the California Consumer Privacy Rights Act, and Federal Communications Commission regulations.

Data privacy and confidentiality also extend to our products and intellectual property, which are drivers of our guests' engagements and the power of our brand. We have our own patents, copyrights, service marks, trademarks, and trade secrets, as well as licensing and strategic relationships with other family-oriented retail and cultural organizations. Our Product Confidential Policy, Business Conduct Policy, and [Terms of Use](#) regulate proper actions related to, among others, product announcements, external engagement, website use, and access.



Protecting Our Children

As a company that caters to the interests of children, we take great care to protect their privacy. Our websites, except for the Build-A-Bear "Play" website, are not intended for children under 13, depending on the jurisdiction, and we are compliant with applicable regulations, such as the U.S. Children's Online Privacy Protection Act.

Training and Awareness

We provide our associates with the essential knowledge and skills to maintain a secure and resilient environment. During onboarding, all new associates undergo mandatory cybersecurity and data privacy training. We require annual course renewals on topics including general security, PCI awareness, and privacy, and offer certain role-based programs. We also conduct phishing simulations at least monthly to further strengthen our defenses. Additional personalized teaching moments and courses are provided to associates who require remedial support, when necessary.

100%

of our new associates completed cybersecurity and data privacy training



A Little More



As a Company devoted to bringing a little bit of heart to everything that we do, our commitment to sustainability and an ethical supply chain is a genuine effort to make our world a safer, healthier, and happier place for children and adults. This report marks the beginning of our journey toward greater transparency and advancements across ESG topics.

We have presented an overview of our current ESG approach, the factors most relevant to our business, and the progress we have made so far. Looking ahead, we are firmly committed to enhancing our sustainability initiatives. This includes a comprehensive review of our supply chain practices, ensuring they align with ethical and environmental standards. We are dedicated to reducing our carbon footprint by exploring energy-efficient technologies and eco-friendly packaging solutions. Furthermore, we pledge to support the communities we operate in through meaningful partnerships and philanthropic endeavors, reinforcing our dedication to responsible corporate citizenship.



As we move forward,
we are excited to be engaging
with our stakeholders through
regular reporting and
implementing initiatives to
drive a **positive change**.



SASB Index

This index summarizes the most relevant disclosures for our business aligned to the Sustainability Accounting Standards Board (SASB) industry standard for Multiline and Specialty Retailers & Distributors

SASB Code	SASB Metric	Disclosure Location/Response
Energy Management in Retail & Distribution		
CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	We do not track this information
Data Security		
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	See Safeguarding Content
CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	We do not disclose this information
Labor Practices		
CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	See Compensation and Performance Management
CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	See Benefits and Wellness
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	We do not disclose this information
Workforce Diversity		
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	See Belonging Embraced
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	We do not disclose this information
Product Sourcing, Packaging & Marketing		
CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	See Memorable Makings
CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	See Memorable Makings
CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	See Labels and Packaging

Forward Looking Statements

This report contains certain statements that are, or may be considered to be, “forward-looking statements” for the purpose of federal securities laws, including, but not limited to, statements that reflect our current views with respect to future events and financial performance. We generally identify these statements by words or phrases such as “may,” “might,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “intend,” “predict,” “future,” “potential” or “continue,” the negative or any derivative of these terms and other comparable terminology. All the information concerning the results of our ESG efforts, our future liquidity, future revenues, margins and other future financial performance and results, achievement of operating of financial plans or forecasts for future periods, sources and availability of credit and liquidity, future cash flows and cash needs, success and results of strategic initiatives and other future financial performance or financial position, as well as our assumptions underlying such information, constitute forward-looking information.

These statements are based only on our current expectations and projections about future events. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements, including those factors discussed under the caption entitled “Risks Related to Our Business” and “Forward-Looking Statements” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on April 18, 2024 and other periodic reports filed with the SEC which are incorporated herein.

All our forward-looking statements are as of the date of this report only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of or any material adverse change in one or more of the risk factors or other risks and uncertainties referred to in this report or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the SEC could materially and adversely affect our continuing operations and our future financial results, cash flows, available credit, prospects, and liquidity. Except as required by law, the Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.



