



Forced Labour in Canadian Supply Chains

Annual Report for Fiscal Year Ended February 3, 2024

Introduction

This report is prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) on behalf of Build-A-Bear Workshop, Inc. (“**Build-A-Bear**”). The statement is issued for the fiscal year that ended February 3, 2024

Build-A-Bear does business in Canada through Build-A-Bear Workshop Canada, Ltd., a wholly owned subsidiary of Build-A-Bear Workshop, Inc. Build-A-Bear Workshop Canada, Ltd. does not meet the definition of a reporting entity as stipulated by Section 9 of the Act. The parent, Build-A-Bear Workshop, Inc., submits this report as the controlling entity of Build-A-Bear Workshop Canada, Ltd.

At Build-A-Bear Workshop, we are committed to conducting business in a lawful, ethical and responsible manner. We expect our suppliers to do the same. Our products adhere to the highest standards of toy safety and will only be made in factories certified to follow ethical labour practices.

Build-A-Bear also publishes statements on its efforts to address the issue of forced labour and human trafficking in compliance with Section 54 of the United Kingdom’s Modern Slavery Act 2015 and the California Transparency in Supply Chain Act of 2010.

Build-A-Bear Corporate and Supply Chain Overview

Build-A-Bear Workshop, Inc., a Delaware corporation, is a global specialty retailer offering an interactive make-your-own stuffed animal experience. As of February 3, 2024, Build-A-Bear has 525 global locations through a combination of its corporately managed, partner-operated, and international-franchise models, including 320 corporate-managed stores in the United States and Canada. In addition to these stores, Build-A-Bear sell products on our company-owned e-commerce sites and third-party marketplace sites, our franchisees sell products through sites that they manage as well as other third-party marketplace sites and other parties sell products on their sites under wholesale agreements. Build-A-Bear and its subsidiaries employ approximately 1,000 full-time and 3,550 regular part-time employees in the U.S., Canada, China, the U.K., and Ireland.

Build-A-Bear Workshop, Inc.’s global procurement organization operates from the company’s United States headquarters and has responsibility for purchasing across the company’s two primary categories: merchandise and indirect (including store equipment and fixtures). Over 90% of purchases for the merchandise category come from audited and validated suppliers in China and Vietnam with the remaining products coming from the United States and the United Kingdom. The majority of indirect equipment is manufactured and purchased in the United States, including stuffing machines and store fixtures, and a small amount of indirect equipment manufactured and purchased from China includes mini stuffing machines, which are utilized in

Canada. Store merchandise is shipped to Build-A-Bear's distribution center near Columbus, Ohio (USA) where it is then routed to Build-A-Bear stores across the United States and Canada.

Identification of Supply Chain Risks

Build-A-Bear has conducted a risk assessment of internal operations and its supply chain to identify risk areas. Build-A-Bear acknowledges that sourcing raw materials from China and Vietnam carries some risk of the use of forced and child labour. To address this risk and in alignment with Build-A-Bear's zero-tolerance policy toward the use of child labour and forced labour, the company requires all factories to provide written confirmation that they do not use materials from high-risk areas, such as the Xinjiang region of China.

All of our product suppliers are required to review, sign and comply with Build-A-Bear's Quality Assurance Manual which defines standards for fair, safe, and healthy working conditions throughout the supply chain, including the prohibition of forced and child labour. The required compliance with this Manual includes a commitment by direct suppliers to certify that materials incorporated into our products comply with the laws regarding slavery and human trafficking of the country or countries in which they do business. Build-A-Bear has a recurrent physical presence in all factories producing merchandise for sale by Build-A-Bear to oversee manufacturing processes and workplace conditions. Build-A-Bear Sourcing and Quality teams responsible for making all sourcing and purchasing decisions make multiple visits to factories each year to monitor manufacturing processes and physical working conditions.

As part of Build-A-Bear's conducting business in a lawful, ethical and responsible manner, the company will continue to strive to identify emerging risks as it conducts its annual supply chain risk assessment.

Policies and Due Diligence Practices

Build-A-Bear's supply chain procedures have been designed to further our commitment to ensure that the products we sell are produced without the use of child, involuntary, or slave labour and in compliance with all other laws and regulations.

Internal policies

All of our employees are required to certify compliance with our [Business Conduct Policy](#) which includes a requirement that employees respect and obey the laws of the jurisdictions in which we operate, including prohibitions against forced labour and human trafficking. Employees who violate the Business Conduct Policy are subject to disciplinary action, which may include termination of employment. Employees also undergo training on forced and child labour, which are detailed in a later section of this report.

Supply chain due diligence policies and procedures

The process of onboarding new product suppliers includes a rigorous vetting, process, as well as supplier agreement to Build-A-Bear's Social Compliance Policy, Quality Assurance Manual, and export guides, ensuring that new entrants into the supply chain meet Build-A-Bear's ethical standards and comply with our zero-tolerance policy regarding forced and child labour.

In order to help ensure compliance with these policies, we require all factories that produce our products to be compliant with the ICTI Ethical Toy Program or similar third-party social compliance assessment certification. ICTI and similar third-party social compliance organizations are committed, on behalf of their member companies, to the operation of toy factories in a lawful, safe, and healthful manner. They uphold the principles that no underage, forced, or prison labour should be employed; that no one is denied a job because of gender, ethnic origin, religion, affiliation or association, and that factories comply with laws protecting the environment. Each of these organizations require periodic recertification by our suppliers. In addition, Build-A-Bear Workshop employees periodically visit factories to inspect the facility, review production, and observe working conditions.

Build-A-Bear has mapped all Tier 1 suppliers by production location and maintains this information in a centralized repository, to use in risk assessment and monitoring. Raw materials suppliers are managed by Build-A-Bear's Tier 1 suppliers, with cascading requirements to ensure no forced or child labour is used at any point in the manufacturing of Build-A-Bear's products.

Suppliers who violate *any* term of the Quality Assurance Manual are subject to sanction, which may include termination of the relationship. Our policy mandates termination of contracts and dismissal of any supplier found to use human trafficking, slavery or child labour in the production of products or components of products for Build-A-Bear Workshop.

Employee Training on Forced and Child Labour

Since the company was founded in 1997, Build-A-Bear has trained its employees who are involved with sourcing our products with the aim of raising awareness regarding human trafficking, slavery and child labour. All employees are required to certify compliance with our Business Conduct Policy which includes a requirement that employees respect and obey the laws of the jurisdictions in which we operate, including prohibitions against forced labour and human trafficking.

In addition, as part of their job responsibilities, all employees who participate in the procurement of our products are trained concerning our requirement that they ensure that all factories producing our products (i) are compliant with the ICTI Ethical Toy Program or similar third-party social compliance assessment certifications, and (ii) certify compliance with our Quality Assurance Manual.

Remediation Measures

As of February 3, 2024, Build-A-Bear has not faced situations of forced labour or child labour in our activities or supply chains and has therefore not had to take actions to remediate such situations. Build-A-Bear also has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

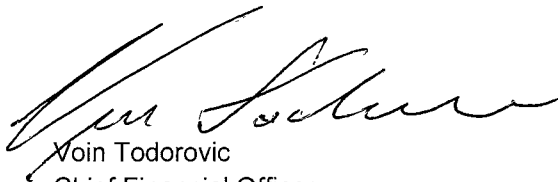
Assessing Effectiveness

At Build-A-Bear, we regularly review our Quality Assurance Manual, social compliance certification requirements, and other related policies, procedures, and practices to identify ways

to further reduce the risk of forced and child labour in Build-A-Bear's supply chain. We routinely audit our key suppliers to assess the effectiveness of their actions to address forced and child labour as well. Social compliance audits are tracked for all factories producing merchandise for Build-A-Bear to ensure adherence to Build-A-Bear requirements before orders can be placed.

Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Voin Todorovic
Chief Financial Officer
May 30, 2024

I have the authority to bind Build-A-Bear Workshop, Inc.