

# Business Conduct Policy

This Business Conduct Policy (the “Policy”) has been adopted by the Board of Directors (the “Board”) of Build-A-Bear Workshop, Inc. (“BABW”). We are committed to conducting our business according to the highest ethical, moral and legal standards. It is a basic principle that all business conduct must adhere to the highest standards of integrity and propriety. We expect all of our associates, including our directors and executive officers, to use sound business judgment, to adhere to the highest ethical and moral standards, and to avoid conflicts of interest. This Policy applies to all members of our Board (“Directors”) and all of our officers and employees (collectively, “associates”).

The following outlines our business code of conduct policies. It is important that all Directors and associates read and understand these policies. Should there be any question concerning these, please consult your immediate supervisor or the Chief Human Resources Officer, in the case of associates, or the Chairman of the Nominating and Corporate Governance Committee, in the case of Directors.

## **Conflict of Interest**

Any direct or indirect conflict of interest between a Director or associate and BABW is prohibited, unless specifically consented to by BABW.

A conflict of interest exists if, in the course of employment, the associate’s or Director’s judgment and discretion is or may be influenced by considerations of personal gain, either for one’s self or a third party. All business decisions for BABW should reflect the independent judgment and discretion of BABW associates or Directors, uninfluenced by any considerations other than what is honestly believed to be in the best interest of BABW and its stakeholders.

If you believe a conflict or potential conflict of interest exists, the situation should be reported to your immediate supervisor or the Chief Human Resource Officer, in the case of associates, or the Chairman of the Nominating and Corporate Governance Committee, in the case of Directors. If the facts are disclosed and there is no illegal or unethical conflict involved, BABW may consent to the proposed activity even though a technical or nominal conflict of interest may exist. Waivers of conflicts of interest with respect to our executive officers and Directors may only be granted by the Nominating and Corporate Governance Committee of the Board.

It is not possible to address every potential conflict of interest situation. The illustrations below provide guidelines for certain types of situations. The Chief Human Resources Officer can answer specific questions regarding other situations on a case-by-case basis.

### **Relationships with Suppliers and Competitors**

An associate or Director should not own any substantial stock or other financial interest in or participate in the business (as director, employee or consultant) of an actual or potential supplier and/or a competitor of BABW.

### **Indirect Interest and Relationships**

An associate or Director has a potential conflict of interest whenever a close relative has a significant interest in a transaction or a significant relationship with any resource or competitor. In order to protect the associate and BABW from the appearance of a conflict of interest, the associate or Director should make the appropriate disclosure to BABW’s General Counsel.

### **Outside Business Activities**

Active participation in any outside business would be a conflict of interest if:

- The participation could interfere with the associate’s or Director’s ability to devote proper time and attention to BABW, or It constitutes a drain away from BABW of their talents and creative energy.

## **Nonbusiness Activities**

Participation in the activities of charitable, professional and trade institutions on a non-compensated basis will not generally create a conflict of interest. However, if such participation involves a substantial commitment of time, BABW's Chief Human Resources Officer should be consulted.

## **Anti-Bribery and Corruption**

It is BABW's policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. By way of example, we are bound by the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act 2010, in respect of our conduct both at home and abroad.

Bribery and corruption are punishable for individuals by significant imprisonment and if we are found to have taken part in corruption we could face substantial fines, we may be excluded from tendering for public contracts, and we may face damage to our reputation. We therefore take our legal responsibilities very seriously.

In this statement, "third party" means any individual or organization you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

A bribe is an inducement or reward offered, promised or provided to a third party in order to gain any commercial, contractual, regulatory or personal advantage, including to induce the party to do business with BABW. It is an offense to offer or receive a bribe, which means an inducement or incentive by you to someone to do business with BABW, or someone inducing or incentivizing you to do business with them.

Although BABW's policy prohibits all bribery of all third parties, the FCPA prohibits bribery of foreign officials and can result in the imposition of criminal penalties. Specifically, the FCPA prohibits you from giving or offering to give anything of value to a foreign government official in an attempt to gain or retain business or obtain any other advantage for BABW or any other person. This includes providing or offering to provide anything of value to a foreign government official to obtain any kind of favorable treatment, including reduction of taxes or duties or to speed up any governmental action.

Foreign officials includes all government officials, all foreign political party officials, all candidates for foreign political office, all officials of international organizations and all employees of state-owned or controlled companies or enterprises.

## **Gifts, Loans and Entertainment**

In general, subject to the below, associates are not authorized to accept gifts from a resource, vendor or competitor or someone seeking to do business with BABW. Associates are specifically prohibited from accepting gifts from or giving gifts to a third party if such a gift is made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favors or benefits. Tickets for sporting events, concerts and shows may be given but these types of items will be re-distributed to our staff through a contest or lottery drawing.

All gift items should be directed to the Chief Human Resources Officer for handling.

In addition to the above gift policy, an associate may not:

- Accept loans from the above-named parties (other than from a bank at market interest rate and market terms);
- Purchase items from the above-named parties at below market terms;
- Present gifts, including cash, services or merchandise, to the above-named parties other than gifts of nominal value provided such gifts are not given with intent to obtain or retain business or to obtain a business advantage; or

- Give or offer any gifts, including travel, entertainment, cash, hospitality, coupons or merchandise, to any foreign government official, as defined above, unless specifically approved by BABW's General Counsel.

Participating in business-related functions, such as lunches or dinners is a normal and permissible business practice. However, each associate should exercise care to insure that such functions are necessary and that their value and frequency are not excessive. However, it is not acceptable for associates (or someone acting on an associate's behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- accept payment from a third party that an associate knows or suspects is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if an associate knows or suspects that it is offered or provided with an expectation that a business advantage will be provided by BABW in return;
- threaten or retaliate against another associate who has refused to commit a bribery offense or who has raised concerns under this policy;
- accept any cash gift under any circumstances; or
- engage in any activity that might lead to a breach of this policy.

Again, if there are any questions regarding the acceptance or giving of a gift, please ask the Chief Human Resource Officer.

#### **Facilitation payments and kickbacks**

BABW does not make, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in most jurisdictions.

If an associate is asked to make a payment on BABW's behalf, he or she should always be mindful of what the payment is for to assure that the payment is not an improper bribe or facilitation payment. If an amount requested is not proportionate to the goods or services provided, there is a strong likelihood that the payment is an effort to disguise a bribe or a facilitation payment and the payment should not be made. Associates should always ask for a receipt which details the reason for the payment. If an associate has any suspicions, concerns or queries regarding a payment, they should raise these with BABW's General Counsel before making such payment.

Kickbacks are typically payments made in return for a business favor or advantage. All associates must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by BABW.

#### **Donations**

BABW does not make contributions to political parties. We only make charitable donations that are legal and ethical under local laws and practices. No donation may be offered or made on behalf of BABW without the prior approval of the Chief Financial Officer.

#### **Record Keeping**

BABW must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

Associates must declare and keep a written record of all hospitality or gifts accepted or offered, which will be delivered to BABW's General Counsel on request or be subject to managerial review.

Associates must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with BABW's expenses policy and specifically record the reason for the expenditure.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

### **How to raise a concern**

Associates are encouraged to raise concerns about any issue or suspicion of inappropriate conduct at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your line manager. Concerns should be reported by following the procedure set out in the Reporting Potential Instances of Non-Compliance with this Policy section below.

### **If you are a victim of bribery or corruption**

It is important that associates notify BABW's General Counsel as soon as possible if they are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that they are a victim of another form of unlawful activity.

## **Corporate Opportunities**

Associates and Directors are prohibited from taking opportunities for personal gain that are discovered through the use of BABW property, information or position without the consent of the Board. No associate or Director may use BABW property, information, or position for improper personal gain, and no associate or Director may compete with BABW directly or indirectly. Associates and Directors owe a duty to BABW to advance its legitimate interests when an opportunity to do so arises.

## **Confidential Information Policy**

Upon joining the Company, associates sign a Confidentiality and Non-Compete Agreement that includes clauses regarding confidentiality and non-disclosure. As a reminder, unauthorized disclosure of any confidential information is prohibited. Compliance with this policy requires each associate and Director to exercise care to reduce the likelihood of unauthorized and/or inadvertent disclosures of confidential information to spouses, friends and business associates. Documents should be properly safeguarded at all times. For example, after a meeting, no written materials should be left behind. Select positions within the organization may have access to Guest and associate data. Such data should not be accessed unless there is a business necessity, should not be shared with anyone without prior authorization and may not be utilized for personal gain.

Information about new products and product launches is also covered by this policy. All product information should remain confidential until authorized by management for release to anyone outside of the organization.

## **Fair Dealing**

BABW seeks to outperform its competition fairly and honestly. We seek competitive advantage through superior performance, not through unethical or illegal business practices. Associates and Directors should endeavor to deal fairly with BABW's customers, suppliers, competitors and other associates. Associates and Directors should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

## **Antitrust Laws**

Antitrust laws are designed to promote competitive pricing in the marketplace, unrestricted by improper conspiracies such as price fixing. Specifically, any agreement or understanding between competitors concerning price, or any element of price (discounts, credit terms), including arrangements which tend to stabilize prices is prohibited. Also, understandings between competitors concerning (1) the amount of their production, (2) the division or allocation of markets, territories, or customers, or (3) the boycotting of third parties is prohibited.

Remember, there does not need to be a formal document signed by the parties to be an understanding or agreement. Instead, a conspiracy or understanding may be found if there is any kind of mutual understanding that a business practice or decision adopted by one party would be followed, or at least not opposed, by the other party.

Exchanges of business information between competitors and trade association activities may present problems under the antitrust laws. Therefore, you must consult with the Legal Department if you have any questions.

The antitrust laws also prohibit an agreement or understanding by the seller and customer which sets the price at which the customer will resell the product. No restrictions on resale should ever be made without prior legal review.

## **Protection and Proper Use of Company Assets**

Protecting BABW assets against loss, theft, misuse and waste is the responsibility of every associate and Director. Theft, carelessness and waste directly impact our profitability and any suspected theft, fraud or inefficient use of BABW assets should be reported to a manager or supervisor or, in the case of Directors, BABW's General Counsel or the Chairman of the Nominating and Corporate Governance Committee. The sole purpose of BABW equipment, vehicles and supplies is the conduct of our business. They may not be used for non-BABW business and may not be sold, loaned, given away or disposed of without proper authorization.

## **Compliance with Laws**

BABW strives to be a good corporate citizen and to comply with applicable foreign and domestic laws and regulations. All associates and Directors must respect and obey the laws of the cities, states and countries in which we operate. No associate or Director should take any action on behalf of BABW which the associate or Director knows or reasonably should know violates any applicable law or regulation.

Neither BABW nor its associates or Directors should assist any third party in violating the laws of any country. This policy applies whether or not BABW's assistance itself violates the laws of any country.

## **Accounting, Internal Accounting Controls, and Auditing Matters**

Federal securities laws require that publicly-held companies such as BABW maintain complete and accurate accounting records. This requires that BABW and all of its subsidiaries use prescribed uniform accounting and control practices. BABW is strongly committed to complying with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. BABW's Audit Committee believes that BABW associates and Directors, as well as other parties, can play an important role in monitoring BABW's compliance with these matters.

The Audit Committee expects associates, Directors and others to report any questionable accounting, internal accounting controls or auditing matters as required by this Policy. In addition, the following activities are expressly prohibited and should be immediately reported: (1) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of BABW, (2) fraud or deliberate error in the recordation or maintenance of financial records of BABW, (3) deficiencies in or noncompliance with BABW's internal accounting controls, (4) misrepresentation or false statement to or by an officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of BABW, or (5) deviation from full and fair reporting of BABW's financial condition.

## **Reporting Potential Instances of Non-Compliance with this Policy**

At BABW, we encourage the reporting of any improper actions by our associates, Directors and business partners. If any associate has knowledge or is suspicious of any noncompliance with any section of this Policy or is concerned whether circumstances could lead to a violation of this Policy, or is otherwise aware of a violation of federal, state or local law or a significant or recurring intentional misuse of BABW assets, he or she should discuss the situation with a supervisor. If an associate feels uncomfortable or otherwise believes it is inappropriate to discuss such matter with his or her supervisor, the matter may be reported to the Chief Human Resources Officer or an executive officer of BABW. Issues that an associate feels uncomfortable discussing with any of these parties, or which is inappropriate to discuss with any of these parties, may be reported to the Nominating and Corporate Governance Committee Chairman. The Chairman of the Nominating and Corporate Governance Committee can be contacted via BABW's Ethics Hotline for monitoring compliance with the Business Conduct Policy (the "Hotline"). All telephone numbers are toll-free:

**ALL LOCATIONS WORLDWIDE:**

**On line:** <https://bbwt.safe2say.info>

**Email:** [hotlineservices@usa.g4s.com](mailto:hotlineservices@usa.g4s.com)

**Address:** Build-A-Bear Hotline, PO Box 33233, Palm Beach Gardens, FL 33420-3233

**IN NORTH AMERICA:**

844-535-4759

For the following countries, dial the AT&T Direct Access Code listed below and when you hear the ATT prompt, dial 844-535-4759

**IN THE UNITED KINGDOM:**

British Telecom 0-800-89-0011

C&W 0-500-89-0011

**IN THE REPUBLIC OF IRELAND:**

1-800-550-000

00-800-222-55288

**IN DENMARK:**

800-100-10

**IN CHINA (depending on phone service provider):**

South, Shanghai - China Telecom 10-811

North, Beijing CNCG 108-888

The Hotline will direct any reported violations of the Policy to the Chairman of the Nominating and Corporate Governance Committee and/or the appropriate Director(s) and/or executive officer(s), consistent with the terms of this Policy. BABW's General Counsel will oversee the Hotline to ensure that reported violations are timely and thoroughly addressed by BABW.

If any Director or executive officer has knowledge or is suspicious of any noncompliance with any section of this Policy or is concerned whether circumstances could lead to a violation of this Policy, or is otherwise aware of a violation of federal, state or local law or a significant or recurring intentional misuse of BABW funds, he or she should discuss the situation with the Nominating and Corporate Governance Committee Chairman.

Reports received by the Nominating and Corporate Governance Committee of violations or suspected violations that involve accounting, internal accounting controls or auditing matters will be forwarded to the Audit Committee for investigation. The Audit Committee will maintain a log of all complaints, tracking their receipt, investigation and resolution. The Audit Committee will ensure that a copy of this Policy is provided to BABW's independent auditors and to any consultants, agents or other representatives of BABW involved in any manner with accounting, internal accounting controls or auditing matters.

Any report of a violation or suspected violation should include the facts giving rise to the belief that a violation has or will occur and the name of the person to whom the violation was first reported, if any. While reports may be made anonymously, any associate or Director reporting a violation is encouraged to include their name so that clarification, discussion and further investigation of the issue can occur and the issues can be resolved quickly and equitably. Following receipt of a report and the investigation thereof, the person making the report will be notified of the outcome of the investigation, with the exception of any personnel actions taken in response to the violation. At all times during the investigation process the identities of the person making the report and the alleged offending party will remain confidential to the extent feasible.

All violations should be reported in good faith. Good faith requires that the reporting person make a reasonable investigation of the facts available to them and then, after careful consideration, determine that there was a violation that should be reported. BABW will not allow any retaliation against an

associate or Director, or any other person, who acts in good faith in reporting any such violation or suspected violation.

### **Annual Filing and Disclosure Requirements**

A copy of this Policy shall be posted on BABW's investor relations website and BABW's annual proxy statement shall state that this Policy is available on the BABW website and is available in print to any shareholder who requests it.

Amendments to, and waivers of, this Policy shall be disclosed as required within four business days after the amendment or waiver, either by filing a Form 8-K, or if BABW has disclosed in its most recently filed annual report on Form 10-K its intention to use its website for such purpose, by posting the disclosure on its investor relations website; provided, however, that any waiver of this policy for a director or executive officer shall be approved by the Board of Directors or a committee of the Board of Directors. If it is posted on the investor relations website, the disclosure shall remain on the website for at least twelve months and be retained by the Company for five years.