



**REIMAGINING
PLAY FOR FUTURE
GENERATIONS**



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Letter from the Global President & CEO

As a leader in play, **we are entrusted by children and their families** to create magical play experiences across toys, entertainment and digital games, while also positively contributing to our communities, supporting our employees and protecting our planet. We believe play is fundamental to life – helping to develop the skills to connect, inspire and imagine – and through our signature innovation and creativity, we are *Reimagining Play for Future Generations*.

Our employees are passionate about play and we are passionate about fostering a culture that allows them to be at their best. That means celebrating their diversity of thought, creating opportunities for continuous learning, valuing their health and well-being, and giving them opportunities to grow. This past year, our efforts were recognized as we achieved several workplace awards, including becoming a Certified Great Place to Work® for the first time ever, and once again being named to Fast Company’s Best Workplaces for Innovators list.

At the heart of our business is the creation of innovative products that bring joy to millions of children each year. Our goal is to find innovative ways to produce those products in an effort to minimize the impact of our operations on the planet. We continue to advance towards our goals to reduce plastic in our packaging, use more sustainable materials in our toys and decrease our carbon emissions. In 2023, we launched the Rubik’s® Re-Cube™, a *Rubik’s Cube* made from 100% recycled plastic and committed to rolling out 20% recycled plastic into our entire *Rubik’s Cube* portfolio. Our team also expanded our

Sustainably Soft™ GUND® line, plush made from 100% recycled materials and will be introducing recycled plastic into our PAW Patrol® basic vehicles rolling out this fall.

Last year, we articulated our Climate Action Plan and are pleased to share that we are making meaningful progress against our goals. We have now achieved and exceeded our target to reduce 85% of the waste going to landfill from our owned and leased operations. Similarly, we continued progress towards reducing our emissions and have reduced our Scope 1 and 2 emissions by 65% from our 2019 baseline.

While we are in the early stages of our sustainability journey, we recently made a significant step forward with our acquisition of Melissa & Doug®. Known for their commitment to creating wood toys that are built to last, the *Melissa & Doug* team has extensive knowledge in working with sustainable materials and production methods, which will help to accelerate our progress in this area. *Melissa & Doug* also shares our commitment to reducing our overall carbon footprint and reducing waste from our operations.

We exist wherever kids and families play and are woven into their daily lives and their communities. Recognizing how important play is to healthy childhood development, we partner with leading charities to give kids the opportunity to grow, learn and explore through play. This year, we donated more than 513,000 toys to children through The Toy Movement, Caring & Sharing, and local office giving. Volunteering is an essential part of giving back to our communities and we made several enhancements to our program which increased the total number of employee volunteer hours by 20% this past year. I want to personally thank our teams around the world for their contribution and for helping Spin Master to make a positive impact on more than 600,000 children.

Guided by our values, we continue to make advances across all pillars of our corporate social responsibility strategy to fortify our Company for the future and to ensure that we can continue our legacy of enriching the lives of children and their families globally.

Max Rangel
Global President & CEO



“Our employees are passionate about play and we are passionate about fostering a culture that allows them to be at their best. That means celebrating their diversity of thought, creating opportunities for continuous learning, valuing their health and well-being, and giving them opportunities to grow.”

About Spin Master

Spin Master Corp. (TSX:TOY) is a leading global children's entertainment company, creating exceptional play experiences through its three creative centres: Toys, Entertainment and Digital Games. With distribution in over 100 countries, Spin Master is best known for award-winning brands PAW Patrol®, Hatchimals®, Bakugan®, Kinetic Sand®, Air Hogs®, Melissa & Doug®, Rubik's Cube® and GUND®, and is the global toy licensee for other popular properties. Spin Master Entertainment creates and produces compelling multiplatform content, through its in-house studio and partnerships with outside creators, including the preschool franchise *PAW Patrol*, and numerous other original shows, short-form series and feature films. The Company has an established presence in digital games, anchored by the Toca Boca® and Sago Mini® brands, offering open-ended and creative game and educational play in digital environments. Through Spin Master Ventures, the Company makes minority investments globally in emerging companies and start-ups. With 24 offices spanning 17 countries, Spin Master employs over 2,100 team members globally. For more information visit spinmaster.com or follow-on Instagram, Facebook and Twitter @spinmaster.

TOYS

<p>Preschool, Dolls & Interactive</p>	<p>Activities, Games & Puzzles and Plush</p>	<p>Wheels & Action</p>	<p>Outdoor</p>
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ENTERTAINMENT

DIGITAL GAMES



AWARDS AND DISTINCTIONS

- 1 Toy of the Year (TOTY) Award
- Silver TOTY Award – CSR Initiative
- Sustainalytics ESG Regional and Industry Top Rated for 2024
- Greater Toronto's Top Employers 2024
- Great Place to Work Certified 2023
- Canada's Best Managed Companies
- Fast Company's Best Workplaces for Innovators
- Amcham Canada Social Impact Award
- Report on Business – Women Lead Here Benchmark

VISION: Reimagining Everyday Play

PURPOSE: Creating magical experiences for kids and their families

- VALUES:**
- We've Got Integrity
 - We Get Results
 - We Invent
 - We Collaborate
 - We Partner
 - We are Open Minded
 - We are Entrepreneurs

2023 Highlights

2,187

employees

211M

toys and games produced

100

Toys and games distributed in 100 customer markets

190

Entertainment content distributed in 190 countries

197

Digital games reaching children in 197 countries

513,000

toys donated

\$1.9B

in revenue

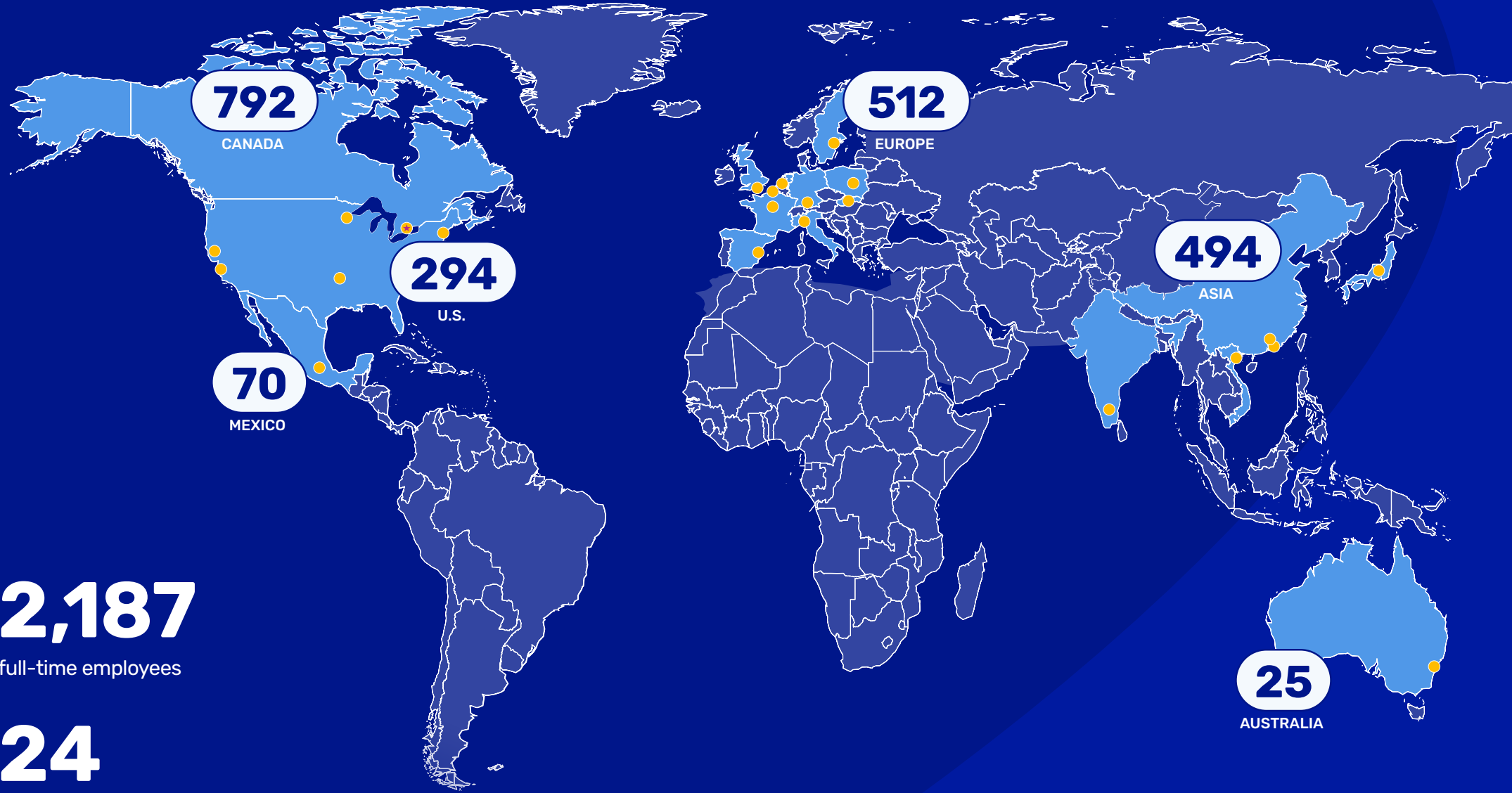
4th

largest toy manufacturer globally*

* Sourcing: Circana Group/Retail Tracking Service/Projected, G11, Annual 2023.



Spin Master Global Offices



2,187

full-time employees

24

offices



Locations

(City, Country, Multiple)

- Amsterdam, Netherlands
- Bangalore, India
- Bentonville, U.S.
- Bourne End, U.K.
- Bratislava, Slovakia
- Dongguan, China
- Hai Phong City, Vietnam
- Hong Kong, China (SAR)
- Jiaxing, China
- Los Angeles, U.S.
- Mexico City, Mexico
- Milan, Italy
- Munich, Germany
- New York, U.S.
- Paris, France
- Pleasanton, U.S.
- Stockholm, Sweden
- Sydney, Australia
- Tokyo, Japan
- Toronto, Canada (2)
- Tulsa, U.S.
- Valencia, Spain
- Warsaw, Poland

- Represents location on global map
- ★ Headquarters
- Full-time employees by region

CSR at Spin Master

CSR Vision

REIMAGINING EVERYDAY PLAY FOR FUTURE GENERATIONS

Spin Master creates magical play experiences for children and their families. We foster an inclusive culture, empowering children to grow and learn through play while acting as responsible custodians of the world these children will one day inherit.

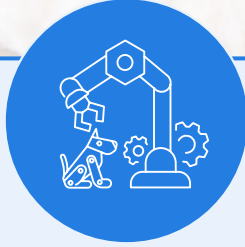


OUR ENVIRONMENT



We are committed to minimizing the impact of our operations on the planet to ensure we protect the world for children and families today and for generations to come.

OUR PRODUCTS



As a leading children’s entertainment company, we are committed to producing safe, high-quality and responsibly sourced products. We are striving to incorporate responsible product materials and packaging to provide consumers with more sustainable options.

OUR PEOPLE



Our talented team is the driving force behind our purpose of creating magical experiences for children and their families. We are committed to investing in our employees’ well-being and development and to fostering an inclusive workplace where everyone can thrive, grow and ultimately have fun.

OUR COMMUNITIES



We give children in communities around the world the opportunity to grow, explore and learn through the power of play. Through our in-kind donations, investments in educational programming, local community engagement and employee volunteerism, we are helping children harness their creativity and develop skills to achieve things they thought unimaginable.

CSR Priorities and Goals

DIVERSITY AND ENGAGEMENT



Fostering an inclusive culture where everyone can thrive and grow

CSR Priority	2023 Result
👍 Set and meet employee engagement targets (2030)	77% overall employee engagement
💰 Achieve and maintain close to 100% pay equity	99% pay equity
⚖️ Approximate 50-50 gender split for all management levels (2025)	Female representation at 40% senior management and 48% middle management
📄 Report representation survey results	Representation data reported 2022 onwards

PHILANTHROPY



Helping children grow, learn and explore through play

CSR Priority	2023 Result
👤 Impact 1/2 million children (2022)	645,000 children impacted
🕒 Report volunteer hours (2022)	6,000+ volunteer hours globally
🏆 Award 8 Future of Play Scholarships	9 scholarships awarded in 2023 and 24 students supported since the program launched

PRODUCT AND PACKAGING



Producing the highest quality goods and developing sustainable production with our portfolio

CSR Priority	2023 Result
🗑️ 50% reduction of plastic in our packaging (2025)	22.4% reduction in plastic packaging
💧 Utilize eco-friendly inks on 50% of packaging (2025)	23.7% of our inks were eco-friendly in 2022, on target to achieve goal
🌿 Develop 4 responsibly made SKUs (2022)	21 sustainably minded products launched since 2022

CLIMATE



Doing our part to mitigate our environmental impact and adapt to changing climate

CSR Priority	2023 Result
🌐 Develop a Climate Action Plan (2022)	Developed and launched Climate Action Plan in 2022
📉 Achieve net-zero reduction in Scope 1 + 2 emissions (2050)	Net-zero pathway mapped
🌿 70% reduction in Scope 1 + 2 emissions (2030)	65% reduction in Scope 1 + 2 emissions
♻️ In the interim, offset 100% of our self-generated carbon	100% of Scope 1 + 2 emissions covered by renewable energy certificates or offsets

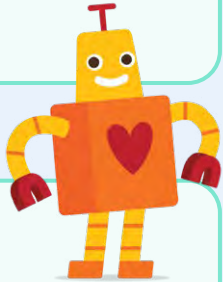
RESPONSIBLE SOURCING

Sourcing production in a responsible manner from suppliers who share our values and commitment to integrity

CSR Priority	2023 Result
🔍 Audit 100% factories	99% of factories audited annually
🛡️ Establish and enforce Supplier Code of Conduct (2020)	Supplier Code of Conduct developed and enforced



WASTE



Reducing waste through recycling, reusing and reducing

CSR Priority	2023 Result
♻️ Establish product takeback program (2021)	Established a partnership with TerraCycle® that allows U.S. customers to recycle toys free of charge
🗑️ 85% reduction in landfill waste in owned/leased facilities (2025) Zero landfill waste in owned/leased facilities (2035)	Achieved 2025 landfill waste reduction goal in 2023
🔍 Conduct waste audits in owned/leased facilities (2022)	Waste audit completed in 2022, with 55% waste diversion

CSR Governance

At Spin Master, we deeply appreciate the trust placed in us as leaders in the children’s entertainment industry and are unwavering in our commitment to being responsible corporate citizens across our CSR pillars. To ensure robust oversight and accountability, we have instituted an internal governance structure.

Governance & Nominating Committee of the Board of Directors

Since 2020, the Governance & Nominating Committee of Spin Master’s Board of Directors has assumed the responsibility for overseeing Spin Master’s CSR initiatives. This committee diligently reviews and evaluates the Company’s CSR strategy, multi-year plans, and related reports concerning environmental and social matters, including donations and community investments, while annually monitoring performance and maintaining a commitment to environmental matters, including climate-related oversight. Regular updates on environmental and social issues are provided to the board by this committee.

Executive CSR Governance Committee

Spin Master’s Executive CSR Governance Committee consists of all members of the Company’s Executive Leadership Team. This committee provides oversight for the management and measurement of articulated CSR plans and targets. It convenes quarterly to assess progress against the CSR plan and to evaluate emerging risks and opportunities within the CSR pillars.

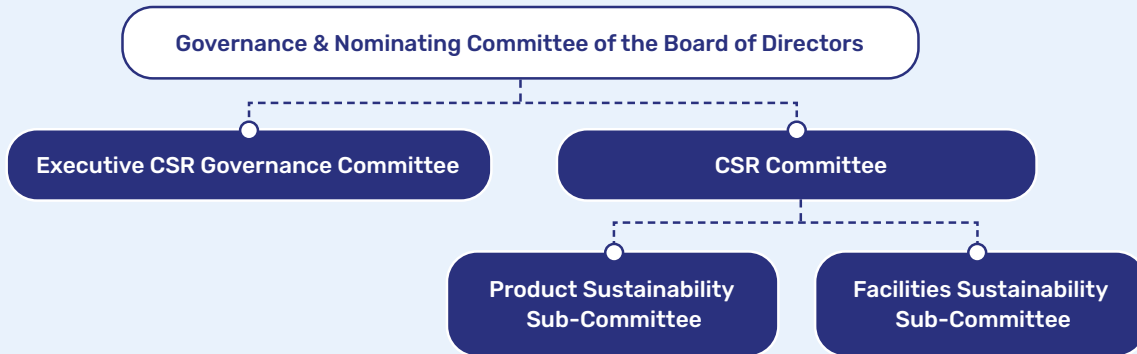
CSR Committee

The CSR Committee, representing diverse expertise from various Company departments such as Legal, Quality Assurance/Compliance, Human Resources, Finance,

Product Development and Engineering, Packaging, Facilities, Design, Communications, and Enterprise Risk Management, was established to ensure comprehensive coverage. Led by the Vice President of Communications and Corporate Citizenship, reporting to the Executive Vice President, Chief People Officer, this committee conducts performance reviews against the CSR strategy and targets. It formulates recommendations for activities and initiatives, ensuring the Company’s commitment to delivering on its CSR objectives. To support these efforts, two sub-committees focus on sustainability in product development and facilities. The Committee convenes multiple times throughout the year, including before each Executive CSR Governance Committee meeting.



CSR GOVERNANCE STRUCTURE



Materiality Analysis

Materiality analyses form the basis of our CSR strategy, by identifying which issues are the most important to Spin Master from environmental, social and governance perspectives based on our ability to impact the issue and the actual or potential impacts from our Company. We also assess materiality from the perspective of issues that are important to individual stakeholder groups, as we believe this offers a more precise way of understanding their needs.

In this year's materiality analysis, we've updated the analysis using desk research from international and specialist media, bespoke consumer research, investor research and stakeholder interviews to understand and reflect emerging activities. We also validated this analysis with our Executive and CSR Committee. Overall, in 2023, in our research, we've seen an overall increase in focus on human rights issues, and a consistently high interest in climate change and greenwashing. We've also seen a pullback in discussion on diversity, inclusion and belonging topics, while we maintain focus in our organization.

Related pillar	Impact
■ Governance and Ethics	● High
■ Our Products	◐ Medium
■ Our People	○ Low
■ Our Communities	
■ Our Environment	

	Customers	Employees	Families	Investors/ Rating agencies	Suppliers	Communities & NGOs	Government/ Policymakers	Industry associations
High-priority issues								
■ Ethical behaviour	●	●	●	●	●	●	●	●
■ Product safety and quality	●	●	●	●	●	●	●	●
■ Responsible sourcing	●	●	●	●	●	●	●	●
■ Sustainable packaging	●	●	●	●	●	◐	●	●
■ Sustainable product materials	●	●	●	●	●	◐	◐	◐
■ Climate change	●	◐	◐	●	◐	●	●	◐
Medium-priority issues								
■ Responsible marketing and content for children	◐	●	●	○	◐	●	●	●
■ Inclusive content	◐	●	●	◐	◐	◐	◐	◐
■ Occupational health and safety	◐	◐	○	○	○	◐	●	◐
■ Privacy and cybersecurity	◐	◐	●	●	○	●	●	●
■ Employee engagement and talent management	◐	●	○	◐	◐	◐	●	◐
■ Waste reduction	◐	◐	○	○	○	○	◐	○
■ Diversity, inclusion and belonging	◐	●	◐	◐	○	●	◐	○
■ Employee wellness	◐	●	○	○	○	◐	◐	○
■ Corporate governance	◐	●	○	●	◐	○	●	○
■ Product takeback	●	◐	◐	○	●	◐	●	●
■ CSR governance	○	◐	○	◐	○	○	◐	○
■ Community investment	○	◐	◐	○	○	●	○	○
Lower-priority issues								
■ Lobbying and political engagement	○	○	○	◐	○	◐	●	●
■ Responsible tax	○	○	○	○	○	●	●	○
■ Energy use	○	○	○	◐	○	◐	○	○
■ Biodiversity	○	○	○	◐	○	◐	○	○
■ Water use	○	○	○	○	○	◐	◐	○



Stakeholder Engagement

To continuously strengthen our CSR work, we regularly seek the perspectives of a variety of stakeholders identified in the table on the right, which provides an overview of how they are engaged throughout the year.



KEY MEMBERSHIPS AND PARTNERSHIPS

Spin Master is a member of, or partners with, several organizations, including:

- | | |
|---|---|
| Advertising Standards Canada | Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) |
| Academy of Canadian Cinema & Television | Sustainable Packaging Coalition and How2Recycle |
| Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) | TerraCycle® |
| Boys & Girls Clubs of America | The Toy Association (and global affiliates) |
| Canadian Media Producers Association | World Vision Canada |
| Children's Aid Foundation of Canada | Writers Guild of Canada |
| Ethical Supply Chain Program | |
| Futurpreneur | |
| Let's Talk Science | |
| Save the Children Canada | |



Stakeholder group	How they are engaged	Key topics
Employees	<ul style="list-style-type: none"> Town hall meetings Open forums 1:1 and team meetings Experience surveys 	<ul style="list-style-type: none"> Training and development Internal messaging Green teams Employee Resource Groups
Customers	<ul style="list-style-type: none"> Sales team account engagement Industry group engagement Commercial relationships 	<ul style="list-style-type: none"> Employee experience Philanthropy Sustainable packaging Sustainable product materials Waste reduction
Families	<ul style="list-style-type: none"> Focus groups Insight team consumer preference and direct product testing 	<ul style="list-style-type: none"> Product safety and quality Privacy Inclusive content
Investor audiences	<ul style="list-style-type: none"> Investor calls/presentations Direct engagement with analysts/lenders/ratings agencies 	<ul style="list-style-type: none"> Corporate governance Financial performance ESG topics – product safety and quality, product materials Cybersecurity
Civil society	<ul style="list-style-type: none"> Media Direct engagement Memberships Partnerships 	<ul style="list-style-type: none"> Product safety and quality Responsible sourcing (human rights) Product takeback Sustainable materials
Suppliers	<ul style="list-style-type: none"> Direct engagement with procurement Site visits and audits Supplier questionnaires Purchasing relationships 	<ul style="list-style-type: none"> Product safety and quality Energy use/carbon emissions
Community	<ul style="list-style-type: none"> Partnerships and outreach Donations and sponsorships Employee volunteerism Memberships 	<ul style="list-style-type: none"> Community donations Volunteering
Government	<ul style="list-style-type: none"> Engagement through industry associations 	<ul style="list-style-type: none"> Product safety and quality Responsible marketing and content for children Responsible sourcing Sustainable packaging Privacy

OUR ENVIRONMENT



We are committed to delivering the magic of play to children and families responsibly, to preserve future generations of fun. We continue to focus our attention on understanding our environmental footprint, evaluating ways to minimize the impact of our operations and partnering with external organizations to help us meet our goals.

65%

reduction in Scope 1 + 2 emissions

90%

reduction in landfill waste in owned/leased facilities

Our Climate Action Commitments

70%

reduction in Scope 1 + 2 emissions by 2030



NET-ZERO

commitment for Scope 1 + 2 emissions by 2050



85%

reduction in waste in owned and leased facilities



ZERO WASTE

in owned and leased facilities by 2035



Our Performance

Our Climate Action Plan and the targets within are aligned with our commitment to act as a responsible custodian of the world children will one day inherit. We continue to make progress in reducing emissions in several areas across our footprint.

Scope 1 and 2 Emissions

In line with our efforts to reduce our carbon footprint, our Scope 1 and 2 emissions declined in 2023. We decreased our emissions by 65% from our 2019 baseline and are 5% away from our 2030 goal. Year over year, we saw a 14% decrease in Scope 1 and 2 emissions.

The largest contributing factor to our reduction was the sale of our final owned factory in Calais, France. It was sold and ended operations in October 2023. The divestiture of our Calais factory, and our Tarboro, NC factory in 2022, accounted for almost 90% of our Scope 1 and 2 emissions reductions since 2019.

We continue to optimize our leased office space, prioritizing newer, more energy-efficient buildings to help us reduce emissions in the future. In 2023, we also reduced the number of our fleet vehicles from three to two.



OFFICE SUSTAINABILITY SCORECARD

To improve the sustainability of our offices, we have introduced a new step to our office selection process. To ensure sustainability criteria (e.g., energy usage, heat source, building certification) are considered at an early stage in the site selection process, we have introduced a new sustainability scorecard that must be completed by the property managers prior to the final site selection. Our new office in Milan was the first to implement this new process.

Our Performance

	2022	2023
Scope 1 (Direct) (t CO₂e)	571	246
North America	119	17
Europe	451	220
Asia-Pacific	0	9
Scope 2 (Indirect) (t CO₂e)	1,265	1,339
North America	530	458
Europe	198	114
Asia-Pacific	537	767
Direct energy use (kWh)	7,615,568	5,517,026

Note: Scope 1 and 2 emissions for 2022 have been restated. The total emissions remain unchanged, however, the allocation of emissions between Scope 1 and 2 has been corrected.



OFFSETTING OUR CARBON IMPACTS

As we pursue our emission reduction targets, we will continue to purchase renewable energy credits and carbon offset to account for 100% of Scope 1 and 2 emissions, as well as some Scope 3 emissions. In 2023, our funding supported a variety of projects. Some examples include:

Qianbei Afforestation Project:

Qianbei Afforestation Project is located in Zunyi City, Guizhou Province of China. The project aims to restore barren lands and sequester carbon by planting native species. The project planted forest on 50,061 hectares and provided 16,339 jobs for local villagers, 70% of which are women.

Great Bear Carbon Project:

The Great Bear Forest Carbon Project is Canada’s first Indigenous-led carbon offset program and the largest forest carbon project in the world. Home to the rare white Spirit Bear, the Great Bear Forest is one of the largest coastal temperate rainforests left on earth. By purchasing Great Bear carbon offsets, the project has helped reduce carbon emissions, protect forests, and invest in coastal First Nations communities.

Spin Master has a global footprint, and our carbon credit projects have close geographic proximity to where we have the highest employee concentration. All credits received certification to international standards. Renewable energy credits were purchased in various jurisdictions across the world, to align with energy usage in our office space.

Scope 3 Emissions

Our 2023 Scope 3 emissions decreased 55% compared to our 2019 baseline, but increased 25% year over year from 2022.

We continue to improve our ability to measure emissions within our supply chain, which is impacting our Scope 3 emissions data. This is specifically evidenced in our shipping emissions information, which shows an increase in 2023 due to the improved ability of our third-party contractors to provide data. This improved data will allow us to be more targeted in our emissions reductions initiatives going forward.

Similarly, our factories (Tier 1 Manufacturing) in Asia continue to improve their ability to provide their emissions information. This year, we implemented the Higg platform and continued to work directly with our suppliers to enhance our data collection.

The other notable change in our emissions comes from waste in our owned and leased operations, which decreased over 70% over the prior year. This is a result of the sale of our factory in Calais. We’re pleased with the progress we’ve made against the target in our Climate Action Plan and continue to find ways to achieve further reductions.

Our Performance

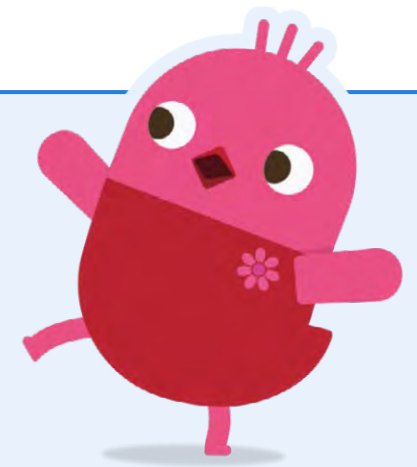
	2022	2023
Scope 3 emissions	60,245	78,109
Category 1 – Purchased Goods and Services (Tier 1 Manufacturing)	50,812	59,824
Category 4 – Upstream Transport and Distribution (Third-Party Distribution)	932	855
Category 5 – Waste (Owned and Leased) (Non-hazardous)	283	75
Category 6 – Business Travel (Air Travel)	5,052	2,593
Category 9 – Downstream Transport and Distribution (Freight)	3,165	12,794

Our Methodology: We use the WRI GHG Protocol Corporate Standard to calculate the emissions within Scope 1, 2 and 3. The overwhelming majority of our data is collected directly from vendors and suppliers. Where raw data was not available, we used emissions intensity metrics to model the relevant carbon footprint. Our carbon emission calculations were verified through third-party assurance.



SUPPLY CHAIN EMISSIONS

To improve our ability to work with our suppliers, measure emissions and take action, we are now utilizing the Higg platform to engage with our Tier 1 suppliers all across Asia. The platform offers a standardized and audited process for suppliers to report their energy usage and associated emissions. This will save time and effort for our suppliers and provide a greater degree of confidence in a standardized reporting approach across our entire Tier 1 supplier network in Asia. In 2024, we hope to expand this program to our factories elsewhere in the world.



Waste

Spin Master remains committed to our goals of an 85% reduction in waste from owned and leased facilities by 2025, and Zero Waste by 2035. We continue to explore multiple avenues to reduce our waste, from internal initiatives to impactful partnerships with external organizations.

Consumer Toy Recycling Program

Our partnership with TerraCycle is an important vehicle to promote the circular economy and engage our customers in our efforts to reduce waste. In 2023, we had 380 locations in the U.S. that recycled Spin Master toys. For the year, we collected and recycled 1,533 lbs of toys, which saved 824 kgs of CO₂e. Since our partnership with TerraCycle began in 2021, we've recycled 23,393 toys, all free of charge to our customers in the U.S.

This year we reached a major milestone in our partnership with TerraCycle, recycling enough toys to be able to build a playground made of recycled plastic. This playground was donated to the

Boys & Girls Club of Long Beach, U.S. We recently celebrated the opening of the playground alongside some very excited kids!



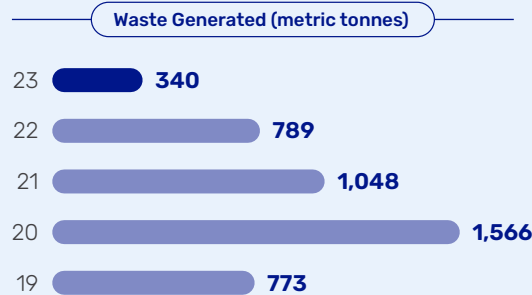
WATCH VIDEO:
Spin Master Recycled Playground Donation with Boys & Girls Clubs of America



WASTE REDUCTION

In 2023, we achieved a 90% reduction in waste going to landfill from our owned and leased facilities, surpassing our 2025 goal of 85%. In addition, we have reduced the total waste produced by 78% from our 2020 baseline and reached a 65% waste diversion rate.

The sale of our Calais factory accounted for more than 99% of the 2023 waste reduction versus 2022. This sale, combined with a higher recycling rate in our offices, allowed us to reach our highest ever waste diversion rate of 65%.



PASSIONATE EMPLOYEES

Spin Master's Earth Buddies Teams bring employees who are passionate about sustainability together to improve our environment. This past year, they grew our culture of environmental action by organizing more than 42 initiatives around the world. Events included rooftop gardens, sustainability markets, tree plantings, nature cleanups and waste diversion campaigns.

OTHER PARTNERS



OUR PRODUCTS

As a leading children's toy and entertainment company, we create magical play experiences for children and their families. We are committed to producing responsibly sourced goods that are safe and of the highest quality. We also believe that our products should be designed with the environment in mind, so we have established ambitious sustainability goals for our packaging and consistently innovate our product design to reduce our impact.

21

sustainably minded products launched since 2022

0

recalls in more than 15 years

94%

of our manufacturing facilities underwent an Ethical Supply Chain Program audit, or equivalent



Playspensible™

Playspensible is our commitment to being responsible custodians of the world that today's children will one day inherit. We strive to create more sustainable options within our products' life cycles, specifically as it relates to product design and packaging, to reduce our impact on the planet.

Responsible Product Design

We are continuously exploring opportunities to reduce the use of virgin materials in toys through innovative methods or by incorporating recycled or responsibly sourced content. Our goal is to maintain the best play experience while finding ways to minimize our environmental impact.



RUBIK'S RE-CUBE

The *Rubik's Re-Cube* launched in 2023 and is the same 3x3 cube millions know and love, but this version is created with sustainability in mind. The package is made from unbleached paper board that is FSC certified, and the cube is made from 100% post-industrial recycled plastic. Now that the team has successfully implemented recycled ABS into this form factor, we are rolling 20% of recycled plastic into all *Rubik's Cubes* going forward.



PAW PATROL

Our *PAW Patrol* basic vehicles were targeted for a sustainability update in 2023 given they represent such a large volume of toys sold. Our goal was to drastically reduce the use of plastic in this item. We now use up to 80% recycled plastic in the product and the packaging is plastic-free.

**Packaging includes plastic tape and Dennison.*



ETCH A SKETCH

Etch A Sketch® has been allowing people to express themselves for over 60 years. This year we introduced 86% recycled plastic into the item which, in 2023 alone, resulted in over 230,000 pounds of virgin plastic being avoided. The *Etch A Sketch Pocket* also now contains 76% recycled plastic and helped us avoid an additional 118,000 pounds of virgin plastic.



Sustainable Packaging

We are focused on maintaining the joy of unboxing new toys and games while introducing children to environmentally focused packaging. By using virgin plastic alternatives and actively seeking new approaches to reducing overall materials, we continue to evolve our packaging. Our innovative engineers and designers are also developing ways to integrate toy and game packaging into the play experience to extend the use.

Our Performance

Target: Reduction of plastic by 50% in our packaging

To meet our goal of a 50% reduction in the use of plastic in all packaging materials by 2025, we continue to take a focused approach by targeting our top-selling SKUs and implementing changes where possible. In 2023, we saw our largest yearly reduction in plastic packaging, and we are now 45% of the way to our goal. Our packaging team continues to focus on reducing plastic and are launching multiple items in 2024 and beyond that will have significant reductions in plastic use.

Target: Utilizing non-mineral based inks on 50% of packaging

We are working with our suppliers to meet our target in 2024. We notified our suppliers of our goal to remove mineral-based ink from our supply chain, and we anticipate that a large portion of our suppliers in Asia will be able to switch to non-mineral-based inks by April 2024.



BATMAN AND DC UNIVERSE

The packaging for our 12" figures of Batman® and the DC Universe was redesigned for 2023. We've been able to remove 40g of plastic per unit for a reduction of 99% of the plastic from packaging. In total, 47,000 pounds of plastic were avoided in 2023.



Product Safety and Integrity

Spin Master adheres to stringent safety and quality standards for every product and play experience in every market where we sell our products. Our process ensures safety and quality are included in every step, including design, development, manufacturing and distribution-to-use.

Spin Master’s Quality Centre of Excellence

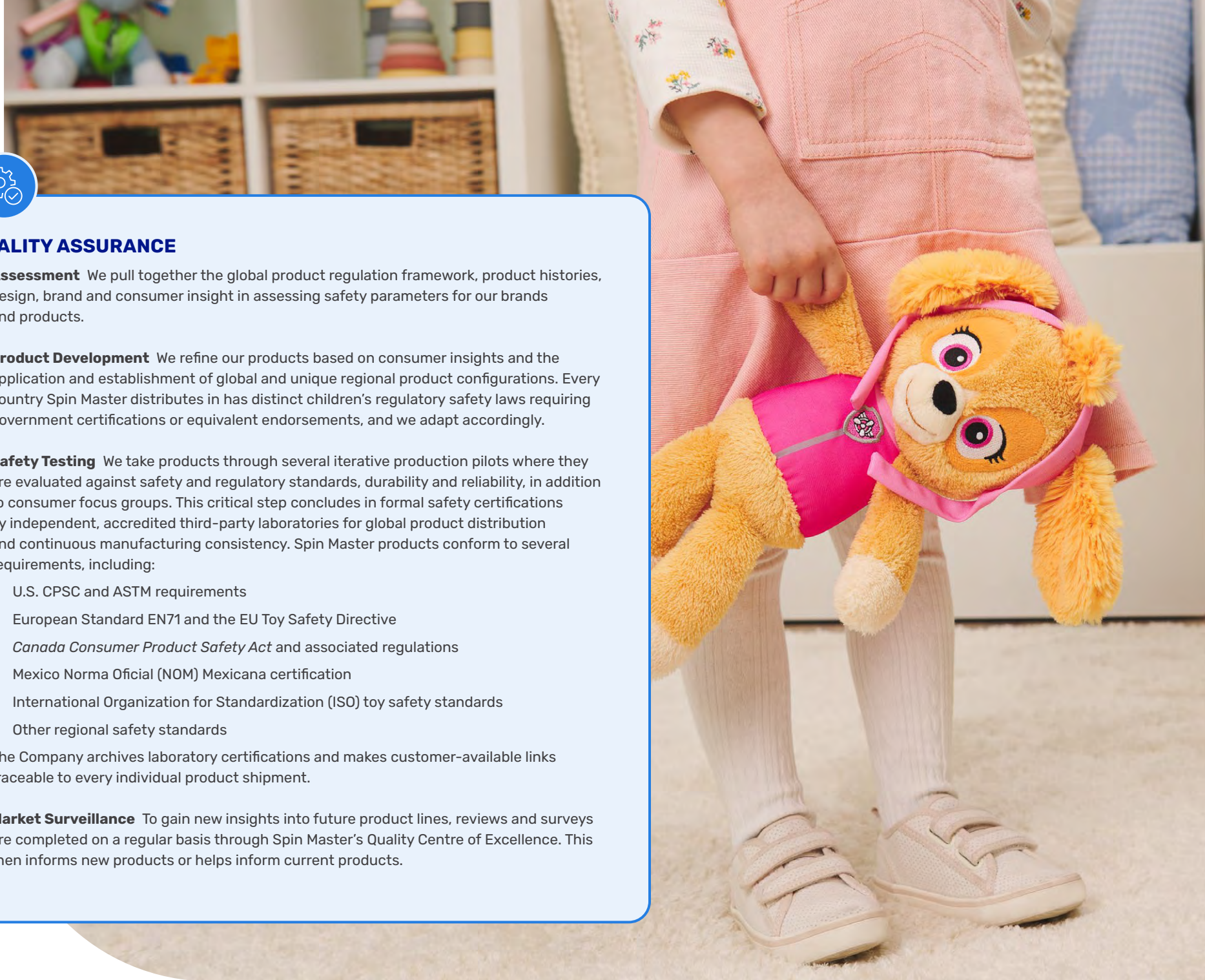
Our Product Integrity Centre of Excellence is responsible for product safety, integrity, legal and factory compliance, product design and execution oversight, striking a critical balance between innovation and regulation. It also connects technical expertise, legal affairs, sustainability, sales and consumer insights, as well as feedback from customers and consumers to inform and improve our products.



QUALITY ASSURANCE

1. **Assessment** We pull together the global product regulation framework, product histories, design, brand and consumer insight in assessing safety parameters for our brands and products.
2. **Product Development** We refine our products based on consumer insights and the application and establishment of global and unique regional product configurations. Every country Spin Master distributes in has distinct children’s regulatory safety laws requiring government certifications or equivalent endorsements, and we adapt accordingly.
3. **Safety Testing** We take products through several iterative production pilots where they are evaluated against safety and regulatory standards, durability and reliability, in addition to consumer focus groups. This critical step concludes in formal safety certifications by independent, accredited third-party laboratories for global product distribution and continuous manufacturing consistency. Spin Master products conform to several requirements, including:
 - a. U.S. CPSC and ASTM requirements
 - b. European Standard EN71 and the EU Toy Safety Directive
 - c. *Canada Consumer Product Safety Act* and associated regulations
 - d. Mexico Norma Oficial (NOM) Mexicana certification
 - e. International Organization for Standardization (ISO) toy safety standards
 - f. Other regional safety standards

The Company archives laboratory certifications and makes customer-available links traceable to every individual product shipment.
4. **Market Surveillance** To gain new insights into future product lines, reviews and surveys are completed on a regular basis through Spin Master’s Quality Centre of Excellence. This then informs new products or helps inform current products.



Chemicals of Concern

All the materials used in our products are rigorously tested for safety and product integrity. We have a regularly updated restricted substances list (RSL) of over a thousand substances based on global regulations and industry standards, which provide guidance on restrictions and bans for certain materials.

Bisphenol-A (BPA): BPA is typically used in polycarbonate, a shatterproof plastic, in trace amounts. We follow all regulations related to BPA in our toys, including any toys that would touch food or would be mouthed by children under 36 months.

Brominated flame retardants (BFRs): Spin Master does not use any BFRs in its products. We have designed alternative methods to meet flammability requirements.

Lead: Spin Master tests for lead in all of its products and is fully compliant with all applicable regulations and standards related to safe levels of lead in products for children.

Phthalates: Phthalates have been eliminated from all of Spin Master's products.

Polyvinyl chloride (PVC): PVC is found in some soft plastic toys, such as inflatable pool floats and collectible action figures, due to its safety, flexibility, durability and ability to retain colour. We have not yet identified a suitable alternative material to PVC for these products and continue to test products containing PVC regularly for safety and quality compliance. We eliminated PVC from all packaging in 2013 due to a lack of recyclability.

Substances of Very High Concern (SVHC): There are no SVHC chemicals over 0.1% by weight in any of our products, as is standard practice within toy safety compliance.



OUR PERFORMANCE

We have a strong track record of product safety and quality, and we have not had any recalls, fines or settlements related to product safety in over 15 years.

	2021	2022	2023
Annual production (millions of products)	253	241	211
Number of recalls	0	0	0
Total units	0	0	0
Number of Letters of Advice (LOA)	0	0	0
Number of legal and regulatory fines and settlements associated with product safety	0	0	0



Responsible Sourcing

Spin Master is a global business with 114 facilities, distribution in over 100 customer markets and manufacturing in 10 countries (SASB CN0604-B). As of the fourth quarter of 2023, 100% of our production is outsourced (SASB CN0604-B). All our manufacturing occurs in facilities owned and operated by third parties in China, Vietnam, India, Indonesia, Mexico, U.S., Sweden, Hungary, Netherlands, Spain, Poland and Turkey. We have several measures in place to ensure our products are sourced in a responsible manner from suppliers who share our values and commitment to business integrity.

We choose suppliers based on a number of criteria, including cost to market, time to market, product capacity, location, logistics efficiency, engineering and technical capacity, financial health, and social compliance to the Ethical Supply Chain Program. We also consider the suppliers' environmental performance. In addition, 91% of Spin Master's Tier 1 suppliers are ISO 9001 certified. Spin Master has been an active participant of the Ethical Supply Chain Program (formerly IETP) since its inception. Through regular audits, as well as training and education, the program provides guidance on responsible supply chain practices, including audit process, business ethics, discrimination, disciplinary practices, employee representation, employment practices, environment and chemical safety, modern-day slavery, safety, underage labour, wages and working hours.

Our [Code of Conduct for Suppliers and Manufacturers](#) and [Human Rights Policy](#) stipulate that our suppliers must have an Ethical Supply Chain Program certification and vendors must be audited by the Ethical Supply Chain Program or an equivalent program as outlined in the respective policies. Spin Master requires its third-party manufacturers and distributors to comply with Spin Master's Code of Conduct for Suppliers and Manufacturers, which is designed to prevent products manufactured by or for the Company from being produced under inhumane or exploitative conditions and includes a bare minimum of Ethical Supply Chain Program compliance. We provide further context in our [Statement of Modern Slavery and Transparency in Supply Chains](#).

Today, Spin Master and our licensors do not formally require Tier 2 (component) or Tier 3 (raw material) Ethical Supply Chain Program audits; however, exceptions are made if materials or components are or can be identified as Spin Master or licensor intellectual property. To learn more about the Ethical Supply Chain Program, go to ethicalsupplychain.org.



Family-Friendly Factory Program

The Ethical Supply Chain Program launched an ambitious program in 2023 to benefit 30,000 children by the end of 2025. They will do this through the Family-Friendly Factory (FFF) Program.

The FFF Program, developed with insights and expertise from UNICEF, helps factories to become family-friendly environments. One element of this program is Family-Friendly Spaces (FFS), which create factory or community-based childcare facilities that enable workers to access quality childcare free of charge. FFS provide a safe environment for the children to play, access learning opportunities, develop social skills and spend time with their

parents. In 2023, 10 new factories joined the program and a total of 33 factories participated, which is the highest since program inception. To date, FFS have provided access to childcare for 5,500 children.

Spin Master remains committed to supporting the Ethical Supply Chain Program in reaching its ambitious effort to grow the FFF Program to benefit 30,000 children by 2025.

Our Performance

	2021	2022	2023
Total number of manufacturing facilities	130 (2 owned)	120 (1 owned)	114
Percentage of facilities audited by Ethical Supply Chain Program or equivalent program	97%	99%	94%
Number of facilities audited by Ethical Supply Chain Program or equivalent program	126	119	104
Direct suppliers' non-conformance rate with external social responsibility audit standards	6%	0.3%	2%
Rate of non-conformances subject to corrective action	100%	100%	100%
Direct suppliers' priority non-conformance rate	6%	0.3%	1%
Direct suppliers' associated corrective action rate for priority non-conformances	100%	99%	100%
Number of contracts with suppliers that were terminated as a result of non-conformances	2	3	2



92%

of workers cited the FFF Program as a reason to stay working at the factory

98%

of workers said they were more efficient at work thanks to FFS

97%

of workers said they were happier at work because their children were at FFS

98%

of managers said workers' satisfaction levels increased following the introduction of FFS

Responsible Marketing and Content for Children

We put kids at the heart of everything we do, including the development of our toys, entertainment and digital games. Our Entertainment team works to create stories that reflect the diversity of the communities we serve and works with outside consultants to ensure authentic representation in our content. Our Digital Games studios take a child-led approach to our design and prioritize inclusivity and open-mindedness and we have protocols in place to ensure that our gaming environments are safe and inclusive places for children.



TOCA BOCA

Diversity and inclusion are core to *Toca Boca* and an integral part of our products, experiences and marketing. Our mission is to let all kids experience the positive power of play and we are committed to ensuring that no child should ever feel excluded within *Toca Boca* games. The team consults with an independent Diversity Advisory Board to be a sounding board during product development. Within *Toca Life World*™, children have the freedom to create and customize their character, friends and families to reflect their own diverse backgrounds.

RESPONSIBLE MARKETING

Beyond our storytelling, game and toy design, we also ensure that we take great care in marketing to and communicating with our audiences. We've been granted a great responsibility, and we carry it through in the content we create and how we market to and communicate with our audiences. We adhere to global and regional regulations, including the U.S. *Children's Online Privacy Protection Act (COPPA)* as well as voluntary standards such as those provided by the Children's Advertising Review Unit and act in accordance with the Federal Trade Commission Advertising Standards.



OUR PEOPLE

So much of our success is driven by our talented employees across the globe who are delivering on our purpose of creating magical play experiences for children and their families. We invest in our team members and are committed to providing an inclusive workplace experience where they feel inspired, empowered, valued and respected. Over the past year, we strengthened our leadership programming, evolved and grew our Equity, Diversity and Inclusion (EDI) program with an enhanced focus on belonging, and expanded our total rewards to ensure our employees thrive.

88%

company pride

99%

gender pay equity

Employee Engagement

At Spin Master, we're cultivating a workplace culture that promotes innovation and creativity in pursuit of our vision to reimagine everyday play.

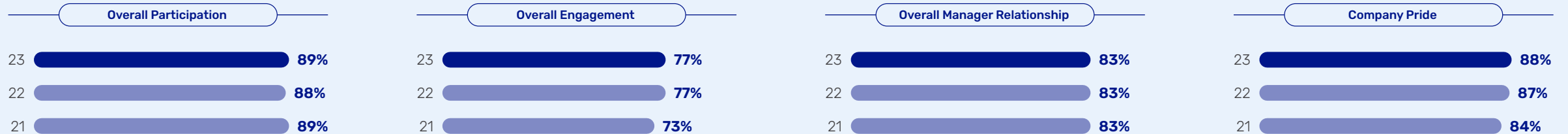
By listening to and learning from our employees, we're making positive changes to improve our employee experience. Our employee survey scores continued to improve, reaching all-time high results in pride for the organization (88%) and recommending Spin Master as a good place to work (82%). In 2023, for the first time, Spin Master earned a Great Place to Work certification, based on direct feedback from employees, provided as part of an anonymous survey about their workplace experience. Additionally, Fast Company named Spin Master to its list of Best Workplaces for Innovators for the second consecutive year, a recognition that highlights organizations that encourage and provide growth for innovation at all levels of their business.

Celebrating Our Employees

Each year, we celebrate and recognize the outstanding work of our employees during Employee Appreciation Week. This year we had our largest celebration ever with events hosted in 20 offices across the world. Our Rewards & Recognition program also grew, with employees sending thousands of peer-to-peer recognitions during the year.



2023 EMPLOYEE ENGAGEMENT SURVEY



Learning and Development

This past year, we continued our offerings to support our employees' learning and professional development. In addition to our core programs, we introduced two new initiatives focused on enhancing leadership and growing innovation:

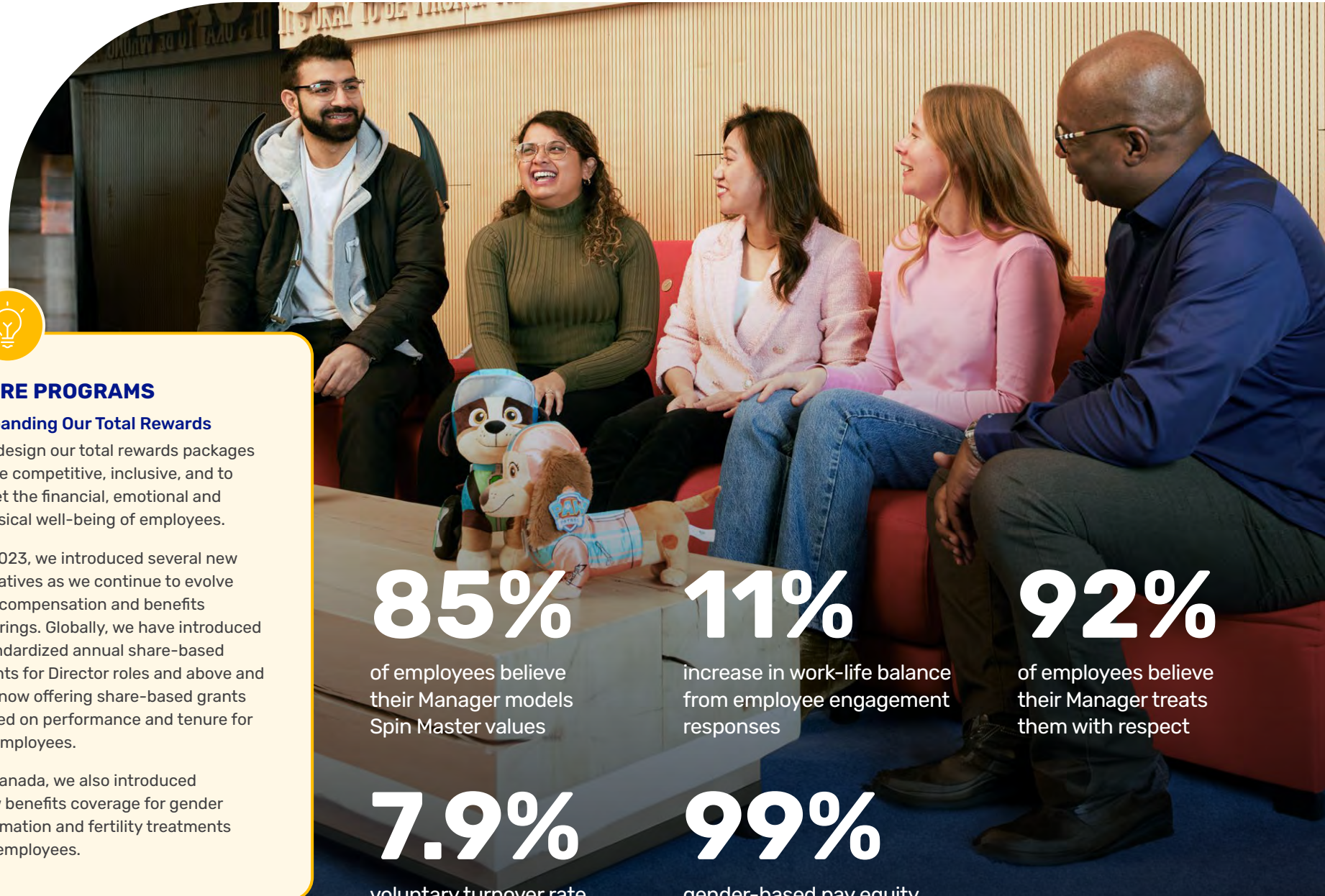
Leadership Summit

In 2023, we hosted the Leadership Summit for 250+ Senior Directors and Directors globally to deepen our shared understanding of great leadership and build greater capability. To ensure all leaders are equipped to successfully implement what they learned at the Leadership Summit, we also delivered sustainment workshops to provide opportunity for leaders to seek feedback and further learning support.

Taken together with the 2022 implementation of the Leadership Summit for all VP+ leaders globally, the organization has made considerable investment to develop the next generation of industry leaders at Spin Master. This purposeful two-year commitment to building leadership capability across the organization has fundamentally balanced preserving our leadership and cultural advantages with the new attributes needed to grow for the future.

Emerging Leaders Program

We launched a new leadership development program focused on strengthening our internal pipeline of emerging leaders. Select employees participated in a 10-month program that built financial acumen, communication and leadership capabilities. The program included formal learning, leadership roundtables, coaching and project work.



CORE PROGRAMS

Expanding Our Total Rewards

We design our total rewards packages to be competitive, inclusive, and to meet the financial, emotional and physical well-being of employees.

In 2023, we introduced several new initiatives as we continue to evolve our compensation and benefits offerings. Globally, we have introduced standardized annual share-based grants for Director roles and above and are now offering share-based grants based on performance and tenure for all employees.

In Canada, we also introduced new benefits coverage for gender affirmation and fertility treatments for employees.

85%

of employees believe their Manager models Spin Master values

11%

increase in work-life balance from employee engagement responses

92%

of employees believe their Manager treats them with respect

7.9%

voluntary turnover rate

99%

gender-based pay equity

Equity, Diversity and Inclusion

We're investing in teams of creative and innovative people who value an inclusive workplace and work together to achieve our vision of reimagining everyday play. We embrace all forms of diversity so that everyone feels they have the opportunity to belong in our ever-growing sandbox.



COMMITTED TO CREATING A CULTURE OF BELONGING

Over the course of the year, we conducted extensive consultations to inform the next phase of our EDI program's growth. Our employees have told us that a sense of belonging is incredibly important to them, and positively impacts engagement and reduces attrition.

Fostering a sense of belonging means we will focus our attention on:

- Attracting diverse talent representative of our communities
- Providing equal opportunities and preparing people to succeed
- Strengthening our leadership capabilities and accountabilities
- Communicating and educating people to tackle bias and promote belonging



GLOBAL EMPLOYEE BELONGING COMMITTEE

We have established a new committee to drive accountability for advancing our EDI aspirations. Comprising members from across the organization, the Belonging Committee will work in a unified way to make enterprise progress through delivering celebrations and events that create awareness, and championing inclusion-focused policy, programs and training. In collaboration with our executive leadership, this committee will play a pivotal role in fostering the culture of inclusion and belonging at Spin Master.



EMPLOYEE RESOURCE GROUPS

Our Employee Resource Groups (ERG) allow employees from across the globe to share ideas, address challenging issues and strengthen our inclusive culture.

- Equity, Diversity & Inclusion
- Women's Empowerment Network
- Earth Buddies (Sustainability)
- Philanthropy



WE ARE COMMITTED TO ACTION

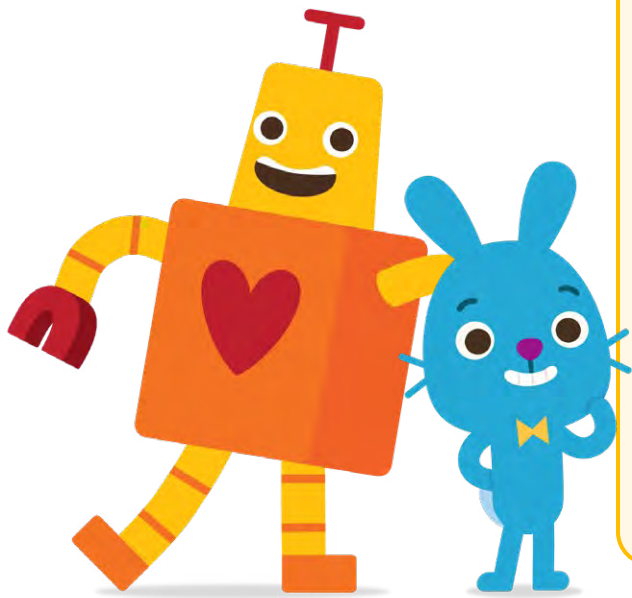
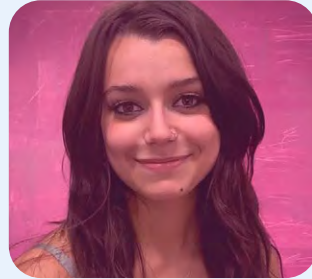
Our Belonging Commitment in practice includes:

- Continued investment in global benefits and programming that improve employee and organizational well-being
- Improved internal hiring practices that promote equal opportunity for career growth at the Company
- Evolved onboarding to boost support for new employees
- EDI training programs and inclusive leadership development

These actions contribute to our CSR priorities of achieving and maintaining close to 100% pay equity and approximate 50-50 gender split for all management levels by 2025.

Future of Play Scholarship Program

The Spin Master Future of Play Scholarship Program selected nine new scholarship recipients in 2023. We have now provided 24 aspiring creators, from equity-seeking groups and communities in North America, financial support to pursue post-secondary education in their field. These four-year grants allow these individuals to be a part of the next generation of creators, inventors, designers, and entrepreneurs in children’s entertainment.



Watch the inspiring story of Karen Jordan, a former scholarship recipient who has since joined Spin Master as a full-time employee. With the help of the scholarship, Karen had the chance to become the first person from her family to graduate college.



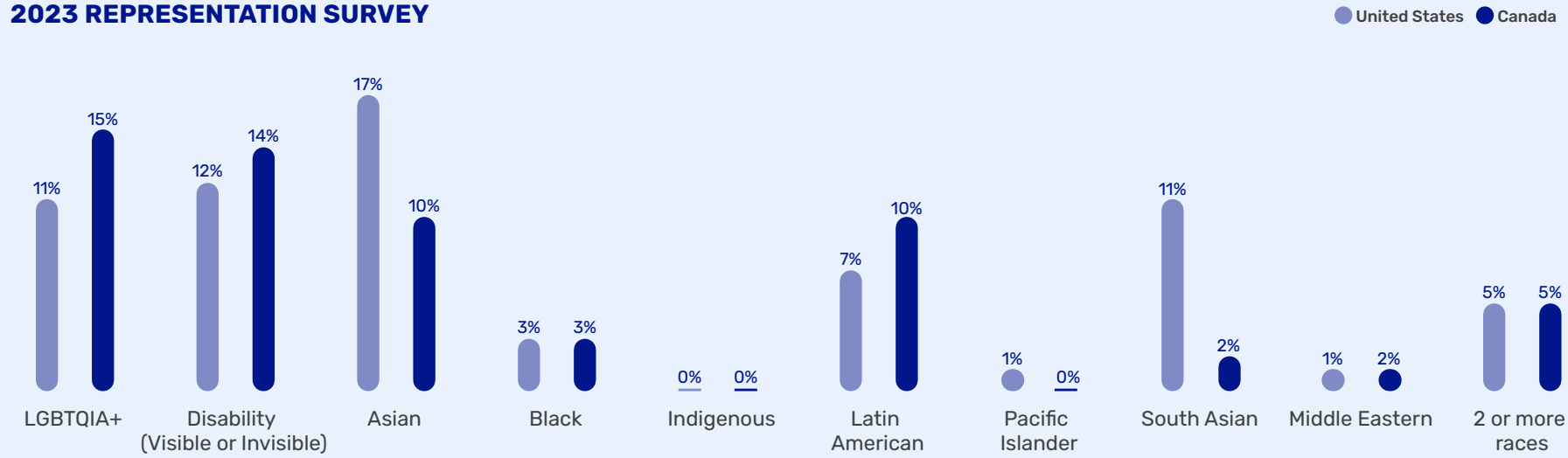
WATCH VIDEO:
Spin Master Future of Play Scholarship Recipient - Karen Jordan



FUTURE OF PLAY Scholarship Program

Our Diversity Representation

2023 REPRESENTATION SURVEY



GENDER RATIOS

51%

Overall Female Employees

23%

Female Board Members

20%

Female Executives (EVP & up)

40%

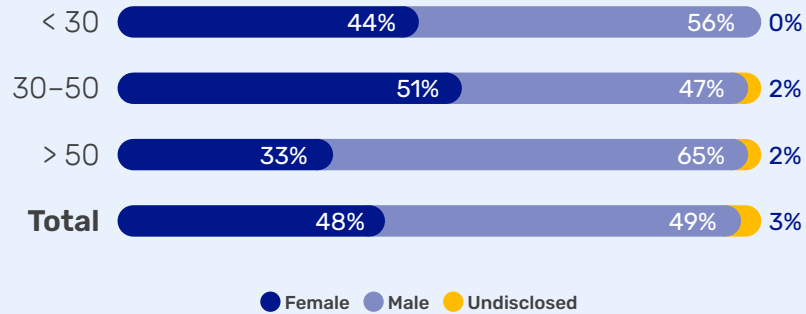
Females in Senior Management

48%

Females in Middle Management

MIDDLE MANAGEMENT

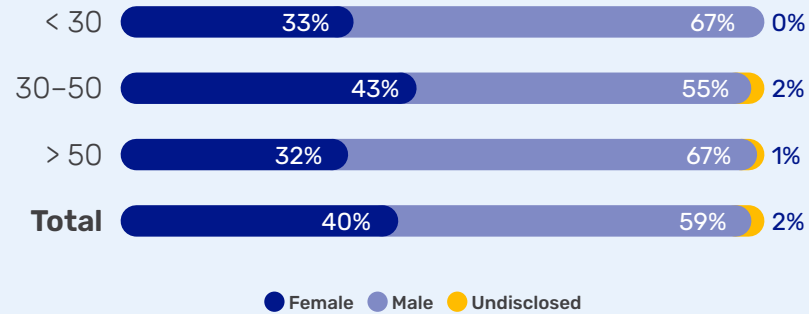
(Team Leaders, Supervisory, Managers and Senior Managers)



* Gender data is global.

SENIOR MANAGEMENT

(Directors and Above)



* Gender data is global.

* Gender data is global.

Health and Safety

Spin Master is committed to meeting or exceeding all applicable national, provincial and local safety laws and regulations.

Our Spin SAFE Health and Safety program ensures employees have access to the knowledge and resources to work safely. In 2023, we continued to strengthen our program by updating online education content and offering numerous safety trainings to employees.

Recordable workplace accidents decreased by two in 2023, showing a slight improvement compared to last year.

Our Performance

	2021	2022	2023
Recordable workplace accidents*	8	9	7
Total Recordable Incident Rate	—	0.38	0.31
Deaths	0	0	0

* Denotes accidents that occurred within Spin Master owned or direct-leased facilities.



OUR COMMUNITIES

We believe that every child should have the opportunity to grow, explore and learn through play – no matter where they are. We bring children the magic of play through in-kind donations, investments in educational programming, local community engagement and employee volunteerism. This year, we surpassed our ambitious goal of positively impacting half a million children.

645,000

children impacted

513,000

toys donated

6,000+

volunteer hours

Partnering for Impact

In 2023, we partnered with 142 organizations in 24 countries to give back to our communities. Through our partnerships we share our love of play, promote creativity, support the development of new skills and give kids magical play experiences, even in difficult situations.

Boys & Girls Clubs of America

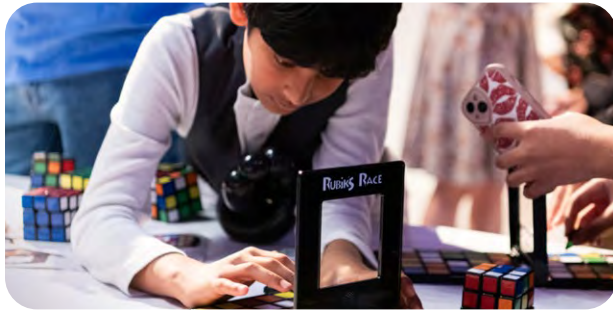
We've been a partner of the Boys & Girls Clubs of America since 2021 and we share their passion for enabling young people to reach their full potential as productive, caring and responsible citizens. This year, we activated our partnership through several events and program support, including sponsoring a nationwide Plushy Character contest, encouraging youth to design and create their own plush as well as hosting PAW Patrol: The Mighty Movie™ screenings for 400 kids and families in partnership with Paramount and Regal Cinemas.



Supporting Comfort and Healing with GUND

GUND has provided kids with the perfect huggable companion for more than 100 years. A plush companion can be key in a child's journey towards comfort, healing and curiosity. We collaborated with several organizations across North America in 2023 to support healing with GUND.

- We donated 5,000 plush toys to children entering the child welfare system in partnership with **Children's Aid Foundation of Canada's** Ted and Loretta Rogers Foster Care Comfort Kit Program.
- In support of children experiencing illness and trauma, we provide 1,000 bears to **Comfort Bears** each year, an organization that focuses on reducing stressors of children undergoing medical treatment.
- On National Stuffed Animal Day, we hosted an interactive stuffed animal clinic alongside **Starlight Children's Foundation**, donating 2,000 teddy bears to be distributed to children in hospital across the U.S.



Advancing the Future of Play

We strive to unlock the innate curiosity and exploration that youth possess by working with our partner, Let's Talk Science. Together, we developed Mission: Innovation, a new in-school program that focuses on teaching kids about the power of innovation through practical projects. Following field-testing in 2024, the program will be available to schools across Canada next year in both English and French.

We also hosted a **Future of Play Day** at our headquarters for 130 children to explore unique science, technology, engineering, art and math career paths. The group interacted with our employees and were given a behind-the-scenes look at how our toys, entertainment and digital games are made.



WATCH VIDEO:
Future of Play Day with Let's Talk Science



FOSTERING INNOVATION AND ENTREPRENEURSHIP

As a company with strong entrepreneurial roots and inventor relationships, we are investing in the next generation of start-ups and entrepreneurs. Through our sponsorship of **Futurpreneur's Growth Accelerator** program, we supported a cohort of 25 diverse, young entrepreneurs through growth-focused workshops and coaching. The entrepreneurs pitched their growth plans for the chance to win a \$10,000 award, powered by Spin Master. Additionally, we continued to fund the **Toy Invention Program** at several post-secondary institutions globally to help aspiring inventors explore concept development, participatory design, prototyping, pitching and the marketing of toys, games and interactive experiences.



Apprenez-en plus sur nos programmes de croissance de Futurpreneur, en partenariat avec Spin Master.
@futurpreneur
futurpreneur.ca

Spreading Joy Globally

The Toy Movement and Child Friendly Spaces (CFS) Play Kits initiatives are designed to bring comfort and reprieve to children impacted by conflict, poverty and natural disasters through play.

In 2023, we expanded our efforts reaching more children in displaced and disadvantaged situations through the donation of more than 250,000 toys. We organized nine Toy Movement missions and four CFS Play Kits initiatives, bringing activities-based toys to centres set up to provide a protected space for children in areas of crisis and instability. In partnership with organizations like Save the Children Canada and World Vision Canada, these initiatives will impact over 220,000 children around the world.



THE TOY MOVEMENT LOCATIONS

Toy Movements		CFS Play Kits Initiatives	
Honduras	Sierra Leone	Burundi	Côte d'Ivoire
Liberia	Turkey	China	El Salvador
Malawi	Zambia		
Middle East	Zimbabwe		
Puerto Rico			



CREATING MAGICAL PLAY EXPERIENCES IN PUERTO RICO

Through The Toy Movement and in partnership with the Boys & Girls Clubs of Puerto Rico, we hosted a fun-filled day at Luis Muñoz Marin Park for children and families within the community. Each child participated in outdoor activities and received a toy to take home. The impact of The Toy Movement is shared in the video below.



WATCH VIDEO:
Spin Master Toy Movement – Puerto Rico

“In the communities we serve, where 9 out of 10 participants live under federal poverty levels, this event is more than a toy donation; it is a ray of hope in the lives of those who need it most.”

*Olga Ramos Carrasquillo,
President of Boys & Girls Clubs of Puerto Rico*

17,000 **8,000**

toys distributed throughout Puerto Rico

children impacted



Our Culture of Giving

Spin Master employees are actively engaged in our philanthropy programs. To reinforce our culture of giving, we provide employees numerous volunteer opportunities and the ability to support causes that matter to them through matched donation campaigns.

Volunteerism

In 2023, our employees recorded more than 6,000 hours volunteering in their communities, a 20% increase from the year prior.

We encourage our employees to experience how our philanthropic work directly impacts the children we strive to empower every day by:

- Introducing a new **volunteer rewards program**, where employees receive \$50 to donate on our giving platform for every 25 hours volunteered.
- Hosting a global **Impact Day challenge** that encourages employees to use their perk of taking time off to give back.
- Each employee is granted **one day off** to give back to the local community.

- Training and coordinating with our local philanthropy committees around the world to ensure our offices have access to **volunteering opportunities**.
- Creating **toolkits and resources** to help employees understand how they can give back.

“Spin Master’s CSR vision and social impact truly makes me proud to work here. I am grateful to be able to make such a big impact through simple actions.”

Nikoleta Takáč Vajdová, Human Resources Generalist, Bratislava, Slovakia



Global Giving Season

The Global Giving Season is a time to give back and spread joy for children in need through several different initiatives. At the end of each year, we partner with local charities to share the timeless magic of play by hosting holiday events, wrapping toys up in-office, handing out toys at local hospitals and more.

Caring & Sharing is our signature event which began in the Toronto office 11 years ago. The concept is simple – a child receives a toy for themselves and one to give to someone else in their life, capturing the true spirit of the season.



Canada: The Toronto office partnered with The Children’s Breakfast Clubs for Caring & Sharing, including gifts of toys, play and festive entertainment. This year, we had 300 volunteers participate and gave out a total of 3,600 toys during the event.

U.S.: The team in New York hosted a fun-filled event for children at St. John’s Hospital that included toy giveaways and a special visit from *PAW Patrol’s* Chase. In Los Angeles, the office held an all-day drop in event in which colleagues wrapped toys and packed backpacks for unhoused youth in downtown LA.

Europe: Employees in Spain delivered toys to Asindown, an organization that supports children with down syndrome.

APAC: The India office helped renovate an entire rural school, impacting more than 130 students.

Donations

	2019	2020	2021	2022	2023
In-kind donations (number)	102K	460K	170K	450K	513K
Cash donations* (US\$)	\$978K	\$897K	\$1.95M	\$3.01M	\$2.47M

* Cash donations include monetary contributions to registered charities, cost of goods of donated products and direct operational costs associated with donations.

GOVERNANCE





Governance and Ethics

We conduct our business with the highest standards of ethics and are committed to sound corporate governance. Through our governance management practices and policies we strive to ensure accountability to our stakeholders. We regularly review our policies to strengthen our standards and refine our governance practices to respond to changes in the governance landscape.

Our Board of Directors approved a new Human Rights Policy in March 2023. While we have always respected internationally recognized human rights standards, and have reflected our commitment throughout many of our existing policies, we felt it was important to create a policy to embed this responsibility through all business functions and regions. The policy builds on our existing governance documents, which are available on our [Corporate Governance website](#) and includes policies such as: Diversity Policy, Code of Ethics and Business Conduct, Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy.

To ensure we adhere to our corporate governance practices, it is a mandatory requirement for all employees, temporary and contract workers to review, understand and attest to compliance with our Governance, Risk and Compliance policies annually. Our standards and principles can be found in our [Code of Ethics and Business Conduct](#).

Data Protection and Cybersecurity

In an increasingly digital world, we are committed to protecting the personal information of our employees, customers and consumers with care and respect. We are focused on safeguarding the confidentiality, integrity and availability of sensitive data and information systems within our business. We assess and update our program to meet the requirements of emerging privacy laws and regulations around the world, and to ensure we are responsive to advancements in technology and new business initiatives.

Our [Privacy Policy](#) includes details regarding how we collect, use and share personal information. Our privacy guidelines are also incorporated into our [Code of Ethics and Business Conduct](#) which our employees attest to annually and we conduct training sessions for employees who handle personal information regularly.

In an era where cyber threats are escalating both in sophistication and frequency, safeguarding our organizations against security breaches has never been more critical. We made enhancements to our cybersecurity in 2023, introducing new tools to detect and neutralize potential threats and vulnerabilities associated with internet traffic, including defending against malware. We also introduced a phishing and security employee awareness campaign and continued our relationship with our cyber-insurance provider. These initiatives are an important component of our overarching strategy to fortify our cyber resilience.

REPORTING AND DISCLOSURES



Spin Master continues to report against the Sustainable Accounting Standards Board (SASB) Toys and Sporting Goods Standard, the Global Reporting Initiative (GRI) Universal Standards, Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, and the UN Sustainable Development Goals (SDGs). Reporting against these frameworks allows us to provide stakeholders with data on critical sustainability issues.

2023 Risks and Opportunities

We see a number of risks for the business in the short, medium and long term from a sustainability perspective. Within this section we also identify the measures to mitigate risks and turn them into opportunities.

Risk	Mitigation	Opportunities
<p>The effects of climate change</p> <p>Climate change will create a number of transition and physical risks for us. Please refer to the Our Climate Action Commitments section and the TCFD table in the Appendix - Strategy a) for further details.</p>	<p>We have been measuring our carbon footprint for a number of years, and have been purchasing renewable energy certificates and offsets for our Scope 1 and 2 emissions as well as some of our Scope 3 emissions. Over the past few years we have improved our data collection and have identified opportunity to reduce our emissions, putting together a carbon reduction plan to help us reach net zero by 2050. We are also working on a plan to address our Scope 3 emissions but recognize this cannot be done in isolation and we are somewhat depending on government action to help achieve our goals. Please see the Our Climate Action Commitments section and our TCFD response for more details.</p> <p>In addition to our divesting of our Tarboro facility, in 2023 we sold our Calais facility, which will contribute an estimated 4.5% reduction in our Scope 1 and 2 footprint. We no longer have any more directly owned manufacturing facilities. We continue to diversify our third-party supplier factory base in multiple countries to ensure flexibility and resilience, given geopolitical, economic and climate challenges.</p>	<p>Executing on our climate action plan will help us operate more efficiently. We also believe that reducing the amount of physical assets, diversifying our manufacturing, and focusing on digital games and entertainment and licensing will help us with resilience in an increasingly carbon-constrained world.</p>
<p>Product quality and safety</p> <p>The toy industry is highly regulated, and product quality and safety are fundamental to operating in this sector. Any defects could cause significant liability and reputational risk among our customers and families that we serve.</p>	<p>Product quality and safety protocols, standards and controls are deeply embedded within the organization and industry through programs like the Ethical Supply Chain Program. We have a strong track record on product quality and safety, and are proud to say that we have not had any recalls for over 15 years. See the Product Safety and Integrity section for more details on the comprehensive program we have.</p>	<p>A constant focus on product quality and safety ensures that this mindset is part of our culture and that we continue to build trust with our customers and families who purchase our products. In addition, this provides a continued opportunity for us to evolve product and safety standards with experts and other stakeholders in the industry.</p>
<p>The integrity of the supply chain</p> <p>As an innovation-driven business, Spin Master depends on reliable sources of materials, efficient manufacturing and timely distribution of products.</p> <p>Plastic resin is the primary material in Spin Master's products and packaging. We are looking to reduce the amount of virgin plastic we use and to use sustainable alternatives where available. We also use substantial amounts of corrugate and wood/pulp-derived products. The availability, efficacy and cost effectiveness of these materials is essential to the future of our business.</p> <p>Responsible sourcing is a fundamental expectation in our business. As we have adapted the geography of our manufacturing base to adjust for different geopolitical realities, this requires constant vigilance. For example, in the case of any political instability or civil unrest in a specific region, this could temporarily or permanently damage our third-party manufacturing base, which could then bring significant reputational, financial and liability risk to us.</p> <p>Disruptions in the supply chain, including geopolitical conflicts, port congestion, and container availability, are a sector-wide issue and negatively affect timely distribution, an important issue with customers and consumers, and therefore our revenues.</p>	<p>We work closely with our manufacturers to source input materials and we have built contingency plans to factor in disruptions and substitutions into our cost of goods sold.</p> <p>Supply chain disruptions are mitigated by our geographical diversification strategy and continuing to manufacture close to our key markets. This requires ongoing assessment and monitoring.</p> <p>We have clearly set out our expectations for labour standards, human rights and environmental regulation within our Supplier Code of Conduct, and it has been harmonized through programs such as the Ethical Supply Chain Program and the Higg Index. We have robust programs in our main countries of manufacture - China, France, India, Indonesia, Mexico, Turkey, Poland, Sweden, U.S. and Vietnam, to monitor adherence and to ensure that it is conducted efficiently at industry level.</p> <p>Lastly, during the past few years where supply chains have been significantly disrupted, we have built contingency plans, using alternate modes of transport, routes or ports to ensure customer needs are met. Please see the Responsible Sourcing section for more information.</p>	<p>In working with new suppliers, regions, or facing cost and supply scarcity, we have found that it has brought new ideas, and sources of innovation for production, materials and transport.</p>

Risk	Mitigation	Opportunities
<p>Scarcity of specialized talent</p> <p>The toy and entertainment industry requires a specialized skill set, of which there is currently a scarcity. This talent is typically concentrated in specific markets outside our home market of Canada. As a result, we need to be part of shaping the future through developing ecosystems for talent with the education system and government and creating attractive workplaces for talent.</p>	<p>We also have offices in several strategic locations that have close proximity to talent, including Los Angeles, New York, Toronto, Paris, and London.</p> <p>We continue to build our programs to engage employees and monitor employee satisfaction regularly. We have also built partnerships and curricula with various schools, including Humber College in Toronto, the Fashion Institute of Technology in New York and Shenkar College of Engineering, Design and Art in Ramat Gan, Israel. We have also set up the Future of Play Scholarship in North America for individuals from under-represented communities (BIPOC, LGBTQIA+ or women) to enter the toy, entertainment and digital games sector.</p> <p>See the Employee Engagement and Partnering for Impact sections of the report for more details.</p>	<p>As we continue to deepen our partnerships with educational institutions, inform curricula, and grow our presence and recruitment efforts with key groups, we believe that this will create a more diverse and workforce-ready pipeline to take on future roles at Spin Master.</p>
<p>Disruption from technological change</p> <p>Emerging new technologies, such as generative AI, are disrupting how entertainment is created and delivered. As a children's entertainment company focused on innovation, content creation and merchandising content and intellectual property, generative AI could lead to risks related to intellectual property enforcement, privacy and security.</p>	<p>We have created an AI Policy at Spin Master to ensure that employees, contractors, subcontractors, consultants, representatives, and/or agents of Spin Master comply with the use of generative AI platforms and services for content creation and non-content creation.</p>	<p>New technologies have the potential for us to engage in new ways in how we create and deliver toy and entertainment experiences for families and to help enable our employees in their work. We are exploring, on a limited basis, how we might utilize AI within our organization that respects intellectual property, privacy and security.</p>
<p>Increasing transparency requirements and enforcement actions on greenwashing</p> <p>Over the past few years, many companies, including Spin Master, have been asked to provide more disclosure on non-financial information, which we have included in our CSR report. Globally, several major securities regulators are moving towards more stringent regulation around the disclosure of this information due to an increase in greenwashing in the marketplace. This could lead to a greater possibility of compliance risk, litigation risk, reputational risk, and increased cost of reporting and compliance over time.</p>	<p>We have been reporting our CSR information for four years, and have matured our non-financial reporting and verification processes. We have our report reviewed by our legal team to ensure claims are defensible, our internal audit team is now assisting us in building data collection processes and controls. We have also engaged our audit firm and a third-party consultant to assess our disclosures against emerging non-financial disclosure frameworks. Lastly, we have engaged a third-party assurance organization to review our carbon footprint. As regulations in multiple jurisdictions evolve to include third-party assurance, we will include other non-financial information as part of the verification process to ensure that we are in compliance with accepted protocols and regulations.</p>	<p>We believe that continued strong performance on environmental, social and governance metrics provides long-term value for Spin Master, and is a proxy for good management. We will continue to improve our transparency and performance to comply with the law and to meet the expectations of our stakeholders.</p>
<p>Global fertility rates and population trends</p> <p>While the population is increasing, growth rates are slowing and the fertility rate in many developed markets is decreasing below the replacement rate. Fewer children globally represents a market risk to our business, which has traditionally been on toys and entertainment for children.</p>	<p>We believe that play is a timeless activity. Though our major target demographic is children, over time we are diversifying our product categories to appeal to a broader audience, including in board games, digital games and licensed offerings.</p> <p>We have also developed products to cater to the 'kidult' segment which has grown in terms of share within the toy and digital games space.</p>	<p>We believe that changing demographic trends allow us to evolve our offerings in the realm of play and open up new market opportunities.</p>

Performance Data

Metric		2019	2020	2021	2022	2023	Unit of Measure
Product	SASB reference (if applicable)						
Annual production	CN0604-A	248	274	253	241	211	millions of units
Number of production facilities	CN0604-B	213	156	130	120	114	number of facilities
Percentage outsourced	CN0604-B	96%	95%	94%	99%	100%	% (by units or dollar value)
Number of recalls	CN0604-01	0	0	0	0	0	number of recalls
Total units recalled	CN0604-01	0	0	0	0	0	number of units
Number of Letters of Advice (LOA) received	CN0604-02	0	0	0	0	0	number of letters
Number of legal and regulatory fines and settlements associated with product safety	CN0604-03	0	0	0	0	0	number of fines and settlements
Description of processes to assess and manage risks and/or hazards associated with chemicals in products	CN0604-04						
Percentage of facilities audited to Ethical Supply Chain or equivalent program	CN0604-05	100%	99%	97%	99%	94%	%
Number of facilities audited to Ethical Supply Chain or equivalent program	CN0604-06	213	155	126	119	104	number of facilities
Direct suppliers non-conformance rate with external social responsibility audit standards	CN0604-06	8%	6%	6%	0.3%	2%	%
Rate of non-conformances subject to corrective action		100%	99%	97%	100%	100%	%
Direct suppliers priority non-conformance rate	CN0604-06	4%	6%	6%	0.3%	1%	%
Direct suppliers associated corrective action rate for priority non-conformances	CN0604-06	100%	100%	100%	99%	100%	%
Number of contracts with suppliers that were terminated as a result of non-conformances	CN0604-06	7	5	2	3	2	number of contracts terminated
Employees							
Engagement survey response rate		61%	87%	89%	88%	89%	%
Employee engagement percentage		77%	72%	73%	77%	77%	%
Manager effectiveness		74%	79%	83%	83%	83%	%
Number of employees		1,673	1,983	2,267	2,280	2,187	number
Number of new hires		428	611	620	515	307	number
Turnover		18%	11%	14%	12%	16%	%
Overall gender ratio							ratio
Female		52%	53%	51%	50%	51%	%
Male		48%	47%	47%	50%	46%	%



Metric	2019	2020	2021	2022	2023	Unit of Measure
Employees						
Board level						
Female	13%	20%	17%	17%	23%	%
Male	87%	80%	83%	83%	77%	%
Executive (EVP & up)						
Female	36%			19%	20%	%
Male	64%			81%	73%	%
Manager						
Female, <30 years old		56%	40%	50%	44%	%
Male, <30 years old		33%	60%	50%	56%	%
Female, 30-50 years old		49%	50%	51%	51%	%
Male, 30-50 years old		50%	49%	48%	47%	%
Female, >50 years old		26%	29%	29%	33%	%
Male, >50 years old		74%	69%	69%	65%	%
Total Female	47%	47%	47%	47%	48%	%
Total Male	53%	52%	52%	50%	49%	%
Directors and above						
Female, <30 years old		33%	0%	0%	33%	%
Male, <30 years old		33%	100%	100%	67%	%
Female, 30-50 years old		44%	42%	42%	43%	%
Male, 30-50 years old		56%	57%	57%	55%	%
Female, >50 years old		36%	36%	32%	32%	%
Male, >50 years old		64%	64%	67%	67%	%
Total Female		41%	39%	38%	40%	%
Total Male		58%	60%	60%	59%	%
Deaths	0	0	0	0	0	number of deaths
Recordable workplace accidents	24	24	10	9	7	number of recordable workplace accidents



Metric	2019	2020	2021	2022	2023	Unit of Measure
Community						
Donations made (in-kind)	102,694	460,444	170,000	450,000	513,783	number of items
Donations made (cash)	\$978,000	\$896,744	\$1,950,000	\$3,010,000	\$2,470,000	US\$
Number of offices participating in Global Season of Giving	11	3	14	15	15	number of offices
Employee volunteer hours				5,000	6,000	hours
Environment						
Packaging material	83	84	87	77	68	million lbs
Retail packaging cube utilization	66%	67%	69%	83%	71%	%
Packaging material type						
Corrugate	41	43	44	37	32	million lbs
Clay Coated News Back (CCNB)	31	32	34	32	30	million lbs
Polyethylene terephthalate (PET)	5.8	5.9	6.2	5.4	3.7	million lbs
Plastic - other	2.3	2.6	2.7	2.4	2	million lbs
Misc. - other	0.6	0.9	0.3	0.2	0.1	million lbs
Total carbon emissions	173,952	44,575	51,445	62,079.5		tonnes CO ₂ e
Scope 1	2,565.8	4,438.9	3,837.3	571*	246	tonnes CO ₂ e
Scope 2	2,000.2	1,016.0	1,190.4	1,265*	1,339	tonnes CO ₂ e
Scope 3	169,386	44,129	53,331	60,244	76,141	tonnes CO ₂ e
Per unit of sales	110	31.6	28.6	31.4	43.5	CO ₂ e/\$ million sales
Waste generated	773	1,566	1,048	789	340	tonnes
Waste diverted		22%	19%	42%	65%	%

* Scope 1 and 2 emissions for 2022 have been restated. The total emissions remain unchanged, however, the allocation of emissions between Scope 1 and 2 has been corrected.

UN Sustainable Development Goals



4. QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

PROGRAMS/INITIATIVES

Toy Movement/CFS Play Kits Initiative
See [Spreading Joy Globally](#) section

Future of Play Scholarship Program
See [Future of Play Scholarship Program](#) section

Boys & Girls Clubs of America Partnership
See [Partnering for Impact](#) section



5. GENDER EQUALITY

Achieve gender equality and empower all women and girls.

PROGRAMS/INITIATIVES

Gender Equity Goals
See [Equity, Diversity and Inclusion](#) section

Belonging Commitment
See [Committed to Creating a Culture of Belonging](#) section



8. DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

PROGRAMS/INITIATIVES

Labour Practice Standards Through Sustainable Supply Chain Program
See [Responsible Sourcing](#) section

Family-Friendly Spaces Support
See [Family-Friendly Factory Program](#) section



12. RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

PROGRAMS/INITIATIVES

Playsponsible
See [Playsponsible](#) section

TerraCycle®
See [Waste](#) section

Climate Action Plan
See [Our Climate Action Commitments](#) section

Task Force on Climate-Related Financial Disclosures

Risk

Governance

a) Describe the board's oversight of climate-related risks and opportunities.

The Governance & Nominating Committee has oversight for the Company's strategy, performance and reporting on CSR issues, which includes climate change. See the [CSR Governance](#) section for more information.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The Executive CSR Governance Committee, formed in 2022, is our Executive Leadership Team level committee which oversees the management and measurement of our CSR plans and targets. They meet quarterly to review progress against our CSR plan, including on climate, and they evaluate emerging risks and opportunities.

We also have a cross-functional CSR Committee which is responsible for execution against CSR targets, including climate change. They also review performance, make recommendations for activities and initiatives and flag emerging issues. The cross-functional CSR Committee contains leads from across the business.

See the [CSR Governance](#) section for more information.

Strategy

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

Climate change presents Spin Master with a number of risks and opportunities. We define short term as within one year, medium term within one to three years and long term as over five years.

Transition Risks

Policy and legal risks: As more countries set and execute their climate targets, this could affect the reliability of our manufacturing and/or cost of manufacturing, including raw materials, transport or energy costs. For example, rolling blackouts in provinces in China to meet provincial climate targets may cause a reduction in manufacturing capacity. Similarly, as costs and taxes are imposed on fossil fuels, which are the inputs for resin and fuel for shipping, this will in turn increase the cost of production. With climate change expected to cause more adverse weather conditions, we could face higher insurance claims and premiums for lost containers during transport. We also think that there will be continually increasing requirements for extended producer responsibility obligations for packaging and product materials. These are short- and medium-term risks that would lead to input cost increases.

Market (transition) risks: As climate change worsens, there are likely to be more disruptions to manufacturing and distribution over the short, medium and long term. As a result, supply chains will need to be shortened and diversified - these are activities we are already undertaking. In addition, disruptions would likely increase the cost of inputs over the short, medium and long term (as discussed above) - this would lead to the need for input substitution, which would affect the whole industry given the acceptance of resin as a safe input material for children's toys. Lastly, climate change may affect how products are consumed. For example, millennial and Gen Z parents are looking for more eco-friendly toys for their children, which is why we are creating products with a reduced environmental footprint, such as the *Rubik's Re-Cube* and *Mindful Classics™*. A larger part of our revenue now and into the future will be digital games and licensing, which are not reliant on physical inputs and can be distributed on demand, as we saw during the pandemic.

Physical Risks

Acute: The effect of increased severity of extreme weather could affect the quality of our products and our ability to distribute them in a timely fashion. For example, monsoons in South, Southeast and East Asia can cause excessive moisture, which can affect or damage products and product packaging, leading to write-offs, transport delays, and affect our ability to deliver on our retail customers' quality needs.

Chronic: There are also certain areas, for example, the Pearl River Delta in southern China, which are major areas for toy manufacturing, that are subject to severe flood threats from overdevelopment, sea level rise and storm surges. This is a reason why we have been continuing to diversify our manufacturing base.

Increased heat could cause working conditions to deteriorate for those employed in physical labour in our supply chains. Increased heat has also led to blackouts and brownouts in certain parts of the world, which would also impact the ability of our employees and supply chain to be productive or to access our systems. Droughts or inadequate water supply in certain parts of the world could lead to business interruptions to our offices or our supply chain, such as energy shortages or manufacturing processes. These could be a risk in the medium and long term.

Risk

Strategy (continued)

Opportunities

While there are many risks with climate change, we believe there are a number of opportunities that Spin Master can benefit from.

Resource efficiency: As materials become more expensive, we believe that we can be more efficient in our use of materials, particularly pulp and paper and plastic. For example, in using injection moulding techniques, we are able to use less plastic in the creation of action figures, and we have been able to use post-industrial ABS at some of third-party manufacturing facilities. We believe that this has implications at short, medium and long-term horizons.

New product innovation: With the interest in sustainability front of mind for Gen Z and Millennial parents, we have used this as a way to determine product lines that would be relevant to these families through our Playsponsible and *Melissa & Doug* lines. Additionally, with many of our large retail customers interested in reducing their Scope 3 emissions and also offering more sustainable products - we believe that our continued efforts will position us well. We believe that this also has implications for short, medium and long-term time horizons.

Creating more resilient operations and footprint: Toys are a trend-driven industry, and supply chains rely on flexibility to adjust quickly. In the past two years, we have sold our Tarboro and Calais facilities and have continued to move towards a model that relies more on third parties and outsourcing. We believe that this diversification of manufacturing spreads our risk, increases our speed to market, and allows us to be more resilient should certain facilities be affected by climate change. Shifts to renewable energy will support resilience for individual sites. These will have effects over medium and long-term horizons.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

In terms of the impact of climate-related risks and opportunities on our businesses, strategy and financial planning, there are several actions we have taken to date:

- **Diversifying our manufacturing base:** recognizing that climate change affects different regions of the world disproportionately, we have geographically diversified our production to third-party manufacturers, and in particular, are moving certain facilities closer to market so as to lessen reliance on long-distance transport and improve speed to market;
- **Changing products and services:** We have set goals to reduce plastic use in our products and packaging, and have been increasingly creating or acquiring product lines with a reduced environmental footprint in order to adapt to changing market demands and to experiment with substitutes. At the moment, there are not many scalable, non-fossil-fuel based resins that match the safety and quality profile required by regulations. Lastly, a larger part of our revenue now and into the future will be focused on digital games and licensing, which do not rely on fossil fuels.
- **Supply chain:** Given the various supply chain disruptions from the pandemic and natural disasters, we have built in redundancy within our supply chain to be able to deliver to our customers on time. This was something we began during the pandemic and will continue to use.
- **Operations:** Our direct operations have a low footprint, and have become lower in the past two years due to the sale of two manufacturing facilities. However, we recognize that we have a responsibility to ensure that we use as few resources as possible. We have created criteria for our facilities team to prioritize siting of new offices in locations that source renewable energy or feature green attributes.

We worked with a third-party consultant to assess our Scope 1 and 2 emissions reductions given our 2030 and 2050 goals and our planned actions. For Scope 3, we modelled 3 separate scenarios to reduce emissions - continuing with our planned actions (given existing efforts for grid decarbonization), engaging suppliers and increasing our own actions conservatively and lastly, engaging suppliers and doubling efforts within our control. We also conducted a stress test to maximize emissions reductions without eroding shareholder value. We are still determining a feasible plan before setting our targets for Scope 3.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario.

In 2022, we commissioned a third-party consultant to assess our Scope 1 and 2 targets against a net zero pathway for 2050, considering our projected growth trajectory. We have discussed our strategies and climate risks and opportunities in previous sections.

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.

Spin Master gathers a cross-functional team within the Company to identify, assess and create action plans to mitigate risks. The CSR team regularly monitors existing and emerging regulations related to climate change, and assess relevance to our business. Historically, we managed this process through our Enterprise Risk Management function, which is currently being revised.

The Audit Committee studies risks identified within our organization and ensures that an effective risk management control framework has been designed, implemented and tested by our management. Our Governance and Nominating Committee of the Board of Directors has oversight of our CSR plan, which includes climate change related concerns and integrates risks identified and mitigated.

To assess the size and scope of risks, including climate-related risks, we look at financial, reputational (in the public, investors, customers, board and employees), regulatory, competitiveness (pricing, quality and raw material sourcing) and employee safety related attributes.

Risk

Risk Management (continued)

b) Describe the organization's processes for managing climate-related risks.

We have defined in Risk Management a) how we define the materiality of specific risks and b) how we decide to mitigate, transfer, accept or control risks based on the severity of identified risks.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

To assess risks related to climate, the task is owned by our CSR team. Historically, we assess each risk for impact (financial, reputational, regulatory, competitiveness, and safety) and probability and rank the issues, and determine a risk appetite for each issue. We then look at existing strategies in place to mitigate risk, to move from inherent to residual risk, and then assess planned or recommended future strategies to bring residual risk to the target level of acceptable risk. To date, due to our low direct emissions, our climate-related risks were focused on mitigating reputational risk through the use of offsets and renewable energy certificates. In 2024, we will be revisiting our approach to enterprise risk management as an organization, and we will also be refreshing our assessment and mitigation plans given the integration of *Melissa & Doug* into our footprint.

We have been monitoring changes in policy regularly as it relates to pricing of GHG emissions and emissions-reporting obligations, and litigation in other sectors; however, as an industry that is not inherently high-carbon, we do not believe that these will have a material effect on us in the short term. Over time, we do expect that there may be some increased input costs for resin - for products and packaging, and stewardship fees related to product takeback and recycling. However, to date, these fees have not been heavily focused on toys, as product turnover is not as frequent as other fast-moving consumer goods sectors (e.g., food).

For climate-related supply chain risk - some of the activities we undertook during the Covid pandemic to build resilience, would also be applicable to natural disasters from climate change. For example, broadening our supplier base, and determining other forms of transport and alternate ports to ensure that our products reach customers. We believe that these resilience measures will enable us to manage climate-related disruptions to the supply chain.

In future, we will need to more systematically plan for climate adaptation by looking at our top suppliers and their locations, and integrating in new locations from our acquisition - to determine the type of physical risk that they might face, as well as working collaboratively with industry to help reduce climate impacts, as many of our third-party manufacturers are shared or in the same geographies.

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

We currently disclose Scope 1, Scope 2 and Scope 3 (air travel, purchased goods and services, and emissions associated with Tier 1 suppliers), fuel and energy-related activities, waste generated in operations, business travel and downstream transport and distribution. In 2024, we will also integrate *Melissa & Doug* into our carbon emissions.

b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

See the [Our Climate Action Commitments](#) section for more details on our Scope 1, 2 and 3 greenhouse gas emissions.

We have provided information on risks in preceding sections.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

We are in the process of revisiting our targets given the new acquisition of *Melissa & Doug*.

In 2022, we set absolute carbon reduction targets for 2030 and 2050, with the base year of 2019. We had a target to reduce Scope 1 and 2 emissions by 70% by 2030, and over 90% by 2050. With the new acquisition, we will be developing new tactics to continue reductions, which might build on our previous plan to transition to electric vehicles, upgrade our leased building standards and enhance energy efficiency in offices. For the remainder, we historically used regionally targeted renewable energy certificates.

In relation to Scope 3 - the largest part of this footprint is Purchased Goods and Services - in particular, raw materials. At this point, a verifiable solution for net zero in our Scope 3 emissions does not exist. We remain open to setting collaborative targets with others in the supply chain to collectively reduce these emissions.

Please see the [Our Climate Action Commitments](#) section for details on our performance against targets for 2023.

GRI Content Index

Global Reporting Initiative (GRI) provides a comprehensive framework for corporate sustainability reporting based on input from a wide range of stakeholders. The 2023 CSR Report was prepared in accordance with the GRI Universal Standards 2021. We provide the GRI Content Index below to reference our GRI reporting.

General Disclosures				
GRI Standard	Disclosure	Location of information	Explanation	
GRI 2: General Disclosures 2021	2-1	Organizational details	About Spin Master Management Information Circular (Intercorporate Relationships)	
	2-2	Entities included in the organization’s sustainability reporting	About Spin Master Management Information Circular (Intercorporate Relationships)	
	2-3	Reporting period, frequency and contact point	About This Report	
	2-4	Restatements of information	About This Report	
	2-5	External assurance	About This Report	
	2-6	Activities, value chain and other business relationships	About Spin Master Responsible Sourcing	
	2-7	Employees	Spin Master Global Offices Our People Learning and Development Our Diversity Representation	
	2-8	Workers who are not employees	Spin Master Global Offices Our People Learning and Development Our Diversity Representation	On top of our full-time employees, Spin Master had 46 temporary and contract workers as of December 31, 2023.
	2-9	Governance structure and composition	Management Information Circular (Corporate Governance) CSR Governance Corporate Governance (website)	
	2-10	Nomination and selection of the highest governance body	Management Information Circular (Corporate Governance – Nomination and Election of Directors) Governance and Nominating Committee Charter	
	2-11	Chair of the highest governance body	Position Description of Chair of the Board	

General Disclosures

GRI Standard	Disclosure	Location of information	Explanation
2-12	Role of the highest governance body in overseeing the management of impacts	CSR Governance Governance and Nominating Committee Charter Audit Committee Charter Board of Directors Mandate Management Information Circular (Board Mandate – Appendix A)	
2-13	Delegation of responsibility for managing impacts	CSR Governance	
2-14	Role of the highest governance body in sustainability reporting	CSR Governance Governance and Nominating Committee Charter	
2-15	Conflicts of interest	Code of Ethics and Business Conduct Management Information Circular (Interlocking Directorships, Principal Holders of Voting Shares, Interest of Informed Persons in Material Transactions) Annual Report (Related Party Transactions)	<p>Guidance to avoid conflicts of interest are detailed in the Code of Ethics and Business Conduct.</p> <p>No board members have cross-board membership (interlocking directorships) – if there was, it would be disclosed in the Management Information Circular.</p> <p>The Company does not track cross-shareholding with suppliers. Controlling shareholders are Ronnen Harary, Anton Rabie and Ben Varadi.</p> <p>We have disclosed related party transactions with one of our directors, Jeffrey I. Cohen, who is the Managing Partner at Torkin Manes LLP, which provides legal services to the Company.</p>
2-16	Communication of critical concerns	Management Information Circular (Corporate Governance – Shareholder Engagement) Whistleblowing Policy	The nature and total number of critical concerns cannot be reported upon due to confidentiality constraints.
2-17	Collective knowledge of the highest governance body	CSR Governance Management Information Circular (Nomination and Election of Directors)	The VP, Communications and Corporate Citizenship, and members of the CSR Committee provide regular updates to the Governance & Nominating Committee and Executive CSR Governance Committee on CSR matters.
2-18	Evaluation of the performance of the highest governance body	Management Information Circular (Assessments)	
2-19	Remuneration policies	Management Information Circular (Director Compensation, Executive Compensation)	
2-20	Process to determine remuneration	Management Information Circular (Director Compensation, Executive Compensation – Compensation Discussion & Analysis)	
2-21	Annual total compensation ratio	Management Information Circular (Components of Compensation & Cost of Management Ratio)	Annual total compensation ratio cannot be reported upon due to confidentiality constraints.
2-22	Statement on sustainable development strategy	Letter from the Global President & CEO	

General Disclosures

GRI Standard	Disclosure	Location of information	Explanation
	2-23	Policy commitments	
			CSR Governance Product Safety and Integrity About Spin Master Governance and Ethics
	2-24	Embedding policy commitments	
			Human Rights Policy Code of Ethics and Business Conduct Code of Conduct for Suppliers and Manufacturers
	2-25	Processes to remediate negative impacts	
			Human Rights Policy
	2-26	Mechanisms for seeking advice and raising concerns	
			Governance and Ethics Corporate Governance (website) Code of Ethics and Business Conduct
2-27	Compliance with laws and regulations		The Company has not identified any non-compliance with laws and/or regulations. The Company has also not identified any non-compliance with environmental laws and/or regulations.
2-28	Membership associations		
		Stakeholder Engagement	
2-29	Approach to stakeholder engagement		
		Stakeholder Engagement	
2-30	Collective bargaining agreements		
		Human Rights Policy	Less than 1% of Spin Master employees are covered by a collective bargaining agreement.

Material Topics				
GRI Standard		Disclosure	Location of information	Explanation
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Analysis	
	3-2	List of material topics	Materiality Analysis	
Economic performance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Annual Report	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Annual Report	
	201-2	Financial implications and other risks and opportunities due to climate change	Task Force on Climate-Related Financial Disclosures	
	201-3	Defined benefit plan obligations and other retirement plans	Management Information Circular (Components of Compensation)	
	201-4	Financial assistance received from government	Annual Report	Spin Master has access to government programs, including tax credits that are designed to aid in the film and television production and distribution in Canada, and periodically from European, Australian government agencies. See our Annual Report for more details.
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	Anti-Bribery and Anti-Corruption Policy	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Anti-Bribery and Anti-Corruption Policy	All of our employees must annually review, understand and attest to compliance with our Anti-Bribery and Anti-Corruption Policy.
	205-2	Communication and training about anti-corruption policies and procedures	Anti-Bribery and Anti-Corruption Policy	All of our employees must annually review, understand and attest to compliance with our Anti-Bribery and Anti-Corruption Policy.
	205-3	Confirmed incidents of corruption and actions taken	Anti-Bribery and Anti-Corruption Policy	There were no confirmed incidents of corruption in 2023.
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3	Management of material topics	Anti-Bribery and Anti-Corruption Policy Code of Ethics and Business Conduct	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		There were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices in 2023.
Materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Products	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Performance Data	
	301-2	Recycled input materials used	Playspossible	We are integrating recycled materials into some of our products but do not currently track exact volumes.
	301-3	Reclaimed products and their packaging materials	Playspossible Sustainable Packaging	We operate a takeback program for product and packaging through TerraCycle® in the United States.

Material Topics				
GRI Standard		Disclosure	Location of information	Explanation
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Performance	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Our Performance Performance Data	
Emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Performance Our Climate Action Commitments	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Our Performance Our Climate Action Commitments Performance Data	
	305-2	Energy indirect (Scope 2) GHG emissions	Our Performance Our Climate Action Commitments Performance Data	
	305-3	Other indirect (Scope 3) GHG emissions	Our Performance Our Climate Action Commitments Performance Data	
	305-4	GHG emissions intensity	Performance Data	
	305-5	Reduction of GHG emissions	Our Performance Our Climate Action Commitments	
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	Waste	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste	
	306-2	Management of significant waste-related impacts	Waste Sustainable Packaging	
	306-3	Waste generated	Waste Performance Data	
	306-4	Waste diverted from disposal	Waste Performance Data	
	306-5	Waste directed to disposal	Waste Performance Data	

Material Topics				
GRI Standard		Disclosure	Location of information	Explanation
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Sourcing	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Code of Conduct for Suppliers and Manufacturers Responsible Sourcing	All suppliers, including new suppliers, are screened for environmental compliance.
	308-2	Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing Performance Data	
Employment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Our People	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Performance Data	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		The following benefits are offered to full-time employees: medical, dental and vision benefits, employee assistance program, life and disability insurance, short- and long-term disability leave benefits, paid vacation and holidays, wellness offerings and employee share purchase plan. Share-based grants are being offered based on performance and tenure for all employees. In 2023, we also launched new benefits coverage for gender affirmation and fertility treatments.
	401-3	Parental leave		We offer paid and unpaid parental leave depending on the situation and in accordance with local laws and regulations. We currently do not disclose specific metrics on parental leave.
Occupational health and safety				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Health and Safety	
	403-4	Worker participation, consultation, and communication on occupational health and safety		The Spin SAFE Health and Safety program has been rolled out to all employees at Spin Master, to ensure that they have access to knowledge, resources and reporting mechanisms to work safely.
	403-5	Worker training on occupational health and safety		Spin SAFE training is integrated into employee onboarding and we also have rolled out the Spin SAFE program across all our offices.
	403-9	Work-related injuries	Health and Safety	
Training and education				
GRI 3: Material Topics 2021	3-3	Management of material topics	Learning and Development	
	404-3	Percentage of employees receiving regular performance and career development reviews	Learning and Development	We require managers to conduct two performance reviews a year for all full-time employees.

Material Topics				
GRI Standard		Disclosure	Location of information	Explanation
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	Equity, Diversity and Inclusion	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Our Diversity Representation Performance Data	
	405-2	Ratio of basic salary and remuneration of women to men	Our People	
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3	Management of material topics	Human Rights Policy Code of Conduct for Suppliers and Manufacturers Responsible Sourcing	
Child labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Sourcing Statement on Modern Slavery and Transparency in Supply Chains Code of Conduct for Suppliers and Manufacturers	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Responsible Sourcing Statement on Modern Slavery and Transparency in Supply Chains Code of Conduct for Suppliers and Manufacturers	We have auditing and monitoring programs in place to identify and mitigate child labour related risks.
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Sourcing Statement on Modern Slavery and Transparency in Supply Chains Code of Conduct for Suppliers and Manufacturers	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Sourcing Statement on Modern Slavery and Transparency in Supply Chains Code of Conduct for Suppliers and Manufacturers	We have auditing and monitoring programs in place to identify and mitigate forced labour related risks.
Local communities				
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Communities	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Our Communities	

Material Topics				
GRI Standard		Disclosure	Location of information	Explanation
Supplier social assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Sourcing	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Code of Conduct for Suppliers and Manufacturers	All suppliers, including new suppliers, are screened using social criteria.
	414-2	Negative social impacts in the supply chain and actions taken	Responsible Sourcing Performance Data	
Public policy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Engagement	
GRI 415: Public Policy 2016	415-1	Political contributions	Anti-Bribery and Anti-Corruption Policy	Spin Master does not make any political contributions.
Customer health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Product Safety and Integrity	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Product Safety and Integrity	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Safety and Integrity Performance Data	
Marketing and labeling				
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Marketing and Content for Children	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Responsible Marketing and Content for Children	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing and Content for Children	We had zero incidents of non-compliance concerning product and service information and labelling.
	417-3	Incidents of non-compliance concerning marketing communications	Responsible Marketing and Content for Children	We had zero incidents of non-compliance concerning marketing communications.
Customer privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Data Protection and Cybersecurity	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Protection and Cybersecurity	We did not receive any substantiated complaints concerning breaches of customer privacy from outside parties or regulatory bodies. We did not have any leaks, thefts or losses of customer data.

Additional notes:

Information related to GRI 207 (Tax) is currently included in our [Annual Report](#).

GRI 302-2, 302-3, 302-4, 302-5, GRI 303, GRI 304 and GRI 413-2 are not currently material to Spin Master.

GRI 204, GRI 410 and GRI 411 are not relevant to Spin Master.

GRI 202, GRI 203, GRI 403-2, 403-3, 403-6, 403-7, 403-8, 403-10 and GRI 404-1 are not currently tracked.

GRI 406-1 is currently confidential information.

About This Report

This is Spin Master Corp.'s fifth Corporate Social Responsibility (CSR) Report. Spin Master Corp. and its subsidiaries are together referred to, in this report, as the "Company" or "Spin Master." The report content was defined based on the materiality analysis that we conducted, which includes our direct operations and third-party vendors in the case of social compliance and carbon emissions. There are no substantial changes in the scope of our reporting.

This report covers calendar year 2023, from January 1, 2023, to December 31, 2023, and was released in April 2024.

The most recent report prior to the 2023 Corporate Social Responsibility Report was the 2022 Corporate Social Responsibility Report, which was released in April 2023. We continue to report on an annual cycle.

Within this report, we restated Scope 1 and 2 emissions information for 2022, please see [page 13](#) for further details.

Spin Master completed the acquisition of U.S.-based *Melissa & Doug*, a well-known brand in early childhood play, on January 2, 2024. This report does not include any data from *Melissa & Doug*'s operations but will be included in the Company's 2024 reporting.

This report includes all Sustainability Accounting Standards Board indicators for Toys and Sporting Goods and material indicators for Global Reporting Initiative Standards, and these are referenced in the Performance Data and GRI Index sections. It also references the U.N. Sustainable Development Goals and provides some responses to the Task Force on Climate-Related Financial Disclosures Recommendations, but these are not yet comprehensive as we try to define our approach to carbon reduction and our climate action plan. Spin Master retained DNV Business Assurance USA, Inc. to provide independent verification of the carbon emission data within this report. Their conclusion, along with their methodology, will be posted publicly on the Company website. All other data presented in this report is based on the best information available at the time of publication and was not verified externally.

For further questions, please contact communications@spinmaster.com

CSR Report Disclaimer

This document contains certain statements, other than statements of historical fact, which constitute "forward-looking information" within the meaning of applicable securities laws, including the *Securities Act* (Ontario). Such statements may concern the Company's objectives, plans, goals, aspirations, strategies, prospects and opportunities and are based on expectations, estimates and projections as of the date on which the statements are made in this document. The words "plans", "expects", "projected", "estimated", "anticipates", "indicative", "intend", "potential", "prospects", "seek", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, identify forward-looking statements. Specific forward-looking statements in this document include, without limitation, statements with respect to the Company's sustainability, environmental and climate change goals and targets.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this document, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking information in this document.

Such risks and uncertainties and the material factors and assumptions used to develop the forward-looking information herein include, without limitation, those discussed in the Company's disclosure materials, including its most recent annual and any subsequent interim Management Discussion & Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available under the Company's profile on **SEDAR+**, including those listed with any forward-looking statement safe harbour therein. The risk factors are not intended to represent a complete list of the factors that could affect the Company and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided as of the date of this document (being April 3, 2024) for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

