

THE LEGO GROUP **RESPONSIBILITY REPORT 2014**



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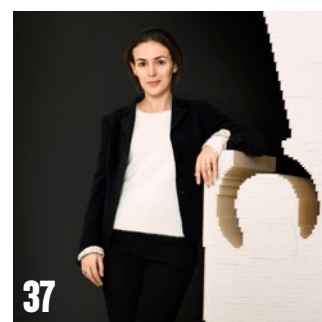
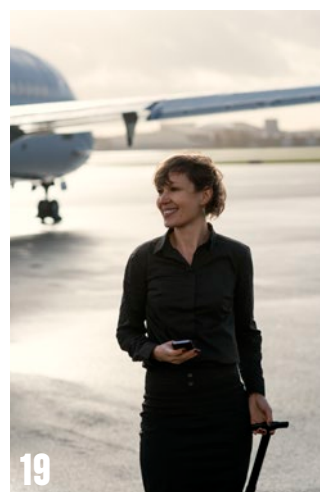
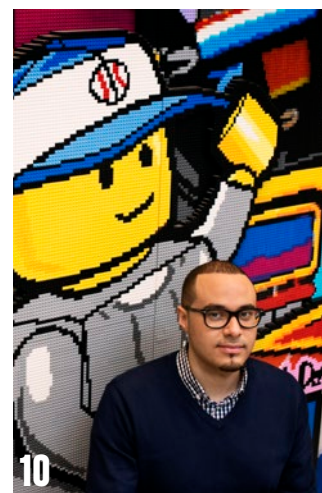
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The LEGO® Brand Framework for the LEGO Group. Aspiration to globalise and innovate the LEGO System in Play.

A mission-driven approach

The LEGO Group's responsibility priorities are an integral part of our business. They rest on the strong foundation of our company values and our mission: Inspire and develop the builders of tomorrow.

Our long-term success depends on our ability to provide fun, engaging and safe play experiences for children. Play is important for children, because when they play, they learn. They explore and discover the world while learning about themselves, what they can do and what's important for them. The unique LEGO® play experience lets children be imaginative, creative and have fun; all while developing important skills in the constant cycle of 'try, fail and try again'. That is why we consider playing with LEGO bricks to be 'playful learning'.

LEGO Education has for 35 years prepared millions of students around the world to succeed in their school life and for future life challenges. We believe their success is secured through playful learning experiences, as these are more engaging and encourage a positive mindset towards learning.

The unique value of play is also at the core of the LEGO Foundation as it works to change the way people understand play and learning and the huge value play has in helping children learn essential skills for life in the 21st century. The LEGO Foundation aims to help parents and education systems use the transformative power of play to facilitate learning for millions of children.

We have a mission-driven approach to how we run our business. We integrate our efforts on the responsibility agenda in our daily work. Among those efforts are our safe products, reduced energy consumption, reduced use of raw materials, waste



The unique LEGO® play experience lets children be imaginative, creative and have fun; all while developing important skills in the constant cycle of 'try, fail and try again'. That is why we consider playing with LEGO bricks to be 'playful learning'.

management, how we care for our employees and local communities, our close collaboration with suppliers and many other topics.

Our dedication to the responsibility agenda is rooted in the LEGO® Brand Framework, which ensures that every action we take is in full accordance with our identity and culture. To continuously improve our positive impact and do business in a responsible manner, we actively monitor our progress in a range of important and clearly defined responsibility areas.

Stakeholder consensus and engagement

Our 2013 stakeholder engagement and materiality assessment confirmed that our stakeholders' main priorities are well reflected in our own priorities and actions. The LEGO Group Responsibility Report 2014 is structured accordingly to inform our stakeholders on the issues in which they are most interested.

To gain a deeper knowledge of what is expected of us, we engaged with a broad range of stakeholders across our major markets on 25 pre-identified issues. Using the results of an online survey with more than 1500 respondents and interviews with almost 1500 additional participants from our most significant stakeholder groups, including consumers, customers, employees, relevant NGOs and interest groups, and industry associations, we found that the following three topics were considered the most important:

- The safety and quality of our products
- Supporting children's right to develop
- Communication with children

In 2014, we brought together relevant NGOs and our Corporate Responsibility team, with the purpose of providing input on our reporting and strategic thinking regarding the way forward for our responsibility agenda. By engaging in this type of direct dialogue, in which our efforts are challenged, we receive guidance that helps us increase our overall impact.

This report seeks to provide illustrations of how the LEGO Group is being guided by our company mission, brand framework and stakeholder engagement, to pursue the strategic targets that we defined in 2009 to ultimately deliver on our mission: Inspire and develop the builders of tomorrow.

0
product recalls
- always

Top 10
on employee safety
by 2015¹

Support learning for
101 million
children by 2015²

100%
renewable energy
by 2020

0 waste
as a mindset

¹ On international Health and Safety benchmark

² Through the joint activities of the LEGO Group, LEGO Foundation and LEGO Education



Jørgen Vig Knudstorp,
President and CEO of the LEGO Group,
Build the Change in Copenhagen, Denmark

View video from Build the Change:
<http://goo.gl/tdwBIX>

A letter from the CEO

2014 was another very successful year for the LEGO Group. Most importantly, the LEGO® brand continued to expand its global appeal to children in more countries around the world with the unique LEGO play experience. We made significant progress on our promise to leave a positive impact and our commercial results grew for the tenth consecutive year.

The LEGO Group's positive impact on the societies in which we operate has never been bigger or stronger than today. Be it through the millions of hours that children spent engaged in LEGO play experiences, the local jobs created, the employee development, the business generated for our partners, our tax contributions, or our environmental improvements.

Thanks to a record year, with revenue of DKK 28.6 billion*, we have been able to strongly expand our global footprint by scaling up local investments, including capacity expansion, office openings and boosting our employee numbers. This reflects our ambition to grow and reach more children with fun and creative LEGO experiences, ultimately reaching every child in every country.



The motto of our founder: 'Only the best is good enough', is a key expression of our company spirit. Though we can be proud of the many great results achieved in 2014 there is still room for improvement.

Jørgen Vig Knudstorp,
President and CEO of the LEGO Group



In 2014, we welcomed many new colleagues across the world, including two new members of our Management Board who, together with the entire LEGO Group staff, are focused on making the LEGO Strategy and our aspiration of innovating and globalising the LEGO System in Play come true. The LEGO Foundation is also successfully expanding its role in society to promote the importance of play in fostering quality learning experiences and skills such as creativity and problem solving.

We are very satisfied with our progress in terms of realising this strategy, as we sincerely believe that the most important impact that we have on the world is providing children with fun and exciting LEGO experiences that develop the essential skills and competences that they need to create a better future for themselves and our planet.

My highlights from 2014

Our drive to leave a positive impact is deeply ingrained into our processes and the decisions we make about how to operate our business. In 2014, we took more steps to improve how we care for our employees and the environmental impact of our global footprint; for instance through the opening of a highly modern and environmentally optimised manufacturing facility in Hungary.

This LEGO Group Responsibility Report 2014 contains a vast number of results from our work. Personally, I am particularly proud to announce that we:

- estimate we reached more children than ever; approximately 85 million children commercially, 400,000 children through the LEGO Foundation and 10 million through LEGO Education activities
- continued to achieve world-class product safety performance with zero product recalls for the fifth consecutive year
- saw employees report a motivation and satisfaction score that is 14 index points ahead of international benchmarks
- entered into an ambitious partnership with UNICEF to support children's rights across the world
- improved our energy efficiency by 2.3% as part of our World Wildlife Fund Climate Savers partnership and also initiated an Engage2Reduce project that invites suppliers to collaborate with us on multiple CO₂ reduction initiatives

- now sell all LEGO products in smaller, FSC-certified LEGO boxes, reducing CO₂ emissions by 10,000 tonnes annually
- engaged with more than 2000 employees and reached approximately 50,000 children in our local communities with activities that benefited both the children and their families

Only the best is good enough

Striving to continuously improve our business is an inherent trait in our company culture. The motto of our founder: 'Only the best is good enough', is a key expression of our company spirit.

Though we can be proud of the many great results achieved in 2014, there is still room for improvement. For example, we can further embed our safety culture among our employees, including those we welcomed in 2014 into more than 800 new positions. More than 14,700 employees work for the LEGO Group, and unfortunately this year there were 41 injuries with absence, which meant we did not reach our ambitious safety target of fewer than 1.6 injuries per million working hours. A number of steps have already been taken to ensure that we remain among the world's best-performing companies in terms of employee safety.

Since 2003, the LEGO Group have been committed to the United Nations Global Compact. For 2015, we have set ambitious targets, and I welcome any feedback that can challenge these targets and the processes that are intended to help us achieve them. We firmly believe that an open and ongoing dialogue with our stakeholders is an important element in achieving continuous improvement for the benefit of future generations.

My best regards,



Jørgen Vig Knudstorp
President and CEO of the LEGO Group



The most important impact that we have on the world is providing children with fun and exciting LEGO experiences that develop the essential skills and competences that they need to create a better future for themselves and our planet.

Jørgen Vig Knudstorp,
President and CEO of the LEGO Group

* The LEGO Group Annual Report 2014, page 2, www.LEGO.com

IMPACT OF THE BRICK



Impact of the brick: Enabling children

We had zero product recalls for the fifth consecutive year, strengthened our overview of communication with children, and established a partnership with UNICEF to promote children's rights.

Play and creativity have been at the heart of the LEGO Group since its founding in 1932. Today, this foundation has evolved into stronger support for children's right to play and learn and thereby reach their full potential.

We continued to elevate this support in 2014, through our products, child development initiatives and through advocacy for the protection of children's rights.

The LEGO Group is a major player in the global toy industry. Our brand is one of the most recognised brands in the world and in the Reputation Institute's latest 2014 Global RepTrak® 100 study we rank in the top 10. The study measures the corporate reputation of the most visible global companies and produces a ranking of the top 100.

We have a strong voice, a singular experience in providing play experiences and global reach. We believe this obligates us to do what we do best: manufacture fun and educational play materials, aim to lead by example in our industry on toy safety and quality, and seek partnership with children's advocacy groups to promote children's rights.



Our brand is one of the most recognised brands in the world and in the Reputation Institute's latest 2014 Global RepTrak® 100 study we rank in the top 10.



Carlos Fernandez, Store Manager,
LEGO Brand Retail Store, 5th Avenue
New York City, USA

Supporting playful learning

Through our products and our mission, we support learning through play. By the end of 2014, we estimate to have reached 85 million children, taking us one step closer to our aspiration: to innovate and globalise the LEGO® System in Play and thereby reach children all over the world.

The LEGO Group, LEGO Education and the LEGO Foundation share the same mission: to inspire and develop the builders of tomorrow.

In 2014, the LEGO Group estimates to have reached 85 million children and their parents commercially with play materials. In addition, the LEGO Foundation reached more than 400,000 children, and LEGO Education engaged with 10 million children around the world in learning through play. We remain confident that we will achieve our strategic target of reaching 101 million children by 2015.

About LEGO Education

LEGO Education has for more than 35 years played a decisive role in enabling students around the world to succeed in their school life. We believe that student



I talk a lot with children and parents about how they, together, can be creative and have fun with LEGO bricks. I believe I can have a positive influence on children's development by ensuring that they get the most out of playing and learning with LEGO products.

Carlos Fernandez,
LEGO Brand Retail Store Manager,
New York City, USA

success is secured through playful learning experiences, as these are more engaging and encourage a positive mindset towards learning. We have trained more than 35,000 educators via face-to-face training and e-learning programmes on how to get the most out of LEGO Education solutions in the classroom. Ultimately, together with educators, we aim to enable students to succeed in their education and prepare them for future life challenges.

[Read more: education.LEGO.com](http://education.LEGO.com)

LEGO Education supports teachers with a mix of LEGO bricks, relevant curricula, assessment tools and our learning approach to facilitate playful learning experiences that combine both physical and digital creation.

In 2014, LEGO Education engaged with 10 million children around the world in learning through play. For instance, children were taught a range of subjects from science to humanities using LEGO Education solutions at approximately 19,000 schools in the USA, 10,000 schools in China and 8,500 schools in Germany.

A few examples of our efforts:

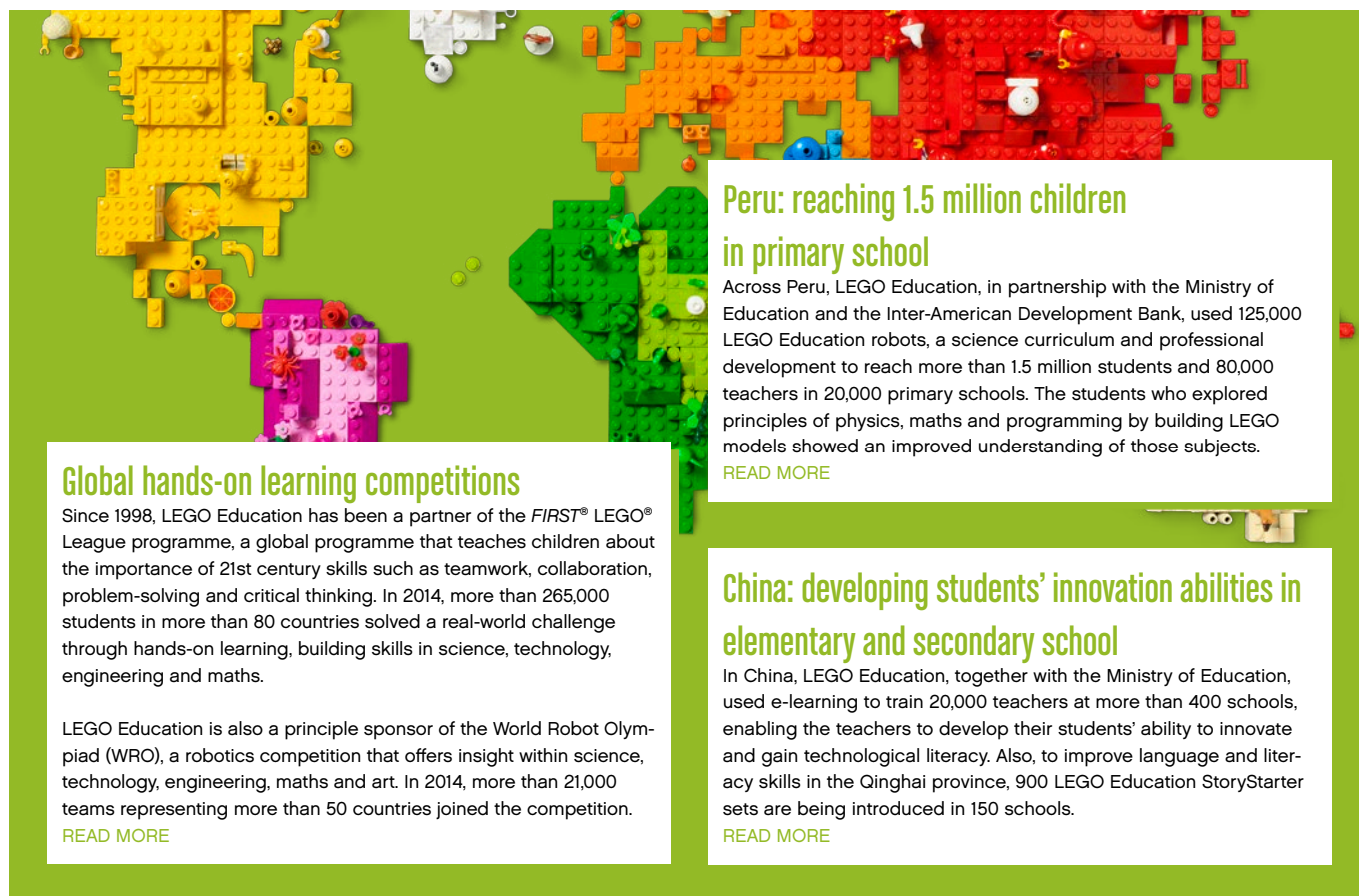
2014 targets and performance

Support learning for children by 2015²

Target: 101 million Actual: 95.4 million Goal met: ●

[READ MORE](#)

² Through the joint activities of the LEGO Group, LEGO Foundation and LEGO Education



Global hands-on learning competitions

Since 1998, LEGO Education has been a partner of the *FIRST*® LEGO® League programme, a global programme that teaches children about the importance of 21st century skills such as teamwork, collaboration, problem-solving and critical thinking. In 2014, more than 265,000 students in more than 80 countries solved a real-world challenge through hands-on learning, building skills in science, technology, engineering and maths.

LEGO Education is also a principle sponsor of the World Robot Olympiad (WRO), a robotics competition that offers insight within science, technology, engineering, maths and art. In 2014, more than 21,000 teams representing more than 50 countries joined the competition.

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Peru: reaching 1.5 million children in primary school

Across Peru, LEGO Education, in partnership with the Ministry of Education and the Inter-American Development Bank, used 125,000 LEGO Education robots, a science curriculum and professional development to reach more than 1.5 million students and 80,000 teachers in 20,000 primary schools. The students who explored principles of physics, maths and programming by building LEGO models showed an improved understanding of those subjects.

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China: developing students' innovation abilities in elementary and secondary school

In China, LEGO Education, together with the Ministry of Education, used e-learning to train 20,000 teachers at more than 400 schools, enabling the teachers to develop their students' ability to innovate and gain technological literacy. Also, to improve language and literacy skills in the Qinghai province, 900 LEGO Education StoryStarter sets are being introduced in 150 schools.

[READ MORE](#)



Thomas Kirk Kristiansen, 4th generation of the owner family, experiences the power of learning through play in a kindergarten in Cosmo City outside Johannesburg, South Africa.

About the LEGO Foundation

As part of the ongoing commitment to providing children with better opportunities to reach their full potential, the LEGO Group owner family decided to entrust 25% of the ownership of the Group to the LEGO Foundation to secure its activities.

The LEGO Foundation aims to build a future where learning through play empowers children to become creative, engaged, life-long learners. It works in partnership with non-profit organisations, social enterprises, international organisations, academic institutions, think tanks and governments from around the world to transform attitudes and behaviours to learning through play.

To achieve this, the Foundation combines three mutually reinforcing approaches:

1. Identify and support programmes as examples of play that works
2. Build and share evidence to explain the value of play
3. Communicate to learn more about how children best learn

The LEGO Foundation's five core programmes aim to make sure that the fundamental value of play is understood, embraced and acted upon. The programmes are: Play-based Learning, Sparking a Global Dialogue, Re-imagine Learning, Capital of Children and, together with the LEGO Group, the Local LEGO Community Engagement programme.

In 2014, the LEGO Foundation's work impacted more than 400,000 children. Activities totalled DKK 262 million and in addition, the total value of product donations from the Foundation exceeded DKK 44 million.

Supporting play-based learning

An example of the LEGO Foundation's work is the 'Play-based Learning' programme, which brings playful learning tools and activities to children to achieve a measurable impact on their intellectual, emotional, social and creative skills. This involves donations of LEGO play and learning materials as well as teaching caregivers—parents, teachers, educators—about the importance of play and how to engage with children in an engaging and dynamic way. Strategic partnerships have been established in South Africa and Ukraine as part of this programme.



Hands-on, playful exercises invite children to use their creativity and imagination to develop their storytelling skills in the Capital of Children news studio.

Motivated learners in Pretoria, South Africa

40,000 children from 30 elementary schools in Pretoria's Atteridgeville township are learning through play as a result of a collaboration between the LEGO Foundation, the Optimus Foundation and Hands on Technologies. The learning programme includes training teachers and introducing creative tools into the classroom and focuses on supporting learners by sparking creativity and enabling children to develop into critical thinkers and lifelong learners.

Project participants have so far reported a significant decrease in student absence, stronger communication and collaboration skills, and better performance in subjects such as maths and science. Feedback from teachers is that the project has rekindled their joy in the basics of their jobs.

[Read more: LEGOfoundation.com](http://LEGOfoundation.com)

Continuing to change education in Ukraine

In Ukraine, the LEGO Foundation works directly with the Ukrainian Ministry of Education to mobilise teachers and kindergartens in rolling out recommended curriculum.

By the end of 2014, despite turmoil in the region, the programme continues to have a strong impact locally. Approximately, 20,000 children in 63 kindergartens in the Kiev area and in five other cities in Ukraine have received LEGO Education sets and LEGO boxes, curriculum materials and teacher training that focus on learning through play.

[Read more: LEGOfoundation.com](http://LEGOfoundation.com)

Capital of Children and the LEGO® House

Established in 2012, the Capital of Children is a unique partnership between the LEGO Foundation and Billund Municipality with the ambition of developing Billund, the Danish home town of the LEGO Group, into an outstanding place for children, play, learning and creativity.

Initiatives under development include the International School of Billund, which in 2014 had 130 students enrolled, the Knowledge Centre, LEGO Education Innovation Studios and the LEGO House, a beacon of play and creativity in the Billund area.



The owner family of the LEGO Group laid the foundation stones for the LEGO House.

In 2014, the foundation stones for the LEGO House—six concrete LEGO bricks representing our values—were laid.

To support the small business owners of Billund and to maintain good relations with the town's inhabitants during the construction phase, events that both present the LEGO House project and attract shoppers are organised and thorough public communication is in place. Furthermore, shopkeepers have the exclusive right to sell a specially developed LEGO House set.

The LEGO House will be an experience centre where LEGO fans of all ages can come and experiment with LEGO bricks, share stories with LEGO bricks, express their imagination and creativity through LEGO bricks, discover the amazing potential of learning through play and be challenged as LEGO builders by meeting other builders from all over the world.

The house is due to open to the public in 2017.



Safe, high-quality products

In 2014, we continued to deliver industry-leading safe and high-quality products, while reaching our fifth year with zero product recalls.

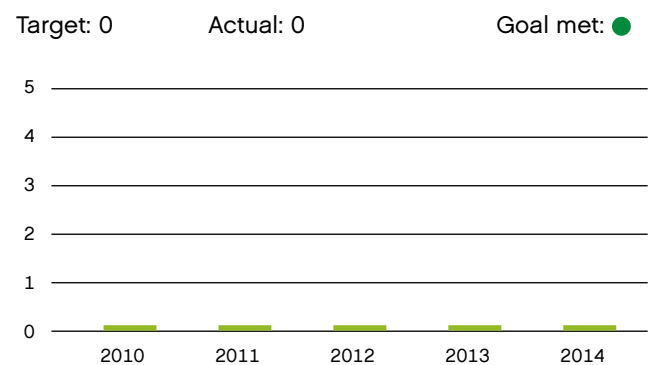
We believe that children should be safe no matter what toy they play with. We push ourselves and hope to inspire others in our industry to maintain impeccable standards. Maintaining zero product recalls over a number of years is only possible by integrating product safety throughout the entire process from design to consumer use, and by continuously integrating new knowledge and feedback.

We see product safety as the responsibility not only of product safety specialists, but of all involved in the development process. In 2014, we focused on proactively identifying risks in the early stages of product development. Product safety specialists interacted with product designers at the earliest opportunity to ensure that every design is thoroughly evaluated and assessed in terms of product safety. Product designers are continuously trained in the principles of product safety to understand how to proactively incorporate safety into their designs.

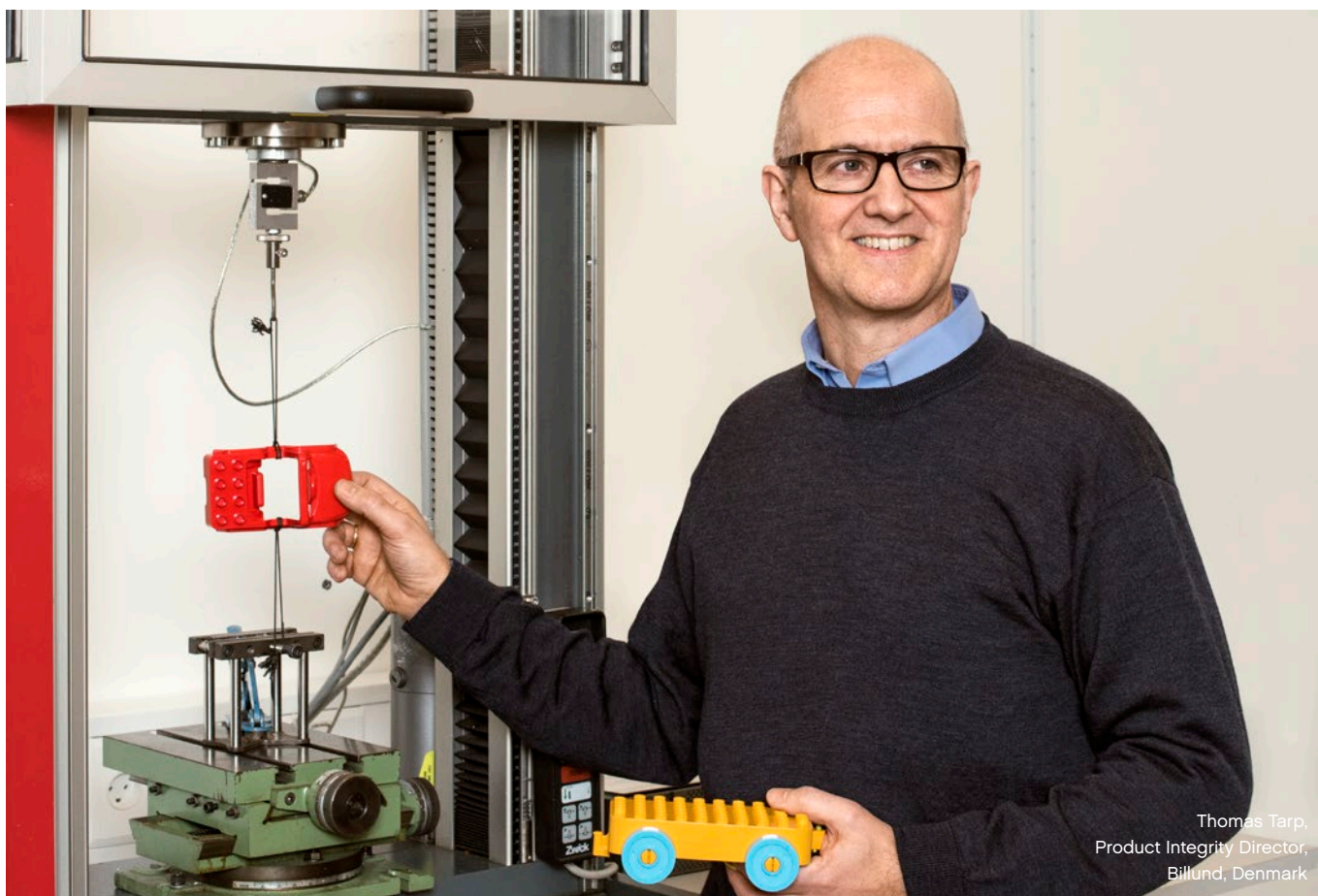
We have top-class production equipment and production staff in our own factories, and we have a high-quality management system that includes precise internal production controls with tailor-made tests. Again in 2014 we had no safety notifications from national or regional authorities.

2014 targets and performance

Product safety - number of product recalls



[READ MORE](#)



Thomas Tarp,
Product Integrity Director,
Billund, Denmark

Safety by design starts at the drawing board with the first sketch, based on a design in a chemically assessed and approved material. The process continues with risk assessments of every single element and eventually, following a final internal approval, the design will go to production after numerous tests and checks. Once production starts, new control and testing processes come into action. When the products are on the market, all safety-related feedback from consumers is analysed and always used as input for future designs.

State-of-the-art safety assessment

Our safety assessments, based on external requirements and complemented with internal requirements, take us beyond standards and regulations. To ensure chemically safe products, we only use materials that have been approved in our state-of-the-art chemical safety assessments.

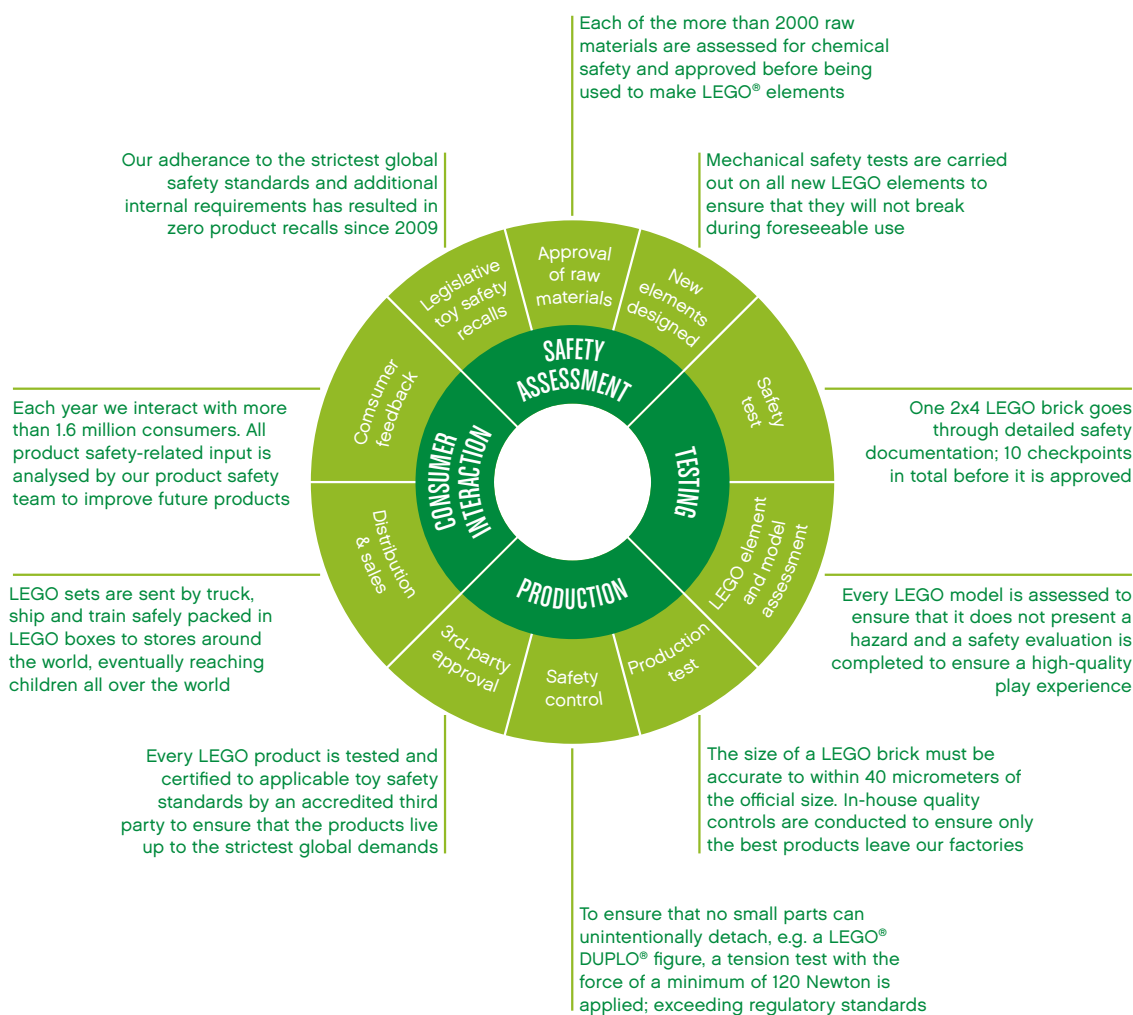
Our team of chemical experts continuously monitor sources of new information from the scientific community and various respected organisations. When relevant, such information will be integrated in the chemical safety assessment process.

Apart from being designed in chemically safe materials, new LEGO elements undergo a meticulous safety assessment that also covers mechanical/physical safety and electrical safety, as well as hygiene and flammability safety. Please see Figure 1, The LEGO Group Safety Assessment, for an overview.



In our laboratory, we test that the product meets and goes beyond compliance with the strictest global safety and quality standards. The most difficult part, however, is to imagine the many different ways children will use our products and to proactively integrate this into the design of LEGO® products.

Thomas Tarp,
Product Integrity Director,
The LEGO Group

Figure 1: The LEGO Group Safety Assessment**A deep dive on the tension of a LEGO® DUPLO® figure**

To deliver on our product quality and safety commitment, we integrate different safety tests in our internal production controls. One procedure is a tension test on certain assembled elements. See Figure 1, The LEGO Group Safety Assessment, for an overview of the entire process. The tension test aims to ensure that no small parts can unintentionally detach. For example, a LEGO® DUPLO® figure must never release small parts, such as the head, hands, legs or hat. Such small parts could present a choking hazard for toddlers and young children.

The tension test is performed on the head and arms of every single LEGO DUPLO figure. The tension force applied in both directions is a minimum of 120 Newton (approximately 12 kg), which exceeds the tension force required by official toy safety standards.

Shaping safety standards and sharing know-how

For decades, the LEGO Group has held the chairmanships of the European (CEN) and International (ISO) toy safety standardisation committees and also plays an important role in shaping the ASTM toy safety standard in the USA. We see these partnerships as part of our efforts to promote support in our industry for the principle of giving all children the right to play with toys safely.



Our aim is to be a trusted partner by sharing our know-how and taking a leading role in toy safety standards committees.

We believe that regulations and standards should ensure that all play experiences are safe, so that parents do not need to be concerned about the safety of the toys that they buy. Through our role in governing bodies, we are well situated to identify and track emerging issues in the area of toy safety. Our aim is to be a trusted partner by sharing our know-how and taking a leading role in toy safety standards committees.

Children and parents improve the LEGO play experience through feedback

Through our different contact options, children are welcomed to voice their experience of playing with a LEGO product. We appreciate, and where relevant, integrate their feedback on the play experiences we produce.

Again in 2014, consumer feedback about our products, retail stores, website, online shop, LEGO Club magazine and video games has been very positive with the index score of 107 meaning we exceeded our ambitious target of 105 for consumer satisfaction and loyalty. To measure this feedback, we use the Net Promoter Score Index® (NPS®). The index reflects feedback from more than 1.1 million consumers that they would be willing to recommend a LEGO product or service to others.

One option for giving feedback is to contact one of our service centres across the world. In 2014, they were contacted 1.6 million times by children and parents with feedback. We use the information gathered to improve and maintain quality in our products.

We measure our performance in this area by looking at how many calls we receive per million LEGO products sold. This year we achieved our target of fewer than 950 calls per million products sold, with a slight rise to 889 calls per million products sold when compared with the same period in 2013 as our products reach even more countries and consumers.



In 2014, consumer feedback about our products, retail stores, website, online shop, LEGO Club magazine and video games has been very positive. Our service centres received 1.6 million contacts from children and parents from around the world.

2014 targets and performance

Consumer satisfaction - Net Promoter Score® Index

Target: ≥ 105 Actual: 107 Goal met: ●

[READ MORE](#)

Consumer feedback - Consumer complaint call rate

Target: < 950 Actual: 889 Goal met: ●

[READ MORE](#)



Marie Busck,
Senior Director of Social Responsibility,
Billund Airport, Denmark

Raising support for children's rights

Children are our role models and, based on our company values and mission, we want to operate a business that is responsible towards them. In 2014, we further elevated our actions; two strategic priorities were to translate child rights into a LEGO Group context and to develop a partnership with UNICEF as the first company in our industry to do so.

In 2014, we reached out to our stakeholders to discuss, among other topics, the relevance of our priority on children's development and rights. Our stakeholders confirmed that they expect us to be at the forefront of respecting and supporting children and their rights. To embed this in our operations, we have developed strong support for children's rights in our Responsibility and Human Rights policy.

Respect and support children's rights

Our values, spirit and aspiration are the cornerstones of our child responsibility ambition; to demonstrate leadership in respecting and supporting children's rights. This includes effectively safeguarding children from the negative impacts of our business and using our business to make a positive impact on children's right to play and to develop their potential.



We have an obligation to respect children's rights in our operations. With our UNICEF partnership I travel around the world talking and listening to children, organisations and businesses on how best to ensure that children's rights are prioritised.

Marie Busck,
Senior Director of Social Responsibility,
The LEGO Group

We use the 10 Children's Rights and Business Principles, launched by United Nations Global Compact, UNICEF and Save the Children, to guide our work. These principles explain what it takes to operate a business that is responsible towards children. For the benefit of children, we are committed to addressing the most relevant principles in our activities, promoting them in public and stressing their relevance in corporate spheres.

The LEGO Group and the 10 Children's Rights and Business Principles

The 10 Children's Rights and Business Principles	The LEGO Group action
1 Meet their responsibility to respect children's rights and commit to supporting the human rights of children.	Our Responsibility and Human Rights Policy specifically calls out our responsibility with regard to children.
2 Contribute towards the elimination of child labour, including all business activities and business relationships.	Our Code of Conduct prohibits child labour in our facilities and our supply chain.
3 Provide decent work for young workers, parents and caregivers.	Our Code of Conduct, as well as our Environmental Health and Safety policy, ensures that we operate a decent workplace. The Code of Conduct covers basic labour rights, for example working hours, wages and leave periods. It is applicable to all our suppliers and business partners as well as at our own sites.
4 Ensure the protection and safety of children in all business activities and facilities.	We engage with millions of children on our online platforms, in LEGO Education Centres and in product test groups, for example. We have different systems to ensure that we protect and engage with these children in the proper way. We want to ensure a fully systematic and up-to-date approach, and child protection will be a key focus area going forward to strengthen our policies and processes.
5 Ensure that products and services are safe, and seek to support children's rights through them.	We follow and implement very stringent product safety and quality requirements.
6 Use marketing and advertising that respect and support children's rights.	Our responsible Marketing to Children Standard and the compliance system associated with it ensure we only use marketing material and advertising that respect and support children's rights.
7 Respect and support children's rights in relation to the environment and to land acquisition and use.	We are continuously improving the environmental performance of LEGO bricks and packaging for the benefit of children and the planet.
8 Respect and support children's rights in security arrangements.	Presently, in the countries where we operate, we assess this principle as not relevant to our business and give it low priority.
9 Help protect children affected by emergencies.	The LEGO Foundation provides access to quality play experiences through donations of LEGO boxes for example to Syrian refugees and flood victims in Bosnia-Herzegovina and the Philippines.
10 Reinforce community and government efforts to protect and fulfil children's rights.	Presently, we do not engage systematically with governments in relation to children's rights. However, in our partnership with UNICEF, we will promote the ten principles and corporate responsibility towards children. The LEGO Foundation will furthermore work with governments to promote early childhood development through playful learning.

Partnering with UNICEF

The LEGO Group's mission is: to inspire and develop the builders of tomorrow.

In 2014, as the first company in our industry, the LEGO Group established a global partnership with UNICEF to promote children's rights and support children's development. This is a statement of the LEGO Group's continued support to the principles.

The Children's Rights and Business principles, launched by United Nations Global Compact, UNICEF and Save the Children in 2012, state the standards that apply to businesses to ensure that they respect and support children's rights.

**A mission to inspire and develop
the builders of tomorrow****The LEGO Group****1**

Together with UNICEF build evidence and awareness of how businesses can act responsibly towards children.

2

Promote in public the relevance of the 10 principles, implement the relevant principles in our operations and share best practices to inspire others.

3

Increase accountability to children by strengthening the governance of child protection through developing and implementing a child protection standard.



Communicating with children

We believe in respectful and responsible communication with children. This year our corporate website www.LEGO.com was approved as a COPPA Safe Harbor-certified website, raising the bar for children's safety online. Throughout 2014 we also continued to focus on embedding our Marketing to Children Standard.

Marketing to children requires special considerations

We focus on our impact on children when we develop and monitor our communication with children. We are guided by the LEGO Group's brand spirit of 'Only the best is good enough' as well as the sixth Principle of the 'Children's Rights and Business Principles' using marketing and advertising that respect and support children's rights. To interact respectfully with children we seek best practice and keep ourselves informed by partnerships and international guidelines and standards.

We work actively with international organisations and standards to ensure that we are compliant with international best practices. For example, as a member of the Responsible Advertising and Children Programme, we are committed to comply with the International Chamber of Commerce's Code of Advertising and Marketing Communication Practice.

We monitor and review our daily work against our own standards for marketing to children. Through our review processes, we find cases to learn from and fine-tune and improve our communication accordingly. The principles apply to all LEGO® entities and all third parties who work with us and the LEGO brand.



Cecilia Weckström, Senior Director
LEGO.com & Consumer Experiences
LEGO office, London, United Kingdom

Marketing to Children principles — our communication must not:

- take advantage of children's inexperience by creating materials that would potentially mislead their understanding of the product in any way
- portray unsafe or harmful situations or actions
- put pressure on children or parents to purchase our products, or create an unrealistic perception of the cost or value of our products.

In 2014, as an example of our continued work to embed our Marketing to Children standard, we completed face-to-face training sessions with more than 100 employees and piloted an e-learning programme that included gender issues in marketing. The e-learning programme is mandatory for all relevant LEGO employees in 2015.

Online protection of children

The LEGO Group grabs the attention of many children and parents online; every month, www.LEGO.com has more than 18 million unique visits, the LEGO YouTube channel receives more than 490 million views annually and more than five million children across the world are members of our LEGO® Club.

As a consequence, we hold large amounts of consumer data and we are very mindful of how to extend into the digital sphere the trust that consumers have in the LEGO brand in the physical world. Our commitment to support children's right to protection and safety as stated in the Children's Rights and Business Principles guides us on this important topic.



**Our website
www.LEGO.com
has more than 18 million
visits each month from
all over the world.
It is important that
our interaction with
children on the website
is engaging and fun
while ensuring that it
is also responsible and
ethically correct.**

Cecilia Weckström,
Senior Director LEGO.com & Consumer
Experiences, The LEGO Group

The LEGO Group uses the US Children's Online Privacy Protection Act (COPPA) as our corporate policy for data collection from children under 13 years of age together with EU regulations on data privacy, and in 2014 www.LEGO.com achieved the COPPA Safe Harbor Certification. COPPA is a US law that protects younger children's privacy and enables parents to oversee how and where a company can collect and use their child's personal data.

Reviewing our marketing practice to raise the bar

Again in 2014, we reviewed our guidelines and policies on Marketing to Children and assessed whether we needed to align them with new challenges or changes to international rules, best practices or standards. The internal review covered issues brought to our attention by regulators, internal compliance and quality monitoring or public attention. In 2014, no cases were taken up by regulators. However, to keep raising the bar, we chose to review two cases in detail based on internal compliance processes.

As part of a broader audit of the toy industry, the European Advertising Standards Alliance audited the LEGO Group's marketing practices in multiple countries in EU. The findings of this audit as well as those from our internal review have been taken on board in the development of our e-learning tools for marketers.

LEGO play is for all children

The LEGO Group has an established approach and practice to ensure that children are not being subjected to, or limited by, gender stereotypes.

In line with our Responsibility and Human Rights policy and Principle 5 of the Children's Rights and Business Principles, we are against any form of discrimination, including discrimination based on gender. Our fundamental belief about children and play has never changed. We produce and communicate about a wide range of products that appeal to all children, regardless of age, interest, nationality or gender.

We acknowledge and value our stakeholders' divergent views of us. We have been criticised by some for countering gender equality, particularly with the launch of the LEGO Friends theme. In late 2014, a 1974 LEGO doll's house inlay note was picked up by the media as an example of convictions and values we allegedly had abandoned. The note said:

To parents

**The urge to create is equally strong in all children. Boys and girls.
It's imagination that counts. Not skill. You build whatever comes into your
head, the way you want. A bed or a truck. A doll's house or a spaceship.
A lot of boys like doll's houses. They're more human than spaceships.
A lot of girls prefer spaceships. They're more exciting than doll's houses.
The most important thing is to put the right material in their hands and
let them create whatever appeals to them.**

We believe that the text from 1974 is just as relevant today. It expresses our values and what we offer in our current products. Since the invention of the LEGO brick in 1958, we have enabled children to express their imagination through building with LEGO bricks and the LEGO system. This has always been and remains the core of any LEGO product. All of our products provide the means to be creative while at the same time offering fun, stimulating and relevant play for all children.

It is worth stressing that our LEGO Friends range in 2014 was among our five best-selling product lines globally. It is hugely popular with children and especially among young girls, reflecting that the line was developed in close dialogue with this target group to make creative LEGO play more relevant for more children.

In 2014, we continued to expand the LEGO Friends universe and caught the interest of even more children around the world, thereby giving them the opportunity to express their imagination through LEGO bricks.

To ensure that our marketing is respectful to children, our Gender Marketing Guidelines are based on extensive research and consultation with key stakeholders. The guidelines are referenced in our corporate standards and an e-learning programme will be rolled out in 2015.



We produce and communicate about a wide range of products that appeal to all children, regardless of age, interest, nationality or gender.

RESPONSIBLE BUSINESS





Responsible business

The LEGO Group takes responsibility for conducting its business in a way that is transparent and accountable. We take measures to reduce our negative environmental impact, to sustain and promote reputable business behaviour, and to provide safe and motivating workplaces.

It is our stated ambition to prepare and enable children for a life in which they can fulfil their potential. The LEGO Group also intends to play its part in providing sustainable surroundings and communities for children to grow up in. In 2003, the LEGO Group signed the UN Global Compact and we remain committed to implementing the 10 Global Compact principles covering human and labour rights, health and safety, environment and anti-corruption.

We are intent on leaving the environment in a better condition than it is in today and making a positive impact, for example by focusing our efforts on minimising the release of CO₂, how we deal with waste from our operations and how we source and use the materials used to produce LEGO® bricks and packaging.

We are also committed to running our business in accordance with our values and high global standards in terms of both employee safety and responsible business behaviour. To achieve this, we will focus on maintaining our world-class safety performance and promoting our Code of Conduct, as well as our code of ethical business conduct in our own business processes and with our suppliers.



Her majesty The Queen and His Royal Highness the Prince Consort of Denmark attending the ceremony marking the construction start of the LEGO factory in China.

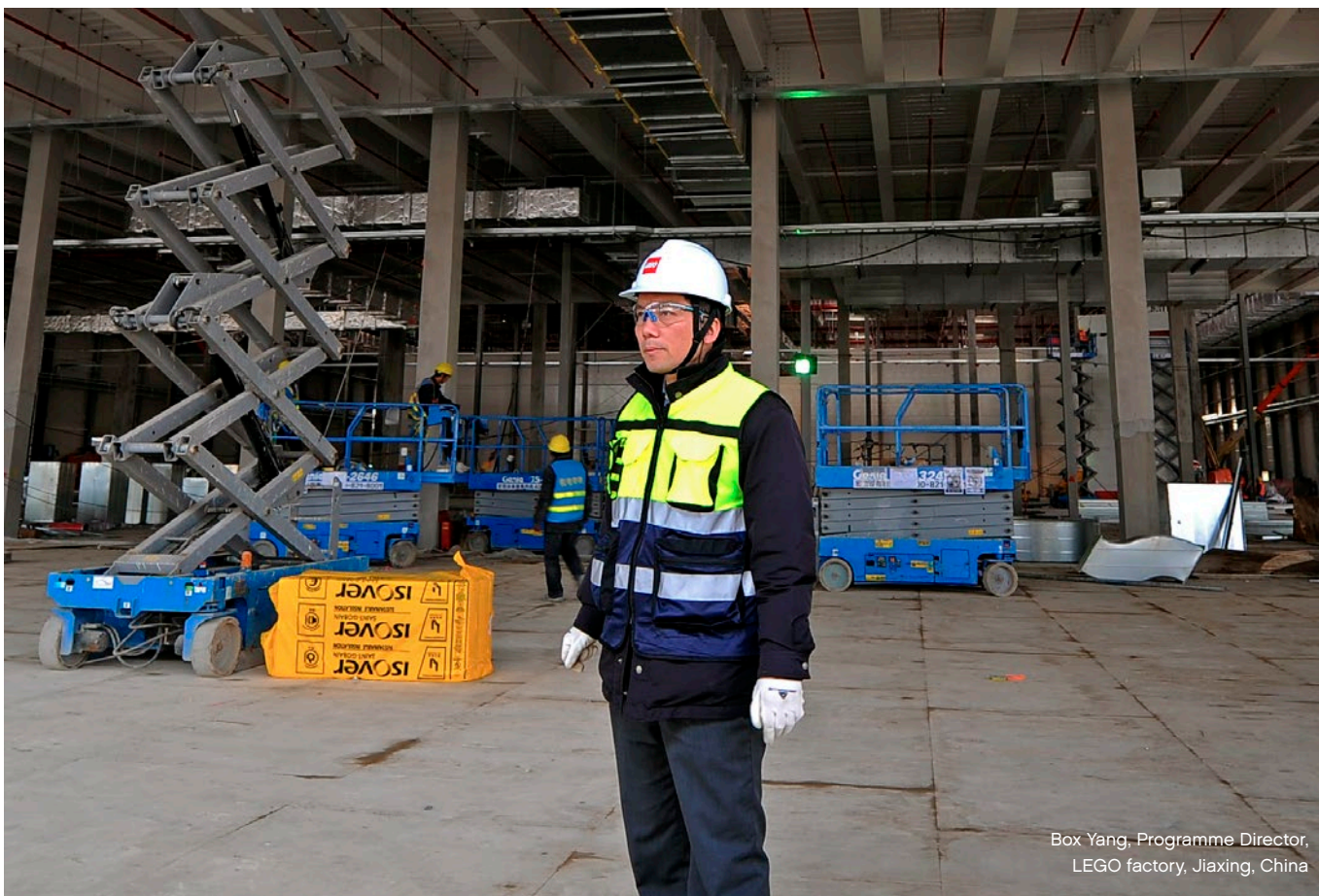
Building a factory in China

The next LEGO factory will be fully operational by 2017. It will enable more children across Asia to experience LEGO® play and we expect the factory to contribute significantly to satisfying the total regional demand for our products.

Achieving a stronger foothold in Asia provides new opportunities and challenges, both culturally and organisationally. Wherever the LEGO Group goes we want to bring with us the LEGO spirit and global standards. Setting up a factory in a new country entails new requirements, because reaching the same standards as those in other LEGO factories may require different insights and actions than usual. This is also the case as regards our upcoming factory in Jiaxing, China.

In line with our commitment to leave a positive impact on society and the environment, we have taken precautions to ensure that the construction of the factory in China is conducted responsibly and in accordance with the LEGO Group values and our global policies and standards concerning the environment, employee health, safety and workers' rights and welfare.

In selecting our General Contractor, we conducted due diligence, which included third-party Code of Conduct screening and recommendations, feedback based on dialogue and reviews of employee health, safety and working conditions.



Box Yang, Programme Director,
LEGO factory, Jiaxing, China

Since construction started in early 2014, we have taken a number of measures to ensure that the workers building the factory are treated with respect and are working under safe and decent conditions. Our Code of Conduct serves as a set of terms and conditions that our business partners are required to comply with and that we actively follow up on.

In 2014, we conducted more than 20 internal audits at the site and numerous safety walks. We have an ongoing dialogue with our General Contractor on issues relating to our Code of Conduct and the safety of employees.

In addition, the environmental standards applied in the construction of the plant are in line with global LEGO policies and values. For the factory building we are planning to use high levels of insulation, LED lighting, water-saving installations, rain water harvesting for irrigation systems, advanced energy metering and intelligent lighting controls.



We focus on ensuring that employees' rights and safety as well as the environmental systems follow the same global standards here at our Chinese factory as at our other factories around the world. To me, being responsible also lies in repaying our employees' trust and living up to the high expectations our local community have of us.

Box Yang,
Programme Director,
The LEGO Group



The new (left) LEGO® Chima™ Speedorz™ packaging reduce the CO₂ impact on the environment by 35%.

Environment

We are dedicated to leaving a positive impact on the planet. The LEGO Group is globalising its operational footprint and one of our continued focus areas is minimising our impact on the climate. In 2014, we improved our energy efficiency and installed the first wind turbines at a German offshore wind farm.

The LEGO Group has for more than a decade been on a steep growth curve. Growth creates jobs and development in local communities and, as we estimate we commercially reached 85 million children with a high-quality play experience in 2014, our positive impact is bigger than ever. Simultaneously, we focus on manufacturing LEGO® products in the most environmentally friendly and efficient way.

To create the biggest possible positive impact through our environmental actions we have developed two strategic priorities:

- **Climate change:** Reduce both the LEGO Group's and our suppliers' emissions, and generate enough renewable energy to fully balance our carbon emissions
- **Resources:** Sourcing and using our raw materials responsibly and working towards zero waste

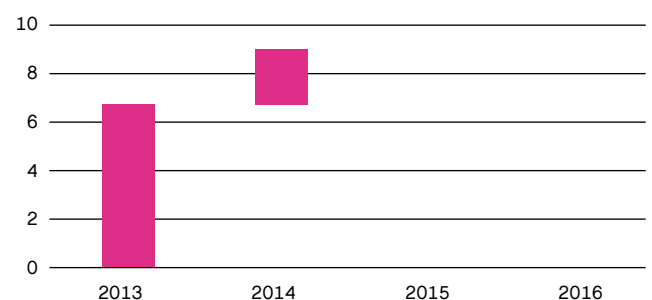
2014 targets and performance

Environment - energy efficiency improvement

Target: +10% in 2016 (2012 baseline)

Actual: +9.0%

Goal met: ●



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Climate change

To achieve our promise of making a positive impact, we are committed to reducing both our own emissions and those of our suppliers. We have also committed to using energy more efficiently and producing more renewable energy than the energy we consume by 2020, for example by sourcing 100% renewable energy. In 2014, we took great strides towards improving our energy efficiency by using more efficient manufacturing equipment and funding the installation of the first wind turbines at an offshore wind farm.

As an important milestone towards our 2020 goal, we aim to become carbon positive by 2016 through:

- **Energy efficiency** – reducing our use of energy. For example, we have a target of a 10% reduction in energy consumption per tonnes of the granulate that we use to make LEGO bricks, compared to 2012
- **Efficient energy** – using primary energy in the most efficient way
- **Renewable energy** – generating renewable energy to balance our remaining carbon emissions (CO₂ equivalent).

We base our actions on and put our efforts where we create the most positive impact on the environment. An industry-leading environmental impact assessment of our value chain shows that 10% of our impact stems from manufacturing and 15% from consumers, but the majority (75%) rests with our suppliers. We know that we have the most influence in our own business, so we continue reducing our energy and resource impact in co-operation with the World Wildlife Fund (WWF) as part of our Climate Savers partnership. To address the remaining 90% that takes place outside the LEGO Group, we collaborate with suppliers to design and implement innovative solutions for future energy efficiency and environmental improvements.

Energy efficiency whilst expanding production

In 2014, the LEGO Group expanded its production space by more than 50%, yet through a range of projects we achieved energy efficiencies improvements in addition to our previous five-year achievement of more than 30%.

In 2014, we increased our total energy consumption by approximately 15% to 284 GWh, yet we still managed to stay on track with an annual energy efficiency improvement of 2.3%. With a two-year improvement of 9% this puts us on track for our WWF Climate Savers commitment of a 10% reduction in energy consumption by 2016 compared to 2012 based on the amount of granulate we use to make LEGO bricks.



In 2014, we achieved the top 'A' score for performance and 98 points on a 100-point scale for our disclosure in the Carbon Disclosure Project (CDP™) survey.

This is our highest score ever and the best in our industry.

The CDP is a leading non-profit initiative working with companies on disclosing their actions and results regarding climate change.



A few examples of energy efficiency improvements:

- At the LEGO factory in Kladno, in the Czech Republic, LED lighting for all outside areas, intelligent lighting control in production areas, and improvements to the electric chiller systems have, among other things, led to a local energy efficiency improvement of 23%*.
- In our Danish production facility in Billund, the continuous renewal and improvement of moulding machines, combined with improvements to the cooling setup contributed positively to the local energy efficiency improvement of 10.6%* in 2014.
- In 2014, we also completed the construction of our new factory in Hungary. At this factory we have installed a Tri-generation power plant delivering combined heating, power and cooling from natural gas. This is a highly efficient use of natural gas, and, as we now generate power on site, yet we also increase our consumption of primary energy.

Collaborating for energy efficiency in our supply chain

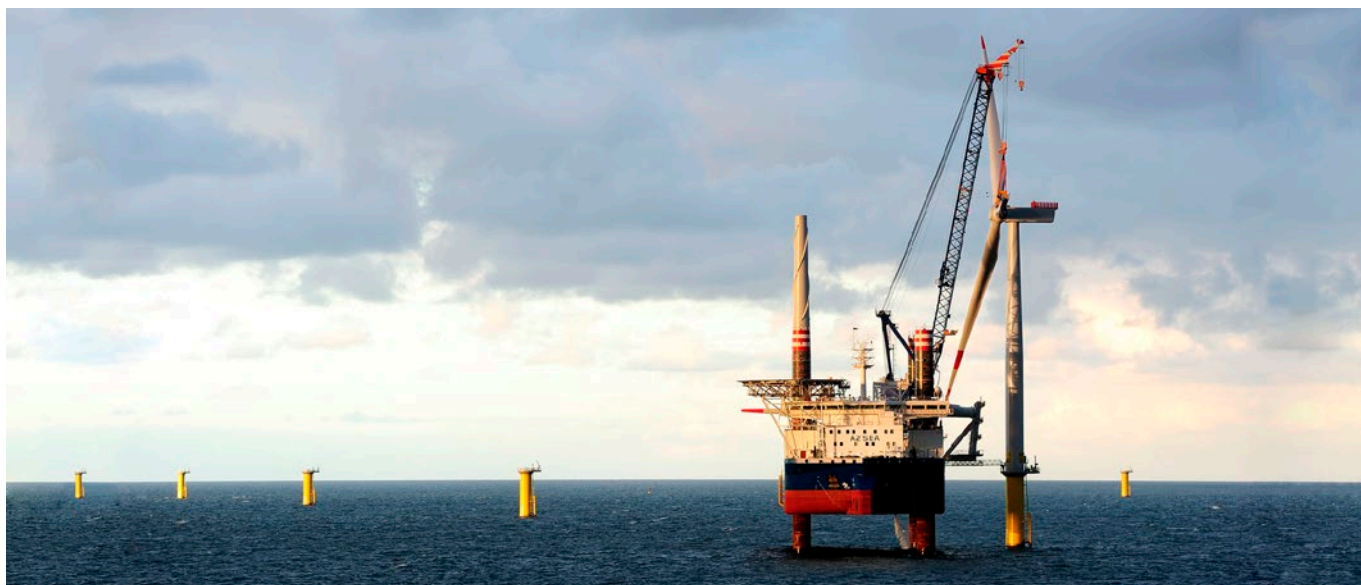
The vast majority (75%) of the CO₂ emissions related to our products and activities originate in our supply chain. Consequently, in 2014 we invited suppliers to collaborate as part of our Climate Savers Partnership with WWF to reduce emissions. The project invites suppliers to collaborate on finding and co-creating CO₂ reduction initiatives, initially through a test phase. We are very pleased that a number of suppliers have committed to participate and help develop these Engage2Reduce projects.

* Savings the projects generated in MWh and the local energy saving in percent, against the total local energy saving usage had these specific projects not been carried out.



To me, being responsible is to select the best supplier overall. Some companies are involved in our Engage2Reduce programme where we jointly seek to create environmental improvements. We work together on developing solutions that improve their energy efficiency, for the benefit of them, us and the planet.

Zdenka Mixa,
Procurement Manager of Engage2Reduce,
The LEGO Group



Installation of first wind turbines at Borkum Riffgrund 1. ©DONG Energy

We established a framework for the collaborations in 2014 and in 2015 we will seek to deliver exemplary innovation projects that demonstrate the potential of the project.

First offshore wind turbines installed

In 2014, the first wind turbines on an offshore wind farm partly owned by KIRKBI A/S were installed in the North Sea. KIRKBI A/S owns 75% of the LEGO Group. The investment is equal to 31.5% of the total output from the wind farm and will help enable the LEGO Group to reach its goal of producing more renewable energy than the energy it consumes by 2020. When all 78 wind turbines have been commissioned, the wind farm will be capable of producing enough electricity to meet the needs of approximately 320,000 households.

Read more: borkumriffgrund1.com

Resources

To reach our planet promise of making a positive impact, we work towards eliminating waste in our production, using environmental friendly packaging and finding and implementing more sustainable raw materials.

As important milestones towards these goals, we have a number of ambitions:

- 100% FSC-certified print and packaging globally and more sustainable packaging solutions
- Reduce – Focus on reducing overall waste volumes
- Reuse – Increase volumes of reground bricks in production
- Recycle – Maintain our high landfill diversion rate of 90% by 2016

Making more sustainable LEGO® boxes

Since June 2014, all new LEGO products have been packed in boxes that use, on average, 14% less paper and that are smaller than before. The packaging used for LEGO boxes and our building instructions are certified by the Forest Stewardship Council® (FSC). In 2014, the continued implementation of new packaging for LEGO boxes reduced our CO₂ emissions by approximately 10,000 tonnes alone through the saving of 6,000 tonnes of cardboard and reducing transportation by 3,000

truckloads. We have also improved the recyclability of our packaging by using cardboard instead of plastic.

One example is the LEGO® Chima™ Speedorz™ packaging where a transparent plastic blister was replaced by a cardboard box solution. This has made the box lighter, increased recyclability and reduced the CO₂ impact on the environment by approximately 35%.

Our 2015 ambition is that all paper used for printed materials, packaging, building instructions, brochures and in-store material is FSC certified. This is now a reality for more than 97% of the material used for our core line product packaging. In 2014, the Group obtained its FSC Code of Custody certification (FSC-C117818), ensuring that all materials we use can be traced within the LEGO Group and that the certification status is verified by external bodies.

Smart use of resources

To meet the growing demand for our products around the world, the quantity of LEGO bricks we produce is constantly increasing, and so is our consumption of raw materials; by 11% in 2014. In five years, we have more than doubled our raw material consumption, reaching 77,000 tonnes in 2014. This growth also highlights the necessity of continuing to embed our methodology and improve our actions in relation to waste management.

Reduce, reuse and recycle are the cornerstones of our approach to waste management. Our mindset is focused towards achieving zero waste.

In 2014, we met our high recycling target of 90% with an actual performance of 91% predominantly through being able to recycle 100% of our element waste. This means we only sent 1,407 tonnes (9%) to landfill out of the total volume of 15,638 tonnes. The amount of waste increased by just 6%, despite an 11% increase in raw material use.

We continue to expand our global footprint and while doing so, we keep focusing on installing efficient water management systems. However, in 2014, our water consumption increased 14% ahead of our use of raw materials. This was partly due to our new factory in Hungary and its open cooling towers, which result in greater evaporation.



In 2014, we were able to make the equivalent of approximately 75 million 2x4 LEGO bricks from reground material, which would otherwise have come from virgin plastic.

Using waste LEGO bricks to make new LEGO bricks reduces both our raw material consumption as well as our waste generation.

Environment - waste recycled

Target: 90%	Actual: 91%	Goal met: ●
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[READ MORE](#)



Nelleke Van Puij,
Vice President of Material Strategy,
LEGO Factory, Billund, Denmark

A lifecycle approach to product development

The choice of materials for products and packaging and the design of elements and packaging all have an effect on the product's environmental impact. We use lifecycle thinking to determine which solution is best for the environment. In 2014, we looked at the best way to integrate environmental assessment tools, reviewed the environmental performance of LEGO elements against design principles and, as a result, continued to see a decrease in the use of elements that have the most negative environmental impact.

Collaboration in the search for more sustainable materials

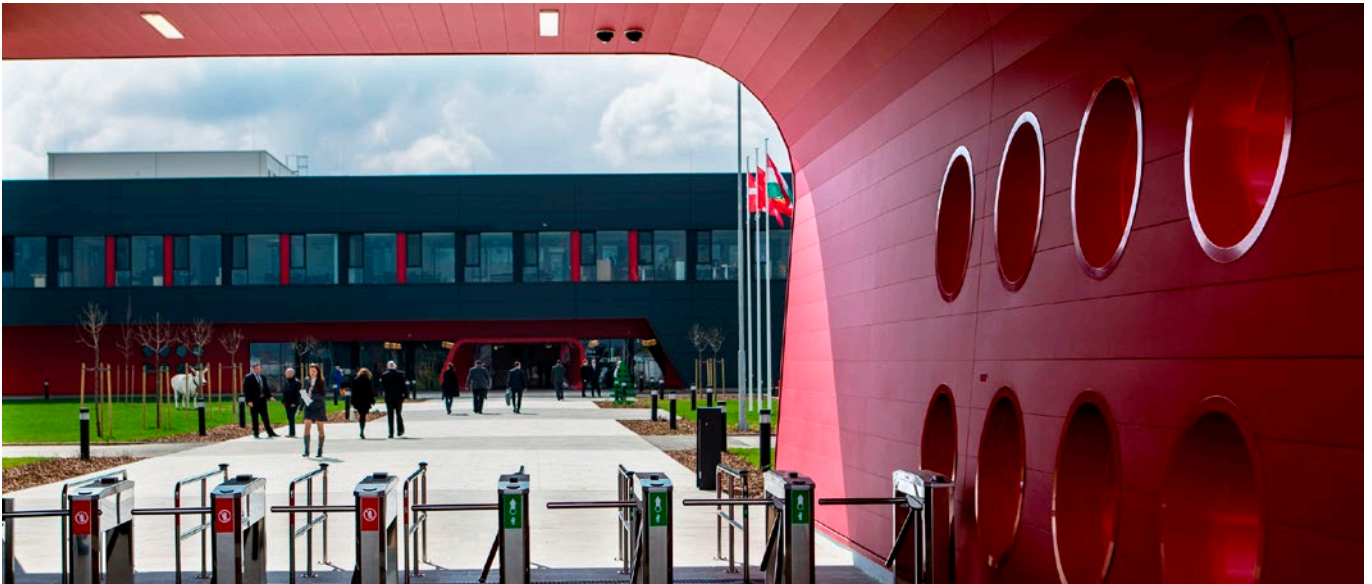
We aim to find and implement sustainable alternatives to our current raw materials by 2030. LEGO bricks are made of plastic, a material that provides essential properties for a product where strength, durability, clutch power and colour fastness form the very foundation of the building system, which is at the heart of the unique LEGO play experience.

It is a great challenge to find alternatives to the plastic we use since we are adamant that new and more sustainable materials should offer the same safety, quality, durability and play experience as our current materials. In 2014, we stepped up our effort in the search for more sustainable materials by entering into collaborations with businesses and universities that develop materials with a reduced environmental impact.



To me, being responsible means that we keep challenging ourselves to make a positive impact on the planet with our product while making it more sustainable. We want to keep raising the bar for our products' sustainability without compromising on the safety or quality of the play experience.

Nelleke Van Puij,
Vice President of Material Strategy,
The LEGO Group



Main entrance to the LEGO Factory in Nyíregyháza, Hungary.

Business conduct

The way we conduct our business must reflect the LEGO Group's values and live up to the highest global standards. This extends to the way in which we engage with children, employees and business partners across the world.

A key tool for maintaining our high standards is the LEGO Group's policy framework, which consist of 12 corporate policies. These policies represent important external legislation and requirements on us as a business, but also in many cases we introduce higher standards to reflect the values and ethical standards of the LEGO Group. These policies must be adhered to by all employees. In some cases, the policies are supported by corporate standards providing guidance on turning policies into behavioural requirements. Each policy has an owner in charge of updates to ensure compliance with the policy.

The Responsibility and Human Rights Policy and the Environmental Policy, together with our Code of Conduct, Code of Ethical Business Conduct and other policies, guide our actions in terms of business conduct. The former was updated in 2013 to reflect our LEGO® Brand Framework and the United Nations Global Compact, the United Nations 'Respect, Protect, and Remedy Framework' and the United Nations Guiding Principles.

In 2014, in accordance with our audit risk criteria, we made 24 audits at the following LEGO facilities; Munich in Germany, Enfield in the USA, Slough in the United Kingdom and Hong Kong in China on OHSAS 18001 and the following LEGO production sites; Billund in Denmark, Kladno in the Czech Republic, Nyíregyháza in Hungary and Monterrey in Mexico on ISO 9001, ISO 14001 and OHSAS 18001 and made no major findings.



Pre-pack lines in the LEGO Factory, Billund, Denmark.

Responsible business behaviour

We believe that our responsibility to ensure decent and fair working conditions includes all employees in our supply chain. In 2014, we resolved all the findings of audits both at LEGO sites and at our suppliers' sites. We also emphasised our focus on suppliers in high-risk countries and on increasing employee training in responsible business behaviour, including our strict no-tolerance policy with regards to anti-corruption.

A broader and stronger implementation of our Supplier Code of Conduct

Since 1997, we have required our suppliers and business partners to sign the LEGO Group's Code of Conduct. We follow up on the specific requirements through a combination of dialogue and audits performed by a third-party provider. In 2014, we performed audits on 85 of our suppliers. We found 47 non-conformities and solved 100% within the agreed timeline.

The scope of the follow-up is dependent on a supplier risk categorisation that examines, among other things, country risk as defined by a third party. Suppliers in countries defined as high-risk are subject to more stringent follow-up requirements.

This year, in alignment with our Human Rights strategy, we have further broadened and strengthened the implementation of our Code of Conduct across the supply chain, including indirect procurement categories and beyond our core line and extended line. Another priority has been the further strengthening of Code of Conduct implementation by building Code of Conduct supplier capabilities. The objective is to create

a stronger understanding and ownership of the requirements of the Code of Conduct and to ultimately empower suppliers to take responsibility for their supply chain.

The LEGO Group collaborates with approximately 30 licensing partners to give children the full LEGO experience. Our Code of Conduct standards also apply to our licensing partners and their manufacturers to ensure that the licensed products are produced under equally high ethical standards. In line with our human rights strategy, we further strengthened our compliance setup for LEGO licensing during 2014. We now have a full Code of Conduct compliance setup that mirrors our compliance setup for Core Line and Extended Line suppliers. The key activities in 2014 focused on communication and strengthening the awareness of requirements.

We believe that to be successful in embedding the Code of Conduct in our supply chain, the Code of Conduct needs to be an integrated part of the dialogue between purchasers and suppliers. To facilitate this integration and ownership, we carried out training of more than 60 LEGO purchasers in 2014 on Supplier Code of Conduct dialogue and compliance to ensure that purchasers have the necessary knowledge and skills.

No surprises in audits

In 2014, we performed 40 supplier audits (Code of Conduct including Environment, Health & Safety), found 24 non-conformities and resolved 100% within the agreed timeline. The issues we found mostly relate to working hours and health and safety, for example insufficient processes and equipment. The audits were performed in North America, Latin America, Asia and Europe, with the majority being carried out in China. The locations are selected in accordance with a human rights risk assessment by a third party combined with internal risk assessments. In 2014, the number of findings decreased to 24 from 71 findings in 2013. We attribute this development to persistent training of suppliers which has led to an increase in their knowledge and capabilities to address our Code of Conduct requirements.

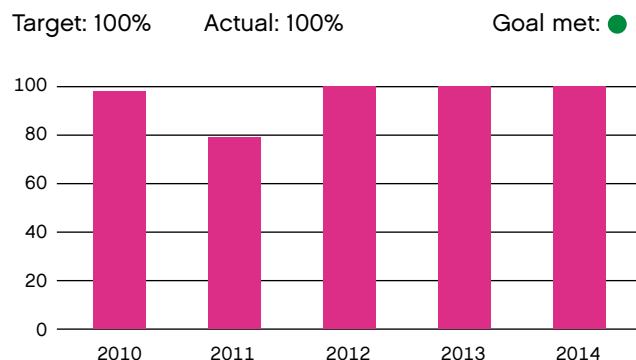
To consistently provide children around the world with the highest quality play experience the Group also conducted 45 quality audits at suppliers where we found and solved all 23 non-conformities. The suppliers were selected from the LEGO Group's Supplier list, which includes 155 suppliers' main office and/or manufacturing sites that provide us with raw materials, parts and finished goods.



In 2014, we audited 40 suppliers (Code of Conduct incl. Environment, Health & Safety)

Found a total of 24 non-conformities and resolved 100% within the agreed timeline

Managers trained in business ethics



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[Go to Lego Group's Supplier list](#)



Dena Nurko-Lopes,
Head of Compliance, LEGO office,
London, United Kingdom

New initiatives to combat corruption and bribery

The LEGO Group is experiencing global growth, and as we conduct business in a number of countries where business ethics and standards vary, it is important that our organisation, our suppliers and our business partners comply with our corporate policy framework and legislation in the markets. In 2014, all employees at Director level who were eligible for biennial training in ethical business conduct completed the e-learning programme.

The training includes standards and regulations relating to corruption. Corruption negatively affects markets and the overall global economy, and more importantly it obstructs children's access to social services, such as schooling and healthcare, which is why we need to respond to the issue of corruption.

Since we started mapping and assessing our risks and opportunities in terms of anti-corruption in 2013, we have worked to further strengthen our anti-corruption setup in terms of organisation, policies, training and guidance.

In 2014, we drafted our new Code of Ethical Business Conduct and established two new sub-policies on anti-corruption, gifts, hospitality and entertainment. To ensure supervision at both global and regional levels, we are creating anti-corruption presence in Asia, the Americas and Europe. Simultaneously, we developed two new e-learning programmes that will be part of our increased communication and training of relevant employees in ethical business conduct and anti-corruption. The programmes will be mandatory for all relevant staff worldwide in 2015.



A large part of my work is to ensure that we conduct a responsible and ethical business globally and that our business partners contribute. Our responsibility stretches beyond our own factories; it involves ensuring that we, our suppliers, and our business partners align our business conduct.

Dena Nurko-Lopes,
Head of Compliance,
The LEGO Group

As an outcome of anti-corruption legislation, including, but not limited to, the UK Bribery Act, the LEGO Group is liable for third-party actions on our behalf, for example solicitors or facilities consultants. This year, we initiated a number of activities to manage this risk, including developing a new anti-corruption and anti-bribery clause to be used in our contracts with third-party companies representing the LEGO Group.

Few reports to compliance line

We encourage employees to report any potential breaches of our ethical standards to their immediate manager or to use the LEGO Compliance line.

In 2014, the LEGO Group received a total of eight incident reports through the LEGO Compliance line, which is a reduction from 24 cases in 2013. In addition to the Compliance line, some incidents have been reported directly to the immediate manager or management via other official entities. We are aware that a drop in the number of reports can be due to a lack of employee awareness of the reporting channels, so we will work to ensure high awareness of the reporting opportunities.

Most of the non-compliance reports were related to internal employee matters or policy issues, a few to the release of proprietary information, potential fraud or harassment cases.

In addition, in 2014 an internal investigation showed that internal company guidelines had, in a limited number of incidents, not been followed. The incidents have been appropriately addressed and measures have been taken to prevent this from happening again.

We will continue to focus on communicating the importance of avoiding potential ethical breaches and ways for employees to report any breaches experienced.

Tax

On the wider agenda, the economic impact of our business on society is based on direct and indirect employment and associated money flows, including the amount of tax paid. We respect international and local tax laws and pay the taxes required of us.

We have open and transparent relationships with authorities and enter into Advance Pricing Agreements and Tax Governance, and we seek to always adhere to OECD guidelines on transfer pricing. In 2014, the corporate income taxes paid for the LEGO Group totalled DKK 2.5 billion (see the LEGO Group Annual Report 2014, page 5 at www.LEGO.com).



A peek inside the 12,000 square metre LEGO Innovation House, Billund Denmark. Characterised by bright rooms, high ceilings and modular interior.

Employees

We want all employees to be inspired by our purpose and engaged in the LEGO® Strategy. In 2014, our employees continued to report a world-class level of motivation and satisfaction. Also, we continued to embed global standards in our social agenda for the benefit of our current and new locations and employees.

Highly motivated and satisfied employees

We recognise that the success of the company hinges on the people who dedicate their working life to furthering our mission and implementing the LEGO Strategy and our aspiration of innovating and globalising the LEGO System in Play. In 2014, the LEGO Group continued to be a world-class employer in terms of both employee motivation and safety.

We conduct an annual employee survey to better understand how employees in overall terms experience working for the LEGO Group and to get crucial input for making improvements. In 2014, an impressive 95% of employees responded.

A very important measure for understanding the underlying parameters for what makes a motivated, satisfied and, therefore, high-performing organisation, is the motivation and satisfaction score and benchmark. In 2014, our employees reported a significant score that was 14 points above the industry benchmark for their motivation and satisfaction. The same level of motivation and satisfaction was recorded in 2013.

In the survey, employees point in particular to the high quality of their immediate manager and a high level of energy towards tasks and the LEGO Group's mission as drivers of their high score. We witness these same reasons as the top drivers across all employee groups and seniority levels. However, local differences are

observed. For instance, among our hourly paid employees and in our LEGO Brand Retail Stores we notice high levels of motivation and good, attentive daily management, yet a slightly lower satisfaction score is seen among specialists in Denmark. From the survey, it is also clear that transforming and adapting our company into a global organisation creates some level of uncertainty among employees. As employees are motivated by our purpose and mission, we see a need to continuously communicate and involve all employees in the unique LEGO culture and LEGO Strategy to understand the reasoning behind it and their specific role in it.

The Employee Net Promoter Score (E-NPS) is a single question in the survey that measures to what degree employees are willing to recommend the LEGO Group as an employer. Our ambition is to be a highly recommended employer by our employees, and for 2014 we set a very ambitious target score of 62% compared to an international benchmark of a -12% score. In 2014, our employees reported an E-NPS score of 45%, which is testament to a highly positive and loyal sentiment towards the LEGO Group as an employer compared with the international benchmark. Despite dedicated quarterly dialogue and follow-up sessions with employees, a decrease of 11% compared with 2013 is noticed. A cross-functional work-group is further investigating the root causes to ensure we tackle this properly and respectfully.

We will continue to focus our efforts on making sure that everyone experiences an extraordinary job in an extraordinary company to maintain our high results.

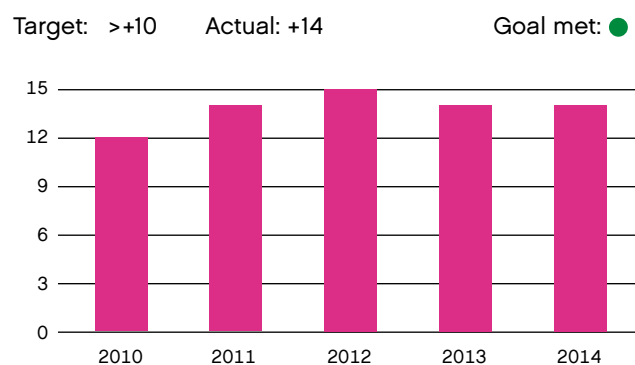
Stay safe – always

Our employees are fundamental to our success and we want to be sure that they have the safest working conditions possible, be it in our factories, offices or stores. In 2014, the LEGO Group continued to be a very safe place to work. The rate of injuries has been reduced by more than 40% over five years and we will continue to set actions in place to reduce it further.

For the LEGO Group, it is our ambition to remain among the world's best-performing companies in terms of safety. In 2014, we maintained our high level of safety performance for the Group across all regions. However, we did not meet this year's goal for the injury rate with absence per one million work hours, with the actual performance of 1.7 being above our target of 1.6. The absence rate due to injuries increased slightly from 0.16 in 2013 to 0.23 this year due to a few injuries with longer periods of leave.

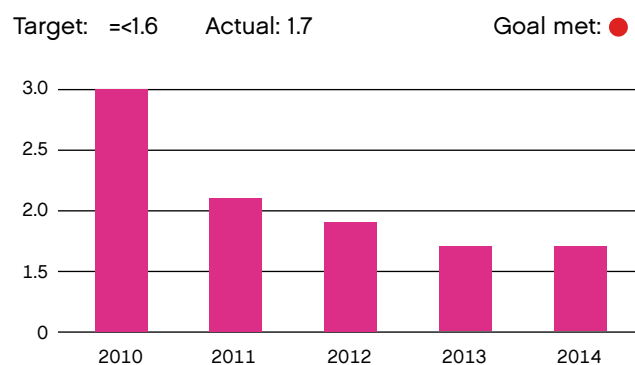
2014 targets and performance

Employee motivation and satisfaction score



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Employee safety - lost time injury frequency



[READ MORE](#)

We believe that a strong focus on safety awareness in the organisation drives a higher level of injury and near-miss incident registration, which ultimately helps to improve our safety performance. As an example, more than 1400 employees took part in behaviour-based safety training through classroom train-the-trainer sessions and a comprehensive e-learning programme in safety culture in 2014.

With our aspiration to reach children all over the world with the LEGO play experience, we are increasing our presence in new markets and establishing new positions to match our future expectations. From employees' first day in the job we take responsibility to ensure that they are introduced to our safety culture. We operate with scalable systems and processes that we can apply accordingly to enable organisational expansion into new markets.

To enable our organisation to achieve an even safer workplace, we are strengthening our safety governance and employee capabilities with the implementation of a global IT platform. Throughout 2014, we focused on building the Global EHS community across the LEGO Group to embed the alignment of processes, drive shared priority setting and mobilise local resources and support for improving the safety at work.

Building an organisation with more female leaders

We believe that a truly diverse organisation presents an opportunity to succeed globally in the long term. In 2014, we expanded our Management Board to five people. With the hiring of Julia Goldin as Chief Marketing Officer, our Management Board now has one female member.

We are committed to hiring and promoting women at management level. This ambition serves a dual purpose. Firstly, it puts us en route to succeeding in attracting and retaining a broader and more diverse workforce for our global business activities. Secondly, we see gender diversity as the initial challenge in securing a positive ripple effect on other diversity dimensions, for example cultural differences, and moving us towards being a more capable global organisation.

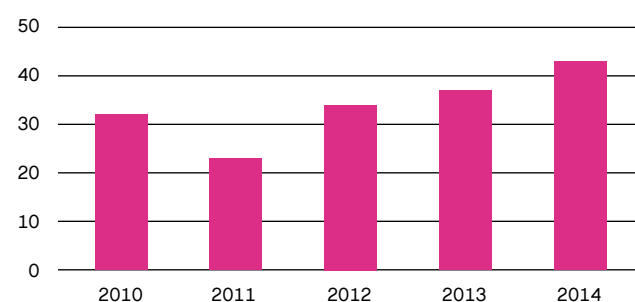
In 2014, we finalised our Gender Diversity Policy, which stipulates our position to always hire the most suitable and competent person for any job. Some of the methods applied to advance female representation at director levels and above include paying attention to the design and wording of job advertisements, questioning techniques and gender-balanced interview situations, as well as integrating gender considerations in internal talent pipeline management.

At the end of the year, the females appointed and recruited to management level number was 43%, up from 37% in 2013. Our aim is to continuously progress towards our long term ambition of having a more gender balanced flow of talents contributing

2014 targets and performance

Females appointed and recruited to management

Target: =>30% Actual: 43% Goal met: ●



[READ MORE](#)

[Read our Gender Diversity Policy](#)

to a stronger global organisation. Given our progress on this agenda in recent years, our 2015 target is set at a minimum of 40%, including all Manager levels and above. In Corporate Management, three of our 26 members are women.

The long-term aspiration is to have a management team made up of an equal number of women and men. For the LEGO Group's Board of Directors, the target for 2017 is to have one to two members of the underrepresented gender among the four independent members of the full seven-person board. At present, one of the independent members is female.

Community engagement

It is a priority for the LEGO Group and the LEGO Foundation to be actively engaged in and contribute to the local communities in which we are present. We estimate that in 2014 more than 2000 LEGO employees actively engaged in activities executed locally and more than 50,000 children have been directly involved in these local community engagement projects.

We do that by engaging our colleagues in concrete projects in their local communities proposed to us by our colleagues or by the local partners. In 2014, the LEGO Foundation provided local engagement initiatives at nine LEGO locations (USA, Czech Republic, Hungary, Germany, France, UK, Mexico and two locations in China). It is a fundamental pre-condition that all the local engagement activities are for the benefit of children and their families.

For example, in the Czech Republic we supported a home for underprivileged children in Ledce with the overall purpose of supporting education and improving conditions for the children. More specifically, LEGO volunteers organised a play day and helped with the reconstruction of the surroundings. It is the intention to build a long-term relationship with the home and to be a role model to children by engaging our employees in the relationship.

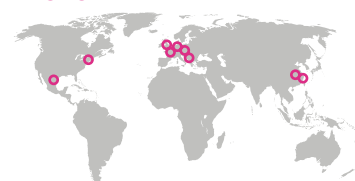
Other examples are in France, where we have established playrooms in children's wards in seven hospitals; in Germany, where we organised a kids camp for children between 8 and 14 years of age; in China, where several LEGO building events were organised; in the USA, where a school project in Enfield, Connecticut has an ambition to integrate playful learning in seven elementary schools; and to lead 120 factory tours for approximately 2600 children from the local community in our production facility in Mexico.

In addition, seven 'Play Agent' workshops for 85 LEGO employees were held at LEGO sites. The Play Agents learned how to connect and communicate with children and use LEGO bricks and learning through play as tools to engage with both colleagues and their local community.



More than 2000 LEGO employees engaged in local LEGO community projects with more than 50,000 children involved.

Local LEGO Community Engagement



In 2014, activities were carried out at these LEGO locations; USA, Czech Republic, Hungary, Germany, France, United Kingdom, Mexico and China.

RESULTS 2014



Results 2014

Consumers

Note	Measures	2012 Result	2013 Result	2014 Result	2014 Target	2015 Target
1	Product recalls	0	0	0	0	0
2	Net Promoter Score® Index	102	105	107	>105	>105
3	Consumer complaint call rate	792	781	889	<950	<750 ¹

Employees

4	Motivation and satisfaction	+15	+14	+14	>+10	>+10
5	Worklife balance	+6	+6	+6	>0	>0
6	Employee Net Promoter Score®	56%	56%	45%	>62%	²
7, C	Injury rate with absence	1.9	1.7	1.7	<1.6	<1.6
8	Sick leave	1.9%	2.0%	2.1%	<2.2%	<2.2%
9	Absence rate due to injuries	0.18	0.14	0.23	<0.16	<0.20
10, 27	Females appointed and recruited	34%	37%	43%	>30%	>40%
11	Business integrity training	100%	100%	100%	100%	100%
12, 13, E, F	LEGO site non-conformity resolution rate (EHS, CoC and Quality)	100%	100%	100% ³	100%	100%
14, E	Number of audits conducted at main LEGO sites	23	12	24		
15, A	Number of employees	12,264	13,869	14,762		
16	Average number of Full Time Employees	10,400	11,755	12,582 ⁴		
A	Female	47.4%	46.5%	46.4%		
A	Male	52.6%	53.5%	53.6%		
	Average age	36.3	36.0	36.1		
17, B	Rate of employee turnover	8.8	8.8	9.0		
7, 9, D	Number of injuries with absence	37	36	41		

Environment

18	Energy efficiency improvement	4.1%	6.7%	2.3% ⁵	>2.5%	>2.5%
19	Recycled waste	88%	90%	91%	90%	90%
20	Raw materials (1000 tonnes)	57	68	77		
21	Waste (tonnes)	14,237	14,590	15,638		
22	Water consumption (1000m3)	279	339	424		
23	Energy consumption (GWh)	224	247	284 ⁶		

Partners

24, J	Supplier quality non-conformity resolution rate	100%	100%	100% ³	100%	100%
25, I, J	Supplier Code of Conduct non-conformity resolution rate	90%	100%	100% ³	100%	100%
26, G, H	Number of core and extended line suppliers	139	110	155		
26, H	Number of quality audited suppliers	32	39	45		
26, H	Number of Code of Conduct audited suppliers	44	56	40		

Notes

Note A

Total number of employees	2012	2013	2014
Female	5,812	6,454	6,842
Male	6,452	7,415	7,920
Total	12,264	13,869	14,762
Asia	224	366	491
Americas and Oceania	4,135	4,666	4,982
Europe	7,905	8,837	9,289
Total	12,264	13,869	14,762
Top management	54	71	82
Management	370	399	455
Other	11,840	13,399	14,225
Total	12,264	13,869	14,762

Note B

New hires, rehires and terminations	2012	2013	2014
New hires and rehires	2,219	2,411	1,887
Terminations	1,305	1,479	1,724

Note C

Injury rate with absence per million working hours, split by facility	2012	2013	2014
Billund, Denmark	2.1	2.1	1.9
Munich, Germany	2.3	1.9	0
Kladno (production), Czech Republic	0.4	0.6	1.8
Kladno (model centere), Czech Republic	2.3	1.9	0
Monterrey, Mexico	0.5	0.9	0.7
Nyíregyháza, Hungary	0.0	0.4	0.8
Slough, United Kingdom	4.0	0.0	2.0
Enfield, United States of America	1.7	0.7	2.9
LEGO Brand Retail Stores	8.5	6.6	5.0
Total	1.9	1.7	1.7

Note D

Number of injuries with absence, split by facility	2012	2013	2014
Billund, Denmark	13	14	12
Munich, Germany	1	1	0
Kladno (production), Czech Republic	1	2	6
Kladno (model centere), Czech Republic	1	1	0
Monterrey, Mexico	2	4	3
Nyíregyháza, Hungary	0	1	3
Slough, United Kingdom	2	0	1
Enfield, United States of America	2	1	5
LEGO Brand Retail stores	15	12	11
Total	37	36	41

Note E

Third-party audits for main LEGO Sites	Code of Conduct	ISO 9001	OHSAS 18001	ISO 14001
Billund, Denmark		1	1	1
Kladno (production), Czech Republic	1	1	1	1
Kladno (model centere), Czech Republic	1	1	1	1
Nyíregyháza, Hungary	1	1	1	1
Monterrey, Mexico	1	1	1	1
Hong Kong, China		1		1
Slough, United Kingdom				1
Enfield, USA				1
Munich, Germany				1
Total number of audits	4	6	5	9

Note F

Number of major non-conformities found at LEGO Sites	
Quality (ISO 9001)	0
Environment, Health & Safety (OHSAS 18001, ISO 14001)	0
Code of Conduct	0

Note G			
Total number of suppliers split by Code of Conduct risk	Core line (BOM)	Extended line	Total
Hong Kong / China	12	7	19
Indonesia	1	0	1
Mexico	15	0	15
Brazil	1	0	1
Total high-risk countries, total	15	0	15
Czech Republic	6	0	6
Hungary	7	0	7
Italy	3	0	3
Spain	1	0	1
Korea	2	0	2
Poland	5	0	5
Slovakia	2	0	2
Romania	1	0	1
Singapore	1	0	1
Taiwan	2	1	3
USA	9	0	9
Total intermediate-risk countries	39	1	40
Austria	3	0	3
Denmark	19	0	19
Germany	25	0	25
United Kingdom	4	0	4
Nederland	5	0	5
Belgium	6	0	6
Switzerland	4	0	4
Norway	1	0	1
Sweden	12	0	12
Total low-risk countries	79	0	79
Total	147	8	155

Note H		
Number of core line and extended line suppliers audited	Code of Conduct	Quality
High-risk countries	28	32
Intermediate-risk countries	12	7
Low-risk countries	0	6
Total number of audits	40	45

Note I	
Total number of major Code of Conduct non-conformities found at suppliers split by risk	
High-risk countries	19
Intermediate-risk countries	5
Total	24

Note J	
Total number of major non-conformities found at suppliers	
Quality	23
Code of Conduct	24

The audits create a dialogue with the suppliers, and the major non-conformities set the main focus for the continuous improvement process. The major non-conformities for the Code of Conduct area can be summarised as:

1	related to child labour
0	related to forced labour
0	related to wages and compensation
9	related to working hours
1	related to employment terms
0	related to freedom of association/expressions and grievance
10	related to health & safety
2	related to environment
1	related to integrity and transparency
0	related to corruption and bribery
24	Total

¹ The 2015 target for Consumer complaint call rate has been adjusted as the 2015 reporting will exclude consumer complaints where Proof of Purchase is not received or waiting for confirmation. This is to ensure the highest validity of data.

² Measure is discontinued.

³ All non-conformities found at audits which have a deadline for the corrective action in the reporting year and have been solved within the agreed deadline.

⁴ The LEGO Group Annual Report 2014, page 2, www.LEGO.com

⁵ The accounting policy states that energy loss, relating to energy generation from onsite power plants, is excluded from the energy consumption. Thus, the energy loss [MWh], from the in 2014 acquired onsite power plant (Trigen) at the LEGO factory in Hungary, has not been included in the total energy consumption [MWh] used to calculate the operational energy efficiency in 2014.

⁶ The total energy consumption includes the Trigen power plant in Hungary.

About this Report

The LEGO Group's 2014 Responsibility Report accounts for activities and progress on targets in 2014, the final year in our current responsibility strategy cycle. The Responsibility Report and the Annual Report for the year 2014 jointly set out the LEGO Group's development and reporting commitment.

The Responsibility Report 2014 complies with our legal and voluntary obligations, with non-financial data being reviewed by PricewaterhouseCoopers (PwC). The report serves as our annual Communication On Progress (COP report), as required by the United Nations Global Compact and in accordance with the statutory statement on Corporate Social Responsibility by the Danish Financial Statements Act, section 99a.

The Responsibility Report 2014 also serves to fulfil the statutory statement on Corporate Social Responsibility by the Danish Financial Statements Act, section 99b.

Created and inspired by the principles of the Global Reporting Initiative (GRI), version 3.1, and the AA1000 Accountability Principles, the report covers all activities of the LEGO Group (see page 67 in the Annual Report for companies). A GRI Content Index is available at www.LEGO.com/responsibility

The materiality analysis performed in 2013 informed our choice of content for this report (see page 4 for details). There have been no changes in reporting or restatement. The period covered by this publication is 1 January 2014 to 31 December 2014. Our previous report, the LEGO Group's Responsibility Report 2013, has been available since 27 February 2014 on our website.

PwC has reviewed the non-financial data (pages 46-48) and accounting policies (pages 51-52) in this report. The review concluded that the consolidated non-financial data has been presented in accordance with the stated criteria. The complete Independent Auditor's Report can be found on page 50.

The LEGO Group Responsibility Report 2014 is published for the LEGO Group by Corporate Communications.

Editor in chief: Charlotte Simonsen, Senior Director, Corporate Communications.

Contact point for questions: Morten Vestberg, Communication Manager, Corporate Communications.

Mail: responsibility@LEGO.com

Design: Kontrapunkt

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Independent Auditor's Report

To the stakeholders of the LEGO Group

We have been engaged by the LEGO Group to obtain limited assurance on the non-financial data of the LEGO Group's Responsibility Report for 2014 as expressed on the pages 46-48 and 51-52.

Criteria for preparation of the Responsibility Report's non-financial data

The criteria for preparation of the Responsibility Report's non-financial data are the accounting policies described on pages 51-52. These contain information concerning which of the Group's business areas and activities are included in the reporting, types of data, and Management's reasons for choosing the data included. The non-financial data are recognised and measured in accordance with the accounting policies described on pages 51-52.

Delegation of responsibility

Company Management is responsible for preparing the Responsibility Report's non-financial data, including establishing registration and internal control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria as well as choosing data to be collected. Our responsibility is, on the basis of our work, to express a conclusion on the 2014 Responsibility Report's non-financial data.

Scope of our work

We have planned and completed our work in accordance with the International Standard on Assurance Engagements (ISAE 3000) for the purpose of obtaining limited assurance that the non-financial data presented on pages 46-48 have been computed in accordance with the stated criteria.

The obtained assurance is limited compared to that of an engagement with reasonable assurance. Our work has thus - based on assessment of materiality and risk - comprised inquiries regarding applied registration systems and

procedures, assessment of data used in connection with preparation of the 2014 non-financial data, and assessment of underlying documentation, including assessment of whether the scope of the 2014 non-financial data complies with described accounting policies for the 2014 non-financial data. During our work we have visited entities in Denmark, Czech Republic and USA.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion regarding the 2014 Responsibility Report's non-financial data

Based on our work, nothing has come to our attention causing us not to believe that the consolidated non-financial data presented on pages 46-48 of the Responsibility Report of LEGO Group for 2014 have been presented in accordance with the stated criteria.

Billund, Denmark 16 February 2015

PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab



**Mogens Nørgaard
Mogensen**
State Authorised
Public Accountant



**Henrik Trangeled
Kristensen**
State Authorised
Public Accountant

Accounting policies

Data has been calculated by consolidating data for the parent company (LEGO A/S) with data for all subsidiaries. Consolidation is based on data of a uniform nature and calculated using the same methods. However, data relating to health and safety includes only data from sites with more than 100 employees. New sites with more than 100 employees will be added to the reporting scope by the beginning of a new reporting year.

Similarly, environmental data relates only to production facilities. New production facilities will be added to the reporting scope from the month they are handed over to the operational organisation.

Definitions, data measurement methods and the basis of calculations are addressed below. Any changes to historical data are only made if considered material.

1. Product recalls

Product recalls are calculated as launched products recalled from the market due to product safety issues and calculated per stock keeping unit.

2. Net Promoter Score® Index

In connection with consumer contacts and the LEGO Group's online sales, randomly selected consumers are asked how likely they are, on a scale from 0-10 (10 = best), to recommend the purchased product or service to others. The development in promoters – levels 9 and 10 – minus the development in detractors – levels 6-0 is calculated and shown in this Progress Report with 2011 as index basis.

3. Consumer complaint call rate

The consumer complaint call rate is calculated as the number of consumer complaints received relating to products launched in the year of reporting as a parts per million (ppm) of the number of newly launched products sold in year of reporting. Due to the substantial Christmas trade, and in order to give a true and fair view, complaints received in January in the following year are also included in the calculation, corresponding to a 13-month period.

4. Motivation and satisfaction

The Motivation and Satisfaction index is based on a LEGO® Motivation & Satisfaction score calculated on the basis of four questions in our annual employee engagement survey 'the LEGO Pulse' (1. I always look forward to going to work. 2. I feel motivated in my job. 3. From an overall point of view, how satisfied are you with your job at the LEGO Group?. 4. Imagine the perfect place of work. How close is this ideal to your place of work?) and compared to a comparable benchmark called 'LEGO EEI' which is calculated as a weighted average of the EEI results for the eleven largest LEGO® employee countries.

5. Worklife balance

The Worklife balance index is based on a LEGO® Worklife balance index score on the basis of one question in our annual employee engagement survey 'the LEGO Pulse' (I feel good about the workload in my job) and compared to a comparable benchmark called 'LEGO EEI' which is calculated as a weighted average of the EEI (European Employee Index) results for the eleven largest LEGO® employee countries.

6. Employee Net Promoter Score

At the end of the reporting year a survey, the Employee Pulse, is carried out in which all employees are asked to evaluate the LEGO Group as a workplace. The questions cover a wide range of the areas included in the LEGO Group strategy and measure the employees' motivation and commitment. The results are used to identify significant target areas at Group and departmental level. New measure is the Employee Net Promoter Score (E-NPS) based on the results for the Pulse question "I would recommend the LEGO Group as an employer to other people". The E-NPS is calculated by subtracting the number of detractors (1-6 on the 10-point scale) from the number of active promoters (answering 9-10). The 13 largest LEGO Group employment countries are included in the calculation.

7. Injury rate with absence

The number of occupational injuries is calculated as the number of occupational injuries among all employees incl. external agency workers resulting in at least one day's absence following the day of the injury. The rate of occupational injuries is calculated per million working hours for all employees excl. external agency workers. Only data from sites with more than 100 employees and LEGO® Brand Retail stores is included.

8. Sick leave

Sick leave is calculated as time lost due to the employees' own illness. The sick leave is calculated as the number of absence hours as a percentage of the total number of working hours excluding holidays and non-business days. Only data from sites with more than 100 employees and LEGO® Brand

Retail stores is included. Working hours and absence hours for external agency workers are not included.

9. Absence rate due to injuries

The number of absence hours as a consequence of occupational injuries. The rate is calculated per 1,000 working hours, and the absence is calculated from the day following the injury. Only data from sites with more than 100 employees and LEGO® Brand Retail stores are included. Working hours and absence hours for external agency workers are not included.

10. Females appointed and recruited at management levels

The number of females internally appointed or externally recruited at management levels is shown as percentage of all employees internally appointed or externally recruited into and at management levels. Internal appointments include both promotions and horizontal moves.

11. Percentage of director level and above at LEGO sites trained in business integrity biennially

The percentage is calculated at director level and above (employed for more than three months) having completed the e-learning programme in Business Conduct biennially as a percentage of all director level and above (employed for more than three months) in the LEGO Group.

12. LEGO site non-conformity resolution rate (Quality, EHS and Code of Conduct)

The percentage of major Quality, EHS and Code of Conduct non-conformities found by third-party audits at main LEGO Group sites which have a deadline for the corrective action in the reporting year and which have been solved within the agreed deadline.

13. Number of major non-conformities found at main LEGO Group sites (Quality/EHS/CoC)

The number of major quality, EHS and Code of Conduct non-conformities found during third-party audits conducted at LEGO Group sites.

14. Number of audits conducted at main LEGO Group sites

The number of audits conducted at LEGO Group sites is calculated as third-party audits connected to the certification process or voluntary Code of Conduct audits.

15. Number of employees

Comprises all internal employments by the LEGO Group, including permanent employees and fixed-term employments such as trainees. This includes salaried and hourly paid employees and Brand Retail Store Associates. External agency workers in production facilities are not included. The statement is calculated at the end of the year and measured as headcount.

16. Average number of Full Time Employees (FTE)

FTE is a measurement equal to one employee working a full-time work schedule for one year. An employee working 30 hours a week all year is equivalent to 0.8 FTE, i.e. 30/37, provided that the normal working week is 37 hours. An average of FTE's during the year is calculated.

17. Rate of employee turnover

Employee turnover is measured as the number of permanent employees who have voluntarily left the LEGO Group during the reporting period compared to the average number of permanent employees during the reporting period. The average is calculated on the basis of monthly data. The number of new employments and rehires as well as dismissals is also stated.

18. Energy efficiency improvement

The energy efficiency improvement is calculated as the rate between energy consumption and raw materials used. The data is shown with the previous year as baseline. Only data from LEGO Group sites with production is included. Energy loss relating to energy generations from onsite power plants is excluded from the energy consumption.

19. Recycled waste

The recycled waste percentage is calculated as the recycled quantities of waste disposed compared to total quantities of waste disposed. Only data from LEGO Group sites with production is included.

20. Raw materials

Raw materials are calculated as plastic granulate used in manufacturing at LEGO Group sites.

21. Waste

Waste is calculated as the recorded quantities of waste disposed of by the LEGO Group. Only data from LEGO Group sites with production is included.

22. Water consumption

Water consumption is calculated as the quantity of water supplied to the LEGO Group. Only data from LEGO Group sites with production is included.

23. Energy consumption

Energy consumption is calculated as the total energy in the form of electricity and heating supplied to the LEGO Group. Only data from the LEGO Group sites with production is included.

24. Supplier quality non-conformity resolution rate

The percentage of major quality non-conformities found at suppliers which have a deadline for the corrective action plan in the reporting year and which have been solved within the agreed deadline.

25. Supplier Code of Conduct non-conformity resolution rate

The percentage of major Code of Conduct non-conformities found at audited suppliers which have a deadline for the corrective action in the reporting year and which have been solved within the agreed deadline. Non-conformities from potential new suppliers, which have been Code of Conduct and quality approved, are included. Non-conformities found at ICTI Care certified suppliers are not included.

26. Data relating to suppliers and business partners

The number of suppliers includes the LEGO Group's active direct suppliers calculated at the end of the reporting period. The number is broken down into direct suppliers and extended line suppliers. Direct suppliers deliver bill of material (BOM) components whereas extended line suppliers primarily deliver merchandise and promotions. Suppliers do not include indirect purchases. The number of suppliers who have been audited is calculated as the number of suppliers visited with a view to formalised monitoring and reporting of compliance with quality standards or Code of Conduct. The number of significant discrepancies is reported. These form the basis of the continued dialogue with the suppliers in order to continuously work on improvements.

27. Job classification

Top Management comprises all employees at Vice President level or above. Management comprises Senior Directors and Directors. Management levels include Top Management and Management. Other employees are included in the group 'Others'.

**In our Annual Report you will find
detailed information on the LEGO
Group's financial results for 2014.**

The LEGO Group

Aastvej

7190 Billund

Denmark

Tel.: +45 79 50 60 70

www.LEGO.com

www.LEGO.com/aboutus