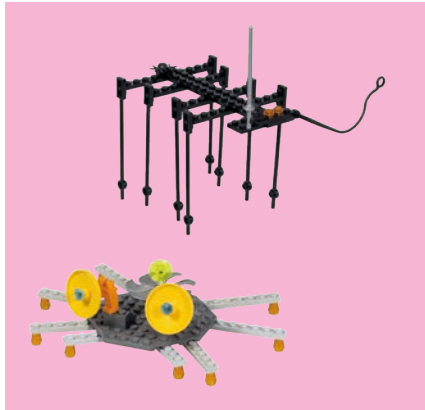


The LEGO Group  
**Responsibility  
Report  
2015**



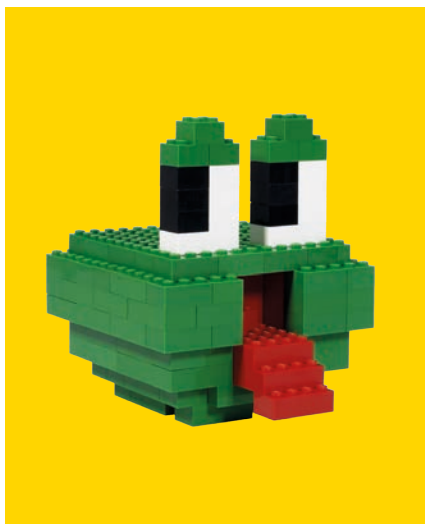
Children and adults have used their creativity and imagination to build the many LEGO® Creations that are pictured throughout this report.



Mick 43 years



Lana 24 years



Sofie and Ida 13 years



Ella 6 years



Lim 5 years



Peter 34 years



Stacy and Amanda 12 years



Gunvor 30 years



Viggo 8 years



Kevin 9 years

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Kjeld Kirk Kristiansen, third generation owner of the family-owned LEGO Group.

## The LEGO® Idea – A letter from Kjeld Kirk Kristiansen

Children are curious, creative and imaginative. They embrace discovery and wonder. They are natural, intuitive learners that experience the world through play. As a third-generation member of the family who founded the LEGO Group, I feel proud every time I see a child play with LEGO® bricks, because when children use the LEGO System in Play, I can tell from the excitement written on their faces that they experience the joy of building and pride of creation.

Every day, LEGO employees demonstrate dedication and creativity and strive their utmost to live out our mission to inspire and develop the builders of tomorrow and bring the LEGO play experience to children all over the world. This is indeed very fulfilling for my family and me. It is our dream to keep inventing new play experiences for children, play that they will instantly understand and love.

In my family; we dream of enabling future generations to build a better world, and I am sincerely confident that, in the hands of children, our play materials make a positive impact.



It is at the very heart of our company to always strive to do better. We aspire to give children the best play experiences, to be the best partner to work with, to be the best workplace for our employees, and to be the best company for society.

Kjeld Kirk Kristiansen.

We know LEGO play stimulates children's imagination, creativity and learning and this is helping them to become creative problem solvers and fulfil their potential. I have witnessed this myself in different parts of the world, transcending age, gender, education and culture.

We think of children as our role models, and they inspire us to be the best we can be. We must continue to act responsibly and strive to be as sustainable as possible in our operations. If we do so, I am confident that the LEGO Group and LEGO play will last for centuries while continuing to make a positive impact on the world we are a part of. Our foundation for this will be the LEGO idea and the LEGO System in Play that my father and grandfather came up with more than 60 years ago.

|                   |                                                              |                                                 |
|-------------------|--------------------------------------------------------------|-------------------------------------------------|
| <b>Mission</b>    | Inspire and develop the builders of tomorrow                 |                                                 |
| <b>Aspiration</b> | Globalize and innovate the LEGO System in Play               |                                                 |
| <b>Promises</b>   | <b>Play Promise</b><br>Joy of building. Pride of creation    | <b>Partner Promise</b><br>Mutual value creation |
|                   | <b>Planet Promise</b><br>Positive impact                     | <b>People Promise</b><br>Succeed together       |
| <b>Spirit</b>     | Only the best is good enough                                 |                                                 |
| <b>Values</b>     | Imagination - Creativity - Fun - Learning - Caring - Quality |                                                 |

The LEGO Brand Framework defines how we will work to fulfil our mission. Learn more via this [link](#)

### Globalising our values

My grandfather founded our company on the values that were important to him, and passed them on to my father and me, as I do to the next generations. I believe the reason for our universal appeal is that we have stayed true to these core values: Imagination – Creativity – Fun – Learning – Caring – Quality. Together they make up the very foundation of the LEGO Brand Framework, shown above, thereby forming the fundamental building blocks of the LEGO Group. The LEGO Brand Framework defines how we work to fulfil our mission to inspire and develop the builders of tomorrow.

In the owner family we are proud of what our company and its employees have achieved, and we believe there is great potential to bring the LEGO play experience to even more children in the future.

My kindest regards,

**Kjeld Kirk Kristiansen**

Third generation owner of the LEGO Group



Jørgen Vig Knudstorp,  
President and CEO of the LEGO Group.

## A letter from our CEO

**2015 was another extraordinary year for the LEGO Group and for LEGO® play as we delivered our strongest impact to date. We estimate that more children, across the world, than ever before had a LEGO play experience in 2015.**

Again in 2015, LEGO employees all over the world have come together to provide children with high-quality LEGO play materials. Our employees' passion and commitment for sustaining our spirit of Only the best is good enough, is the foundation for our continued success as we keep on innovating new fun and creative LEGO play experiences.

I believe we stand on a solid platform, having a high quality organisation and employee base, which gives us the opportunity to fulfil our mission; to inspire and develop the builders of tomorrow. Childhood is an important time that can define the rest of a human being's life, and we know that LEGO play can have a positive influence on a child's development. That is why we want to reach and engage even more children around the world in LEGO play by globalising and innovating the LEGO System in Play.



**We estimate that more children, across the world, than ever before had a LEGO play experience in 2015 - be it through playing with great LEGO® play materials, in schools via LEGO Education materials, by participating in local community activities or receiving product donations driven by the LEGO Foundation.**

Jørgen Vig Knudstorp  
President and CEO of the LEGO Group



We have made significant progress in 2015, and I want to emphasise a few highlights:

- We reached approximately 100 million children through activities in the LEGO Group, LEGO Education and the LEGO Foundation, according to our estimates
- We welcomed more than 2,500 colleagues at our expanding facilities around the world to strengthen our global organisation for future growth
- In 2015, we launched a total of 355 new creative and imaginative play experiences, including 17 digital play themes, for children all over the world to enjoy
- We announced the launch of a Sustainable Materials Centre, where we will work towards our ambition to use sustainable materials in all core LEGO products by 2030.


We believe that by behaving responsibly we can make a positive impact on society. To guide us, we have clarified our medium and long-term responsibility ambitions and contemporary role in society:

- Children are always our first priority. We aim to make a global difference to child learning through play, to product safety in the toy industry, and to business behaviour that promotes children's rights.
- We aim to lead on environmental performance in the toy industry and aspire to make our impact on the environment a positive one.
- We want to uphold our long-standing values and caring culture and to promote high standards through transparent and ethical business practice.

This report is our Communication on Progress and reports our progress in relation to our continued commitment to the United Nations Global Compact and explains how we embrace and implement the ten underlying principles of the Compact in the way we operate our business. Children are our main concern and focus, which is why we believe we have an obligation to voice their perspectives. This has helped us inform and drive our action in relation to the United Nations Sustainable Development Goals.

As we globalise our organisation and become a more diverse group of employees, we pay close attention to how we live the LEGO values inside as well as outside our company. We will continue to strive to furthering playful learning in society and children's rights, work towards a more inclusive employee base, minimise our environmental impact where it is negative and collaborate with business partners and society to be a valued part of the local community. It is my hope and belief that in the years to come we will engage with even more children in parts of the world which have not yet experienced LEGO play.

My kindest regards



**Jørgen Vig Knudstorp**

President and CEO of the LEGO Group



Children inspire us with their playfulness and curiosity, their eagerness to learn new skills and their courage to try new things. We apply these qualities to our business. We want to enhance children's playfulness and while doing so, it is important to us to make sure we operate in a responsible manner.

Jørgen Vig Knudstorp  
President and CEO of the LEGO Group

# A strategic responsibility agenda

**In 2015, LEGO employees' innovative and collaborative ideas and work ethic made it possible for us to achieve the ambitions we initiated back in 2009 with the formulation of the LEGO® Brand Framework.**

In 2009, we launched the LEGO Brand Framework (see page 3) and as part of it we also formulated a series of strategic ambitions within the responsibility area. This has been crucial for our work to integrate responsibility into our business and to make a positive impact. Six years later we conclude:

- Since 2009, our global reach has increased and we estimate to have reached approximately 100 million children in 2015 through the joint activities of the LEGO Group, LEGO Education and the LEGO Foundation, thereby almost achieving our aim to support development and learning for 101 million children
- Delivering play experiences of the highest quality and according to the highest safety standards is a continuous goal for us, so not having any product recalls in the last six years is a great achievement.
- Our employees are safer at work than ever before. With 38 employee injuries in 2015, we have seen a drop of more than 37% in the number of injuries since 2009 while adding more than 5300 full time employees, and we will continue to strive for world-class employee safety.
- With an improvement since 2009 of more than 24% in our energy efficiency and the opening of the Borkum Riffgrund 1 wind farm, we have taken major steps towards our 2020 goal of balancing our global consumption of energy with renewable energy.
- Our zero waste mindset and actions have led to an increase in our recycling of waste to more than 93%, an increase of more than 5 percentage points since 2009.

A new series of ambitions guide us to reach and engage children all over the world with our unique LEGO® play experiences and make a positive impact on our stakeholders, society and the environment.

**Children** – we want to help children grow up as stronger shapers of their own future. Our contribution is the playful learning our play experiences deliver. We want to provide the safest play experiences for children and, at the same time, ensure that our actions live up to our ambition to operate a business that is responsible towards children.

**Planet** – our ambition is a carbon neutral operation and to work with our supply chain to achieve the same. Our goal is to balance our consumption of energy with renewable energy by 2020. We also want to achieve zero waste and by 2030 use sustainable materials in all core LEGO products and packaging.

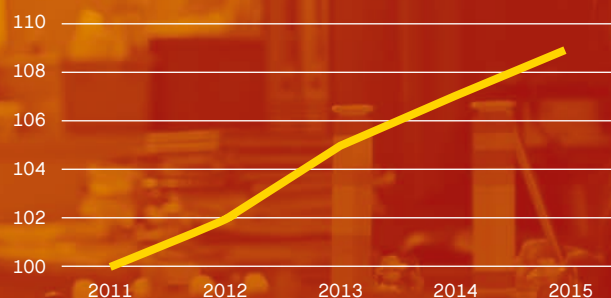
**Society** – we want to promote a caring culture within our organisation, to be the safest and most motivating workplace we can be and be active in the local societies we are a part of. Our goal is to have a world-class employee safety record. Furthermore, we will have a high standard of ethical business practice with full compliance worldwide.



## CHILDREN

In 2015, we continued to deliver industry-leading safe and high-quality play materials, while reaching our sixth year of zero product recalls.

### Consumer product satisfaction (Net Promoter Index)

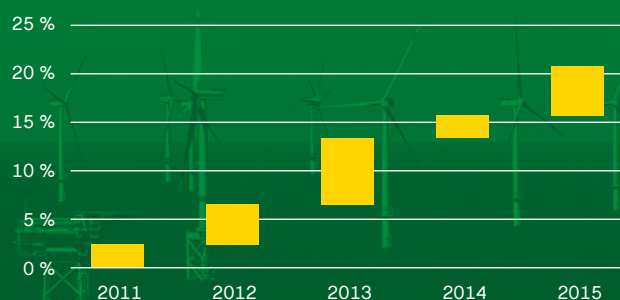


In 2015, some of the most sold themes, based on revenue included: LEGO CITY, LEGO Star Wars™, LEGO Friends, LEGO NINJAGO™ and LEGO DUPLO

## PLANET

In 2015, we made 175 million 2x4 LEGO bricks from reground material i.e. waste LEGO bricks – thereby reducing our use of resources.

### Energy efficiency improvement

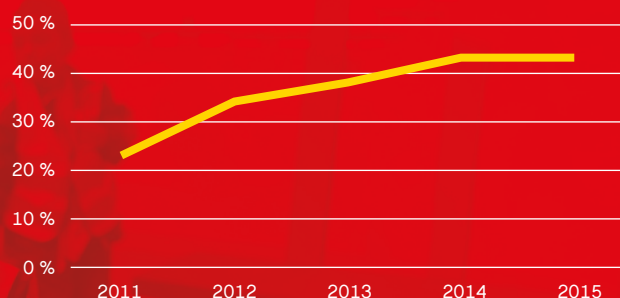


With an energy efficiency improvement of 14% in three years, we reached our Climate Savers partnership goal of a 10% reduction in CO<sub>2</sub> emissions one year earlier than planned.

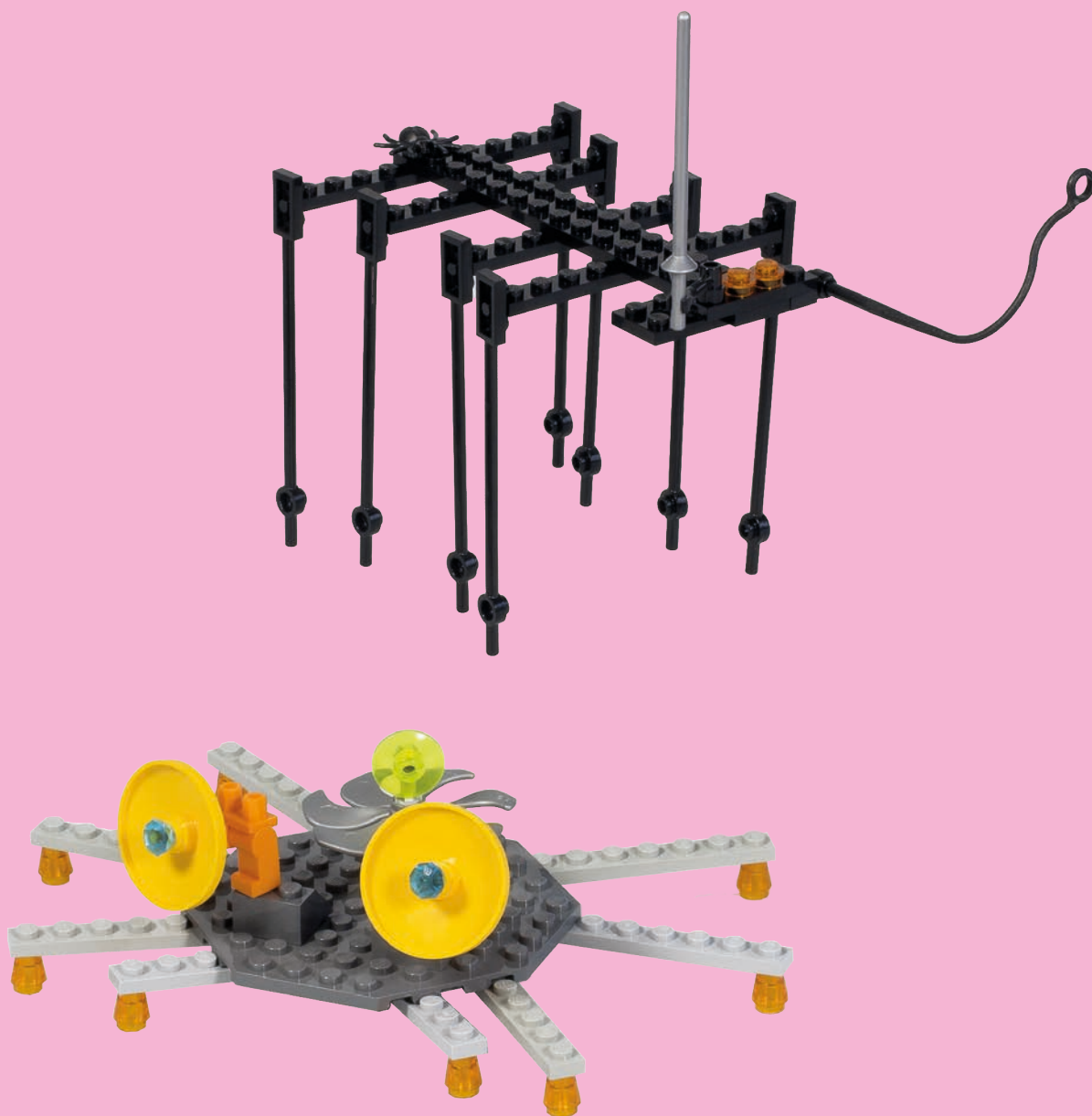
## SOCIETY

In 2015, we expanded our Local LEGO Community Engagement activities from 9 to 16 LEGO sites and engaged more than 66,000 children and 3,000 employees in activities for the benefit of children and their families in the communities where we are present.

### Recruited and appointed female leaders



In 2015, 43% of all appointed and recruited leaders were female, an increase of 20 percentage points since 2011.



### Little Helpers

Mick from Denmark, 43 years

# Children

Our most **important impact** 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.

**With LEGO Education** we bring playful learning to children in classrooms all over the world and with the **LEGO Foundation** we help children develop lifelong learning skills.

# Inspiring children to learn through play

**All children should have the opportunity to play. Play is important to children and to their development because when children play, they learn. That is why we are pleased that more and more children around the world have a fun, engaging and high-quality LEGO® play experience.**

Our unique LEGO play experiences are built on the LEGO System in Play – a system that combines structure, logic and creativity while helping children develop valuable skills such as communication, imagination, empathy and problem solving.

With LEGO play, we provide children with endless possibilities to turn their imagination into tangible and physical scenarios they can play with, share with others, and use as a means of expressing themselves. We believe this is the most important impact we have on society. While we also want to help children build 21st century skills so they can grow up as stronger shapers of their future.

## **Unified to support playful learning for children**

In 2015, we took yet another step towards our aspiration: to innovate and globalise the LEGO System in Play and thereby reach children all over the world. We reached approximately 100 million children through activities in the LEGO Group, LEGO Education and the LEGO Foundation, according to our estimates. In 2015, we had the pleasure of serving children across more than 140 countries with our play experiences. With sales offices in 37 countries, we are establishing a truly global presence in order to create an organisation for the future. We serve our customers through business to business with retailers and secondly through our own retail operations: directly to consumers via our 125 LEGO Brand Retail stores and through our online shop at [www.LEGO.com](http://www.LEGO.com).



**We want children to grow up  
as stronger shapers of their  
own future**



# The UN Sustainable Development Goals

**Play has the power to develop and transform skills and it contributes to children's learning and development in ways that are fun and creative. We want to work with others who share our aspirations to ensure we make a positive impact for children.**

The United Nations' Sustainable Development Goals are of great inspiration to us. Our corporate responsibility agenda and this report document our support and work to promote several Sustainable Development Goals.

Our key focus, however, is on what is most material to our business and where we can drive the most substantial impact:

## Sustainable Development Goal 4:

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

Education is essential to children's development, which is why we work closely with UNICEF, the LEGO Foundation and LEGO Education to promote quality education and learning through play for children around the world.

Read more in the case:

**Engaging with the local community**

## Sustainable Development Goal 17:

**Strengthen the means of implementation and revitalise the global partnership for sustainable development.**

We work to make sure our activities are respectful of children and through our commitment to the United Nations Global Compact, the 10 Children's Rights and Business Principles, as well as our global partnership with UNICEF and the World Wildlife Fund, we are making steady progress.

Read more about this in the section:

**Our UNICEF partnership**



## Case: Reaching children in Mexico

Children's Day Celebration in Mexico where more than 300 children were invited to have a fun and playful day. 49 LEGO employees from the factory in Monterrey volunteered to help give the children a fun day.

**Since the early 1990's the LEGO Group has been present in Mexico. A country where over the last 20 years children have become more familiar with the LEGO play experience and the playful learning it provides.**

A LEGO factory in Monterrey, an office in the Mexico City area and this year we opened the first LEGO flagship shop-in-shop at Palacio de Hierro Moliere in Mexico City. The 240 sq. metre store invites children to enjoy hands-on LEGO play experiences, and it has a number of activities for children and parents that take place throughout the year. One activity which attracted more than 12,000 visitors to Mexico City in 2015 was a giant LEGO Star Wars™ building event.

In November 2015 we initiated the expansion of our factory in Monterrey, Mexico. The expansion will include additional moulding, processing, packing and warehousing facilities and will create job opportunities for more than 4,000 employees to help meet the global demand for our playful products. The factory in Mexico is not only a production facility. It is also a place where local children and their families can come to enjoy guided tours to learn about the factory and its operations.

Through the Local Community Engagement programme the LEGO Group works with the LEGO Foundation on a number of projects that have the aim of contributing to the well-being of children and their families. Together with over 890 dedicated employees from the factory in Monterrey, we engaged more than 3,600 children in 2015. Both children and adults were invited to embrace their creativity, imagination and playfulness through several Local Community Engagement activities emphasising high-quality play.



**Together with over 890 dedicated employees from the factory in Monterrey, we engaged more than 3,600 children in 2015.**



We opened the first LEGO flagship shop-in-shop at Palacio de Hierro Mollere in Mexico City in 2015.

Using product donations and training for teachers, the LEGO Foundation is collaborating with Mexico-based Carlos Slim Foundation, the governmental social development institution Desarrollo Integral de la Familia (National System for Integral Family Development) and the local partner Care & Share to bring playful learning to childcare centres in Nuevo Leon State and Mexico City.

During 2014, and 2015, the LEGO Foundation has scaled up the project and donated 980 LEGO DUPLO Charity boxes and provided training for 490 childcare centres – reaching more than 10,000 children below the age of 5. The local partner, Care & Share, has trained 900 practitioners and developed a training manual with activities adapted for the local context. The manual has been distributed to all the childcare centres and is currently being used by the practitioners.

Playful learning also extends to schools and universities in Mexico. LEGO Education has delivered learning solutions in Mexico for more than 400,000 students in state and private schools and for more than 130,000 university students. Since 2013, LEGO Education has placed special focus on providing elementary schools with new, playful learning solutions for literacy and writing, mathematics and science. An important part of LEGO Education's contribution to Mexican schools and universities is to develop student and teacher manuals in alignment with the national curriculum in Mexico.

In 2015, the factory in Monterrey, Mexico, gave 130 guided tours to more than 3,000 local children and young adults to learn more about how LEGO bricks are made.







Andreas Mogensen, the first Danish astronaut, meeting students who have participated in the Build a Space Story contest hosted by LEGO Education and the European Space Agency.

## Case: Bringing playful learning experiences to the classroom – LEGO® Education

**Together with the LEGO Group, LEGO Education aspires to bring out the very best in children, and we believe we can do this using LEGO® bricks and the LEGO® System in Play.**

LEGO® Education, in partnership with educators for more than 35 years, offers playful learning experiences to help every student succeed. Our full range of educational solutions are based on the LEGO System in Play, curriculum-relevant material, and physical and digital resources targeted at preschool, elementary school, middle school, and after school. We provide curriculum from the humanities and linguistics to science, technology, engineering and maths (STEM). We believe in building academic, innovation and life skills as well as expanding children's knowledge to create lifelong learners.

We impact students' learning as they grow and strive to fully engage every type of learner. In preschool, LEGO Education solutions stimulate children's curiosity to explore together and learn through play. During elementary school, we help educators lay the foundation for students to become engaged by igniting enthusiastic, effective, and lifelong learning. By middle school, we spur critical thinking and creativity in all students to help them understand challenging subjects, encourage them to develop problem-solving skills, grow their ideas, and make their own creations. In afterschool, we unfold each child's potential through specifically designed workbooks to best facilitate each child's learning and provide regular feedback to parents.

At LEGO Education, we take the pursuit of hands-on learning very seriously. We do this in conjunction with educators who play a critical role in encouraging students' emerging interest for learning during the span of their academic careers.



**We understand that adults and children learn best when they are having fun, and they learn best when there is no predetermined outcome but when they are able to use their imagination and creativity.**





**Sustainable space shuttle**

Gunvor from Norway, 30 years

**Besides providing educational solutions ranging from humanities to science, LEGO Education engages in many activities each year. Some of the 2015 highlights include:**

### FIRST® LEGO® League

FIRST® LEGO® League is an annual science and technology competition for children and young people aged 9 to 16 years. The competition was established in 1998 in a collaboration between the American non-profit organisation FIRST (For Inspiration and Recognition of Science and Technology) and the LEGO Group to increase children's and young people's interest in science and mathematical/technical subjects.

Teams consisting of up to 10 members build their own LEGO® MIND-STORMS® robots and compete with them on a special obstacle course. In addition, the teams solve real-world challenges.

In 2015, 275,000 children from more than 85 countries were involved in FIRST LEGO League.

More information is available at [www.FIRSTLEGOLeague.org](http://www.FIRSTLEGOLeague.org)

### Build a Space Story

In June 2015, the European Space Agency and LEGO Education joined forces and hosted the Build a Space Story contest where schools were encouraged to use LEGO Education StoryStarter as part of the Space Journey 2015 in LEGOLAND, Denmark. StoryStarter consists of a unique LEGO set that gives children hands-on, minds-on literacy solutions.

Approximately 2,000 students in grades 0-3 from all over Denmark submitted more than 200 videos and five groups were nominated. Andreas Mogensen, the first Danish astronaut, served on the judging panel. From the International Space Station, where Andreas Mogensen was stationed, he announced the winning team.

**In 2015, the LEGO Foundation's work impacted more than 390,000 children. Activities totalled DKK 369 million and in addition, the total value of product donations from the Foundation was DKK 46 million. Some of the 2015 highlights include:**

### Shared commitment to quality early learning through play

UNICEF and the LEGO Foundation share a deep commitment to children and their development. In 2015, we signed a 3.5-year partnership aimed at promoting quality early learning through play for children around the world. Activities include global mapping of the inclusion of play in early childhood development and learning standards and ensuring play is an integral part of national policies, Early Childhood Development curricula and practitioner training in South Africa.

### Changing teaching practice in Ukraine

In 2015, the LEGO Foundation and the Ukrainian Ministry of Education's collaboration on improving the quality of early learning extended from 63 to 118 kindergartens. Through training sessions, teachers learn to understand the critical link between play and learning. This has shifted their practice from a traditional chalk-and-talk approach to focusing on playful learning.

### Establishing a research centre on play

In 2015, the University of Cambridge launched a new Research Centre on Play in Education, Development and Learning (PEDaL) to examine the role of playfulness in learning and development in young children. The Centre was set up with a £4 million donation from the LEGO Foundation, which also funds the leadership role of a LEGO Professorship.

### Improving the lives of children and families in our shared communities

The Local LEGO Community Engagement programme engages employees and supports local communities. The LEGO Foundation conducts Play Agent workshops to build awareness and experience among LEGO® employees about the transformative power of learning through play and also provides financial support to LEGO employees' volunteer work in their local communities. In 2015, more than 700 employees participated in the Play Agent programme and more than 150 initiatives reached more than 50,000 children.

## Case: Re-imagining learning to address the global skills gap – the LEGO Foundation

**From South Africa to Ukraine, the LEGO Foundation aims to make children's lives better – and communities stronger – by building a future where learning through play empowers children to become creative, engaged, lifelong learners. In 2015, the LEGO Foundation reached and impacted more than 390,000 children.**

The passion to learn is critical for the early years of a child's life, but also something that must happen throughout life – lifelong learning. The LEGO Foundation works across settings – from home and early learning environments to community and school – to re-imagine how we learn. Children need to develop stronger life skills, including critical thinking, creativity and social skills.

To achieve this, the LEGO Foundation combines three mutually reinforcing approaches in its strategic framework:

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

The LEGO Foundation invests in early childhood development because it provides exceptional returns, not just for the chances of individual children, but also for society as a whole. Partnering with organisations, schools systems and governments who already work within the field of promoting play and quality early childhood education is essential to achieve a strong, sustained impact. The LEGO Foundation's expertise is a deep knowledge of children's development and learning processes, along with the training and tools educators need to release the potential of your children.

In 2015, the LEGO Foundation provided product donations to 240,000 children in vulnerable and non-sustainable situations and 150,000 students benefited from learning through play projects. The LEGO Foundation and the LEGO Group have a strong collaboration around the Local LEGO Community Engagement programme, which in 2015 reached more than 66,000 children and involved approximately 3,000 LEGO employees at 16 different locations around the world.



### Watch:

**Building children's writing skills through learning through play:**  
<https://vimeo.com/142506730>

**MIT Media Lab:**  
<https://vimeo.com/143620419>

**Changemakers – full video:**  
<https://vimeo.com/124817309>

**Changemakers:**  
<https://vimeo.com/124807943>  
<https://vimeo.com/124817311>  
<https://vimeo.com/124813758>

# Safe, high-quality play experiences for children

**In the LEGO Group, we want children to be safe when playing with LEGO® products and in 2015, we again lived up to our goal: providing the safest play experience for children, by having zero product recalls.**

We push ourselves and hope to inspire others in our industry to maintain flawless product quality and safety. We take pride in our product safety process, which we integrate from product design to consumer use, while continuously incorporating new knowledge and adapting to consumer feedback.

For decades, the LEGO Group has held chairs in the European (CEN) and International (ISO) Toy Safety Standardisation Committees. We also play an important role in the ASTM International Toy Safety Committee in shaping standards in the USA. In 2015, the LEGO Group expanded its relations by becoming a member of the Chinese National Technical Committee of Standardisation for Toys where we contribute to ensuring high safety standards.

We see these partnerships as part of our effort to promote support in our industry for the principle of giving children the right to play safely with toys. We are also members of selected national and international associations where we continue our activities and commitment to articulate important issues such as children's safety and rights.

Feedback from consumers and our partners helps us improve our design and come up with new high-quality play experiences every year. The building experience that comes with each LEGO set constitutes an essential element of the overall quality of our products and the LEGO play experience. Our creative designers put a lot of thought into the building experience connected to each LEGO set and to ensuring that we provide high-quality sets that are fun and exciting to build for children time and again. It is of equal importance that throughout the building process and once the LEGO set stands complete that it is stable and playable offering hours of fun – also after the building phase.

We produce LEGO® bricks at our own factories around the world and according to the same high standards, and our highly trained production staff operate top-class equipment to manufacture billions of LEGO bricks. Again, in 2015, we had no safety notifications from national or regional authorities.



**We want to provide the safest play experience for children**

## Product safety - number of product recalls





## Case: The details behind world-class product safety and quality

We have made LEGO® elements since 1958, and in 2015, we sold approximately 72 billion new ones. Each LEGO element and all LEGO products adhere to the strictest global safety and quality standards.

Parents can rest assured that their children experience the many essential values of play while playing safely. To make LEGO elements as safe as scientifically reasonable we begin our work as soon as the idea of a new LEGO product is born.

- **Making our safety assessment:** we screen scientific research and legislation for updates and approve only the raw materials we believe are the safest
- **Testing new LEGO products:** we send individual LEGO elements and the entire model through various internal and external chemical, physical, electrical, hygiene and flammability safety assessments and tests
- **Producing LEGO® elements:** throughout production, we conduct tests to check the quality and safety of LEGO elements
- **Interacting with stakeholders:** in 2015, we interacted with more than 1.1 million children and parents, and many gave us their feedback on our play experiences. We also gather learning and scientific developments from institutions and the industry.

It is our employees' continued dedication to ensuring that we provide the billions of safe and high-quality LEGO elements we make every year, that makes it possible for us to live up to our promise of providing children with a fun, creative and safe play experience.

### The LEGO Group Safety Assessment



### Physical and chemical testing - a few examples



#### Bite test

We simulate a child biting LEGO® DUPLO® elements to ensure that nothing breaks off during play. We use a device shaped as a child's mouth and bite with a force equivalent to 22.5 kg.



#### Impact test

We drop a 1-kilogram metal disc onto potential weak points on LEGO® DUPLO® elements from a height of 12 centimetres. This is to ensure the element does not break or splinter during play.



#### Compression test

We simulate a young child stepping on certain LEGO elements by pressing a metal disc with a force equivalent to 15 kilograms on the element to ensure that it does not break or splinter during play.



#### Drop test

We drop the elements from a height of 1.5 and 1.0 metres five times onto a hard surface to ensure that LEGO® DUPLO® and LEGO elements do not splinter or break when a child drops them during play.



#### Full ingredients list

We have the full ingredients list of every raw material and decoration ink we use for LEGO elements. We consider whether any additional substance could theoretically be present, for example through unintentional contamination.



#### Hazard classification

We consult official hazard classification databases to check if individual substances have an inherent hazard that a child could be exposed to during play.



#### Colour migration

We perform chemical tests where we simulate children subjecting LEGO elements to sweat and saliva. This ensures that no colour pigments migrate from the LEGO element when in contact with these fluids.



#### Content analysis

We make a total content analysis to determine that no substances are present above legal limits or internally adopted limits.



#### Substance migration

We also determine that no substance migrates from LEGO elements, at any level of concern, taking into consideration that children could put LEGO elements in their mouth during play.



**Working on Cloud 9**

Peter from Denmark, 34 years

# Consumer satisfaction and feedback

**When we design and develop new LEGO® products, we draw on a long history of deep knowledge and expert advice but we also engage with numerous children from all over the world, who test our play experiences and provide us with their honest and sincere feedback. In 2015, our consumers reported the highest satisfaction ever.**

Each year we collect important data on consumers' satisfaction with our products and other experiences, such as online play experiences. In 2015, consumer insights revealed very positive results with 109 index points on the Net Promoter Score (NPS) Index – a customer loyalty metric that is calculated based on responses to a single question with scoring being based on a scale from 0-10 (10= best).

The results, which are based on feedback from more than 1.1 million consumers from around the world, have exceeded all results from previous years making them our best results since 2011.

Not only are we proud of consumer feedback leading to positive results but the feedback we receive also plays a crucial role when it comes to correcting mistakes and improving our play experiences. Feedback is reviewed by our designers and developers, who take the feedback very seriously, taking it into consideration when they design and update play experiences.

We also monitor consumer feedback via the complaint call rate. In 2015, we had almost 1.8 million consumers approaching us, and in the dialogues we experienced the lowest complaint rate to date. The complaint rate decreased to 720 per one million sold products in 2015 due to general quality improvements, with reports of only minor issues, which have all been solved.

The feedback we receive from our consumers serves as important knowledge to us, and we appreciate the learnings provided by children and parents through [www.LEGO.com/service](http://www.LEGO.com/service). This help us to make even more fun, creative, and high-quality play experiences.



**In 2015 our consumers reported the highest satisfaction with our products ever**

# Responsible business conduct towards children

**We aspire to protect and respect the rights and well-being of children impacted by our business and to demonstrate child responsibility leadership. We are confident that we will create the best results for children if we collaborate with relevant partners.**

Our company values and mission guide us towards ensuring business operations that support and safeguard children's rights. The 10 Children's Rights and Business Principles, launched by the United Nations Global Compact, UNICEF and Save the Children, guide our work.

These principles clarify what it takes to operate a business that acts responsibly towards children, and it is important to our business to implement them where relevant. Furthermore, and to the benefit of children, we will push the focus on child responsibility higher on the global corporate agenda.

In 2015, our main achievements include UNICEF supported development and LEGO top management approval of the LEGO Group Child Protection Policy and further strengthening of existing best practices on digital child safety and responsible marketing to children. They also include significant awareness generating activities, not least through our participation at the United Nations Private Sector Forum 2015 in New York in support of Children's rights.

## **Our UNICEF partnership**

In 2014, the LEGO Group launched its three-year partnership with UNICEF and throughout 2015, we have worked to strengthen our performance on children's rights. With the partnership, we commit to implementing the 10 Children's Rights and Business Principles and to promoting how we do so externally to inspire others. Awareness is a key focus – by inspiring others to support child rights as well, we expect to drive increased positive impact on children.

Children are some of the most vulnerable members of society, and it is inevitable that businesses interact with and have an effect on the lives of children – directly and indirectly. This year, supported by UNICEF, we mapped out our key risk activities where we engage with children and developed a child protection policy. The policy stresses our non-tolerance to child abuse in any form.

Our policy calls on all LEGO® employees to protect children and endeavours to prevent inappropriate engagement wherever we interact with children. In 2016, the LEGO Group's Child Protection Policy will be implemented in relevant departments, supported by guidelines and training of staff.



**We want to operate a child responsible business, implementing where relevant the 10 Children's Rights and Business Principles, and to push the focus on child responsibility higher on the global agenda**



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

| The 10 Children's Rights and Business Principles                                                                  | The LEGO Group action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Read more                            |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 1. Meet their responsibility to respect children's rights and commit to supporting the human rights of children   | <p>In our Responsibility and Human Rights policy, we specifically state children's rights. We promote the relevance of the 10 Principles in public, implement relevant Principles in our operations, and share best practices to inspire others.</p> <ul style="list-style-type: none"> <li>Our CEO, Jørgen Vig Knudstorp attended a panel discussion at the partnership launch with UNICEF and the LEGO Foundation in March. In September at the UN Private Sector Forum in New York, he addressed the importance of a clear focus on the United Nations' Sustainable Development Goals in support of children's development</li> <li>Developed together with UNICEF and the LEGO Foundation, the LEGO DUPLO Tower of Imagination campaign, reaching more than nine million pre-schoolers and parents with information on children's rights and the importance of learning through play</li> <li>LEGO employees participated in UNICEF business seminars to promote how we work with selected principles – mainly focused on responsible marketing to children and digital child safety.</li> </ul> | Read more on page 22                 |
| 2. Contribute to the elimination of child labour, including in all business activities and business relationships | <p>Our Supplier Code of Conduct prohibits child labour in our facilities and our supply chain.</p> <ul style="list-style-type: none"> <li>In 2015, third-party audits conducted reported no findings of non-compliance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Read more on pages 47, 48, 50 and 54 |
| 3. Provide decent work for young workers, parents and caregivers                                                  | <p>Our Supplier Code of Conduct and our Environmental Health and Safety policy covers essential labour rights including a safe workplace, working hours, wages and leave periods to ensure we operate a decent workplace and responsible supply chain.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Read more on pages 49-50             |
| 4. Ensure the protection and safety of children in all business activities and facilities                         | <p>We engage with high numbers of children directly, through partners and on our digital platforms. It is key for us to protect these children. Our COPPA certification is part of our protection of online interaction with children.</p> <ul style="list-style-type: none"> <li>We have worked with UNICEF to map our child engagement activities and evaluate our child protection systems in the many parts of our business where we engage with children</li> <li>We developed a new child protection policy – our corporate commitment to work to protect the children we engage with to our best ability. We will implement it gradually and develop guidance and conduct training of relevant departments, guided by UNICEF recommendations.</li> </ul>                                                                                                                                                                                                                                                                                                                                      | Read more on page 22                 |
| 5. Ensure that products and services are safe, and seek to support children's rights through them                 | <p>We develop, test and manufacture all LEGO® products against the strictest product safety and quality standards globally.</p> <ul style="list-style-type: none"> <li>In 2015, we had no product recalls and sold approximately 72 billion LEGO elements.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Read more on pages 18-19             |
| 6. Use marketing and advertising that respect and support children's rights                                       | <p>Our Marketing to Children Standard and training of marketers ensure we use marketing material and advertising that respect children's rights</p> <ul style="list-style-type: none"> <li>In 2015, we have developed an online training module which marketers have to complete, and we have conducted follow-up face-to-face training.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Read more on pages 24-25             |
| 7. Respect and support children's rights in relation to the environment and to land acquisition and use           | <p>We want to make a positive impact on children, society and the environment.</p> <ul style="list-style-type: none"> <li>In 2015, we continued to reduce the environmental and climate impact from LEGO® products and packaging. We increased our energy efficiency by 5% and our recycling of waste reached 93%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Read more on pages 28 and 38         |
| 8. Respect and support children's rights in security arrangements                                                 | <p>At present, given the countries where we operate, our current evaluation is that this principle is not material to us.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | N.A.                                 |
| 9. Help protect children affected by emergencies                                                                  | <p>Through the LEGO Foundation and the Ole Kirk's Foundation, LEGO® play experiences were provided to Syrian and Iraqi refugee children and conflict-affected children in Ukraine for example.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Read more on pages 16-17             |
| 10. Reinforce community and government efforts to protect and fulfil children's rights                            | <p>Through our UNICEF partnership, we publically promote the 10 Children's Rights and Business Principles and corporate responsibility towards children. The LEGO Foundation promotes Early Childhood Development and the importance of play. Through the Foundation's partnership with UNICEF there is for example a potential to reach millions of children in South Africa.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Read more on pages 16-17 and 22      |



To interact respectfully with children, we seek partnerships to ensure that we follow international best practices.

## Respectful communication with children

**This year, approximately 240 million children and adults visited [www.LEGO.com](http://www.LEGO.com). Over time and as technologies progress, we will keep pushing to be better for how we give children a safer online experience.**

### Marketing to children requires special considerations

Our business standards guide us when we develop our communication with children. We ensure our marketing respects and supports children's rights and Principle 6 of the 'Children's Rights and Business Principles'.

We have developed and implemented both a global Marketing to Children standard and a Gender Marketing guideline, and to ensure we comply with these in our worldwide reach, we monitor and review our work against the standards. 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 the LEGO brand.

In 2015, we strengthened the implementation of our Marketing to Children standard with face-to-face training sessions and an e-learning programme that includes gender issues in marketing for all relevant employees.

To interact respectfully with children we seek best practice and partnerships to ensure that we follow international best practices. For example, we are a member of the World Federation of Advertisers' Responsible Advertising and Children

Programme and committed to complying with the International Chamber of Commerce's Code of Advertising and Marketing Communication Practice.

In our communication and marketing to children, we dissociate from any form of discrimination, including discrimination based on gender. We always strive to treat all children equally while showing consideration for their preferences, and we have established a communication approach to ensure that children are not subjected to, or limited by, gender stereotypes.

#### Online protection of children

The LEGO Group grabs the attention of many children and parents online; every month, [www.LEGO.com](http://www.LEGO.com) has almost 20 million unique visits. In 2015, the LEGO YouTube channel had more than 1.3 billion views and we engaged with more than 28 million people on Facebook of which more than 11 million are LEGO fans on Facebook. Also, we have more than 5.7 million children as members of the LEGO® Club.

We hold large amounts of consumer data and we are mindful of how to ensure consumer trust extends into the digital sphere. We support children's rights to online protection and safety as stated in the Children's Rights and Business Principles, and we use 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. [www.LEGO.com](http://www.LEGO.com) is COPPA Safe Harbour Certified.

In 2015, as part of our partnership with UNICEF we developed an online safety self-assessment tool for industries, aimed at identifying areas of good practice and areas where improvements can be made. The tool will be rolled out by UNICEF in 2016 to companies providing digital experiences aimed at children.

#### Reviewing our marketing practice to raise the bar

In 2015, regulators found no cases of violation of marketing practices by the LEGO Group. However, to keep raising the bar, we chose to review one case that we detected via our internal compliance processes. In the spring 2015, a LEGO Club magazine offered a series of "beauty tips" as part of a LEGO Friends storyline. We sincerely regret any disappointment it may have caused and as a result, we have reinforced our Gender Marketing guidelines and review process of the LEGO Club magazine.

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 the EU. The findings of this audit as well as those from our internal review are included in the development of our e-learning tools for marketers.



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 the LEGO brand.



**Dream vacation**

Lara from Vancouver, 24 years



# Planet

In 2015, we made substantial progress with a **5% improvement** in our energy efficiency and with the **opening of a wind farm** to balance our energy consumption with renewable energy.

We also committed an investment of **DKK 1 billion** towards our ambition to use sustainable materials in all core LEGO® products by 2030.





Our ambition is to use sustainable materials in all our core LEGO® products by 2030

## Environmental leadership

**In 2015, we continued our global expansion, while simultaneously achieving major environmental progress with a 5% improvement in our energy efficiency, and committing to an investment of DKK 1 billion towards a Sustainable Materials Centre.**

In 2015, we sold approximately 72 billion LEGO® elements which reached more children around the world than ever before. Being able to deliver the safest high-quality products where and when children want them requires us to build our manufacturing setup and capacity to accommodate this. All while having the aim of minimising our environmental impact where it is negative.

We work on two parallel streams; climate change and resources. We want to achieve a carbon-neutral operation and to work with the supply chain we are part of to achieve the same. This means engaging both the producers of our raw materials and the retailers we supply. In our operations we will work to improve our energy efficiency and reach our 2020 goal to balance our global energy consumption with renewable energy capacity. In the supply chain (any company that provides us with materials, equipment or transport services required to make and distribute LEGO products), we will work with our partners to reduce and eliminate their CO<sub>2</sub> emissions through actions such as increasing energy efficiency, making production improvements and using renewable energy.

As for resources we will source and use raw materials responsibly and work with a zero waste mindset. Finally, we will design our products to have as long a life as possible and to be used by many children, even from generation to generation. We design our products so that when they come to the end of their useful life they can be recycled.



**We want a carbon neutral operation and work with the supply chain to achieve the same**

### Carbon Disclosure Project survey

In 2015, we achieved a 'B' score on an A to E scale for performance and 99 points on a 100-point scale for our disclosure in the CDP (Carbon Disclosure Project™) survey. This is the best in our industry and the third year the LEGO Group has claimed the position. CDP is a leading non-profit initiative working with companies on disclosing their actions and results regarding climate change.



The Borkum Riffgrund 1 wind farm off the German coast. Photo: ©Dong Energy

## Addressing climate change

In 2015, two milestones within our emissions and energy agenda stand out;

- A 14% improvement in energy efficiency in three years marks our WWF Climate Savers goal one year ahead of plan
- With the opening of the Borkum Riffgrund 1 wind farm, we are significantly closer to our goal of balancing our energy consumption with renewable energy by 2020.

### Our approach to climate change

To focus our efforts we work in three separate but highly synergetic areas to ultimately deliver a positive impact:

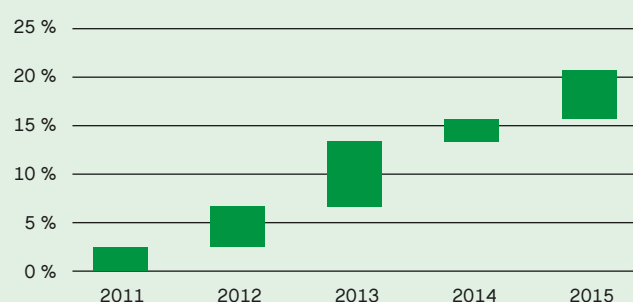
1. Avoid energy consumption – ‘switch off’
2. Improve energy efficiency – ‘use energy better’
3. Use renewable energy – ‘generate clean energy’

### Improvement in energy efficiency (%)

Target: +2.5%

Actual: +5.0%

Goal met: ●



### Efficient energy

Installed new, more modern and effective moulding machines that are also significantly more energy efficient.

### Renewable energy

Celebrated the opening of the new wind farm Borkum Riffgrund 1. The LEGO Group (KIRKBI A/S) owns 31.5% of the renewable energy output

# Reducing supply chain emissions

**We base our environmental actions on an analytical approach to understand how and where we can direct our initiatives to be most influential. We know from our industry-leading environmental impact assessment that our manufacturing accounts for approximately 10% of the total CO<sub>2</sub> emissions in the value chain. We are committed to fighting climate change together with our partners in the value chain.**

We have the most influence on our own operations, and therefore we drive the initiatives that we know are most beneficial and have the largest impact on emission reduction and, as part of our Climate Savers partnership, the World Wildlife Fund (WWF) assists us in evaluating our initiatives.

We know that 75% of the CO<sub>2</sub> impact originates from our suppliers and we acknowledge that this is also within our domain. Therefore, we engage actively with a number of committed partners to reduce the total supply chain emissions. Finally, the remaining 15% of the total carbon emissions stems from the final stages of the value chain – from when our products leave the factories, including customers' and retailers' footprint and consumer use. We encourage consumers to keep and reuse our products, generation after generation.

We monitor emissions and conduct an annual inventory using the Greenhouse Gas Protocol's Corporate Standard, which categorises greenhouse gas emissions into three separate scopes.

- **Scope 1:** The emissions that arise directly from sources that are owned or controlled by the LEGO Group.
- **Scope 2:** Emissions generated by purchased electricity and heat consumed by the LEGO Group.
- **Scope 3:** The emissions that arise as a consequence of the LEGO Group's activities but occur from sources not owned or controlled by the LEGO Group, including emissions associated with waste, water, business travel, commuting and procurement.

We will publish our historical and 2015 greenhouse gas emission data on 1 September 2016 at [www.LEGO.com/responsibility](http://www.LEGO.com/responsibility).

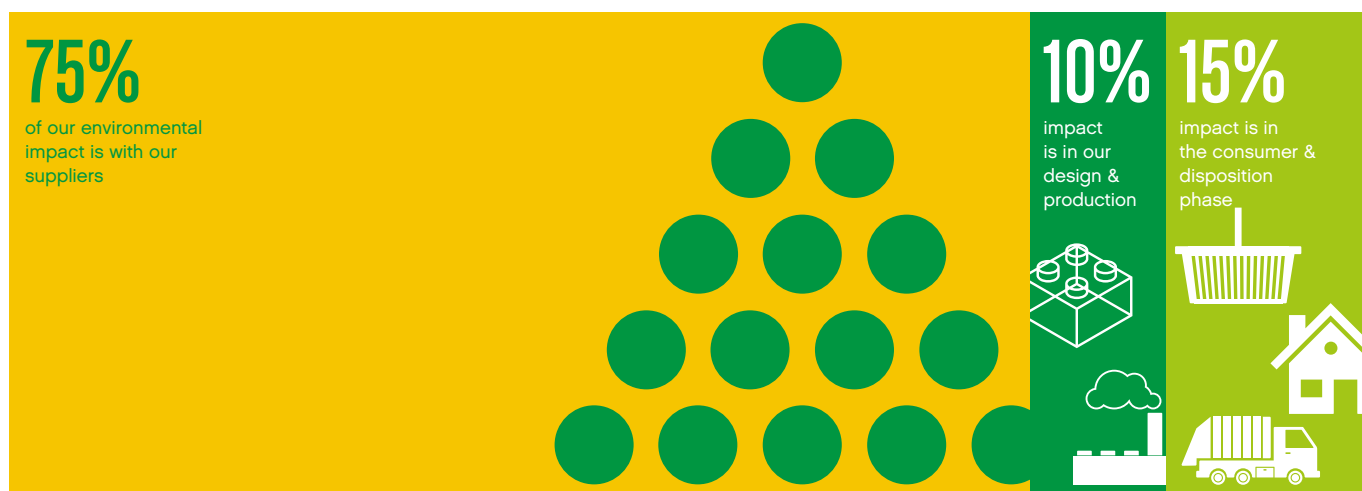
## Environmental co-creation with our supply chain

As our suppliers share a concern for the environment, we were able to involve more than 30 suppliers in our Engage2Reduce pilot project in 2015, which aims to spur collaboration and co-create CO<sub>2</sub> reduction initiatives. We are very impressed by their commitment. For instance, almost all submitted their environmental data via the Carbon Disclosure Project, to make it possible to form an analytical approach



**As our suppliers have a concern for the environment, we were able to involve more than 30 suppliers in our Engage2Reduce pilot project in 2015, which aims to spur collaboration and co-create CO<sub>2</sub> reduction initiatives.**

## Share of emissions



and find the most beneficial CO<sub>2</sub> reduction initiatives. Together with a number of suppliers, we held the 2015 Innovation Camp to share approaches and define co-creation ideas. A few ideas show true potential and our suppliers are testing the ideas as prototypes. The project will continue in 2016 and will integrate learning such as earlier sharing of ideas and having the Innovation Camp as the selection forum for the very best projects.

## Energy-efficient manufacturing

**Throughout our five factories, the constant improvement of our manufacturing efficiency has a positive influence on our environmental footprint. We believe it is important to keep our environmental standards high and uniform wherever we operate and to transfer best practice between our sites.**

A key initiative toward this result is the installation of new and more modern moulding machines in Billund, Denmark. LEGO employees have optimised our moulding concept by adjusting standard moulding machines to produce significantly higher output per square metre for standard elements. This concept reduces energy use significantly. The first machines are already running, and we will look into options for a global implementation.

In total, our activities delivered a 5.0% improvement in energy efficiency in 2015. With this accomplishment, we have made a 14% improvement in just three years. We therefore celebrate reaching our WWF Climate Savers goal of reducing the amount of energy used to manufacture one tonne of LEGO elements by 10% one year ahead of target. In 2015, the LEGO Group's consumption of energy increased by approximately 8% to 309 GWh. Which is lower than our growth in our production due to energy efficiency improvements. We will continue to strive for a 2.5% energy efficiency improvement annually.

## Groundwater cooling reduces energy consumption

In 2015, the LEGO Group opened a new centralised utility building to deliver groundwater cooling to several office buildings at our Headquarters in Billund, Denmark. The system is designed to deliver almost all of the cooling need in winter and more than half during the summer period. Compared to the most efficient alternative, the new groundwater cooling system will annually reduce energy consumption by more than 500 MWh, equivalent to the annual energy consumption of more than 80 Danish households. This will save energy as well as reduce carbon emissions. Groundwater cooling is not new to the LEGO Group, as we installed the first groundwater cooling system at our factory in Billund in 2006.

## Renewable energy

**To manufacture LEGO elements we have to use energy at our factories. However, we believe that firstly, we must reduce our consumption as much as possible, and secondly, we must remain committed to balancing the remaining consumption of energy with renewable energy. Our goal is to balance it by 2020 and beyond.**

This year we came a big step closer to reaching our goal. Through their investment KIRKBI A/S (KIRKBI A/S owns 75% of the LEGO Group) owns 31.5% of the output from the 78 wind turbines at the Borkum Riffgrund 1 wind farm constructed by DONG Energy. The wind farm is capable of producing a total nominal power of 312 MW, where our share of the electricity meets the energy needs of approximately 100,000 households annually.

For us, investing in renewable capacity can be a good solution when possible, and such installations should be made where they are most feasible and give the best output. We will continue to pursue our goal and take the necessary actions.

As per our climate strategy, we will always strive to avoid consumption of energy, use it efficiently and lastly, use renewable energy. For renewable energy we will always firstly look for any opportunities at our own manufacturing sites and evaluate the feasibility. Secondly, we will look for other remote locations to establish new renewable energy capacity. Current and potential future investments in renewable energy are made through our parent company KIRKBI A/S.





Inauguration of the Borkum Riffgrund 1 offshore wind farm in Germany.  
Photo: ©DONG Energy

## Case: Opening of wind farm

In October 2015, the inauguration of the Borkum Riffgrund 1 wind farm took place in Norden-Norddiech, Germany. The offshore wind farm is constructed by DONG Energy. KIRKBI A/S which owns 75% of the LEGO Group has been a partner in financing the wind farm.



“It is a substantial step towards our 2020 goal to balance our global energy consumption with renewable energy capacity. We will reach this by focusing on improving our energy efficiency and by investing in renewable energy.”

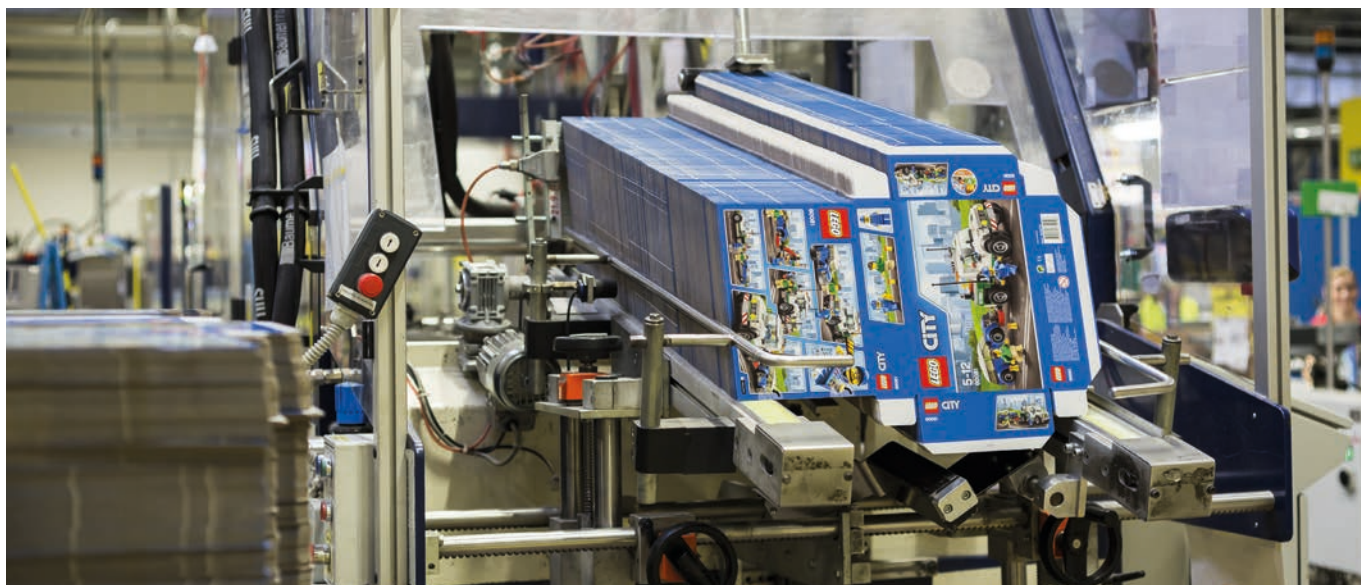
Jørgen Vig Knudstorp,  
President and Chief Executive Officer  
of the LEGO Group



### Christmas Dream Dog

Stacy and Amanda from USA, 12 years





In 2015, we reached our goal of using 100% FSC-certified paper and packaging in our operations.

## Responsible resource use

**One of the six LEGO values is imagination, and in the LEGO Group there is a desire to find new ways to invent solutions and products in a more sustainable manner. It is inherent to LEGO employees to be creative, have expert knowledge and a constant commitment. Some developments are taken inch by inch, gram by gram; others are giant leaps into the future.**

In 2015, we reached our goal of using 100% Forest Stewardship Council-certified paper and packaging in our operations. Being certified means that the paper and cardboard we use is made from wood that is sourced in a way that supports a healthier planet and improves quality of life for forestry workers and their communities. By committing to purchase 100% FSC-certified material we are saying thank you to both the workers and landowners for taking care of the forest for future generations.

In 2015, we also reached an all-time high 93% level of recycling waste and we decided to make a DKK 1 billion investment in a Sustainable Materials Centre where we will search for more sustainable raw materials to be used in our LEGO products and packaging.

In our environmental agenda we aspire to make a positive impact. To drive this aspiration forward, we work towards a more sustainable LEGO play experience, which motivates us to get to zero waste and use sustainable materials in all our core LEGO products and packaging by 2030.



**We want to minimise  
our impact on the  
environment where  
it is negative and use  
sustainable materials in  
all our core LEGO products  
and packaging**

# Innovating new materials

**In the LEGO Group, we are committed, focused and working hard to reach our goal: healthy environments for children that allow them to thrive and develop.**

We make LEGO bricks from the highest quality plastics, as this is an extremely functional and durable material. However, the current raw materials we use are oil-based i.e. a scarce resource. When fossil fuels are processed they have a negative impact on the planet. That is why we have committed ourselves to use sustainable materials in all our core LEGO products and packaging by 2030. This means we will have sustainable alternatives to our current oil-based plastic used in our bricks and plastic packaging, and we will continue to improve the sustainability of our paper-based boxes and instruction manuals.

It is a complex and formidable challenge, to which we aim to rise through collaboration with many other institutions. The quality and safety of our products are our main priority, and we will not compromise on this nor on the play experience, which we know children and parents rely on us to deliver. Our goal is to make the iconic LEGO brick based on more sustainable raw materials, where the plastic continues delivering the same durable and high-quality play experience to children all over the world, without them ever noticing a difference.

In 2015, we announced that we would establish a Sustainable Materials Centre dedicated to the research, development and implementation of new sustainable raw materials in the manufacturing of LEGO® elements and packaging materials. We have begun the development of the Centre and the recruitment of the approximately 100 specialists who will work on this challenge.

The packaging and building instructions we use for LEGO sets is also a significant contributor to our environmental footprint. It is essential that we source and use such materials responsibly and we are happy to have reached our 2015 goal of using 100% FSC-certified print and packaging. Efforts to shrink our boxes by 14% on average were implemented for new products over the course of 2013 and 2014, and this continues to save cardboard. In 2015 this amounted to us saving approximately 7,000 tonnes of cardboard.



**Our goal is to use sustainable materials in all core LEGO products, delivering the same play experience to children all over the world, without them ever noticing a difference.**

## Case: More sustainable LEGO® bricks by 2030

**“To me, the LEGO Group is a strong part of my heritage, and I truly care for the LEGO® brand and our values. Even more so, I care about the endless opportunities of the LEGO brick and the fact that play helps children develop their intellectual, emotional, social and creative skills that are of lifelong benefit to them and all of us.**

We have a responsibility as a leading provider of quality play experiences. We have a responsibility to everyone and everything that we impact through our operations. We are mindful of this, which is why we always strive to make a positive impact on society.

I am impressed by how our skilled employees come up with innovative solutions to the challenges and aspirations we have as a company. One of these, the ambition to use sustainable materials in all our core LEGO products and packaging, is something Jørgen Vig Knudstorp, our CEO, and I have discussed many times and we both see it as an exciting and necessary ambition for us to fulfil. It is a daunting and complex challenge, but I know we have to meet it and I am absolutely confident we can.

This year, I am proud that we decided to boost our commitment by investing DKK 1 billion to find a solution for using sustainable materials in all our core LEGO products and packaging by 2030.

I believe we should do everything we can to embrace the LEGO Brand Framework and the four promises we have formulated within it (see page 3). To me, it is important that we think of our promises in a unified way so our company actions are sustainable from a holistic perspective, for instance within the responsibility agenda. Identifying and using sustainable materials is an example of this and it certainly plays a significant role in our overall mission: inspire and develop the builders of tomorrow.”

The LEGO Sustainable Materials Centre will be based in the LEGO Group headquarters in Billund, Denmark.



**It is a daunting and complex challenge, but I know we have to meet it, and I am absolutely confident we can.**

Thomas Kirk Kristiansen represents the fourth generation of the family-owned LEGO Group



# Reducing and recycling our waste

**We want to use our raw materials responsibly and we work towards achieving zero waste. To get there we must eliminate waste in our production, use environmentally friendly packaging and implement more sustainable raw materials to manufacture LEGO elements.**

## **Our approach to the use of resources:**

1. Reduce our overall consumption
2. Reuse as much as possible
3. Recycle what we cannot use

In 2015, we experienced a growing worldwide demand for our products. As a result, our consumption of raw materials increased by approximately 18%, to 91.000 tonnes. In 2015, we recycled 93% of waste, mainly due to recycling all of our element waste. In total, we sent 1,073 tonnes to landfill from the total of 16,496 tonnes. The amount of waste increased by approximately 5%, which is significantly less than the increase in consumption of raw materials.

To keep making progress with our ambitious mindset of zero waste, we launched an internal efficiency measure for waste as a pilot scheme in 2015. Already, this has spurred great employee engagement and a range of actions is expected to create greater efficiency.

## **LEGO bricks for the next generation**

All LEGO® bricks manufactured since 1958 are very durable and of the highest quality, and all LEGO bricks fit together no matter their age. We design our products so when they come to the end of their useful life they can be recycled. However, we believe that a product this durable should not be thrown away. If you no longer play with your LEGO bricks and they are still in good condition, we encourage you to donate them or pass them on to family and friends so that more children can be inspired and play with LEGO bricks.

## **Controlling our water usage**

We are focused on limiting our use of water resources, especially at facilities where there is a scarcity of water, e.g. at our Mexican production facility. As we expand our operational footprint, our continued focus is on installing efficient water management systems and other solutions that lower our use of water. However, in 2015, our water consumption was 528,000 m<sup>3</sup>, an increase of 24% compared to 2014, being slightly ahead of our increase in raw material consumption. This is mainly due to our new factory in Hungary where we have installed a Tri-generation power plant, that in a highly efficient manner delivers combined heating, power and cooling from natural gas, but due to open cooling towers also has an increased use of water.

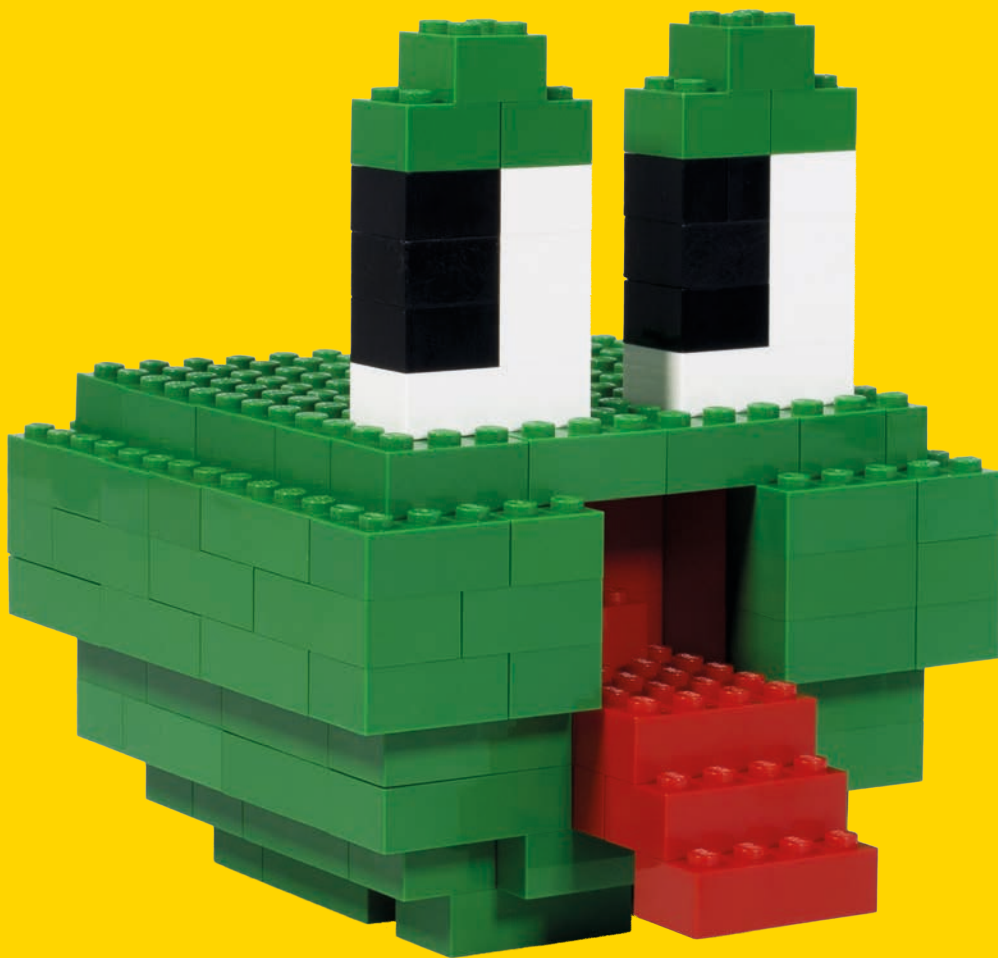
## **Reducing pallets reduces waste in Mexico**

At our production facility in Monterrey, Mexico, truck-loads of goods arrive every day on pallets. We receive approximately 140,000 disposable pallets annually making them account for a significant amount of our waste. An internal, cross-functional team set up a sorting station at the facility, making it possible to fix some of the broken pallets and use them again. The LEGO Group saves approximately 15,000 pallets which corresponds to approximately 200 tonnes of waste. Good for the environment and for our business.



**On an exciting expedition**

Ella from Denmark, 7 years



**Housefrog**

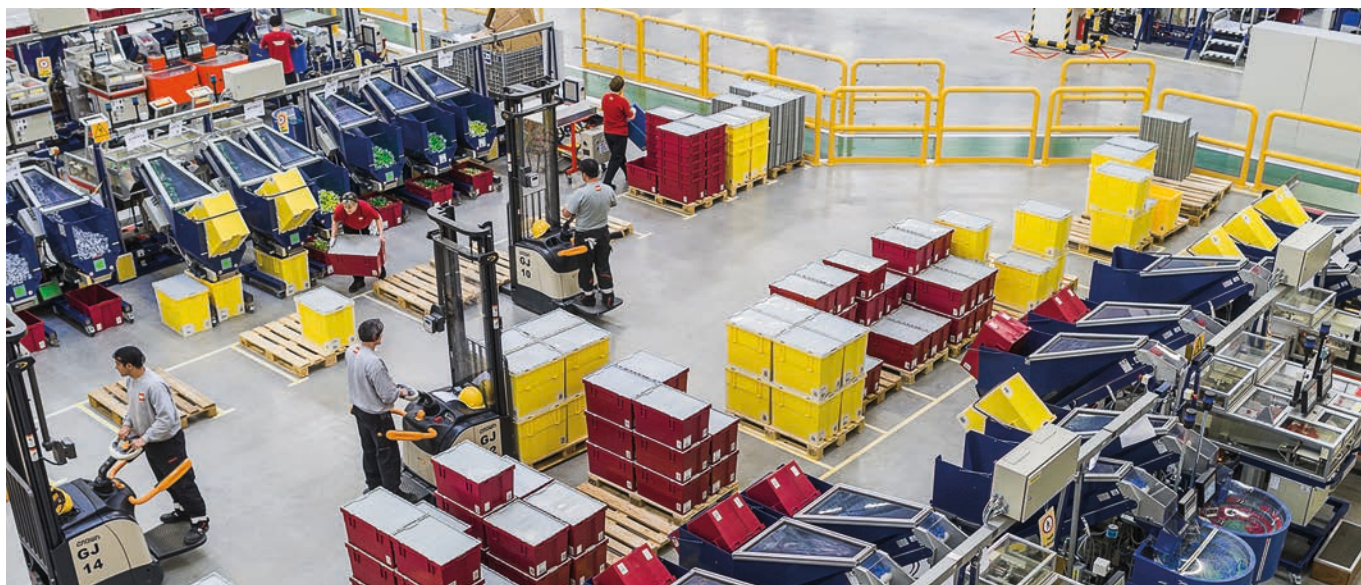
Ida and Sofie from Denmark, 13 years

# Society

**Our culture is characterised by openness and trust** and our employees maintain a high level of satisfaction and motivation. In 2015, we strengthened our organisation with an additional **2532 colleagues** while managing to make the LEGO Group a safer place to work.

We continue to have strong collaboration with our suppliers in upholding high human rights and labour standards.





We were joined by more than 2500 new colleagues in 2015. Our employees continue to report a high level of satisfaction and motivation.

## Care for employees

**In the LEGO Group, we want our employees to have just the same creative, fun and safe experience at work, as when children enjoy our play experiences. We believe that a vibrant and trusting organisational culture will reflect in our performance and products. In 2015, our employees reported the highest motivation and satisfaction score ever.**



**We want a caring culture,  
the safest and most  
motivating employee  
workplace**

In 2015, we continued our global growth, and we are increasing our global presence by expanding and opening new offices and manufacturing facilities. Since 2011, more than 6500 employees have joined and in 2015, we welcomed 2532 new colleagues. This year we welcome a younger and more diverse group of employees, approximately 50% of our new hires are below the age of 30, and many of these in locations such as London, Singapore and Billund. We have multiple initiatives to ensure that as we grow at such a fast pace we embed our culture and values from an employee's first day, for instance through our thorough induction programme.

Our continued growth means that today we are 17,294 employees and becoming a more diverse and inclusive organisation. To truly live and enforce our culture and collaborative ways of working, we shape our offices to make them a creative and supportive work environment which also functions as a melting pot for the LEGO DNA. A relatively flat corporate structure and an Activity Based Working approach in some of our offices facilitate and foster a collaborative spirit encouraging employees to think 'end to end' across the business. Already, in the main offices at London and Singapore employees report a high level of satisfaction with this approach.

# A motivating and satisfying workplace

**In 2015, our employees reported a very high level of motivation and satisfaction, 16 index points ahead of our benchmark, an improvement compared to last year.**

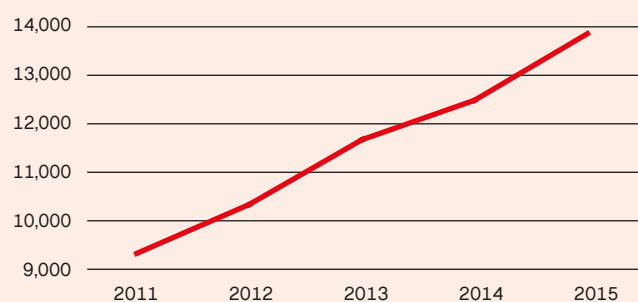
Again this year our employees reported an outstandingly high level of motivation and satisfaction. In our annual employee survey, which 95% of employees responded to, they told us they value their immediate manager and have a high level of engagement in the tasks associated with furthering the LEGO Group's mission.

Employees are very willing to recommend the LEGO Group as an employer, indeed, they have such a positive and loyal sentiment towards the LEGO Group as an employer that it is significantly ahead of the international benchmark. We strive to foster a creative and empowered workforce with a culture of openness where all employees' solutions are valued and no 'one' idea is right, but actually, several ideas could be right. Also, a deliberate decision to globalise and evoke the LEGO culture and be close to the market and employees in the regional offices has meant that the corporate management presence in the last two years has increased.

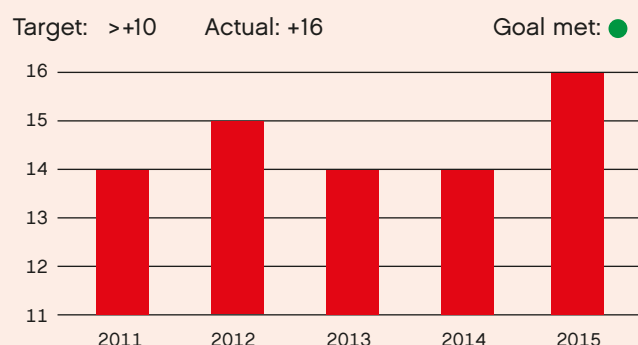
We understand that securing an employee satisfaction score of 16 index points ahead of the European Employee Index benchmark (see accounting policy 4) means that we must ensure leaders continue to have a professional skill set, engage in more directive communication and that we improve the physical surroundings in some of our locations. Employee engagement and results are very positive, yet differences remain within pockets of the organisation. In 2015, employees reported their work life balance score six index points ahead of the EEI benchmark, indicating a workload that they evaluate to be reasonable.

For instance, our group of specialist employees in Denmark, China and the United Kingdom explain that they lack role clarity, clear expectations with regards to work performance and that it is complicated to navigate decision-making in a globalising organisation. We have listened and set appropriate actions in motion to deal effectively with these concerns. Actions include continuously working with simplicity as a mantra for decision-making, top management hosting town hall sessions, having hands-on LEGO® play experience activities and local community engagement with employees.

## Number of full time employees



## Employee motivation and satisfaction score



# Safer at work

**In the LEGO Group, our culture of caring for employees, and keeping safety a priority, is deeply rooted across the organisation. In 2015, we reduced the number of injuries per one million working hours among employees to our lowest rate ever.**

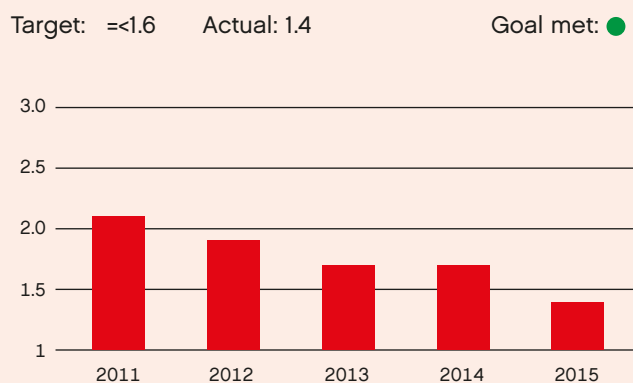
In 2015, we managed to make the LEGO Group an even safer place to work, reducing the absence rate due to injuries per one million working hours to 1.4 compared to 1.7 in 2014. In the past five years, we have reduced the rate of injuries by more than 33%.

We believe this is due to increased safety awareness among our employees at all LEGO factories and offices and LEGO Brand Retail stores around the world. In 2015, a drop in injuries at our LEGO Brand Retail stores comes after a series of dedicated activities throughout the year. In our offices, we continue to see a proportionally high level of injuries where team-building days represent the majority of injuries.

Specific findings in 2014 included the need to raise awareness on what constitutes good safety behaviour and a need to increase the focus on mental health. At the beginning of 2015, we conducted behaviour-based safety training at our factory in Mexico, at our headquarters in Billund, Denmark, and at our LEGO Brand Retail Stores, for more than 4,000 employees, which has improved our employees' awareness of how to stay safe at work. Our top management continue to focus on employee safety together with local line management and the local Employee Health and Safety personnel, and we will keep going forward with training sessions to improve safety awareness among our employees.

To keep increasing the focus on mental health and self-awareness, we have conducted a series of six awareness workshops in the USA and Denmark. The workshops provide employees with resources to help them deal with stress, anxiety, depression and managing workloads. Initial responses from the workshops have been positive and we will implement workshops globally in 2016.

## Employee safety - lost time injury frequency



# Gender-balanced leadership

**We believe a truly diverse composition of our organisation is required for our success to continue globally. We strive towards becoming a global organisation and our ever-growing diverse employee base brings about richer perspectives which results in better-informed decisions.**

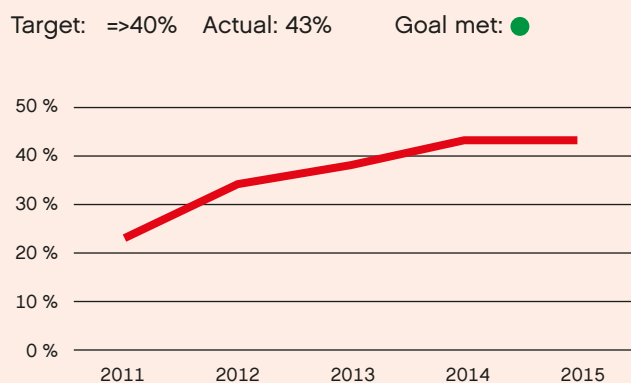
Our ambition is to have a balanced composition of genders by 2032 at all organisational levels. Although we have seen improvements of 20 percentage points over the last five years, we are still not there. Our starting point is to ensure a gender-balanced flow of talent to deliver on this ambition. In 2015, we achieved this by having 43% females among all newly appointed and recruited leaders.

We believe the best way to embrace diversity in the LEGO culture is through embedding our values. We see that in general, the higher the organisational level, the lower the female share, so we acknowledge that this will take many years, and we will remain committed. We believe that in 2015 a culture characterised by openness, trust and inclusiveness among our employees and management has become more integrated. It has also become a natural part of any hiring and reviewing people performance process. Specifically this year, we have implemented guidelines for writing non-gender biased job postings and conducting interview processes. We introduced a Leading Globalisation course for leaders to be more inclusive in daily leadership and training on minimising biases in assessing performance and potential of employees. Our Gender Diversity Policy guides these actions and it stipulates that we always hire the most suitable and competent person for any job.

In 2015, our offices with a sales and administrative focus continued making progress in terms of a strong female leadership presence with an above 50% female share e.g. in Kladno, Czech Republic, Shanghai, China, Singapore and London, United Kingdom. In 2016, we will intensify our actions at locations with a lower than average share of females in leadership positions e.g. our HQ in Billund Denmark and at our production facilities in e.g. Monterrey, Mexico, Nyíregyháza, Hungary and Jiaying, China.

At top management level we have secured improvements where three of our 26 corporate management members are females compared to 2013, when none of the 23 members were female. Our long-term aspiration is to have a management team made up of an equal number of women and men. For the LEGO Group Board of Directors, it is the ambition to increase the number of female Board Members to a minimum of two Board Members by 1 January 2020. At present, one of the Board Members is female.

## Females appointed and recruited to management level







**Pyro's Endoskeleton**

Kevin from USA, 13 years



## Responsible and ethical business conduct

The new LEGO Group Singapore office - one of the Group's five main offices - was officially inaugurated on December 4th, 2015. The new office facilities support and encourage Activity Based Working and can house 400 LEGO employees, further enabling the LEGO Group to adjust for expected future growth.

**We conduct our business as a reflection of our values and our ambition: to live up to the highest global standards for responsible and ethical business conduct. Today, our values remain strong – more than 80 years after the founding of the LEGO Group.**

As we grow, new colleagues from different regions and cultures around the world join the LEGO Group and must get accustomed to the LEGO way of doing business. To succeed together we evolve and communicate the LEGO values to reinforce the culture in a global and local context. Just as important, we evolve our internal capabilities, policies and business standards to facilitate the global organisation we are building.

Our Corporate Policy framework, Business Code of Ethics, Code of Conduct and Responsibility and Human Rights Policy lay the foundation for how we embed and manage a responsible and ethical business in accordance with the highest global standards and serve as our commitment to the United Nations Global Compact's Ten Principles.



**We want to live up to the highest global standards for responsible and ethical business conduct**

# Business the LEGO® way

**We want employees to be aware of our history and practise our values so we always conduct business with a high level of integrity.**

Doing the right thing is important to us, regardless of where we operate, and we support our employees in making business decisions based on our values. We will keep this agenda high in our employees' awareness while we expand our activities and grow our employee base. Corruption negatively affects the global economy and more importantly, it can obstruct children's access to social services, schooling and healthcare.

To ensure employees are aware of their expected business behaviour, we embed the LEGO values and our Code of Ethical Business Conduct within the organisation and encourage all employees to promote an ethical and responsible mindset. In 2015, employee training in our Code of Ethical Business Conduct and a website with an interactive video training tool and app were launched. Almost all employees (99%) at Director level and above who were eligible for their biennial training on the Code of Ethical Business Conduct completed their training in 2015. The remaining 1% have completed their training in the first weeks of 2016.

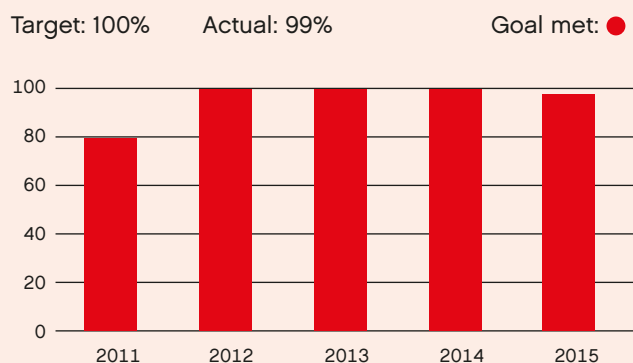
In 2015, we began implementing specific projects on IT and data security and privacy, procurement, as well as training on anti-bribery and anti-corruption. We have a comprehensive integrity due diligence process in place with our business partners to ensure they live up to our standards when acting on our behalf.

## LEGO compliance line

We encourage employees to report any potential breaches of our ethical standards or any other matters they find to be in conflict with the law to their immediate manager or via the LEGO Compliance line. In 2015, the LEGO Group received a total of 14 incident reports through the LEGO Compliance line, and others through direct channels. Most non-compliance reports relate to internal employee matters or policy issues, release of proprietary information, potential thefts, potential fraud or harassment cases.

In January 2016, the German federal competition authority, Das Bundeskartellamt, fined the LEGO Group €130,000. The case relates to a limited number of incidents in 2012 and 2013 where individual employees of the LEGO Group's German subsidiary attempted to control retail prices on a limited number of LEGO products. The LEGO Group gave its full cooperation to Das Bundeskartellamt during the investigation and accepted the fine. The LEGO Group treats any such violations very seriously and sanctions were imposed on the employees who were responsible for the non-compliance, and an extensive increase in the comprehensive training programme on competition compliance, that was already in place globally, was initiated and has been executed.

## Leaders trained in business ethics







Each year we conduct third party audits at our own sites on compliance with our Code of Conduct, health and safety, and quality.

## Ensuring high standards at LEGO® sites

**The way LEGO employees conduct business and engage with children and business partners is a reflection of our values. It is the responsibility of all employees and the LEGO Group to ensure we act in accordance with human rights, run a safe, decent operation and have fair working conditions for our employees.**

Our Responsibility and Human Rights Policy and our Code of Conduct are our commitments to human rights. These policies reflect the LEGO Brand Framework and the United Nations Global Compact, the United Nations 'Protect, Respect and Remedy Framework' and the United Nations Guiding Principles.

In 2015, in accordance with our audit risk criteria, we follow our biennial auditing of LEGO sites in intermediate-risk countries. We carried out 19 audits at LEGO sites on compliance with our Code of Conduct and regulations relating to the Environment, Employee Health and Safety, and Quality.

In total, we found zero non-compliances. We went to Billund in Denmark and Monterrey in Mexico for ISO 9001, ISO 14001, OHSAS 18001 and Code of Conduct, as well as Kladno in the Czech Republic and Nyíregyháza in Hungary for ISO 9001, ISO 14001 and OHSAS 18001. Finally, we audited our Hong Kong site on OHSAS 18001. In total, we found zero non-compliances.

# Collaborating with our supply chain

**In the LEGO Group, we want to ensure responsible practices in our supply chain and work together with suppliers to improve business practice for the benefit of employees and businesses. In 2015, we conducted a total of 87 audits with our suppliers and found 44 non-conformities which we resolved.**

Since 1997, we have required our suppliers and business partners to sign the LEGO Group's Code of Conduct. The Code of Conduct specifies our requirements for ethical, environmental and health & safety standards including our zero tolerance of child labour.

We audit our suppliers and follow up on cases according to a third party country risk definition. We see that our engagement with suppliers improves their understanding of and compliance with the Code of Conduct, as we continue to see a low number of findings, 27 findings in 2015. The issues we find mainly relate to working hours, health and safety, for example insufficient processes and equipment. The majority of audits and findings are from China, yet we also see improvement opportunities in the rest of the world.

To ensure we consistently provide children with the highest quality play experiences, we have conducted 49 quality audits at our suppliers where we found and resolved 17 findings. We select suppliers from the LEGO Group's Supplier list, which includes 160 suppliers' main offices and/or manufacturing sites that provide us with raw materials, parts and finished goods.

The LEGO Group's Supplier list is available at [www.LEGO.com/responsibility](http://www.LEGO.com/responsibility)



**We see that our engagement with suppliers improves their understanding of and compliance with the Code of Conduct, as we continue to see a low number of findings.**



## Case: Stronger supplier collaboration on working hours

**Collaboration and engagement with our suppliers on responsible and ethical business in China has meant a change for employees' working hours. Our largest Chinese suppliers report full compliance with a 60-hour working week.**

Through dialogue with suppliers, we have found understanding and means to meet the requirements of our Code of Conduct and regular audits. We experience a challenge with some of our Chinese suppliers' commitment to comply with our Code of Conduct in relation to the international labour standards stating the maximum of 60 working hours per week including overtime per employee.

We believe all employees must be treated decently, fairly and have a good level of well-being. To work with the LEGO Group it is a prerequisite to comply with our global compliance requirements.

Initially, we have engaged systematically with five of our largest and strategic suppliers from China, with whom we have a longstanding and close partnership, to reduce excessive working hours, developing targets and a timeline for implementing 60-hour working week requirements with our support and guidance. Engagement has been genuine, and positive progress achieved, as they now fully comply with the 60-hour working week requirements. Building upon our learnings from these cases we are working with an additional 14 suppliers and witnessing progress.

Audits conducted at our Chinese suppliers indicate that our Code of Conduct compliance rate is high and we will continue to collaborate with suppliers to ensure that all LEGO suppliers meet our requirements and adhere to international standards and regulations. It is challenging and a gradual process to implement initiatives at all our extended suppliers and especially at our smaller suppliers.

To reduce their employees' excessive work hours, our suppliers have taken initiatives that involve upgrading their facilities to utilise automatic equipment for the purpose of enhancing efficiency, and they have adopted LEAN management and Industrial Engineering to optimise production processes. We follow up with monthly reports on employees' weekly working hours and yearly face-to-face meetings with supplier responsible management members to gain a better understanding of the status quo and to provide guidance and support where needed.

# Engaging with local communities



**The LEGO Group works together with the LEGO Foundation to build, maintain and support local communities where we are present. Employees drive the programme through volunteer activities and by providing financial support and product donations. After a successful beginning in 2014, the programme expanded from nine to 16 LEGO locations in 2015.**

In 2015, activities were carried out at 16 LEGO locations around the world; Austria, the Benelux, Canada, China, Czech Republic, Denmark, France, Germany, Hungary, Italy, Mexico, Poland, Russia, Singapore, United Kingdom and USA.

We estimate that in 2015 more than 3,000 LEGO employees were involved in local community activities that engaged more than 66,000 children.

We work together with local organisations and global strategic partners on developing the most beneficial activities. To us, each activity is equally important for our ambition of making a positive impact on society.

## In 2015, more than 120 Local LEGO® Community Engagement activities took place around the world. A few examples:

### April 2015 – aiding social integration for disadvantaged children

LEGO employees from our factory in Nyíregyháza in Hungary arranged summer school camps for 80 socially disadvantaged children from two primary schools in the local community. The purpose of the summer camps was to aid the children's social integration by giving them the opportunity to experience life situations other than their normal routine lives. Many of the students are unable to participate in normal class excursions due to their social disadvantages.

### June 2015 – children build the world's tallest LEGO tower

In Milan, the LEGO Group and the World Wildlife Fund (WWF) invited children and adults to join a fun and engaging building event. The purpose of the event was to inspire children to develop their creativity, imagination and team-working skills to build the world's tallest LEGO® tower. For every centimetre built, the LEGO Group donated seven euros to support the protection and development of the Urban Oasis project initiated by the WWF. Urban Oasis aims to increase citizens' knowledge and appreciation of nature and to encourage us all to be more responsible towards the environment we live in. More than 18,000 children used over 550,000 LEGO bricks to complete the tower that measured 35 metres in height.

### October 2015 – running for a good cause

We held "Run for the Clowns" where more than 600 participants ran for a good cause. Profits from registration fees as well as food and beverage sales were donated in full to the Danish Hospital Clowns – a non-profit organisation for the purpose of bringing joy and laughter to children in Danish hospitals.

### October 2015 – playing with LEGO bricks for the first time

At the LEGO factory in Jiaxing in China, a Build the Change event hosted by 35 LEGO employees took place at the Lan Xiang Experimental School for migrant children. Most of the children at the elementary school have migrated from remote villages in less developed provinces of China. Some of the children have been separated for long periods from their working parents, who have migrated to the cities in search for jobs. Many of the 720 children had never before seen or played with LEGO® bricks, and their initial hesitancy turned into hours of fun and challenging play experiences.

### Throughout 2015 – guided factory tours for local children

The LEGO production facility in Mexico, Monterrey gave over 130 guided tours to more than 3,000 local children and young adults, from six years old through to university students, to show how the factory operates and meet some of the people who work there. All tours get to see the moulding and packaging processes as well as the warehouse – travelling by electric train.

# Human Rights in the value chain

To counter any labour or human rights issues that may arise from our global business activities, human rights due diligence is an integrated part of how we operate our business.

In 2013, we assessed our human rights impact throughout the value chain we are part of. We identified four major human rights impacts, material for us to address. In 2015, four priority areas still guide our work and we are making progress on specific initiatives within each area:

- **Pioneer responsible business conduct towards children:** To respect and support children's rights and ensure a positive impact on children, we implement and promote the 10 Children's Rights and Business Principles. In 2015, this work, framed within our partnership with UNICEF, generated awareness of the principles at relevant external business platforms and we further strengthened our internal child protection governance supported by UNICEF.
- **Care for employees:** We work to increase employees' motivation, their health and safety in the workplace, and to have a more diverse organisation. In 2015, for instance, we conducted a labour rights assessment and hosted self-awareness workshops for employees. We also increased our focus on Code of Conduct compliance, which has resulted in our top five strategic suppliers in China now adhering to our 60-hour working week requirements.
- **Responsible sourcing:** We engage with our strategic suppliers and partners to ensure they conduct business in a responsible and ethical manner. We follow up on Code of Conduct compliance through a combination of audits conducted by an independent third party and follow-up dialogues.
- **Engage with local communities:** In 2015, we involved approximately 3,000 LEGO employees and more than 66,000 children in fun and engaging activities at 16 different LEGO sites around the world.

2015 was also the year where we were accused of not supporting freedom of expression and human rights, based on our refusal to sell a large quantity of LEGO bricks intended for a political art project. This has shown us that even the best of intentions can be misunderstood, and as a result we have simplified our procedures. We have and will always support freedom of expression and human rights. The work, anchored within our social responsibility agenda, aims to ensure that we conduct our business in ways which fully reflect the LEGO Group values and live up to global standards, and document how we do it.



The LEGO Group human rights due diligence process.



The LEGO Factory in Jiaxing, China.

## Case: Building a factory in China

**In 2015, the first LEGO play sets left the packing line from the LEGO factory in Jiaxing, China. After one and a half years of construction, the 160,000 m<sup>2</sup> factory has begun its initial operations.**

The factory will deliver the vast majority of products to children across China and the Asia Pacific region, and the factory is therefore an important facility and means of reaching children in the whole of Asia.

### **Valuable learnings from cultural differences**

Every country is different; the culture, the language and the ways of working, and we believe we can gain valuable knowledge from these differences. As part of their initial training and introduction to the LEGO Group, new employees within various functions at the factory in Jiaxing visited other LEGO sites to learn best practices. LEGO employees from around the world have also visited the Jiaxing factory to learn from cultural differences and similarities and to gain valuable knowledge of how employees can support each other despite living in different countries.

Throughout 2015, a total of 345 Jiaxing employees from operations received extensive training by 40 colleagues from Packing, Maintenance, Warehouse and Quality from our factory in Kladno, Czech Republic. They were supported by 30 Czech and Chinese interpreters and five expats from Kladno. During training, employees were also made aware of our high safety standards, which resulted in zero accidents and only seven minor incidents.

We focus on ensuring that our employees' rights and safety follow the same global standards at all our factories around the world. It is important that all our employees



are treated with equal respect and given the same opportunities. That is why we encourage our employees to report any breaches of our standards and requirements to their manager or via our global compliance line.

In 2015, we conducted more than 30 safety walks at our Jiaxing site to integrate behaviour-based safety and address anything observed to ensure the safety and well-being of our employees. Also, since the construction of the factory was completed senior management have conducted six monthly safety inspections.

#### **Minimising negative impact through efficient operations**

We have built the factory in Jiaxing according to exactly the same standards as our other efficient factories to ensure we minimise our impact on the environment where it is negative. Common to all our factories is that they have high levels of insulation, 100% LED lighting in indoor and outdoor areas (this is the first time for the LEGO Group), efficient water-saving installations, solar-powered water heaters and heat recovery from air compressors. All these initiatives contribute to our application for LEED certification. More importantly, they ensure we use as few resources as possible and in the most efficient way when we manufacture LEGO bricks. Furthermore, we are exploring the potential for installing on-site renewable energy capacity.

We expect to begin moulding LEGO bricks in 2016 and for the site to be in full-scale operation by 2017.

#### **Creating opportunities for the local community**

To engage Jiaxing employees as well as children and parents in the local community, a series of Local Community Engagement activities have been carried out during 2015. These activities included two Build the Change events to engage children in the LEGO play experience while also introducing new LEGO employees to the important values of the LEGO Group through volunteering at the events. The events have engaged 1,220 children and 82 employees in total. The events have been key to making the new employees feel welcome and valued. One of our Build the Change events took place at the Lan Xiang Experimental School for migrant children.

We estimate that at least 70% of our permanent employees in Jiaxing are migrant workers who have immigrated to the metropolis in search of work. They have had to grow accustomed to a new life in a new city, which can be a challenge for them and their children. Through our Local Community Engagement activities, we want to make it easier for migrant workers and their families and also give back to the local community by engaging children and their families through fun and inspiring play experiences.



**We focus on ensuring that our employees' rights and safety follow the same global standards at all our factories around the world.**



**Dream Castle**

Lim from Singapore, 5 years

## Impacts of the LEGO Group value chain



Expanding our activities also provides us with the opportunity to impact more local communities with engagement activities that benefit children and their families.

## Creating impact through the value chain

We create value for our stakeholders through the numerous activities and far-reaching social, environmental and economic impact of the value chain we are part of. The issues and impacts are interrelated, which requires us to be mindful of our activities and of how they affect our stakeholders, society and the environment.

Our biggest opportunity is to reach and engage as many children as possible in our fun and creative play experiences and to make a global difference to child development through playful learning around the world. Expanding our activities also provides us with the opportunity to impact more local communities with engagement activities that benefit children and their families.

See the illustration on page 58 for examples of how we create value and an impact on society through the activities we perform and the partners we work with in the value chain.

In 2015, the LEGO Group generated a total revenue of DKK 35.8 billion and a net value add of DKK 18.2 billion in addition to the indirect economic activity generated through our suppliers. 6% of the net value added was distributed directly to the LEGO Foundation to support children and their learning and development through play. In addition, the LEGO Group supported society through the distribution of employee wages and taxes. 26% of net value added is reinvested to support the strategic capacity building of our company.\*

Globalising into new markets and cultures involves opportunities as well as risks. We remain aware of risks that, if not addressed properly and in a timely manner, could potentially damage our society, company and reputation.

Our growth and the continuous changes to global standards and requirements call for us to be constantly ahead of new legislation. The trust our stakeholders put in us is critical for our continued success and growth. We need to keep earning this trust by understanding and meeting our stakeholders' expectations.

### **Tax**

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 2015, the corporate income taxes paid for the LEGO Group totalled DKK 3.0 billion (see the LEGO Group Annual Report 2015, page 5 at [www.LEGO.com](http://www.LEGO.com)).

### **Materiality analysis**

The structure of this report is aligned with the detailed stakeholder engagement analysis we conducted in 2013 (details on page 68) and informed by our updated responsibility ambitions. The main report sections are respectively; Children, Planet and lastly, Society.

\*All data can be found in the LEGO Group Annual Report 2015, available at [www.LEGO.com](http://www.LEGO.com). Total revenue can be found in note 3, Expenses excluding employee costs in note 4, minus note 6 and Net value added is Total revenue minus Expenses excluding employee costs. To the LEGO Foundation in note 18 (dividend according to ownership), Tax on profit for the year in note 11, To the LEGO Group for reinvestment is Net value added minus the Items.



**The trust our stakeholders put in us is critical for our continued success and growth. We need to keep earning this trust by understanding and meeting our stakeholders' expectations.**



# Results 2015

## Consumers

| Definition | Note | Measures                     | 2013<br>Result | 2014<br>Result | 2015<br>Result | 2015<br>Target | 2016<br>Target | Read<br>more on<br>page |
|------------|------|------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------|
| 1          |      | Product recalls              | 0              | 0              | 0              | 0 ●            | 0              | 18                      |
| 2          | N    | Net Promoter Score® Index    | 105            | 107            | 109            | >105 ●         | 107            | 21                      |
| 3          |      | Consumer complaint call rate | 781            | 889            | 720            | <750 ●         | <810           | 21                      |

## Employees

|        |         |                                                                 |        |        |                   |         |      |    |
|--------|---------|-----------------------------------------------------------------|--------|--------|-------------------|---------|------|----|
| 4      |         | Motivation and satisfaction                                     | +14    | +14    | +16               | >+10 ●  | >+10 | 43 |
| 5      |         | Work-life balance                                               | +6     | +6     | +6                | >0 ●    | >0   | 43 |
| 6      | GHQP    | Injury rate with absence                                        | 1.7    | 1.7    | 1.4               | <1.6 ●  | <1.5 | 44 |
| 7      | P       | Sick leave                                                      | 2.0%   | 2.1%   | 2.0%              | <2.2% ● | <2.2 | 44 |
| 8, 9   | P       | Absence rate due to injuries                                    | 0.14   | 0.23   | 0.15              | <0.16 ● | N.A. | 44 |
| 10     |         | Females appointed and recruited                                 | 37%    | 43%    | 43%               | >40% ●  | >40% | 45 |
| 11     |         | Business integrity training                                     | 100%   | 100%   | 99%               | 100% ●  | 100% | 48 |
| 12, 13 | I       | LEGO site non-conformity resolution rate (EHS, CoC and Quality) | 100%   | 100%   | 100% <sup>1</sup> | 100% ●  | N.A. | 49 |
| 14     | I       | Number of audits conducted at main LEGO sites                   | 12     | 24     | 19                |         |      | 49 |
| 15     | A, C, F | Number of Employees (Heads)                                     | 13,869 | 14,762 | 17,294            |         |      | 42 |
|        | A, B, C | Female                                                          | 46.5%  | 46.4%  | 45.4%             |         |      | 45 |
|        | A, B, C | Male                                                            | 53.5%  | 53.6%  | 54.6%             |         |      | 45 |
| 15     | B       | Total number of permanent employees                             | 12,695 | 13,594 | 16,074            |         |      | 61 |
| 16     |         | Average number of Full Time Equivalents                         | 11,755 | 12,582 | 13,974            |         |      | 43 |
| 17     | E       | Rate of employee turnover                                       | 8.8    | 9.0    | 9.5               |         |      | 62 |
| 17     | D       | Rate of new hires and rehires                                   | 20     | 14     | 25                |         |      | 62 |
| 6, 9   | H       | Number of injuries with absence                                 | 36     | 41     | 38                |         |      | 44 |
| 18     | Q, R    | Salaried employees trained in anti-corruption                   | N.A.   | N.A.   | 85%               |         |      | 64 |

## Environment

|    |  |                                          |        |        |                   |         |       |    |
|----|--|------------------------------------------|--------|--------|-------------------|---------|-------|----|
| 19 |  | Energy efficiency improvement            | 6.7%   | 2.3%   | 5.0% <sup>2</sup> | >2.5% ● | >2.5% | 31 |
| 20 |  | Recycled waste                           | 90%    | 91%    | 93%               | 90% ●   | 92%   | 38 |
| 21 |  | Raw materials (1,000 tonnes)             | 68     | 77     | 91                |         |       | 38 |
| 22 |  | Waste (tonnes)                           | 14,590 | 15,638 | 16,496            |         |       | 38 |
| 23 |  | Water consumption (1,000m <sup>3</sup> ) | 339    | 424    | 528               |         |       | 38 |
| 24 |  | Energy consumption (GWh)                 | 247    | 284    | 309 <sup>3</sup>  |         |       | 31 |

## Partners

|    |      |                                                         |      |      |                   |        |      |    |
|----|------|---------------------------------------------------------|------|------|-------------------|--------|------|----|
| 25 | L    | Supplier quality non-conformity resolution rate         | 100% | 100% | 100% <sup>1</sup> | 100% ● | 100% | 50 |
| 26 | L, M | Supplier Code of Conduct non-conformity resolution rate | 100% | 100% | 100% <sup>1</sup> | 100% ● | 100% | 50 |
| 27 | J,   | Number of core line and extended line suppliers         | 110  | 155  | 160               |        |      | 50 |
| 27 | K    | Number of quality audited suppliers                     | 39   | 45   | 49                |        |      | 50 |
| 27 | K    | Number of Code of Conduct audited suppliers             | 56   | 40   | 38                |        |      | 50 |

# Notes

## Note A

| Total number of employees     | 2013   | 2014   | 2015*         |
|-------------------------------|--------|--------|---------------|
| Female                        | 6,454  | 6,842  | <b>7,843</b>  |
| Male                          | 7,415  | 7,920  | <b>9,451</b>  |
| Total                         | 13,869 | 14,762 | <b>17,294</b> |
| Permanent employees           | 12,695 | 13,594 | <b>16,074</b> |
| Fixed-term contract employees | 1,174  | 1,168  | <b>1,220</b>  |
| Total                         | 13,869 | 14,762 | <b>17,294</b> |
| Asia/Pacific                  | 366    | 491    | <b>1,544</b>  |
| Female                        | 244    | 324    | <b>701</b>    |
| Male                          | 235    | 283    | <b>843</b>    |
| Americas                      | 4,666  | 4,982  | <b>5,169</b>  |
| Female                        | 2,030  | 2,153  | <b>2,269</b>  |
| Male                          | 2,523  | 2,713  | <b>2,900</b>  |
| Europe                        | 8,837  | 9,289  | <b>10,581</b> |
| Female                        | 4,180  | 4,365  | <b>4,873</b>  |
| Male                          | 4,657  | 4,924  | <b>5,708</b>  |
| Total                         | 13,869 | 14,762 | <b>17,294</b> |

\*Organisational changes in 2015. Pacific was previously part of Americas but is now part of APAC.

## Note B

| Total number of permanent employees | 2013   | 2014   | 2015          |
|-------------------------------------|--------|--------|---------------|
| Full time (FTE)                     | 10,957 | 11,773 | <b>14,205</b> |
| Female                              | 4,996  | 5,363  | <b>6,341</b>  |
| Male                                | 5,961  | 6,410  | <b>7,864</b>  |
| Part time                           | 1,738  | 1,821  | <b>1,869</b>  |
| Female                              | 917    | 950    | <b>928</b>    |
| Male                                | 821    | 871    | <b>941</b>    |
| Total                               | 12,695 | 13,594 | <b>16,074</b> |

## Note C

Total number of employees split on employee category

|                      | 2013          | 2014          | 2015          |
|----------------------|---------------|---------------|---------------|
| Top management       | 71            | 82            | <b>94</b>     |
| Female               | 10            | 20            | <b>26</b>     |
| Male                 | 61            | 62            | <b>68</b>     |
| Age under 30         | 0             | 0             | <b>0</b>      |
| Age 30-50            | 59            | 60            | <b>70</b>     |
| Age 50+              | 12            | 22            | <b>24</b>     |
| Middle management    | 399           | 455           | <b>532</b>    |
| Female               | 116           | 146           | <b>170</b>    |
| Male                 | 283           | 309           | <b>362</b>    |
| Age under 30         | 0             | 0             | <b>1</b>      |
| Age 30-50            | 332           | 378           | <b>447</b>    |
| Age 50+              | 67            | 77            | <b>84</b>     |
| 1st level management | 2,108         | 2,333         | <b>2,759</b>  |
| Female               | 825           | 956           | <b>1,151</b>  |
| Male                 | 1,283         | 1,377         | <b>1,608</b>  |
| Age under 30         | 136           | 139           | <b>151</b>    |
| Age 30-50            | 1,750         | 1,955         | <b>2,348</b>  |
| Age 50+              | 222           | 239           | <b>260</b>    |
| Other                | 11,291        | 11,892        | <b>13,909</b> |
| Female               | 5,503         | 5,720         | <b>6,496</b>  |
| Male                 | 5,788         | 6,172         | <b>7,413</b>  |
| Age under 30         | 4,347         | 4,560         | <b>5,607</b>  |
| Age 30-50            | 5,623         | 5,963         | <b>6,904</b>  |
| Age 50+              | 1,321         | 1,369         | <b>1,398</b>  |
| Total                | <b>13,869</b> | <b>14,762</b> | <b>17,294</b> |

**Note D**

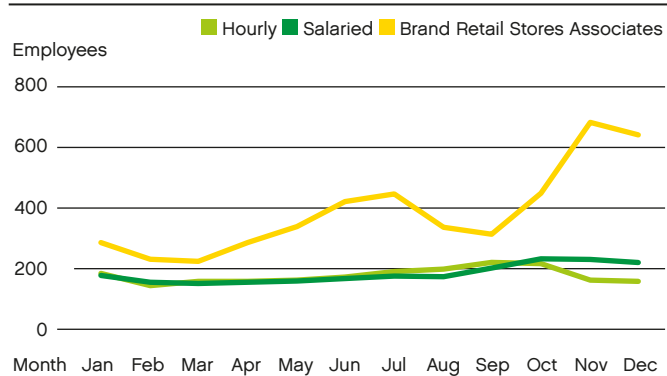
| New hires and rehires           | 2013* | 2014* | 2015         |
|---------------------------------|-------|-------|--------------|
| Number of new hires and rehires | 2,431 | 1,868 | <b>3,662</b> |
| Rate of new hires and rehires   | 20    | 14    | <b>25</b>    |
| Female                          | 993   | 857   | <b>1,540</b> |
| Male                            | 1,438 | 1,011 | <b>2,122</b> |
| Total                           | 2,431 | 1,868 | <b>3,662</b> |
| Asia                            | 147   | 185   | <b>1,019</b> |
| Americas and Oceania            | 954   | 520   | <b>700</b>   |
| Europe                          | 1,330 | 1,163 | <b>1,943</b> |
| Total                           | 2,431 | 1,868 | <b>3,662</b> |
| Age under 30                    | 1,313 | 921   | <b>1,902</b> |
| Age 30-50                       | 1,059 | 886   | <b>1,663</b> |
| Age 50+                         | 59    | 61    | <b>97</b>    |
| Total                           | 2,431 | 1,868 | <b>3,662</b> |

\* Historical numbers have been updated to include hires and rehires.

**Note E**

| Employee turnover            | 2013* | 2014* | 2015         |
|------------------------------|-------|-------|--------------|
| Female                       | 8.61  | 8.95  | <b>9.97</b>  |
| Male                         | 9.13  | 9.22  | <b>9.13</b>  |
| Asia/Pacific                 | 7.16  | 8.59  | <b>8.32</b>  |
| Americas                     | 17.26 | 16.26 | <b>16.52</b> |
| Europe, Middle East & Africa | 4.98  | 5.61  | <b>6.23</b>  |
| Age under 30                 | 19.41 | 18.47 | <b>18.87</b> |
| Age 30-50                    | 4.44  | 5.33  | <b>5.66</b>  |
| Age 50+                      | 5.45  | 5.42  | <b>5.68</b>  |
| Total                        |       |       | <b>9.5</b>   |

\*Historical numbers have been updated to include hires and rehires.

**Note F** Seasonal variations – Number of employees hired on a temporary contract per month**Note G** Injury rate per million working hours split by facility

|                                          | 2013 | 2014 | 2015       |
|------------------------------------------|------|------|------------|
| Billund, Denmark                         | 2.1  | 1.9  | <b>2.0</b> |
| Munich, Germany                          | 1.9  | 0    | <b>6.5</b> |
| Kladno, Czech republic                   | 0.6  | 1.8  | <b>1.0</b> |
| Shopper Marketing Agency, Czech republic | 1.9  | 0    | <b>1.6</b> |
| Monterrey, Mexico                        | 0.9  | 0.7  | <b>0.6</b> |
| Hong Kong, China                         | N.A. | N.A. | <b>9.5</b> |
| Nyíregyháza, Hungary                     | 0.4  | 0.8  | <b>0.7</b> |
| Slough, United Kingdom                   | 0.0  | 2.0  | <b>0.0</b> |
| Singapore, Singapore                     | N.A. | N.A. | <b>0.0</b> |
| Enfield, United States of America        | 0.7  | 2.9  | <b>0.0</b> |
| LEGO Brand Retail Stores                 | N.A. | 5    | <b>2.8</b> |
| Total                                    | 1.7  | 1.7  | <b>1.4</b> |

| <b>Note H</b> Total number of injuries with absence split by facility | 2013      | 2014      | 2015      |
|-----------------------------------------------------------------------|-----------|-----------|-----------|
| Billund, Denmark                                                      | 14        | 12        | 13        |
| Munich, Germany                                                       | 1         | 0         | 3         |
| Kladno, Czech republic                                                | 2         | 6         | 4         |
| Shopper Marketing Agency, Czech republic                              | 1         | 0         | 1         |
| Monterrey, Mexico                                                     | 4         | 3         | 4         |
| Nyiregyhaza, Hungary                                                  | 1         | 3         | 3         |
| Slough, UK                                                            | 0         | 1         | 0         |
| Enfield, USA                                                          | 1         | 5         | 0         |
| Singapore                                                             | N.A.      | N.A.      | 0         |
| Hong Kong, China                                                      | N.A.      | N.A.      | 2         |
| LEGO Brand Retail Stores                                              | N.A.      | 11        | 8         |
| <b>Total</b>                                                          | <b>36</b> | <b>41</b> | <b>38</b> |

| <b>Note I</b> Third-party audits for main LEGO Sites | Certifications (weeks for audit) |           |             |                 |
|------------------------------------------------------|----------------------------------|-----------|-------------|-----------------|
|                                                      | ISO 9001                         | ISO 14001 | OHSAS 18001 | Code of Conduct |
| Billund, Denmark                                     | 1                                | 1         | 1           |                 |
| Kladno (MC), Czech Republic                          | 1                                | 1         | 1           |                 |
| Kladno (Production), Czech Republic                  | 1                                | 1         | 1           |                 |
| Nyiregyháza, Hungary                                 | 1                                | 1         | 1           |                 |
| Monterrey, Mexico                                    | 1                                | 1         | 1           | 1               |
| Hong Kong, China                                     | 1                                |           | 1           |                 |
| Slough, United Kingdom                               |                                  |           |             |                 |
| Enfield, USA                                         |                                  |           |             |                 |
| Munich, Germany                                      |                                  |           |             |                 |
| Total number of audits                               | 6                                | 5         | 6           | 2               |
| Total number of major non-conformities               | 0                                | 0         | 0           | 0               |

| <b>Note J</b> Total number of direct suppliers split on Code of Conduct risk | Bill of Materials / Core line | Merchandise & Promotions / Extended line | Total      |
|------------------------------------------------------------------------------|-------------------------------|------------------------------------------|------------|
| China/Hong Kong                                                              | 16                            | 8                                        | 24         |
| Indonesia                                                                    | 1                             | 0                                        | 1          |
| Mexico                                                                       | 21                            | 0                                        | 21         |
| <b>Total high-risk countries</b>                                             | <b>38</b>                     | <b>8</b>                                 | <b>46</b>  |
| Hungary                                                                      | 7                             | 0                                        | 7          |
| Italy                                                                        | 3                             | 0                                        | 3          |
| Spain                                                                        | 1                             | 0                                        | 1          |
| Japan                                                                        | 0                             | 0                                        | 0          |
| Korea                                                                        | 4                             | 0                                        | 4          |
| Poland                                                                       | 5                             | 0                                        | 5          |
| Slovakia                                                                     | 2                             | 0                                        | 2          |
| Romania                                                                      | 1                             | 0                                        | 1          |
| Singapore                                                                    | 0                             | 0                                        | 0          |
| Taiwan                                                                       | 2                             | 0                                        | 2          |
| USA                                                                          | 4                             | 0                                        | 4          |
| <b>Total intermediate risk countries</b>                                     | <b>29</b>                     | <b>0</b>                                 | <b>29</b>  |
| Austria                                                                      | 3                             | 0                                        | 3          |
| Czech Republic                                                               | 7                             | 0                                        | 7          |
| Canada                                                                       | 0                             | 0                                        | 0          |
| Denmark                                                                      | 17                            | 0                                        | 17         |
| Germany                                                                      | 27                            | 0                                        | 27         |
| Great Britain                                                                | 4                             | 0                                        | 4          |
| Netherlands                                                                  | 6                             | 0                                        | 6          |
| Belgium                                                                      | 6                             | 0                                        | 6          |
| Switzerland                                                                  | 3                             | 0                                        | 3          |
| Norway                                                                       | 1                             | 0                                        | 1          |
| Sweden                                                                       | 11                            | 0                                        | 11         |
| <b>Total low risk countries</b>                                              | <b>85</b>                     | <b>0</b>                                 | <b>85</b>  |
| <b>Total</b>                                                                 | <b>152</b>                    | <b>8</b>                                 | <b>160</b> |

Only active suppliers with production in high and intermediate risk countries are audited.



**Note K**

| Total number of Bill of Materials / Merchandise & Promotion suppliers audited | Code of Conduct | Quality   |
|-------------------------------------------------------------------------------|-----------------|-----------|
| High risk countries                                                           | 27              | 33        |
| Intermediate risk countries                                                   | 11              | 7         |
| Low risk countries                                                            | 0               | 9         |
| <b>Total number of audits</b>                                                 | <b>38</b>       | <b>49</b> |

**Note L**

| Total number of major non-conformities found at suppliers |  |    |
|-----------------------------------------------------------|--|----|
| Code of Conduct                                           |  | 27 |
| Quality                                                   |  | 17 |

**Note M** Total number of major Code of Conduct non-conformities split on Code of Conduct country risk

|                                         |           |
|-----------------------------------------|-----------|
| <b>Total number of non-conformities</b> | <b>27</b> |
| High risk countries                     | 21        |
| Intermediate risk countries             | 6         |

The major non-conformities for the Code of Conduct area can be summarised as:

- 0 - related to child labour
- 0 - related to forced labour
- 4 - related to wages and compensation
- 7 - related to working hours
- 1 - related to employment terms
- 0 - related to freedom of association/expressions and grievance
- 15 - related to health & safety
- 0 - related to environment
- 0 - related to integrity and transparency
- 0 - related to corruption and bribery
- Total 27

**Note N**

| Results of surveys measuring customer satisfaction | Product NPS index |
|----------------------------------------------------|-------------------|
| Asia/Pacific                                       | 113               |
| Americas                                           | 106               |
| Europe, Middle East & Africa                       | 110               |
| <b>Total</b>                                       | <b>109</b>        |

\*To make a direct comparison, 2011 NPS has been re-weighted using 2015 weights.

**Note O**

| Injuries split by type and region | Fatality | Serious  | Lost time |
|-----------------------------------|----------|----------|-----------|
| Asia/Pacific                      | 0        | 0        | 2         |
| Americas                          | 0        | 0        | 9         |
| Europe, Middle East & Africa      | 0        | 0        | 27        |
| <b>Total</b>                      | <b>0</b> | <b>0</b> | <b>38</b> |

| Injury and absence rates     | Injury rate | Absence rate    |             |
|------------------------------|-------------|-----------------|-------------|
|                              |             | due to injuries | + sickness  |
| Asia/Pacific                 | 3.64        | 0.04            | 0.01        |
| Americas                     | 0.88        | 0.14            | 0.01        |
| Europe, Middle East & Africa | 1.63        | 0.17            | 0.03        |
| <b>Total</b>                 | <b>1.40</b> | <b>0.15</b>     | <b>0.02</b> |

**Note Q** Governance body members trained in anti-corruption, by region\*

|                              | Number     | Percentage |
|------------------------------|------------|------------|
| Asia/Pacific                 | 93         | 90%        |
| Americas                     | 69         | 92%        |
| Europe, Middle East & Africa | 417        | 93%        |
| <b>Total</b>                 | <b>579</b> | <b>93%</b> |

\*Please consult accounting policy 28 for further information about governance body members and employees

**Note R**

Salaried employees trained in anti-corruption by region and organisational level\*

|                              | Number       | Percentage |
|------------------------------|--------------|------------|
| Asia/Pacific                 | 762          | 83%        |
| Americas                     | 1,086        | 86%        |
| Europe, Middle East & Africa | 4,634        | 85%        |
| <b>Total</b>                 | <b>6,482</b> | <b>85%</b> |

|                      |              |            |
|----------------------|--------------|------------|
| Top management       | 88           | 94%        |
| Middle management    | 491          | 92%        |
| 1st level management | 2,391        | 87%        |
| Other                | 3,512        | 82%        |
| <b>Total</b>         | <b>6,482</b> | <b>85%</b> |

\*Please consult accounting policy 28 for further information about governance body members and employees

1 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.

2 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 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.

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

# 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 standard data and calculated using the same methods. LEGO A/S is owned by KIRKBI A/S (75%) and the LEGO Foundation (25%). LEGO A/S consists of several subsidiaries, including LEGO Education, that together constitute the LEGO Group.

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 1 January +12 months from handover from project to operational facility department, of the entire manufacturing facility. 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 engagement with LEGO products and LEGO experiences (e.g. LEGO Stores and LEGO.com), randomly selected consumers are asked how likely they are, on a scale from 0-10 (10 = best), to recommend the product or experience 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 the index basis. The product NPS is calculated based on various products lines.

## 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 the 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. Work-life balance

The Work-life balance index is based on a LEGO® Work-life 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. Injury rate with absence

The number of occupational injuries is calculated as the number of occupational injuries among all employees including 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 one million working hours for all employees excluding external agency workers. Only data from sites with more than 100 employees and LEGO® Brand Retail stores are included. Only cases clarified within the accounting year are included in the full-year calculations. Cases pending authorities' decisions throughout the accounting year will not be included in the full-year calculation.

## 7. 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.

## 8. Absence rate due to injuries and absentee rate

**Absence rate due to injuries:** The number of absence hours as a consequence of occupational lost-time injuries. The rate is calculated per 1,000 working hours, and the absence is calculated from the day following the injury. **Absentee rate:** The number of absence hours due to occupational lost-time injuries plus sick leave hours divided by the total number of working hours. Only data from sites with more than 100 employees and LEGO® Brand Retail stores is included. Working hours, absence hours and sick leave hours for external agency workers are not included.

**9. Injury type**

The LEGO Group classifies injuries based on severity: 1) Fatality: A work related injury that causes fatality. 2) Serious: A work related injury that causes permanent disability or amputation. 3) Lost-time injury: A work related injury that causes absence for at least one day after the day of the incident.

**10. Females appointed and recruited at management levels**

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

**11. Business integrity training**

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 resolved 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 jobs in 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 head-count. The number of permanent employees are defined as the number of permanent and inpatriated employees working full time or part time.

**16. Average number of Full Time Equivalents**

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. FTE's do not include employees on leave, maternity leave etc.

**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 recruits and rehires as well as dismissals is also stated.

**18. Anti-corruption training**

The percentage of employees having completed the anti-corruption training is calculated by region and by organisational level.

**19. 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 the 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.

**20. Recycled waste**

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

**21. Raw materials**

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

**22. 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.

**23. 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.

**24. 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.

**25. 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.

**26. 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.

**27. 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 the Code of Conduct. The number of significant discrepancies is reported. These form the basis of continued dialogue with the suppliers in order to continuously work on improvements.

**28. Job classification**

Top management comprises all employees at Vice President level or above. Middle management comprises Senior Directors and Directors. First-level management comprises Senior Managers and Managers. Management levels include top management, middle management and first-level management. Other employees are included in the group 'Others'. Members of governance bodies are defined as Top management and Middle management.

# Independent Practitioner's Limited Assurance Report on the Non-financial Data for 2015

## To the Stakeholders of the LEGO Group

We have undertaken a limited assurance engagement of the non-financial data of the LEGO Group Responsibility Report 2015 as expressed on pages 60-64 and 65-66. A multidisciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

## The LEGO Group's Responsibility for the Non-financial Data

The LEGO Group is responsible for the preparation of the non-financial data in accordance with Group non-financial accounting policies as expressed on pages 65-66. This responsibility includes design, implementation and maintenance of internal controls relevant to the preparation of the non-financial data ensuring that data is free from material mis-statement, whether due to fraud or error.

The LEGO Group's non-financial accounting policies contain Management's reasoning for the selection of topics and indicators as well as defining the reporting scope for each data type.

## Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PwC applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial data stated on pages 60-64 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the non-financial data is free from material mis-statement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of the LEGO Group's use of stated accounting policies as the basis for the preparation of the non-financial data, assessing the risks of material mis-statement of the non-financial data whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the non-financial data. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

Through enquiries, obtained an understanding of the LEGO Group's control environment and information systems relevant to quantification and reporting of non-financial data;

Made site visits in Denmark, Hungary and the UK to assess the completeness of the non-financial data sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their share in relation to Group totals and sites selected in prior periods. Our procedures included testing as far as underlying documentation as well as input data controls performed at these sites.

Planned and conducted interviews and show-me meetings with Group functions to assess consolidation processes, use of company-wide systems and controls performed at group level, as well as testing of non-financial data prepared at Group level as far as underlying documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the LEGO Group's non-financial data has been prepared, in all material respects, in accordance with the non-financial accounting policies applied and stated on pages 65-66.

## Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial data presented on pages 60-64 in the LEGO Group Responsibility Report 2015 has not been prepared, in all material aspects, in accordance with the stated non-financial accounting policies as expressed on pages 65-66.

Billund, Denmark, 22 February 2016

## PricewaterhouseCoopers

State Authorised Public Accountant



Mogens Nørgaard Mogensen

State Authorised Public Accountant



Henrik Trangeled Kristensen

State Authorised Public Accountant



# About this Report

The LEGO Group Responsibility Report 2015 and the LEGO Group Annual Report 2015 jointly account for the activities, development and progress on targets for the Group in 2015.

The LEGO Group Responsibility Report 2015 complies with our legal and voluntary obligations, as well as with non-financial data 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 LEGO Group Responsibility Report 2015 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 4.0, and the AA1000 Accountability Principles, the report covers all activities of the LEGO Group (see page 71 in the LEGO Group Annual Report for companies). A GRI Content Index is available at [www.LEGO.com/responsibility](http://www.LEGO.com/responsibility)

PwC has reviewed the non-financial data (pages 60-64) and accounting policies (pages 65-66) in this report. The review concluded that the consolidated non-financial data is in accordance with the stated criteria. The complete Independent Auditor's Report is on page 67.

## Scope of report and materiality analysis

The LEGO Group Responsibility Report 2015 covers the activities and our key social, environmental and economic impacts and the risks and opportunities related to our business operations including those related to our products and markets.

The report is structured according to our 2013 stakeholder engagement and materiality assessment, which set out to understand how our stakeholders' priorities are aligned with our own. We engaged with a broad range of stakeholders including consumers, customers, employees, NGOs and interest groups, and industry associations. We engaged with more than 1,500 respondents via an online survey, held interviews with 1,500 additional participants on 25 pre-identified issues to find, across stakeholder groups, their top priorities. The results of the online survey confirmed that our stakeholders' priorities were aligned with our priorities and reflected our actions:

- The safety of our products
- The play and learning experience children get from our products
- Employee safety
- Anti-corruption
- A respectful dialogue with children and parents
- Climate change
- Waste

In 2016, we intend to conduct a new analysis, as it is important for our continued success have knowledge of our stakeholders' priorities and their expectations of us.

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**Ninjago school**

Viggo from Denmark, 8 years

In our Annual Report you will find  
detailed information on the LEGO  
Group's financial results for 2015

[www.LEGO.com/aboutus](http://www.LEGO.com/aboutus)

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