



The LEGO Group

Responsibility Report 2016



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Thomas Kirk Kristiansen (left) and Kjeld Kirk Kristiansen, representatives of the fourth and third generations of the family ownership of the LEGO Group.

Our long-term commitment to responsibility

A letter from our owner Thomas Kirk Kristiansen

For four generations, my family has been inspired by children. By their curiosity, their creativity, and their potential to build anything they can possibly imagine. We feel a huge sense of responsibility to make a difference for children by providing quality products and play experiences that stimulate fun and learning.

My family believes children are role models. That is because children are always exploring, creating and discovering. They are intuitive learners with a hands-on and minds-on approach to life. This natural curiosity is a precious quality; something to be nurtured in childhood and encouraged throughout life. People who continue to question and be curious are those best equipped to thrive in a constantly changing and challenging world.

Play is critical to inspiring this innate approach to learning. It encourages children to create, problem-solve, collaborate and have fun. It is a powerful force and a critical element of every child's development. Play is something that must be cherished, encouraged and protected.

Our mission at the LEGO Group is to 'Inspire and develop the builders of tomorrow'. With LEGO® bricks, we can build anything we can possibly imagine, and we believe that learning through play is fundamental to creating the next generation of problem solvers and encourages children to reach their full potential.

A new generation of active family ownership

Planning for future generations is something my family gave serious consideration to during 2016, to ensure a sustainable future for the active family ownership of the LEGO Group.

During the past years, my family and I have prepared to take another step in the smooth transition of our ownership from the third to the fourth generation. It is an honour to be more involved in the business, as well as a big responsibility. The LEGO Group is more than just a company to me. It is about serving children and providing an opportunity to thousands of employees who share a purpose to positively impact children's lives around the world.

“We feel a huge sense of responsibility to make a difference for children by providing quality products and experiences that stimulate fun and learning.”

Thomas Kirk Kristiansen
Representing the fourth generation
owners of the LEGO Group

To be continued overleaf

Since my great-grandfather Ole Kirk Kristiansen founded the company in 1932, each generation of our family has worked to address the unique challenges of their time. Ole's dedication to quality inspired our spirit, and my grandfather Godtfred built on that to develop the LEGO® System in Play, which underlies the fundamental principle of the LEGO play experience. My father, Kjeld, has worked to globalise and grow the LEGO brand to make a positive impact on children around the world, while continuing to strengthen the LEGO brand and Group. The challenge for my generation is to build on this successful legacy and to ensure the long-term sustainability and responsibility of the LEGO Group.

New challenges for a new generation

Future generations of children will face many challenges. Issues such as climate change, digital child safety, and access to education are complex and require urgent, creative, and innovative solutions. These are major challenges and I am proud that the LEGO Group, LEGO® Education and the LEGO Foundation are taking steps to collaborate with partners to play a role in meeting these challenges. I am also proud of the LEGO Group's bold ambitions, such as using sustainable materials in core products and packaging by 2030, and balancing all its energy usage with renewable sources by 2020 and beyond.

In December 2016, we announced the creation of the LEGO Brand Group, which will be responsible for nurturing, protecting and developing long-term opportunities for the LEGO brand. This move reflects our belief in the brand's enormous global potential and untapped possibilities to further develop learning through play. We are pleased that Jørgen Vig Knudstorp, CEO of the LEGO Group for the past twelve years, will partner with us on this exciting new initiative to build and protect the LEGO brand.

As we continue to develop the LEGO Group and brand, one thing will remain constant – the LEGO System in Play. This system of bricks and elements offers children endless possibilities to build and rebuild bigger and better. From the first brick made by my grandfather in Billund, Denmark, to the latest product from our talented designers, we have always offered the best possible play experiences that delight and inspire. We will live by our spirit of 'only the best is good enough' as we continue our journey to create a sustainable future for children. I welcome you to join us.

My kindest regards,



Thomas Kirk Kristiansen
Representing the fourth generation
owners of the LEGO Group.

As a family-owned company with a long-term mission and aspiration, the LEGO Group is uniquely placed to deliver on our responsibility to have a positive impact on children, society and the planet.

Mission	Inspire and develop the builders of tomorrow	
Aspiration	Globalize and innovate the LEGO System in Play	
Promises	Play Promise Joy of building. Pride of creation	Partner Promise Mutual value creation
	Planet Promise Positive impact	People Promise Succeed together
Spirit	Only the best is good enough	

The LEGO® Brand Framework is the foundation for the strategy and long-term priorities of the LEGO Group. The framework defines our values and promises to everyone we interact with, be it colleagues, partners in retail, society or most importantly – children.

A letter from our CEO Bali Padda

2016 was a year of exciting progress for the LEGO Group. We reached millions of children around the world, inspiring them to imagine, create and build using the power of play. We expanded our operations and continued to have a positive impact on children, the environment and our local communities.

Our mission at the LEGO Group is to 'Inspire and develop the builders of tomorrow', and it is this focus on future generations that drives our responsibility efforts.

For **children**, it means creating new opportunities to reach their potential by learning through play. We are committed to being their voice and advocating for their rights and protection. In 2016, we championed the importance of safe, online play with a ground breaking Digital Child Safety Policy, developed in cooperation with UNICEF.

We work in a sustainable manner to ensure we reduce our impact on the **planet**. We have made good progress in minimising the environmental impact of our operations and balancing our energy usage with renewable sources. We have initiated the journey to deliver on our ambition of using sustainable materials in core products by 2030, and developed new prototypes which demonstrate our progress.

Our positive impact on **society** starts with our employees. For 85 years, we have remained true to our values: *Imagination, Creativity, Fun, Learning, Caring and Quality*. In 2016, we honoured these on an unprecedented scale with our first LEGO® Play Day when our 17,500 employees spent the afternoon celebrating play. We also continue to make an important contribution to our local communities. In 2016, LEGO employees volunteered to be involved in local community activities that engaged more than 100,000 children around the world with play experiences.

We have made progress but we recognise there is much more to do. In 2016, the UN Sustainable Development Goals (SDGs) came into effect, providing a clear global framework for businesses, governments and society to address the world's biggest challenges. We are working to use this framework to ensure our actions have an even greater impact on children, the planet and society.

As we look to continue to deliver more play experiences to children around the world during the coming years, we will continue to operate in a way that is responsible and sustainable. This is our ambition, and we are looking forward to working together with all of our customers, suppliers and partners to make this possible.

**“Children are
our number
one priority.”**

Bali Padda, President and
CEO of the LEGO Group.

My kindest regards,



Bali Padda
President and CEO of
the LEGO Group



Bali Padda, President and CEO
of the LEGO Group.

Highlights from 2016

During 2016, we made progress against our ambitions:

Children

- We recorded our highest level of consumer satisfaction with LEGO® experiences. This was driven by consumer service, improved digital content, and shopper experiences.
- We launched the Partners in Play campaign together with UNICEF and the LEGO Foundation. The campaign aimed to raise awareness of the importance of play for children's development and of the challenges facing refugee children. A digital campaign reached 5.5 million people around the world, and LEGO play experiences impacted more than 73,000 vulnerable children in Jordan, including Syrian refugees.
- We launched a Digital Child Safety Policy with support from UNICEF to ensure safe play and engagement on our online platforms – the first toy company to do so.

Planet

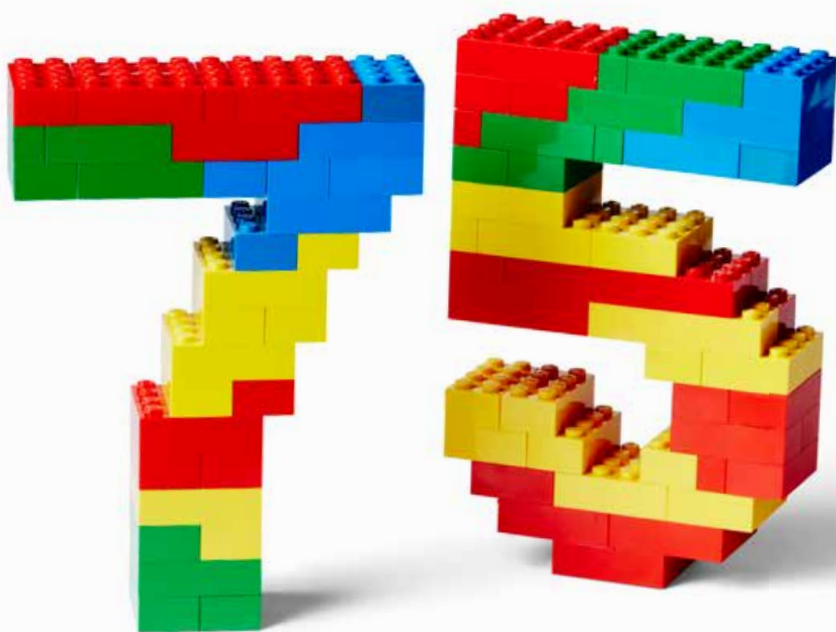
- We made progress towards using only sustainable materials in core products by 2030, and produced LEGO® brick prototypes using plastic sourced from sustainable materials.
- Our parent company, KIRKBI A/S, invested DKK 3.3 billion in the Burbo Bank Extension offshore wind farm in the UK, and we remain on track to balance our global energy consumption through the production of renewable energy by 2020 and beyond.
- Based on our 2016 reporting of 2015 results we achieved a CDP (Carbon Disclosure Project) Score of 'A' – the highest possible score – for our progress and transparency in response to the CDP Climate Programme.
- We opened an environmentally advanced factory in Jiaxing, China. It will feature a roof covered with 20,000 solar panels that will produce six gigawatts of energy and reduce CO₂ emissions by 4,000 tonnes annually.
- We met or exceeded all targets for our partnership with the World Wide Fund for Nature, and will renew the partnership for a further three years.

Society

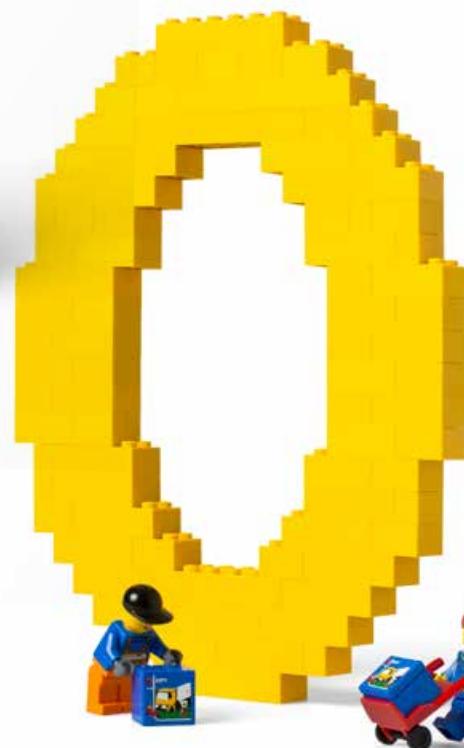
- Thousands of employees engaged over 100,000 children around the world in our Local Community Engagement programme, inspiring them with fun and creative play experiences.
- We held a Play Day for over 17,500 employees to celebrate the transformative power of play.
- We reduced our injury rate to 1.3 per million working hours from 1.4 in 2015, and we are on track for our target of world class safety.
- 100% of our leaders were trained in business ethics.



100,000 children reached through our Local Community Engagement programme
Thousands of LEGO® volunteers held over 180 events in 20 countries around the world.



During 2016, a record 75 billion LEGO® elements were sold in over 140 countries around the world.



Zero product recalls in 2016 for the seventh consecutive year.

Our commitment to the UN Sustainable Development Goals



Our responsibility efforts are defined by existing global standards, to ensure we operate our business in a responsible way and leave a positive impact on children, the planet and society. Our key priority is to deliver the joy of building and pride of creation to children around the world.

In January, the landmark United Nations Sustainable Development Goals came into effect. The Sustainable Development Goals provide clear guidance for the LEGO Group on the best course of action to create a positive impact for children, the planet and society.

The goals add to the work we have done together with the UN Global Compact since 2003 and provide us with the best opportunity to create the most impact. Our focus is on Sustainable Development Goals 4, 12, 13 and 17.

In 2003, the LEGO Group became the first toy manufacturer to join the United Nations Global Compact – the world's largest sustainability initiative – with over 12,000 members signed up to its 10 Principles to promote human rights, the environment and anti-corruption initiatives.



Goal 4: Quality Education – Ensure inclusive and quality education for all and promote lifelong learning.

We work closely with the LEGO Foundation, LEGO® Education and partners to promote the importance of play globally and to enable children to become the best problem solvers to effectively contribute to a sustainable world. Read more on pages: 23-25.



Goal 12: Responsible Consumption and Production – Ensure sustainable consumption and production patterns.

We recycled over 93% of all waste in 2016 and have made progress on our ambition of zero waste in our value chain by 2030. Our ambition is to use only sustainable materials in our core products and packaging by 2030. Read more on pages: 46-49.



Goal 13: Climate Action – Take urgent action to combat climate change and its impact.

We are on track to meet our goal of balancing our energy consumption through production of renewable energy by 2020 and beyond. We will achieve this through investment in offshore wind power and onsite solar panels. Read more on pages: 37-41.



Goal 17: Partnerships – Revitalise the global partnership for sustainable development

We have two strategic partnerships which, through clear commitments and a number of fixed activities, enable us to contribute to sustainable global development. First, our partnership with UNICEF helps us to provide the best experiences for children and support their rights and development where relevant. Second, our partnership with WWF has guided our efforts to deliver on our environmental responsibility commitments. Through these partnerships, we ensure a transparent dialogue and bring in the expertise we need in order to have the biggest impact on our key responsibility priorities. Read more on pages 17 and 36.



Children

We provide children around the world with fun and inspiring LEGO® play experiences and promote children's right to play.

Innovating for children

Our biggest contribution to society is through LEGO® products and experiences as play is critical for children's learning and development.

Our work is in line with the United Nations Sustainable Development Goal number four: Quality Education. We work to promote lifelong learning through the power of play, with safe, creative and innovative LEGO play experiences.

Through the LEGO System in Play, we constantly innovate to provide children with quality products that encourage children to problem-solve, collaborate, discover and imagine. We strive to protect children in everything we do in our value chain, and we share our best practices with others. We work with our partner UNICEF, who inspires and challenges us to greater heights in our efforts to protect and develop children.



2016 highlights

- We recorded our highest level of consumer satisfaction with LEGO experiences, driven by consumer service, shopper experiences and improved digital content.
- Inspired by our work with UNICEF, we developed an industry-first Digital Child Safety Policy, to ensure the welfare of children interacting with our digital channels.
- More than 330 new LEGO® products, including digital play experiences were introduced, bringing the total number of products available in 2016 to over 600.
- We focused on developing new functions and features to increase learning through play opportunities. One example of our innovation was the play theme LEGO® NEXO KNIGHTS™ featuring scanning technology to seamlessly integrate physical and digital play.
- Together with UNICEF and the LEGO Foundation, we launched the Partners in Play campaign to raise awareness about the importance of play for children's development. We reached over 5.5 million people around the world and brought LEGO play experiences to more than 73,000 vulnerable children in Jordan, including Syrian refugee children, helping them to reestablish routines, a sense of normalcy and to build resilience.
- For the seventh successive year, there were zero product recalls.

We strive to protect children in everything we do in our value chain, and we share our best practices with others.

Our UNICEF partnerships

In 2016, the LEGO Group and the LEGO Foundation continued to partner with UNICEF. The partnerships have two aims: to implement and globally promote the Children's Rights and Business Principles and to promote the importance of play for early childhood development.

The LEGO Group has chosen to partner with UNICEF because they are the world's most recognised children's organisation, dedicated to defending the rights of every child including the right to education and play. These values and ambitions are shared by the LEGO Group and underpin the success of the partnership.

UNICEF has a global network of expertise and we are guided and inspired by their experience. The partnership has enabled us to gain significant insight into best business practices that strengthen child protection and ensure we place children's rights to education and play at the centre of our actions.

In 2016, we committed to strengthening our own performance against UNICEF's Children's Rights and Business Principles. We also assumed a more active industry position to encourage and inspire other businesses to adopt the Principles and take action to respect children's rights.

2016 highlights

- **Digital Child Safety Policy**

We introduced an industry-first Digital Child Safety Policy to secure the safety and welfare of children interacting with our digital products, channels and experiences.

- **Responsible Marketing to Children**

We updated our Responsible Marketing to Children Standard to better reflect new online realities, and extended the authority of our internal Responsible Marketing to Children Forum, ensuring all employees working with marketing to children are trained in the new standards.

- **Raised awareness**

We participated in UNICEF business seminars, conferences, global events, and articles to promote awareness of the Principles and share our best practices. A key event of the year was International Children's Day at UNICEF's Danish headquarters, organised by UNICEF Denmark, where our then CEO, Jørgen Vig Knudstorp, was a keynote speaker. At the event, we launched a partnership film on digital and social media channels to drive awareness of the shared goals of UNICEF, the LEGO Group and the LEGO Foundation.

UNICEF is the world's most recognised advocate for children, dedicated to defending the rights of every child, including the right to education and play.

How we work with the 10 Children's Rights and Business Principles

10 Children's Rights and Business Principles	The LEGO Group's actions in 2016
<p>1. Meet their responsibility to respect children's rights and commit to supporting the human rights of children</p>	<p>Our Responsibility and Human Rights Policy states:</p> <p>It is of paramount importance to us that children's rights are respected in our activities. This means never compromising the quality and safety of our products and safeguarding the children we engage directly with.</p> <ul style="list-style-type: none"> • Inspired by UNICEF we developed an industry-first Digital Child Safety Policy to ensure the welfare of children interacting with our digital channels. • We raised global awareness of children's right to play. Together with UNICEF and the LEGO Foundation, we launched the Partners in Play campaign, inspiring children to learn through play and reaching over 5.5 million people around the world.
<p>2. Contribute to the elimination of child labour, including in all business activities and business relationships</p>	<p>Our Supplier Code of Conduct prohibits child labour within the LEGO Group and through our supply chain.</p> <p>We audit all our direct suppliers in high risk countries annually in accordance with our Code of Conduct. Suppliers in medium risk countries are audited every two years, and we work with all suppliers to resolve any non-conformities.</p> <ul style="list-style-type: none"> • During 2016, our audits indicated no form of child labour in our supply chain.
<p>3. Provide decent work for young workers, parents and caregivers</p>	<p>Our Supplier Code of Conduct and Environmental Health and Safety Policies support labour rights, including minimum wage, maximum weekly working hours and the right to guaranteed annual leave, for both employees and the employees of our suppliers.</p>
<p>4. Ensure the protection and safety of children in all business activities and facilities</p>	<p>Every year we engage millions of children around the world with our products and digital platforms.</p> <ul style="list-style-type: none"> • We developed training modules and a monitoring framework to ensure compliance with our Child Protection Policy – a policy aimed at ensuring the safety and well-being of children engaged directly by LEGO® employees and strategic partners on our behalf. The training will commence in 2017.

<p>5. Ensure that products and services are safe, and seek to support children's rights through them</p>	<p>Our vigorous development, manufacturing and testing uphold our strict global standards for product quality and safety.</p> <ul style="list-style-type: none"> • For the seventh successive year, we had zero product recalls.
<p>6. Use marketing and advertising that respect and support children's rights</p>	<p>When it comes to advertising to children, we never compromise our principles.</p> <ul style="list-style-type: none"> • We have strengthened our Responsible Marketing to Children Policy to ensure that protection of children is our first priority and we adhere to the highest international standards. We conducted mandatory training for marketeers.
<p>7. Respect and support children's rights in relation to the environment and to land acquisition and use</p>	<p>We aim to reduce the impact of our actions on the environment.</p> <ul style="list-style-type: none"> • During 2016, we increased energy efficiency by 0.2% and recycled 93% of all waste. • Our parent company, KIRKBI A/S, invested in a new offshore wind farm on our behalf. We invested in solar panels to be installed on our factory in China.
<p>8. Respect and support children's rights in security arrangements</p>	<p>This principle primarily relates to ensuring children are not involved in or negatively affected by private security arrangements (e.g. armed guards) at corporations with production facilities in politically or socially volatile areas. Based on the countries where we operate, we have evaluated that this principle is presently not material for the LEGO Group.</p>
<p>9. Help protect children affected by emergencies</p>	<p>We work to provide inspiring play experiences for all children around the world</p> <ul style="list-style-type: none"> • Together with the LEGO Foundation, we donated LEGO® DUPLO® products to over 73,000 vulnerable children in Jordan, many of whom were refugees fleeing the war in Syria.
<p>10. Reinforce community and government efforts to protect and fulfil children's rights</p>	<p>Together with UNICEF and the LEGO Foundation, we promote the 10 Children's Rights and Business Principles and the importance of play for early childhood development.</p>

Visit the UNICEF website to read more about the 10 Children's Rights and Business Principles <https://www.unicef.org/csr/12.htm>

Safe online play



CASE

Our Digital Child Safety Policy is designed to promote the benefits of fun, safe and educational online opportunities for children.

We provide children with engaging digital experiences where they can create, play, learn and have fun while being respectful to other users.

Changes in technology have brought benefits as well as challenges, and we know there are risks to digital engagement. Together with our partners, we work to minimise these risks, as we want our digital experiences to be as safe for children as our physical play materials.

We recognise that changes in technology globally can outpace changes in legislation. In the absence of legislation, our ambition is to ensure our actions strive to provide protection and to ensure the well-being of children that we engage with on our digital channels.

Our Digital Child Safety Policy has been inspired by our partnership with UNICEF and provides global direction for the LEGO Group. The policy is being implemented through mandatory training for employees who work directly or indirectly with children online. The policy will also apply to our partners who work with us to deliver LEGO® branded experiences.

In accordance with our Privacy Policy and Responsible Marketing to Children Policy, no social media plugins are used on our digital channels, and we seek to ensure personal information from children is only collected after obtaining the appropriate level of parental consent. Examples of where the LEGO Group collects personal data could be through LEGO ID accounts, where we allow for preferences to be stored or, for example, where children participate in competitions. The only tracking we do of children is for statistical purposes using anonymous data, and we do not use cross-site tracking of children.

The new policy has three focus areas:

- Prevent, respond to and resolve potential risks during children's interaction with our digital experiences.
- Promote a common understanding of digital child safety issues, facilitating best practice development across the business areas where we engage with children, and further strengthening our governance, documentation and accountability.
- Clearly label all content not developed for children and ensure user-generated content complies with LEGO® policies. Monitoring and reporting tools have been put in place to quickly remove inappropriate content.

The LEGO Group's Digital Child Safety Policy

- We will provide children with fun, safe and enjoyable digital experiences within which they can create, play and learn.
- We recognise children as key stakeholders of the organisation and holders of rights.
- We will empower parents to understand the potential risks of the online world as well as the opportunities and, where relevant, provide them with the controls to tailor their children's digital LEGO® experiences.
- We will use tools (e.g. moderation) and 'house rules' to create child-friendly digital environments.
- We will have adequate and robust escalation processes in place so that misuse is dealt with swiftly and effectively.
- We will meet industry standards for digital child safety, e.g. as set forth by the UK Council for Child Internet Safety and UNICEF/ITU Child Online Protection initiative.
- We will conduct regular self-assessments to measure compliance with this policy.

Online responsibility

The LEGO Group is focused on leveraging digitalisation and every month, www.LEGO.com receives over 18.3 million unique visits. In 2016, our YouTube channel had more than 2 billion views and we engaged with 13 million users on Facebook. We hold a significant amount of consumer data and take seriously our responsibility to treat this data respectfully. When it comes to children's data, we are careful to ensure parental consent is provided.

The LEGO Foundation

The LEGO Foundation promotes learning through play and aims to empower children around the world to become creative, engaged, lifelong learners. The LEGO Group owner family has entrusted the LEGO Foundation with 25% ownership of the LEGO Group. This is how the LEGO Foundation funds activities that promote learning through play.

The LEGO Foundation has established three focus areas to put learning through play on the global agenda:

- **Early childhood** focuses on children aged 0 to 6 in the home, in public settings and in ECD (Early Childhood Development) centres. The objectives are to integrate learning through play in ECD, to inspire adults to engage their children in learning through play at home and in communities, and to encourage quality ECD programmes.
- **Education** focuses on children aged 5 to 12, kindergartens, school systems, teachers and policy makers. The objective is to establish learning through play as part of the global education agenda.
- **Communities** is a three country specific deep dive programme focusing on South Africa, Mexico and Denmark where the LEGO Foundation advocates for and works towards the inclusion of learning through play. The objective is to work through partnerships to bring lifelong learning into practice through specific initiatives that create the best learning environments for children aged 0 to 12.

In 2016, the LEGO Foundation established the LEGO Foundation Centre for Creativity, Play and Learning. The centre is a collaboration with world leading research institutions such as Copenhagen University, Massachusetts Institute of Technology, and Aarhus University, and aims to drive an international research agenda and show the Foundation's commitment to be a leading authority on the role of play for children's development, creativity and lifelong learning. The centre will illustrate and share examples to build a foundation for a deeper understanding of learning through play.

In 2016, the LEGO Foundation reached more than 640,000 children around the world, including 230,000 children in vulnerable situations reached through LEGO® Charity product donations. The total LEGO Foundation activities amounted to DKK 378 million in 2016, compared to DKK 369 million in 2015.

For more information visit www.LEGOFoundation.com.

Partners in Play

To drive better understanding of the importance of play in children's development around the world, the LEGO Group, the LEGO Foundation and UNICEF joined forces to launch the Partners in Play campaign.

Parents were encouraged to share a picture or video of their children's happy play moments using the hashtag #PartnersInPlay on Twitter, Instagram, or the LEGO® DUPLO® Facebook page.

During the four-week campaign, over 117,000 people shared their play experiences and the campaign reached an estimated 5.5 million people around the world.

In connection with the Partners in Play campaign, the LEGO Foundation worked closely with UNICEF to provide LEGO play boxes to 73,000 vulnerable children in over 325 early child development centres and child friendly spaces in Jordan.

According to UNICEF, Jordan hosts over 630,000 Syrian refugees, including an estimated 220,000 school-aged children. In 2015, UNICEF developed a new approach to protect children in Jordan and provide them with access to education, supporting children in learning through play, and shaping better futures to break the cycle of poverty.

Representatives of the LEGO Foundation worked with UNICEF in Jordan to train teachers and caregivers in the power of learning through play using LEGO DUPLO bricks. Our ambition is that the teachers and caregivers will be able to use this knowledge to provide children with meaningful and play-based learning experiences.

Ole Kirk's Foundation

In addition to its own activities, the LEGO Foundation also supports the work of Ole Kirk's Foundation.

The Ole Kirk's Foundation was established in 1964 by the Kirk Kristiansen family in memory of the founder of the LEGO Group, Ole Kirk Kristiansen. Ole Kirk's Foundation is a philanthropic foundation and supports social, cultural, humanitarian and educational causes, primarily in Denmark. The purpose of the foundation is to increase the quality of life for children and their families.

In 2016, the LEGO Foundation supported the work of the Ole Kirk Foundation with a donation of DKK 75 million. Additionally, the LEGO Foundation committed a grant of DKK 615 million to Ole Kirk's Foundation to support the construction of a new world class hospital for children, young people, pregnant women and their families. For more information, visit www.olekirksfond.dk.



LEGO® Education

LEGO® Education plays an essential role in sparking student engagement through hands-on experiences that encourage learning through physical and digital creation.

In the 2016 season, 32,000 teams and more than 255,000 children from 88 countries were involved in the FIRST® LEGO® League.

LEGO Education supports teachers to facilitate learning through play experiences and develop successful students around the world. LEGO Education provides teaching solutions for students in preschool, elementary and middle school, as well as activities for afterschool. LEGO Education delivers a distinctive learning experience through a curriculum of rich, creative learning content, the LEGO System in Play, teacher training, and assessment tools with unique principles for teaching and hands-on learning.

The FIRST® LEGO® League – Inspiring the Science and Technology leaders of tomorrow

The FIRST® LEGO® League is an annual science and technology competition for children between 9 to 16 years. The competition started in 1998 and is a close 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 interest in science, mathematics, and technology.

In the 2016 season, 32,000 teams and more than 255,000 children from 88 countries were involved in the FIRST LEGO League. The participants also built, tested and programmed an autonomous robot using LEGO® MINDSTORMS® technology to solve a set of missions.

Google Science Fair

The Google Science Fair is the world's largest online science fair, with thousands of entries from students representing more than 90 countries. During the fair, LEGO® Education sponsors the LEGO Education Builder award to recognise the best approach to solving some of the greatest engineering challenges. In 2016, 13-year-old Anushka Naiknaware won the award for her innovative approach to treating chronic wound care. Anushka created a sensor that could help doctors analyse the state of a wound without removing its dressing and after multiple iterations of her design, she created an ideal sensor design that is cheap to build and is biocompatible. Anushka believes her solution can help people suffering from chronic wounds heal more quickly. As part of her award, Anushka will visit the LEGO Group in June 2017 and present her project.

Safe products and play experiences

At the LEGO Group, we are committed to ensuring children have safe and high-quality play experiences with our products. In 2016, we met our goal of zero product recalls for the seventh successive year. We also took a leadership role in the toy industry to promote high product safety standards globally.

We are committed to setting the standard for safety in the toy industry. We lead these efforts through leadership of industry bodies, including our long-standing positions as chair of the European (CEN) and International (ISO) Toy Safety Standardisation Committees. We also contribute to the work of the ASTM International Toy Safety Committee, which shapes standards in the USA, and the Chinese National Technical Committee for Standardisation for Toys.

During 2016, we expanded our work in Asia by becoming a founding member of the South East Asian Toy Association (SEATA). The association was created to promote the growth of the toy sector value chain in Southeast Asia and to advocate the importance of learning through play and its contribution to childhood development.

Together with the industry, we participated in a seminar in China alongside representatives from the European Union, with the aim of ensuring the continuing development of standardisation and best practices to safeguard high product quality of the toy industry in China.

Building a quality conscious culture

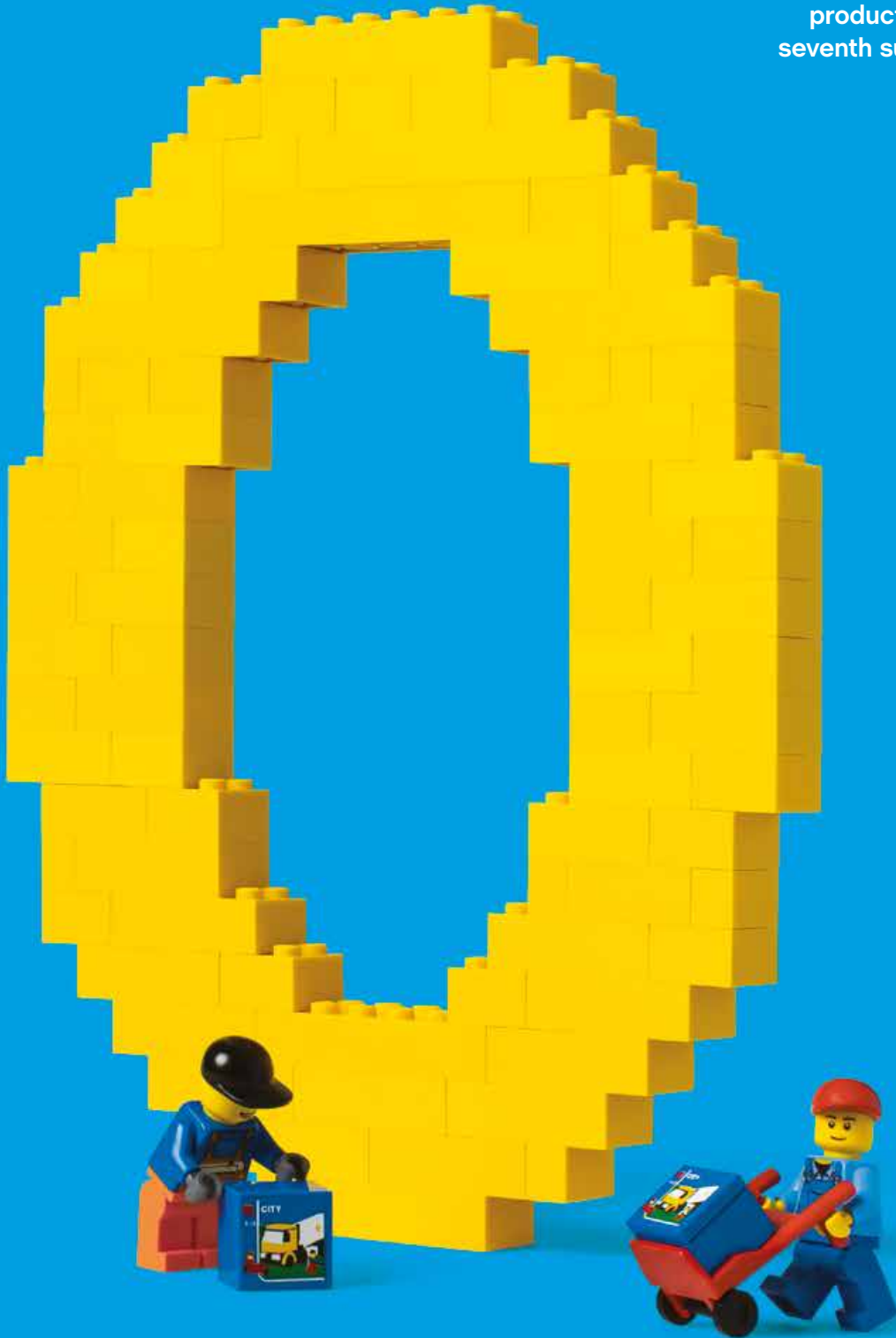
Employees at our factories in China, Mexico, Hungary, the Czech Republic and Denmark comply with our common global safety standards, ensuring great play experiences for children everywhere. During the past six years, as the company has globalised, our production network has expanded and the number of employees doubled.

Despite this growth, we have maintained our rigorous quality and safety standards. New employees are thoroughly trained in our philosophy and policies, and testing procedures are followed carefully. A network of global trainers and Quality Ambassadors ensure that best practices are shared and new manufacturing sites, such as our factory in Jiaxing, China, achieve global standards quickly.

All LEGO Group factories in full operation are audited annually for compliance with international standards (ISO) for quality, health and safety, and the environment.

Quality is what we stand for. It is one of our values and underscores our spirit, 'Only the best is good enough'.

In 2016, we had zero
product recalls for the
seventh successive year.



CASE

Ensuring high standards of product safety and quality

In 2016, over 75 billion LEGO® elements were sold around the world. Each element is designed and produced to conform to a high standard for safety and quality.

We invest upfront in quality and safety by working closely with designers to ensure new elements and products are tested thoroughly in anticipation of how a child may play with the toy.

“Product safety is our top priority, and we have always been committed to providing LEGO products that live up to the strictest requirements globally, as it is essential to us that children all over the world can enjoy the safest possible LEGO play experiences.”

Bali Padda, President & CEO of the LEGO Group.

Our safety assessment

We maintain and develop safe, high-quality and cost effective materials for all LEGO® products. We also comply with international legislation for chemical use and only approve materials that meet the highest safety standards.

- **Manufacturing of elements** – During moulding we use automated and manual quality checks to ensure the highest manufacturing standards.
- **Testing of elements** – Each new element design is tested thoroughly to ensure compliance with global chemical, physical and hygiene quality standards.
- **Product quality** – Our rigorous quality management process ensures we minimise the risk of LEGO boxes missing any elements.
- **Feedback from our consumers** – During 2016, over 1.2 million consumers gave us feedback on their play experiences. We appreciate the feedback and use it to constantly improve our products.
- **Age recommendations** – To ensure children have enjoyable play experiences, each product is clearly marked with a recommended user age. In addition, products which contain small elements will have a warning, informing that the product should not be used by children under three years of age. Our product range for children aged 1.5-5 years, LEGO® DUPLO®, does not contain any small parts and therefore does not carry the warning.



The importance of clutch power

Clutch power is the foundation of the LEGO® System in Play. It is the driving force behind the ability to put bricks together so they will stay together, as if they were glued, for the duration of play, and to take them apart in order to create new play experiences. A vigorous testing process ensures the clutch power of a LEGO brick which signifies its quality and ability to be combined into the play system.

In our factories, moulding machines produce thousands of LEGO® elements an hour. At scheduled times during the day, an operator responsible for product quality will select a moulded brick for testing. The brick will be visually inspected and measured to precise standards. Its tolerance will be measured to within 4/1000mm and importantly, the clutch power will be checked. When starting new product lines, we double this inspection rate to ensure the highest quality levels.

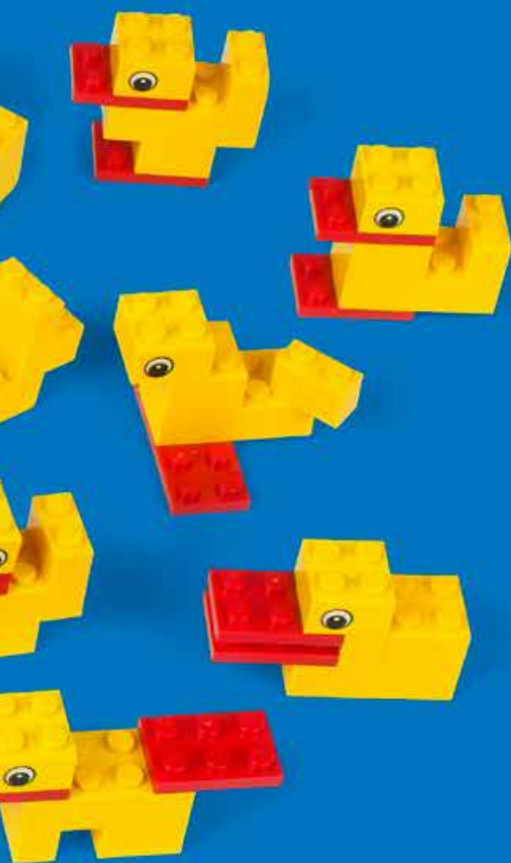
Clutch power is a defining feature of the LEGO System in Play and a key driver of the high-quality play experience that we deliver. We make sure consumers are guaranteed quality and safety when they choose to purchase a LEGO product.

Intellectual property challenges globally

We strive to ensure that consumers can always trust that anything carrying the LEGO® logo, or featuring the characteristics of LEGO design, is a genuine LEGO product. This is not only in our interest as a business – but also in the interest of parents and children – as LEGO products warrant experiences of the highest quality and safety.

Intellectual property right infringements of LEGO products has become a global challenge facing the LEGO Group, and other toy manufacturers have been accused of copying LEGO concepts, packaging and products, which may mislead consumers.

We believe that consumers should never be in doubt about when they are getting a true LEGO experience of high quality and safety, and when they are getting something else. Therefore, we will take the action needed around the world to protect our brand and consumers. For example, to address this challenge in 2016, we filed lawsuits against a Chinese manufacturer of toys which could be misunderstood by consumers to be LEGO products.



CASE

Testing the LEGO® DUPLO® Backhoe Loader

Product safety is integrated into the design of new elements and in order to ensure the safety of our products, we thoroughly test elements individually and when they have been assembled. One critical focus area when testing LEGO® DUPLO® products is ensuring no small parts can break off during play to present choking hazards.

Our testing process ensures that our product safety complies with national and international safety and quality standards. Each new element is tested thoroughly, with repeated physical testing using greater force than could be applied by a child, to give confidence to parents that LEGO play experiences are safe.

To illustrate the thoroughness of our testing process, the different types of physical and chemical tests of the LEGO DUPLO Backhoe Loader, which was launched in 2016, are described below.



A child playing with the LEGO® DUPLO® Backhoe Loader.

Physical and chemical testing – a few examples



Bite test

Using a device shaped as a child's mouth, we simulate a child biting the toy with the force of 22.5 kg. We focus on potential weak points, such as the trailer hook on the truck. This test is to ensure that no part can break off during play.



Tension test

We test the strength of products to ensure our more complex elements cannot be taken apart by a child. On the LEGO® DUPLO® Backhoe Loader, we focus on potential weak points such as wheels and trailer hooks. Using a special device we use a force equivalent to a mass of up to 10 kg to try to pull the wheels from the truck, as they could present a choking hazard if they break off.



Full ingredients list

We work closely with our suppliers to ensure we have 100% control of each substance used in the production of the raw materials which are used in a LEGO® element.



Drop test

In order to ensure products do not break or splinter during play LEGO® DUPLO® Backhoe Loader and LEGO elements are dropped onto a hard surface from a height of 1.5 and 1.0 m respectively. The test simulates a toy thrown from a highchair.



Compression test

To simulate a child stepping or sitting on the toy, we press a metal disc against it using the force equivalent to the mass of 15 kg. In the case of the Backhoe Loader, we focus on the wheels, as we want to ensure these cannot break off during play.

Respect for consumer feedback

We listen closely to all of the feedback that we receive from millions of people around the world. We take this feedback seriously when designing new products to continually improve LEGO® play experiences.

In 2016, more than 1.2 million consumers provided feedback on building and playing with LEGO products and experiences, and reported the highest level of satisfaction to date.

The level of satisfaction is measured by the Net Promoter Score® (NPS) Programme Index - a global consumer loyalty metric that is calculated by asking people their likelihood of recommending a brand. We have collected data using this method since 2005. Since 2011, we have been benchmarking our index score based on the results from that year, setting the base score to 100 index points. In 2016, we saw our index score rise to 111.1 compared to 109.3 in 2015. This improvement was driven by the quality of consumer services, improved digital content and LEGO shopping experiences.

We are very proud that people continue to hold our products and play experiences in such high regard. This inspires us to maintain our quality to ensure their trust in our brand.

Responding to consumers' concerns

We monitor the requests from thousands of people around the world who contact us every day. We value their feedback as we use it to constantly improve our products and experiences. During our dialogue with consumers we also experienced a reduction in the rate of complaints by consumers, decreasing by 15.5% from 720 down to 608 per million products sold.

When we receive feedback about quality issues, immediate action is taken to identify causes and rectify the situation. For example, any trends pointing to production or packaging issues are shared with the relevant production facility to ensure quality control is double-checked. All design issues are reviewed and addressed by our product design team and taken into consideration for future products.



Planet

Climate change is a major challenge facing the planet and the builders of tomorrow. As a part of our Planet Promise, the LEGO Group is taking action to reduce our impact on the environment.

Environmental leadership

Our ambition is to make a positive impact on the world our children will inherit. While our play experiences are our most important contribution, we also believe we have a responsibility to minimise our impact on the environment. We must set a good example as a company and inspire children to take care of the planet and its people.

In 2016, we continued to make progress, becoming more energy efficient, increasing investments in renewable energy sources, and taking early steps on a journey to make our products from sustainable sources.

2016 highlights

Responsible Resource Consumption

- We made progress towards using only sustainable materials in core products and packaging by 2030, and produced prototype LEGO® bricks using plastic sourced from sustainable materials.
- We maintained our record of using 100% Forest Stewardship Council™ (FSC™) certified paper and packaging in our core products.
- 93% of all waste and 100% of all element waste was recycled.

Climate Action

- Our parent company, KIRKBI A/S, invested in a new offshore wind farm on behalf of the LEGO Group.
- 90% of energy consumption at our factories and offices was balanced with production of renewable energy.
- All targets from the partnership with the WWF Climate Savers Programme were met or exceeded.
- Based on our 2016 reporting of 2015 results, we achieved a CDP (Carbon Disclosure Project) Score of 'A' - the only toy manufacturer to achieve this rating.



Our Planet Promise

Our ambition is to lead on environmental performance in the toy industry, and reduce the impact our operations have on the planet.

Our ambitions and actions are guided by the UN Sustainable Development Goals, in particular:

- **Goal 12: Responsible Resource Consumption.** As the world's population grows and becomes more prosperous, the demand on finite natural resources intensifies. We are committed to taking steps to operate in a responsible way at each step of our supply chain.
- **Goal 13: Climate Action.** Climate change is a major global challenge. We have a responsibility to operate in a way that helps to protect the planet for future generations.

The LEGO Group has set a series of ambitious long-term goals which will require continuous focus, ingenuity and creativity from our employees and partners to help reach our goals.

Environmental ambitions

- Balance our energy consumption with production of renewable energy by 2020 and beyond.
- Work closely with our key suppliers to achieve our goal of reducing CO₂ emissions in our value chain by 2030.
- Sustainable materials used in all packaging by 2020 and LEGO® elements by 2030.
- Zero waste to landfill in our operations by 2025 and in our value chain by 2030.

Goals

- 10% efficiency improvement in CO₂ emissions from manufacturing by 2020, compared to 2016.
- 10% waste efficiency improvement from manufacturing by 2020, compared to 2016.



Our partnership with WWF

The LEGO Group joined the World Wide Fund for Nature's Climate Savers Programme to inspire and develop activities which will minimise our impact on the planet.

The LEGO Group was the first toy company to join the Climate Savers programme, which is designed to encourage organisations to reduce carbon emissions, protect resources from climate impact, and build sustainable businesses. We are pleased to report that we have met or exceeded the targets set when we commenced the partnership in 2014. As a result of this success, we will renew the partnership for a further three years, during which time, we will work to achieve a new set of ambitious goals.

"The LEGO Group knows that sustainability and economic growth can go hand in hand. During our partnership, the LEGO Group has demonstrated strong industry leadership and courage in their quest to become the best in class in reducing greenhouse gas emissions. We are excited to continue our partnership with the LEGO Group and support their bold vision to continue to build a sustainable future for today's children." John Nordbo, Head of Climate and Energy, WWF Denmark.

"During our partnership, the LEGO Group has demonstrated strong industry leadership and courage in their quest to become the best in class in reducing greenhouse gas emissions."

John Nordbo,
Head of Climate and Energy,
WWF Denmark.

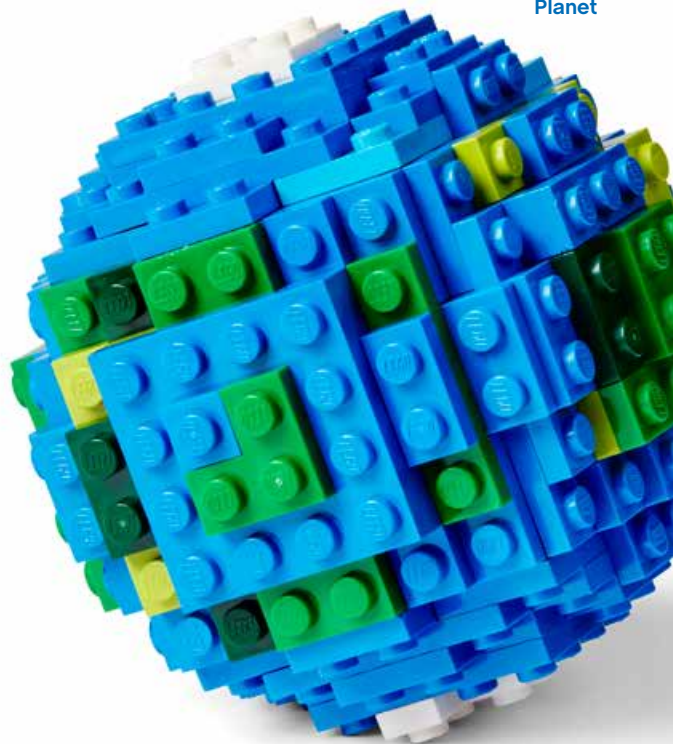
Highlights from our engagement with the WWF Climate Savers programme

- We launched the Engage-to-Reduce programme with suppliers to co-create innovative solutions to reduce carbon emissions, and address the impact of carbon emissions in our supply chain.
- We reduced the amount of energy used to manufacture LEGO® elements by over 12% compared to 2013.
- We created an environmental strategy for materials that inspires employees to identify opportunities to operate more sustainably. This includes producing products using fewer materials, using renewable or recycled materials, and innovating our products to be more sustainable.
- Our parent company, KIRKBI A/S, has invested – on behalf of the LEGO Group – more than DKK 6 billion in renewable energy over the past four years, including DKK 3.3 billion in 2016. This puts the LEGO Group on track to balance total energy consumption across factories, offices and stores with the production of renewable energy by 2020. In 2016, we generated 326.5 gigawatt hours of renewable energy.



Tackling climate change

Climate change is a major challenge facing the planet, and the LEGO Group is taking action to reduce its impact on the environment. Our ambition is to be carbon neutral in our operations, invest in renewable energy, and increase energy efficiency. We are challenging our suppliers to do the same.



How we approach addressing climate change:

In order to achieve the best possible results, we have focused our efforts on the following areas:

1. Improve energy efficiency: Through technology and process optimisation, we can reduce the amount of energy required to produce LEGO® elements and power factories and offices.
2. Invest in onsite renewable energy: In 2017, we will install solar panels on the roof of our factory in Jiaxing, China.
3. Invest in offshore renewable energy: During 2016, our parent company, KIRKBI A/S, made an investment in a new offshore wind farm, ensuring we remain on track to meet our target of balancing our energy use through production of renewable energy by 2020.

To ensure we maximise our efforts to reduce our CO₂ emissions, we work to the highest international standards of reporting. We have worked closely with the CDP (Carbon Disclosure Project), an organisation which supports companies, cities, states and regions with managing their environmental impact through disclosure and reporting of CO₂ emissions.

Based on our 2016 reporting of 2015 results, we achieved a CDP (Carbon Disclosure Project) Score of 'A' – the highest possible score – for our progress and transparency in response to the CDP Climate Programme.

Reducing CO₂ emissions in our supply chain

Only 10% of our carbon footprint comes from our own operations, while 90% comes from outside of our direct control. Our 2015 mapping of the carbon footprint from our supply chain and operations totalled over 1.1 million tonnes of CO₂. To reduce this, we are partnering with suppliers to take action.

In 2014, we launched the Engage-to-Reduce partnership programme. This is designed to encourage our partners and suppliers, many of whom manufacture raw materials and transport our goods, to reduce CO₂ emissions. In addition to the 'A' score awarded to the LEGO Group for Leadership, the CDP has recognised our Supplier Engagement programme with a score of 'A-'.

During the past two years, we worked with over 40 selected suppliers and the CDP to establish a consistent and transparent framework for reporting CO₂ emissions.

Collecting data via the CDP provides visibility of our suppliers' performances and identifies opportunities for them to further reduce CO₂ emissions. Given the success of the programme, it will be expanded in 2017. More than 40 suppliers, which account for 80% of CO₂ emissions in our value chain, will report through the CDP and engage in CO₂ reduction efforts. Our updated 2016 CO₂ emission data will be published on 1 September 2017 at www.LEGO.com/responsibility.

One example of the success of the Engage-to-Reduce programme is DB Schenker, a transport company based in Germany. DB Schenker is responsible for transporting LEGO® elements between our moulding factory in Hungary and our packing facility in the Czech Republic. In 2016, they trialled new trucks which had a larger capacity to enable more boxes to be packed, and featured a sleeker, aerodynamic design.

Over three months, DB Schenker reduced fuel consumption, energy costs and emissions required to transport LEGO elements. Fewer trips were required as pallets were stacked closer together and low-emission biofuels were tested.

The trial resulted in a reduction of 480 tonnes of total CO₂ emissions compared with existing trailers and an estimated 1,200 fewer deliveries between the facilities per year.

The journey of a LEGO® brick CO₂ emissions snapshot

TOTAL EMISSIONS 2015 (TONNES CO₂)

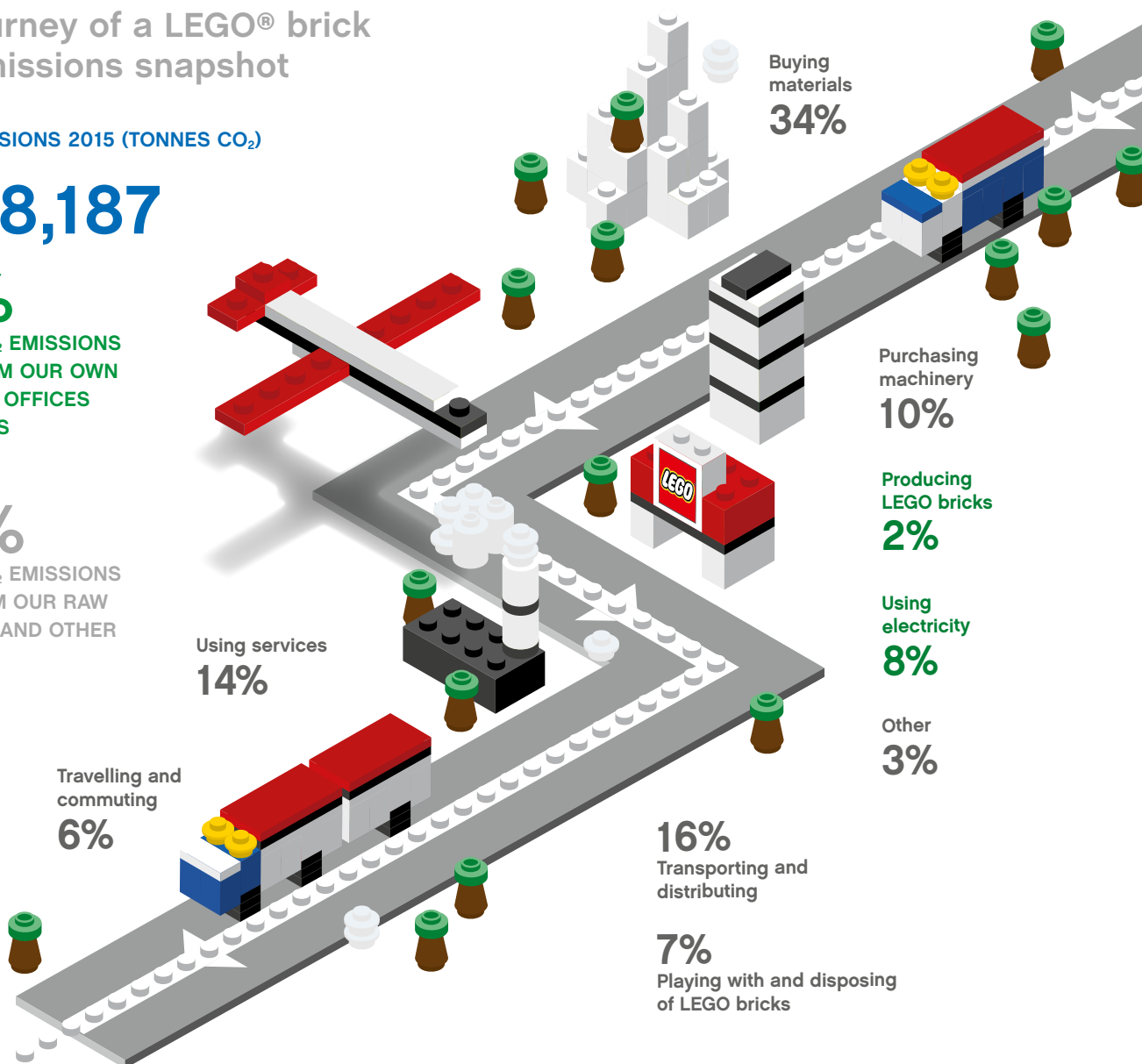
1,138,187

10%

OF OUR CO₂ EMISSIONS
COME FROM OUR OWN
FACTORIES, OFFICES
AND STORES

90%

OF OUR CO₂ EMISSIONS
COME FROM OUR RAW
MATERIALS AND OTHER
SOURCES



90% of the total CO₂ emitted during the production and distribution of LEGO® bricks is outside our direct control.

Most of the CO₂ emitted during the lifecycle of our products comes from sources such as the production of the raw materials, transport and distribution, and other services. 10% of the total CO₂ emitted during the lifecycle of LEGO bricks comes from our factories, offices, stores and consumers.

During 2015, the total CO₂ emissions from the production and distribution of LEGO bricks was 1,138,187 tonnes. This is equivalent to approximately 22 grams of CO₂ per 2x4 LEGO brick, when considering a brick's full lifecycle.

In order to minimise our impact on the environment, we will continue to improve the efficiency of how we operate. We will focus on our own operations and work together with our suppliers.

The data described in the infographic above is based on our 2015 results. Our updated 2016 CO₂ emission data will be published on 1 September 2017 at www.LEGO.com/responsibility.

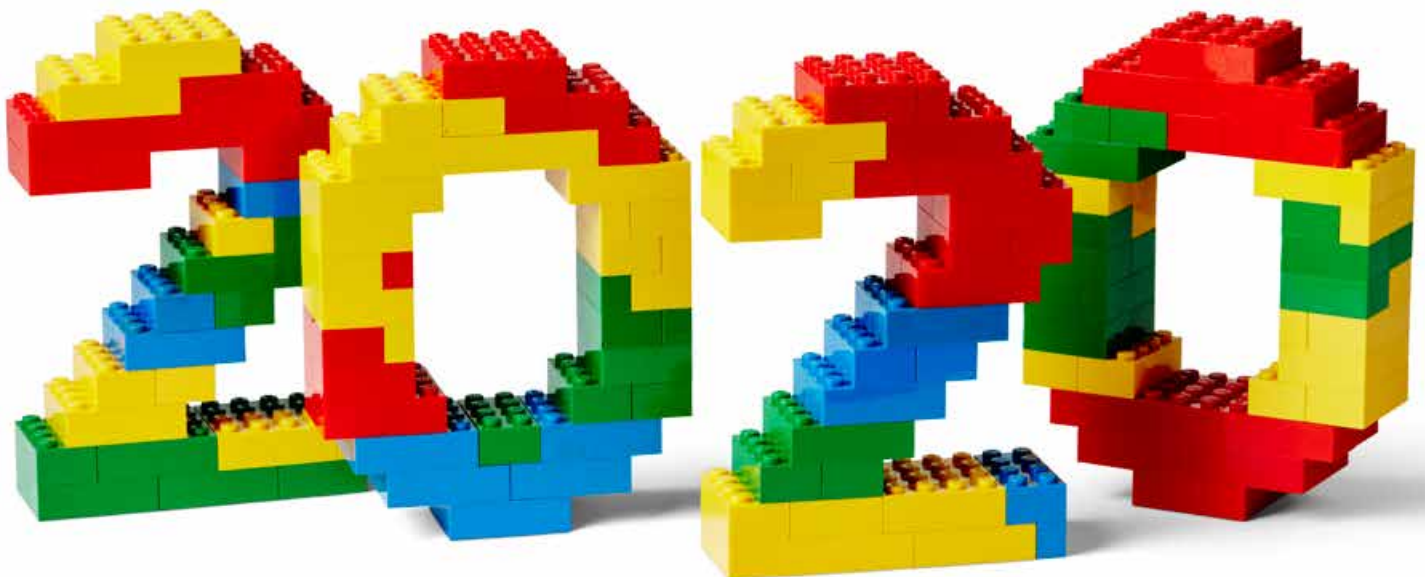
Improving energy efficiency

Each year we challenge ourselves to be more energy efficient in our manufacturing process. Since 2013, we have set a goal to reduce the amount of energy it takes to produce a tonne of LEGO bricks by 2.5% per year.

During 2016, we continued to invest in improving our energy efficiency, resulting in an increase of 0.2% compared to 2015, below our target to increase energy efficiency by 2.5%. This was due to the level of production being lower than installed capacity for the first time in recent years. The energy consumption is only partly linked to the production of LEGO® bricks, as a basic energy consumption is needed to keep the factory operating, regardless of the production intensity.

The overall energy consumption across our manufacturing facilities decreased in 2016 by 1.9% to 303 gigawatt hours, compared to 309 gigawatt hours in 2015. Additionally, since 2013, we have increased energy efficiency of our manufacturing process by 12.8%. This was achieved through investments and activities focusing on technology improvement in manufacturing, such as newer moulding machines along with improved building standards and behavioural change.

Since 2013, we have increased the energy efficiency of our manufacturing process by 12.8%.



Balancing energy use by 2020

The LEGO Group is committed to securing both on- and offsite renewable energy capacity to ensure the production of LEGO® products is sustainable.

In 2016, over 90% of our energy consumption at our factories and offices was balanced with production of renewable energy. We are proud of this industry leading performance, and we expect that during 2017 we will reach our goal of balancing energy use, with production of renewable energy three years ahead of our previous target of 2020.

Since 2012, our parent company, KIRKBI A/S, has invested in two offshore wind farms on behalf of the LEGO Group. To date, the total amount invested in renewable energy is approximately DKK 6 billion with a projected installed capacity of 162 MW.

2016 highlights

- Production of wind power from the Borkum Riffgrund 1 offshore wind farm in Germany, which is 31.5% owned by our parent company, KIRKBI A/S. By the end of 2016, KIRKBI A/S's share of the wind farm had produced 326.5 gigawatt hours of renewable energy, therefore avoiding the emission of over 154,000 tonnes of CO₂.
- In 2016, KIRKBI A/S made a DKK 3.3 billion investment in the Burbo Bank Extension offshore wind farm in the UK. KIRKBI A/S acquired 25% ownership of the project, which has a capacity of 258 megawatts. During November 2016, the first power was produced from the wind farm, which will be completed in the first half of 2017.
- We have invested in solar panels that will be installed at our factory in China. The solar panels will produce up to six gigawatt hours annually and reduce CO₂ emissions by 4,000 tonnes.
- The LEGO Group and KIRKBI A/S will continue to invest and develop its renewable portfolio to maintain our 100% renewable energy balance. Through global partnerships with other leaders in this area, we hope to inspire the future development of renewable energy to ensure a positive impact on the planet for the builders of tomorrow.



Improving environmental building standards

In 2016, we implemented the LEGO® Build Better framework, an ambitious environmental building standard to reduce the environmental impact of our buildings by reducing the energy, water, and materials required in the construction of new buildings.

The scope includes all LEGO factories, offices and Brand Retail Stores. For energy assessments, the LEGO Build Better framework uses an external energy model: ASHRAE 90.1. The same model is used by the Leadership in Energy and Environmental Design (LEED) standard, a global standard for environmental efficiency in buildings.

LEGO Build Better is closely aligned and comparable with the performance levels of third party standards, for the LEGO Group relevant criteria, and enables us to lift our facilities' environmental building standards to a level consistent with our wider environmental corporate objectives.

Build Better Ambitions

- The Build Better framework defines a clear list of targets for energy, water and materials reduction up to 2030.
- For new factories, our minimum targets are 25% reduction of energy consumption (compared to existing factories), 12.5% for water efficiency plus the use of a construction site waste management plan, and dedicated operational waste storage. Offices and retail stores will have LED lighting in all spaces. Electricity and water metering will be used to help identify further savings. A site waste management plan, waste sorting facilities, as well as a reduction of the use of any materials that give off fumes, e.g. adhesives and paints, will be implemented as part of the framework.



A highly sustainable factory

CASE

We officially opened our new factory in Jiaxing, China.

The factory has been designed to comply with the highest standards of environmental responsibility and has been developed with a high degree of resource efficiency.

The new factory, covering an area of approximately 165,000 m², employed more than 1,200 workers at the end of 2016, and included moulding, decoration and assembly, as well as packing lines. The factory is expected to produce 70-80% of all LEGO® products sold in Asia.

Some of the investments in building a sustainable factory include:

Energy efficiency

The factory has 100% LED lighting and state of the art efficient moulding machines. We have doubled the required insulation of the walls, roof and windows to reduce the cooling load by 7% and heat load by 25%. Use of daylight, motion sensors and dimmable lights in internal areas will reduce electricity consumption for lighting by 50%.

Solar energy

20,000 solar panels will be installed on the roof. The panels will produce almost six gigawatts of energy per year. This is equivalent to the electricity use of more than 6,000 Chinese households. Solar power will also be used to heat water used in the site's office. The solar panels will provide an opportunity to reduce CO₂ emissions by more than 4,000 tonnes annually. The solar panels will cover an area equivalent to more than five football fields – the maximum area possible given the roof layout.

Green space for well-being

We have installed 80,000 m² of green space, which includes a traditional Chinese garden, to improve employee well-being. An air quality plan will be established to enhance a good working climate, contributing to the comfort and well-being of the employees.

Water saving

To irrigate the garden and green space, we have installed a system to draw water from a canal, instead of using potable water. This will result in a saving of 214,500 m³ of potable water per year. We have installed water efficient sanitary fixtures, fittings and appliances in order to reduce water usage by up to 30% per year.

Sustainable materials and transport

A minimum of 50% of wood-based materials and 100% of packaging will be certified according to the Forest Stewardship Council's™ principles and criteria. We use electric cars for onsite transportation.

Using resources responsibly

In order to minimise the impact our footprint has on the environment, we believe that resources should be sourced sustainably.

We constantly pursue more sustainable solutions to our raw materials consumption and our packaging. We also work towards improving our waste management and eliminating waste in our production.

Our approach to the use of resources is based upon three principles:

1. Reduce our consumption of resources
2. Reuse as many resources as possible
3. Recycle the resources we cannot reuse

2016 highlights

- We recycled over 93% of all waste and 100% of element waste.
- We moulded LEGO® element prototypes using plastic produced from sustainably sourced raw materials.
- Water consumption increased by 1.8%, less than the increase in rate of production.
- Recyclable paper carrier bags were introduced across our LEGO® Brand Retail Stores from November 2016. The bags will gradually replace plastic bags during 2017.
- We maintained 75% recycled content of cardboard packaging.
- We maintained our achievement from 2015 of using 100% Forest Stewardship Council™ (FSC™) certified paper and cardboard in our core products.

It is our ambition to improve waste efficiency from manufacturing by 10% by 2020 compared to 2016, and to use sustainable materials in production of core products by 2030.

Our sustainable materials journey

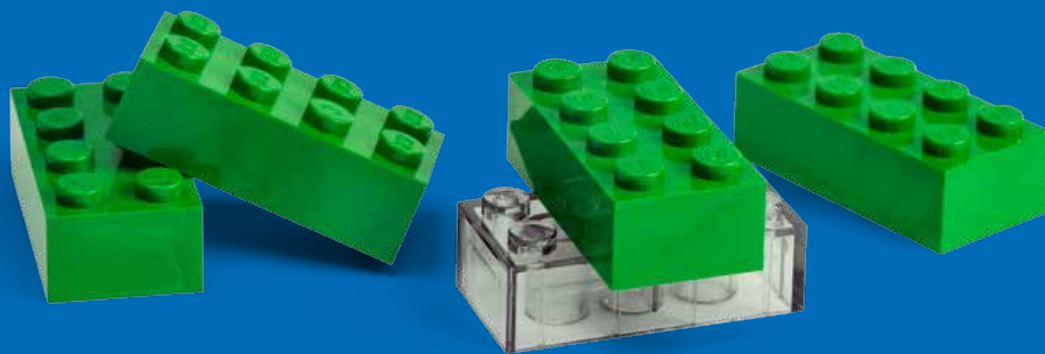
The LEGO Group is committed to finding and implementing sustainable materials in our core products – elements, packaging and building instructions – by 2030. In 2015, we announced the decision to invest DKK 1 billion in the LEGO® Sustainable Materials Centre. We are excited to have started this challenging 15-year journey and while we are confident we will achieve our goals, we know we cannot succeed alone.

For over 50 years, LEGO elements have been moulded using the highest quality plastics – some of the most durable, safe and functional materials available – to provide the best play experiences for millions of children around the world. Yet, the oil-based plastic used in LEGO elements is not a long-term solution for the planet or the LEGO Group. By 2030, our ambition is that products will be made of plastic sourced from sustainable materials that meet our high standards for quality and safety.

We partnered with WWF to define sustainable materials and concluded that a sustainable material should fulfil the following requirements:

A sustainable material is one that meets our high quality and safety standards, has key environmental and social sustainability attributes, and maximises the play value of our products.





Non-negotiable characteristics

Sustainable materials cannot compromise on:

- Safety
- Quality
- Durability of elements
- Play experience

An example of prototype LEGO bricks produced using plastic, derived from sustainably sourced wheat.

Each iteration of sustainable materials should reduce our environmental impact compared to its predecessor.

Sustainable materials criteria

- No non-desirable chemicals
- Sustainably sourced and sustainably manufactured feedstock
- Minimum waste in the value chain

The first steps

We have continued to invest in the Sustainable Materials Centre, with over 70 employees now working on test moulding, and produced LEGO® brick prototypes using sustainable materials. We are excited by the progress we have made together with our partners, and while these early LEGO brick prototypes will never reach the market, they are an important step towards a sustainable material platform. The sustainable plastic used for the prototype is derived from wheat, and Vice President for Materials and the Sustainable Materials Centre, Nelleke van der Puij, explains:

“We are on a journey towards a more sustainable materials platform, and we need to find replacements for more than 20 different types of plastic. The journey ahead of us is unknown – we approach it with an open mind and do not exclude any route towards more sustainable materials. Moulding prototypes is the first of many important steps, and I am happy we can now present our first sustainable LEGO brick prototypes.”

In 2016, the LEGO Group joined the Bio Plastic Feedstock Alliance to ensure that any feedstock purchased to produce elements is sourced sustainably. The alliance is an initiative by the World Wide Fund for Nature.



Working towards zero waste

We work to use our resources responsibly and strive to reduce waste in production, use environmentally friendly packaging, and encourage recycling. Our 2020 ambition is to improve waste efficiency from manufacturing by 10%, compared with 2016 and have zero waste through the value chain by 2030.

Reducing our waste is not only good for the environment but provides an additional financial benefit, as less raw materials are required to produce the equivalent amount of LEGO® elements.

2016 highlights

- Waste efficiency improved by 1.6% compared to 2015.
- We achieved our full year target of recycling 93% of all waste and 100% of all element waste.
- Use of raw materials decreased by 1.5% to 89,600 tonnes compared to 2015 and our total waste decreased by 5.2% to 15,625 tonnes.
- We are focused on reducing our consumption of water, as we know that water scarcity is becoming a growing concern in many countries around the world. During 2016, our water consumption was 538,000 m³, a slight increase of 1.8% from 2015.
- At the factory in Nyíregyháza, Hungary, element waste was reduced by 270 tonnes in 2016 compared to 2015 through a combination of improvements to our production processes and employee training. By improving our quality management processes, we were able to increase the efficiency of the moulding processes. This small step was just one of several key initiatives resulting in a significant reduction in waste without ever compromising quality.



Society

The culture of the LEGO Group is defined by caring for employees and the societies where we are present. We strive to operate ethically and transparently and to uphold human rights.

Caring, ethical and transparent

The history of the LEGO Group is defined by a culture of openness and trust. We focus on caring for the well-being of employees and conducting transparent business practices with our suppliers, partners, and the communities where we are active members.

2016 highlights

Caring for employees

- Employees reported a high level of engagement – 96% of employees responded to our annual employee survey and reported a motivation score of 16 index points ahead of our benchmark.
- We held LEGO® Play Day where 17,500 employees celebrated the power of play. This was our first Play Day and our largest ever play event for employees.
- We improved our safety record and are on track to reach our target of world class safety. The number of incidents per million working hours, was reduced to 1.3 compared to 1.4 in 2015.
- We established new focus on employee mental health and introduced training for leaders and employees to spot risks earlier and take action.

Supporting local communities

- Thousands of employees participated in over 180 events for more than 100,000 children around the world in our Local Community Engagement programme supporting children's development and well-being.

Responsible business conduct

- 81 audits were conducted with our suppliers. We resolved 100% of non-conformities for quality compliance and 79% for Code of Conduct compliance. Read more on page 65.
- 100% of leaders at director level and above received mandatory training in business ethics and integrity.
- A record 98% of all salaried employees were trained in anti-corruption.

Caring for employees

The LEGO Group employee base in 2016

19,000

Passionate, engaged, dedicated, and innovative people

1,700

Net increase in employees

80

Different nationalities are represented by LEGO® employees

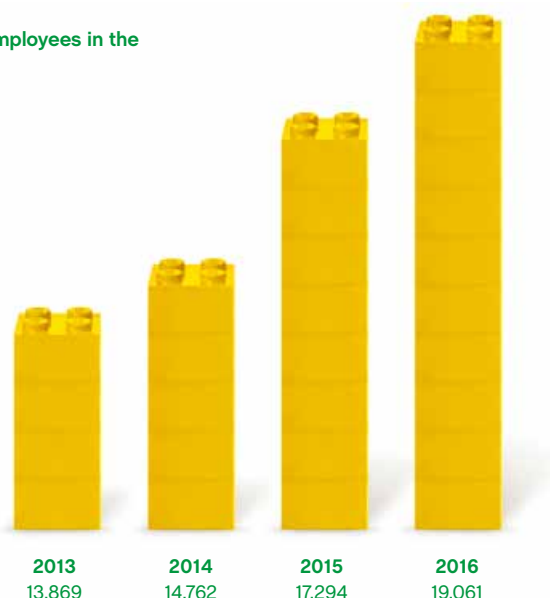
Our founder, Ole Kirk Kristiansen, instilled a deep commitment to the well-being of the LEGO Group's employees – something we continue to live by today. Through our People Promise of succeeding together, we aim to build on a culture defined by openness and trust.

We feel extremely fortunate to have over 19,000 dedicated, engaged, and creative employees, represented by more than 80 different nationalities. We acknowledge their invaluable commitment to the LEGO Group, and we want to provide them with the best possible working environment. That is why we will continue to strive to foster a safe, caring, and respectful workplace characterised by transparency.

In 2016, we had the privilege of welcoming over 1,700 net new employees and our organisation continues to become more diverse. It is important for us to create an inclusive workplace culture that enables our employees to contribute and develop to their full potential.

LEGO® products are sold in over 140 countries around the world. We have 131 LEGO Brand Retail Stores, sales offices in 37 countries, five factories located close to our major markets, as well as our global headquarters in Billund, Denmark, and our main offices in Enfield (USA), London (UK), Shanghai (China), and Singapore.

Total number of employees in the LEGO Group.





Improving diversity in the workplace

As we globalise our organisation, our employee base is becoming more diverse. We believe that having employees with many different backgrounds, skillsets, and experiences benefits our organisation and equips us to more effectively address the global challenges ahead.

As part of increasing our diversity, it is our ambition to have a balanced composition of genders on all organisation levels by the year 2032. In 2016, 43.6% of newly appointed and recruited leaders were women, a slight improvement from 43% in 2015. The 2017 target is set to a minimum of 40%, including all Manager levels and above. We will continue to progress towards our long-term ambition of having a more gender-balanced flow of talent contributing to a stronger global organisation, while complying with our Gender Diversity Policy that stipulates that we should always hire the most suitable and competent person for any job.

At top management level, six of our 26 Corporate Management members are women, an improvement from the previous year where three of our 26 Corporate Management members were women. Our long-term aspiration is to have a management team made up of an equal number of women and men. In the context of this report, two legal entities are subject to the reporting requirements in section 99 b of the Danish Financial Statements Act. For the LEGO A/S board one member out of seven was female in 2016. It is the ambition to increase the number of female board members to a minimum of two by January 1, 2020. This target was not met in 2016 due to no new members entering the board. The board of LEGO System A/S (a subsidiary to LEGO A/S) is gender-balanced as per the legislative guidelines with one out of four general assembly elected board members being female.

In 2016, we carried out a number of initiatives aimed at diversifying the organisation's employee base.

- We trained leaders and people managers on biases in the people review process to carry out gender-neutral performance and promotion decisions.
- Two members of the LEGO Group Management Board were elected to be the executive sponsors of the LEGO Group's diversity agenda with the purpose of mobilising greater focus and actions to progress this agenda across the company.



The first LEGO® Play Day

An aerial photograph showing a large group of people, including children and adults, sitting on a blue floor covered with a massive pile of colorful LEGO bricks. The people are engaged in playing with the bricks, some building structures while others are sorting through the pile. The scene is vibrant and captures a moment of collective play.

CASE

Individuals who are curious, creative and imaginative are best equipped to thrive in our constantly changing and complex world.

One of the best ways to cultivate curiosity, creativity and imagination is through play, as it enables us to explore and test solutions to real-world challenges in safe environments. To demonstrate the LEGO Group's commitment to play, this year, all employees were given the opportunity to dedicate half a day of work to re-connect with the LEGO® brick, play, and have fun together.

The first LEGO Play Day was the largest single social event in the history of the LEGO Group. On 26 August, more than 17,500 LEGO employees played together in over 180 locations around the world. The day began in Singapore and ended over 20 hours later in Los Angeles when the last employee completed four hours of intense playing. Spanning different time zones, cultures and languages, employees engaged in play experiences that required creative problem solving skills, teamwork, communication and much more. Experiences were shared via thousands of social media postings, adding further excitement and connecting employees around the world.

On Play Day, the LEGO Group celebrated play and reconnected with the LEGO Idea and values. Many employees play with LEGO bricks every day as part of their job, but the Kirk Kristiansen family believes that all employees should have the opportunity to play together regardless of their role in the company.



Celebrating the power of play at the factory in Jiaxing, China.

Thomas Kirk Kristiansen, representing the fourth generation owners of the LEGO Group said: “Play Day is the essence of the LEGO Idea: It is about having fun, collaborating and learning through play.”

Play Day was especially important to introduce the thousands of new employees to the LEGO values of imagination, creativity, fun, learning, caring and quality.

“The Play Day was a really good way of showing how much fun can be had with the products we make in our daily work. It is a way to let all employees have the chance to play with LEGO bricks, and it reminded us how important it is to keep a happy and positive attitude towards life.” Kyle Wang, Production Shift Leader from Jiaxing, China.

About Play Day

- Over 17,500 employees participated.
- The largest internal event in the history of the LEGO Group.
- More than 600 volunteers.
- More than 180 locations around the world.
- More than 4 million LEGO® bricks weighing 32 tonnes were used during the day. Afterwards, these bricks were donated to our Local Community Engagement activities around the world.

**“Play Day is
the essence of
the LEGO® Idea:
It’s about having
fun, collaborating
and learning
through play.”**

Thomas Kirk Kristiansen,
representing the
fourth generation owners
of the LEGO Group.

Building a world class safety culture

In the LEGO Group, our culture of caring for employees is deeply rooted across the organisation. We want to create the best possible work environment that ensures employees can stay healthy and safe.

The health and safety of all our employees is a key priority that we will never compromise. Our employees are fundamental to our success, and caring for our employees is one of our key values. In 2016, we continued to reduce the absence rate due to work-related injuries to 1.3 injuries per million working hours compared to 1.4 in 2015.

We achieved this reduction despite ramping up operations at our factory in China and increasing global production to meet the demand for our products. Additionally, the rate of absence due to sickness remained steady at 2%.

Over the past five years, we have reduced the number of hours lost to injuries per million working hours by 38% from 2.1 in 2011 to 1.3 in 2016. Our ambition is to improve on our strong safety record and build a world class safety culture by reducing the number of injuries per million working hours to 1.0 or below over a three year period.

2016 highlights

- We have expanded the registration of health and safety data to include our newly established Shanghai office and the factory in Jiaxing, China.
- We continued to roll out behaviour-based safety training across the organisation.
- Across our LEGO® Brand Retail Stores, we integrated behaviour-based safety into daily work processes, focusing on communication and partnership with our safety ambassadors at the stores, our store managers and our district managers.

Promoting mental health

In order to improve the health and well-being of employees working in our global organisation, we defined a framework for how we approach mental health challenges and developed two programmes that we implemented in 2016:

- **Healthy leadership:** A stress management programme available for managers focusing on the ability of the immediate leader to spot stress symptoms among employees and intervene proactively.
- **Mindfulness at work:** A stress awareness workshop for employees to help them to deal with stress, depression or anxiety. 16 successful workshops were conducted as pilot programmes across nine sites around the world.

The health and safety of all our employees is a key priority that we will never compromise. Our ambition is to improve on our strong safety record and build a truly world class safety culture.

Engaging with our local communities

As a purpose driven and responsible company, we aim to play an active role in engaging with the local communities where we are present. The Local Community Engagement programme (LCE) was established in 2014 and works in partnership with the LEGO Foundation to build and support local communities in countries where the LEGO Group has a meaningful presence.

Through the LCE programme, we aim to play an active role in inspiring and developing children's ability to learn through play, build employee engagement, and further demonstrate our commitment to responsible corporate citizenship.

In 2016, we significantly expanded the LCE programme with thousands of LEGO® volunteers participating in over 180 events across 20 countries, reaching more than 100,000 children around the world.

LEGO employees drive the programme through volunteer activities, which are supported both financially and through product donations by the LEGO Group and the LEGO Foundation. A network of LCE consultants and employees around the world carefully select impactful child-focused organisations in the communities where they live and work. We work with charity partners through a powerful combination of focused employee volunteering, coupled with targeted financial and product donations, to establish and maintain strong employee engagement and robust relationships.

While each community portfolio is tailored for local context, needs and interests, we prioritise programmes that leverage the transformative power of learning through play.

2016 LCE programme highlights

Summer camps

A key focus of our Local Community Engagement programme during 2016 was our involvement in summer camps for children around the world. These included both events hosted by LEGO® volunteers as well as external events where LEGO representatives participated in the camps, bringing along playful learning experiences for the children to enjoy. During 2016, we held summer camps in countries including China, Denmark and the USA. The aim of the camps is to inspire and develop children to build on their personal strengths and give them the courage to aim for their dreams.

Build the Change

Build the Change events inspire and empower children to build the future they want to see using LEGO® bricks. During 2016, over 65,000 children participated in 17 Build the Change events around the world. During the events, children use the LEGO bricks to communicate and express their creativity by building different themes such as their ideal school, their future neighbourhood, or a sustainable city.

Learning through play

In continuation of an initiative from 2015, we supported seven schools from Kladno, Czech Republic, to prepare original projects to support playful learning. LEGO volunteers engaged over 1,100 students in projects including classroom and work-related activities, such as traditional crafts and learning geometry through play. Also included was an outdoor classroom with focus on scientific experiments and a multi-functional play area in the kindergarten.



Operating with integrity

Doing the right thing is critically important to the LEGO Group. Our commitment to operate according to the highest ethical standards must never be compromised. We are a values-based company, and our promises to people, partners, planet and play are integral to our brand.

As we continue to grow and globalise, we will always ensure to operate with integrity, which we strongly believe will ensure the protection of the LEGO® brand and its employees. Our ambition is to continue our journey towards embedding our values in a growing global organisation, and our aspiration is to be the most ethical company in the world.

In 2016, we welcomed over 1,700 net new colleagues from different countries around the world, with different cultures and values. All employees are trained in the importance of operating ethically. They undertake mandatory training such as in the LEGO Code of Ethical Business Conduct, Corruption Awareness and Competition Law e-learning programmes.

2016 highlights

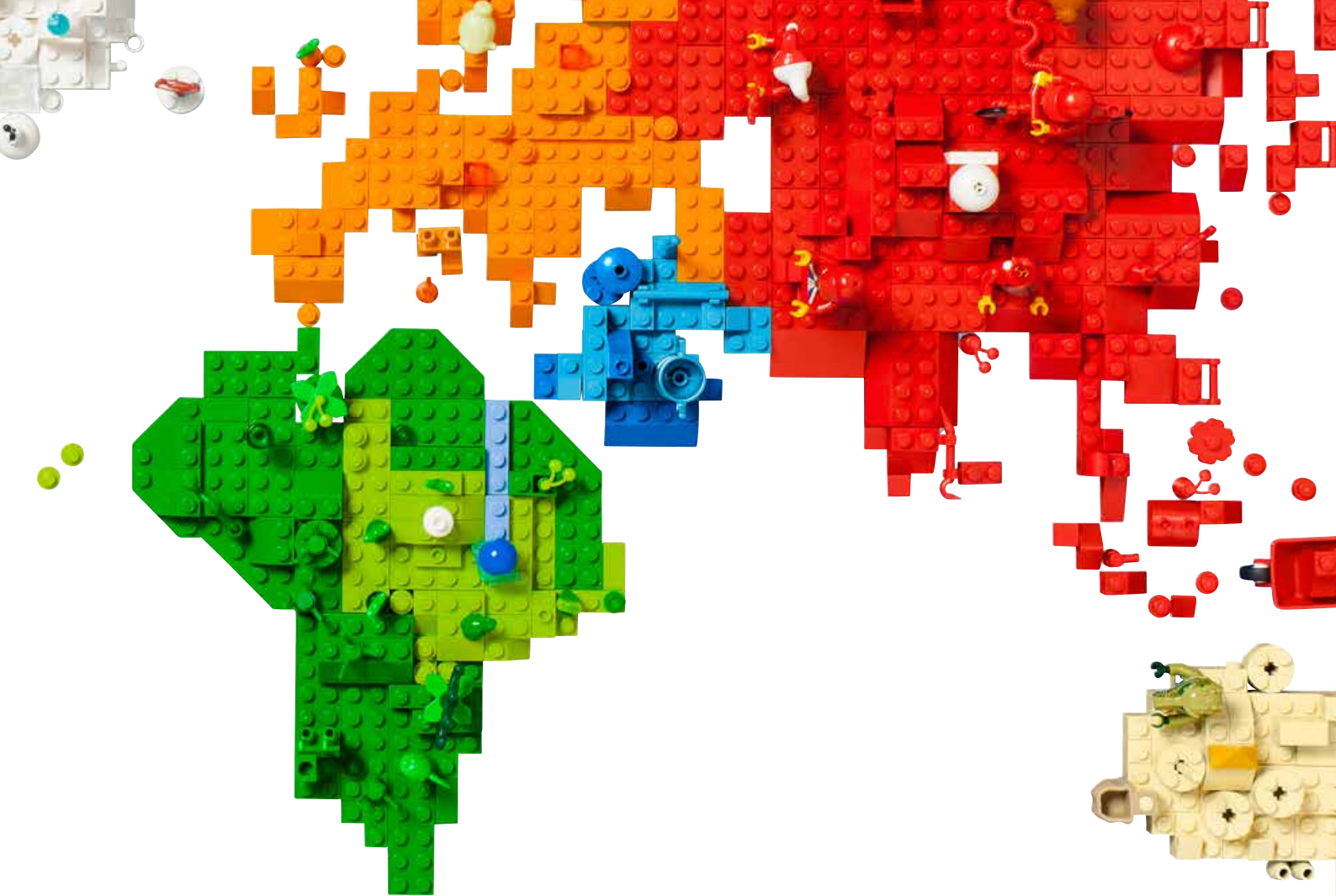
In recent years, the LEGO Group has enhanced its compliance programme, in response to our increased global presence, and greater legislation relating to Anti-Bribery & Corruption and Human Rights. We have an ongoing commitment to protecting employees and our brand.

Ensuring compliance across the LEGO Group

The Corporate Compliance Board (CCB) is the highest decision authority with respect to non-compliance issues in the LEGO Group and reports to the Board of Directors. The CCB includes the Chief Financial Officer and Head of Legal and ensures external regulation is observed, ethical issues are addressed in the spirit of the LEGO® values, and relevant operational guidance for the organisation is available.

During 2016, the CCB reviewed policies including the updated Responsible Marketing to Children Policy and the Digital Child Safety Policy.





Increased ethics training and awareness

We reached our target of training 100% of senior business leaders bi-annually in the LEGO® Code of Ethical Business Conduct. Additionally, over 98% of salaried employees received bi-annual training in ethical business conduct and anti-corruption principles. An internal survey of salaried employees showed a significant improvement in knowledge of our ethics framework, and also highlighted opportunities to improve engagement in its implementation. To underline our achievements, we were pleased that research conducted by the Danish branch of Transparency International scored the LEGO Group 100% on openness and transparency regarding anti-corruption on a country-by-country basis.

Integrity Due Dilligence

Integrity Due Diligence screenings of third parties were carried out. We continued to enhance our third party due diligence process to approach risks holistically including, but not limited to, issues relating to anti-bribery and corruption, social responsibility and human rights and environmental sustainability.

Responsible sourcing and the LEGO® Supplier Code of Conduct

At the LEGO Group, our promise to our partners is based on mutual value creation and we work to ensure responsible business practices in our supply chain. In 2016, we conducted 36 Code of Conduct audits of manufacturing sites, including those used by our licensing partners, and deepened our collaboration with partners and suppliers.

Since 1997, we have required direct suppliers and business partners to sign the LEGO Group's Supplier Code of Conduct, which specifies strict requirements for ethical, environmental and health & safety standards, including our zero tolerance to child labour. By signing the Code of Conduct, suppliers are not only responsible for adhering to standards in their own operations, but also ensuring that their sub-suppliers are compliant.

We audit all our direct suppliers in high risk countries annually in accordance with our Code of Conduct. Suppliers in medium risk countries are audited every two years, and we work with all suppliers to resolve any non-conformities. In addition, specialist LEGO® employees regularly visit supplier factories to monitor progress and we audit selected sub-suppliers that produce components for LEGO branded products.

We see supplier audits as an integral part of our overall supplier management process to help identify risks and compliance gaps. Non-conformities are ranked on a scale from minor to critical or red alert. Our general approach is to work with suppliers to address root causes and promote continuous improvement. However, if we identify red alert or critical issues, we demand an urgent if not immediate response from the supplier and hold the right to terminate the business relationship with immediate effect.

In 2016, we found 48 non-conformities across suppliers in high and medium risk countries. 40 of these were resolved within the year. Six non-conformities for a resin (raw material) supplier were not resolved within the agreed time frame. This was partly due to the complexity of issues and we recognise that, in this case, the supplier needed more time to address the issues in a sustainable way. We have agreed a revised timeline and corrective action plan with the supplier and will report on the results in 2017 (see Case Study – Resin supplier in Asia).

Ensuring supplier quality

To ensure the highest standards of our products and play experiences, we conducted 45 quality audits at our suppliers where we found and resolved 10 findings. We selected the suppliers from the 144 suppliers included in the LEGO Group's Supplier list, which includes suppliers who provide us with raw materials, parts and finished goods.

We are committed to high levels of transparency regarding our supply chain and we publish an annual list of direct suppliers on our website that provide us with raw materials, parts and/or finished goods.

Resin supplier in Asia

Resin (or plastic) is the core raw material for producing LEGO® elements. Among our suppliers of resin, the LEGO Group is typically a small buyer, representing less than 5% of their businesses. Our Supplier Code of Conduct requirements are of the highest standards, and we recognise that our requirements are stricter than many other resin customers on limiting working hours to 60 per week including overtime.

In this specific case, in July 2016, our supplier audit identified six non-conformities related to health and safety systems and lack of robust methods for recording working hours. For issues of this type, we typically require suppliers to make changes within 60 days. However, the supplier was not able to meet our request, partly due to the need to make significant investments in a 'clocking-in' system and the need to consult with workers regarding changes to shift patterns.

While we insist on strict compliance with our Supplier Code of Conduct standards, our overall approach is to work with suppliers on a partnership basis to help drive improvements. We have therefore agreed on a corrective action plan and a revised timeline with the supplier and will report on the results in 2017.

Worker helplines – Jiaxing, China

Compliance hotlines can provide an important secondary channel for workers to raise issues and to seek help. Workers at our manufacturing facilities have access to the LEGO® compliance line. In addition, to support the construction of our new factory in Xiaxing, China, we set up a dedicated LEGO Worker Helpline from June 2015 to June 2016.

The helpline was managed by an independent third party and provided construction workers with an opportunity to freely express concerns or grievances in confidence. During the year of service, the helpline assisted 35 workers to successfully resolve complaints.

A number of our suppliers are part of the International Council of Toy Industries (ICTI) Care programme in China, and workers at these sites have access to the ICTI worker hotline. We plan to review the effectiveness of the hotline and other grievance mechanisms over the next year.



An employee at our factory in Xiaxing, China.

Positive impact of the LEGO Group's value chain

As a truly global company with five production facilities, 37 offices and 131 Brand Retail Stores, our activities create value for our stakeholders in many markets around the world. We work closely with our suppliers to ensure the activity in our value chain is responsible and impactful.

This report covers all activities of the LEGO Group, the products we make, and the markets in which we operate.

In 2016, we generated a total revenue of DKK 37.9 billion and a net value add of DKK 19.2 billion. This does not include the value generated through the increased level of activity of our supply chain. 9% of the net value add was distributed to the LEGO Foundation to support children around the world to learn through play*.

Furthermore, we support society and communities around the world through the distribution of employee salaries and taxation. During 2016, 13% of our net value was reinvested directly in supporting the strengthening of the company for the future.

Tax

Our economic impact on society is based on direct employment of 19,061 colleagues in over 36 countries around the world, as well as the indirect employment associated with our supply chain and partners who create licensing products.

The LEGO Group works to be open and transparent in our relationships with tax authorities where we do business. We respect international and national tax legislation and pay the required taxation. We work to enter into Advance Pricing Agreements and Tax Governance and comply with OECD guidelines on transfer pricing. Tax on profit for 2016 amounted to DKK 3.0 billion, unchanged from 2015.

The financial results indicated above are drawn from our 2016 Annual Report. To read the report, visit <https://www.lego.com/da-dk/aboutus/responsibility/our-policies-and-reporting>

*We define net value added as total revenue minus total expenses excluding employee costs. The percentage of the net value added distributed to the LEGO Foundation is based on dividend according to ownership (25%) divided by the net value added. The value reinvested is calculated as net value added minus employee expenses, minus tax on profit and minus dividend paid. Reinvestments as a percentage of net value is the amount reinvested divided by net value added.

	Activity	Positive impact
Children	<ul style="list-style-type: none"> • We used the highest global safety regulations to produce the over 75 billion LEGO® elements sold in 2016 • Respect for consumer feedback 	<ul style="list-style-type: none"> • High-quality play experiences for all children around the world • Highest level of consumer satisfaction
Planet	<ul style="list-style-type: none"> • Investment in the Burbo Bank Extension wind farm • Introducing the Build Better Framework 	<ul style="list-style-type: none"> • On track for our goal of balancing global energy consumption with production of renewable energy by 2020 • Improving our energy efficiency by 12.8% over four years, and recycling 93% of all waste and 100% of element waste
Society	<ul style="list-style-type: none"> • 45 quality audits at LEGO® factories and offices showed no non-conformities • The first LEGO® Play Day was held to celebrate the power of play • Investing in safety training and mindfulness 	<ul style="list-style-type: none"> • Positive working environment for employees • Giving employees the chance to become play ambassadors • Healthy and safer working conditions

Results 2016

Accounting policy	Note	Measures	2014 Result	2015 Result	2016 Result	2016 Target	2017 Target	Read more on page
Consumers and Communities								
1		Product recalls	0	0	0	● 0	0	26
2	Q	Net Promoter Score® (Index)	107	109	111	● >107	>107	31
3		Consumer complaint call rate	889	720	608	● <810	<810	31
30		Operations with implemented Local Community Engagement	n/a	n/a	92%			60
Employees								
4		Motivation and satisfaction	14	16	16	● >+10	>+10	54
5		Work-life balance	6	6	10	● >0	>0	54
6	G, J	Injury rate with absence	1.7	1.4	1.3	● <1.5	<1.4	59
7	J	Sick leave	2.1%	2.0%	2.0%	● <2.2	<2.1	59
8, 9	J	Absence rate due to injuries	0.23	0.15	0.17			59
6, 9	H, I	Number of injuries with absence	41	38	41			59
10		Females appointed and recruited	43%	43%	44%	● >40%	>40%	55
11		Business integrity training	100%	99%	100%	● 100%	100%	63
12, 13	L	LEGO site non-conformity resolution rate (EHS, CoC and Quality)	100%	100%	100%	● 100%	100%	
14	L	Number of audits conducted at main LEGO sites	24	19	23			
15	A, C, F	Number of employees (Heads)	14,762	17,294	19,061			53
	A, B, C	Female	46%	45%	45%			
	A, B, C	Male	54%	55%	55%			
15	B	Number of permanent employees (Heads)	13,594	16,074	17,944			
16		Average number of Full Time Equivalents	12,582	13,974	16,836			
17	E	Rate of employee turnover	9.1	9.5	8.7			
17	D	Rate of new hires and rehires	14	25	19			
18	S	Salaried employees trained in anti-corruption	n/a	85%	98%			63
18, 28	R	Governance body members trained in anti-corruption			99%			
Environment								
20		Recycled waste	91%	93%	93%		92%	
19		Energy efficiency improvement	2.3%	5.0%	0.2%	● >2.5%	*	40
21		Raw materials (1,000 tonnes)	77	91	90			49
22, 29	K	Waste (tonnes)	15,638	16,496	15,625			49
23		Water consumption (1,000m3)	424	528	538			40
24		Energy consumption (GWh)	284	309	303			40
31		Waste efficiency improvement	6.7%	6.7%	1.6%	● 5%	**	49
Partners								
25	O	Supplier quality non-conformity resolution rate	100%	100%	100%	● 100%	100%	65
26	O, P	Supplier Code of Conduct non-conformity resolution rate	100%	100%	79%	● 100%	100%	64
27	M	Number of core line and extended line suppliers	155	160	144			65
27	N	Number of quality audited suppliers	45	49	45			65
27	N	Number of Code of Conduct audited suppliers	40	38	36			64

*The metric 'Energy efficiency improvement' will be discontinued. Instead we will report on carbon efficiency improvement going forward. The aim is a 10% reduction by 2020 compared to 2016.

**The 2020 target for waste efficiency is 10% compared to 2016

● target achieved ● target not achieved

Notes

Note A

Number of employees (heads)	2014	2015	2016
Female	6,842	7,843	8,618
Male	7,920	9,451	10,443
Total	14,762	17,294	19,061
Permanent and inpatient employees	13,594	16,074	17,944
Fixed-term contract and education employees	1,168	1,220	1,117
Total	14,762	17,294	19,061
China	n/a	n/a	1,493*
Female	n/a	n/a	620
Male	n/a	n/a	873
Asia Pacific	491	1,544	671
Female	324	701	381
Male	283	843	290
Americas	4,982	5,169	5,163
Female	2,153	2,269	2,272
Male	2,713	2,900	2,891
Europe	9,289	10,581	11,734
Female	4,365	4,873	5,345
Male	4,924	5,708	6,389
Total	14,762	17,294	19,061

*From 2016 data from China is reported separately from Asia Pacific.

Note B

Number of permanent employees (heads)	2014	2015	2016
Full time	11,773	14,205	16,008
Female	5,363	6,341	7,090
Male	6,410	7,864	8,918
Part time	1,821	1,869	1,936
Female	950	928	998
Male	871	941	938
Total	13,594	16,074	17,944

Note C

Number of employees (heads) split on employee category	2014	2015	2016
Top management	82	94	114
Female	20	26	32
Male	62	68	82
Age under 30	0	0	0
Age 30-50	60	70	80
Age 50+	22	24	34
Middle management	455	532	663
Female	146	170	232
Male	309	362	431
Age under 30	0	1	3
Age 30-50	378	447	547
Age 50+	77	84	113
1st level management	2,333	2,759	3,203
Female	956	1,151	1,338
Male	1,377	1,608	1,865
Age under 30	139	151	150
Age 30-50	1,955	2,348	2,719
Age 50+	239	260	334
Other	11,892	13,909	15,081
Female	5,720	6,496	7,016
Male	6,172	7,413	8,065
Age under 30	4,560	5,607	5,826
Age 30-50	5,963	6,904	7,688
Age 50+	1,369	1,398	1,567
Total	14,762	17,294	19,061

Note D

New hires and rehires	2014	2015	2016
Number of new hires and rehires	1,868	3,662	3,284
Rate of new hires and rehires	14	25	19
Female	857	1,540	1,420
Male	1,011	2,122	1,864
Total	1,868	3,662	3,284
China	n/a	n/a	642
Asia Pacific	185	1,019	157
Americas	520	700	690
Europe	1,163	1,943	1,795
Total	1,868	3,662	3,284
Age under 30	921	1,902	1,596
Age 30-50	886	1,663	1,577
Age 50+	61	97	111
Total	1,868	3,662	3,284

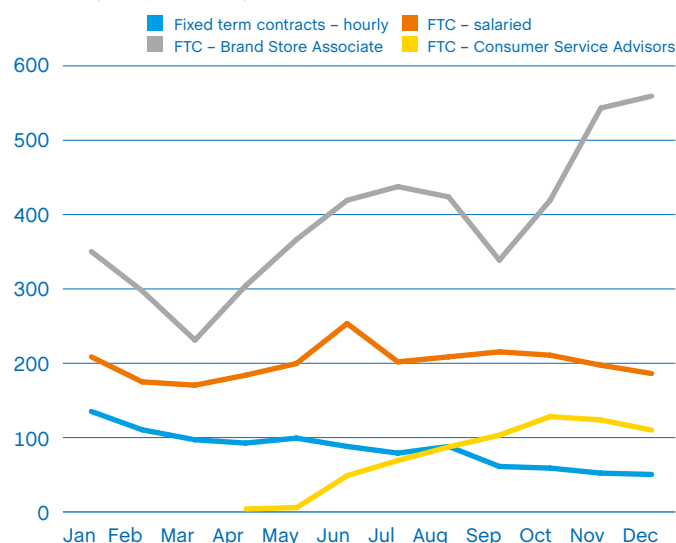
Note E

Rate of employee turnover	2014*	2015	2016
Female	8.9	9.9	8.5
Male	9.2	9.1	8.8
China	n/a	n/a	8.4
Asia Pacific	8.6	8.3	8.4
Americas	16.3	16.5	16.1
Europe	5.6	6.2	5.4
Age under 30	18.5	18.9	17.2
Age 30-50	5.3	5.7	5.1
Age 50+	5.4	5.7	5.1
Total	9.1	9.5	8.7

*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	2014	2015	2016
Billund, Denmark	1.9	2	1.2
Munich, Germany	0	6.5	0
Kladno, Czech Republic	1.8	1	1.8
Shopper Marketing Agency, Czech Republic	0	1.6	2.9
Monterrey, Mexico	0.7	0.6	1
Asia manufacturing	-	-	0.5
Hong Kong, China	n/a	9.5	0
Nyíregyháza, Hungary	0.8	0.7	1.1
Shanghai, China	n/a	n/a	4.8
London, UK	n/a	n/a	0
Slough, UK	2	0	0
Singapore	n/a	0	5.8
Enfield, USA	2.9	0	1.1
LEGO Brand Retail Stores	5	2.8	2.6
Total	1.7	1.4	1.3

Note H

Total number of injuries with absence split by facility	2014	2015	2016
Billund, Denmark	12	13	9
Munich, Germany	0	3	0
Kladno, Czech Republic	6	4	7
Shopper Marketing Agency, Czech Republic	0	1	2
Monterrey, Mexico	3	4	6
Nyíregyháza, Hungary	3	3	5
Asia manufacturing	-	-	1
Slough, UK	1	0	0
Shanghai	n/a	n/a	1
London	n/a	n/a	0
Enfield, USA	5	0	2
Singapore	n/a	0	3
Hong Kong, China	n/a	2	0
LEGO Brand Retail Stores	11	8	5
Total	41	38	41

Note I

Injuries split by type and region	Fatality	Serious	Lost time
Asia Pacific	0	0	3
Europe, Middle East & Africa	0	0	26
Americas	0	0	10
China	0	0	2
Total	0	0	41

Note J

Injury and absence rates	Injury rate with absence	Absence rate due to injuries	Absence rate due to injuries + sickness
Asia Pacific	4.1	0.838	0.009
Europe, Middle East & Africa	1.4	0.200	0.023
Americas	1.0	0.104	0.006
China	0.9	0.021	0.011
Total	1.3	0.171	0.020

Note K

Waste disposal in tons	Non-hazardous	Hazardous	Total
Incinerate	398	184	582
Landfill	446	60	506
Recycled	14,433	104	14,537
Total	15,277	348	15,625

Note L

Third-party audits for
main LEGO Sites

	ISO 9001	ISO 14001	OHSAS 18001	Code of Conduct
Billund, Denmark	1	1	1	0
Kladno (MC), Czech Republic	1	1	1	0
Kladno (Production), Czech Republic	1	1	1	0
Nyíregyháza, Hungary	1	1	1	1
Monterrey, Mexico	1	1	1	1
Hong Kong, China	1	0	1	1
Slough, UK	0	0	1	0
Enfield, USA	0	0	1	0
Munich, Germany	0	0	1	0
Total number of audits	6	5	9	3
Total number of major non-conformities	0	0	0	8

Note M

Total number of direct suppliers split
on Code of Conduct risk

	Bill of Materials / Core line	Merchandise & Promotions / Extended line	Total
China/Hong Kong	15	4	19
Indonesia	1	0	1
Mexico	20	0	20
Total high-risk countries	36	4	40
Hungary	5	0	5
Italy	2	0	2
Spain	1	0	1
Japan	0	0	0
Korea	4	0	4
Poland	7	0	7
Slovakia	2	0	2
Romania	1	0	1
Singapore	0	0	0
Taiwan	2	0	2
USA	4	0	4
Total intermediate risk countries	28	0	28

Total number of direct suppliers split
on Code of Conduct risk

	Bill of Materials / Core line	Merchandise & Promotions / Extended line	Total
Austria	3	0	3
Czech Republic	6	0	6
Denmark	15	0	15
Germany	21	0	21
Great Britain	3	0	3
Netherlands	5	0	5
Belgium	5	0	5
Switzerland	2	0	2
Norway	1	0	1
Sweden	15	0	15
Total low risk countries	76	0	76
Total	140	4	144

Note N

Total number of Bill of Materials / Merchandise & Promotion suppliers audited	Code of Conduct	Quality
High risk countries	25	18
Intermediate risk countries	11	12
Low risk countries	0	15
Total number of audits	36	45

Note O

Total number of major non-conformities found at suppliers

Code of Conduct	53
Quality	10

Note P

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

Total number of non-conformities	53
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High risk countries	44
Intermediate risk countries	9

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
- 16 related to working hours
- 7 related to employment terms
- 1 related to freedom of association/expression and grievance
- 23 related to health & safety
- 2 related to environment
- 0 related to integrity and transparency
- 0 related to corruption and bribery

53 Total

Note Q

Results of surveys measuring consumer satisfaction.	Product NPS index*
Americas	107.0
Europe, Middle East & Africa	109.5
Asia Pacific	122.8
China	120.1
Total	109.8

*Only product NPS. NPS on result page is comprised of both experience and product NPS.

Note R

Governance body members trained in anti-corruption, by region	Number	Percentage
China	42	100%
Asia Pacific	57	98%
Americas	115	97%
Europe, Middle East & Africa	557	100%
Total	771	99%

Note S

Salaried employees trained in anti-corruption by region and organisational level	Number	Percentage
China	470	99%
Asia Pacific	615	97%
Americas	1,312	98%
Europe, Middle East & Africa	5,876	98%
Total	8,273	98%
Top management	111	97%
Middle management	660	100%
1st level management	3,164	99%
Other	4,338	97%
Total	8,273	98%

Accounting policies

Data has been calculated by consolidating data for the parent company (LEGO A/S) with data for all subsidiaries that constitute the LEGO Group. 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%).

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 on January 1st, 12 months following the entire manufacturing facility becoming operational. 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 Brand Retail 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' (European Employee Index) 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 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-

Accounting policies (continued)

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 headcount. The number of permanent employees is defined as the number of permanent and inpatient 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 FTEs during the year is calculated. FTEs 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 rate of new hires and rehires is calculated as the number of hires and rehires divided by the average number of permanent employees in the accounting year.

18. Anti-corruption training

The percentage of salaried 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 generated 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 International Council of Toy Industries (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.

29. Waste split

The LEGO Group utilises three waste disposal methods; Recycling, Incineration and Landfill. When disposing waste for incineration, we do not distinguish between incineration with or without heat recovery. Disposal is handled by external partners and disposal method is agreed with these.

30. Operations with implemented Local Community Engagement

The number of Operations with implemented Local Community Engagement is measured as the number of sites with 100 or more employees where one or more LCE activities, which have been funded by the LEGO Foundation, have taken place in the accounting year, against the total number of sites with 100 or more employees (excluding Brand Retail Stores) in the LEGO Group by January 1.

31. Waste efficiency improvement

The waste efficiency improvement is calculated as the rate between weight of waste and weight of boxes produced. The data is shown with the previous year as the baseline. Only data from LEGO Group sites with production is included.

Independent Practitioner's Limited Assurance Report on the Non-financial Data for 2016

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 2016 as expressed on pages 69-74. A multidisciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

Management'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 75-76. 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 misstatement, 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 define 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 founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PwC applies 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 69-74 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with 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 misstatement.

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. Furthermore, it involves assessing the risks of material misstatement 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.

The procedures we performed were based on our professional judgment 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 inquiries, 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, Mexico 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 reconciliation to 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 test non-financial data prepared at Group level to 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 express a limited assurance conclusion.

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 69-74 in the LEGO Group Responsibility Report 2016 are not prepared, in all material aspects, in accordance with the stated non-financial accounting policies as expressed on pages 75-76.

Hellerup, Denmark, 2 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab



Mogens Neergaard Mogensen
State Authorised Public Accountant



Henrik Trangeled Kristensen
State Authorised Public Accountant

About the report

The LEGO Group Responsibility Report 2016 and the LEGO Group Annual Report 2016 jointly account for the activities, development and progress on targets for the Group in 2016.

The LEGO Group Responsibility Report 2016 complies with our legal and voluntary obligations. 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 2016 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 75-76 in the LEGO Group Annual Report for companies). A GRI Content Index is available at www.LEGO.com/responsibility

PwC has reviewed the non-financial data (pages 69-74) and accounting policies (pages 75-76) 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 77.

Scope of report and materiality analysis

The LEGO Group Responsibility Report 2016 covers the activities and our key social, environmental and economic impact 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 2017 we intend to conduct a new analysis, as it is important for our continued success to have knowledge of our stakeholders' priorities and their expectations of us.

Danish Statement Act Compliance

§99a: The entire report constitutes compliance for this paragraph.

§99b: Refer to page 55.

The LEGO Group Responsibility Report 2016 is published for the LEGO Group by Corporate Brand Communications.

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Design: Kontrapunkt

Print: Rosendahls



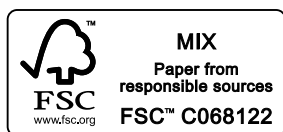
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**In our Annual Report, you
will find detailed information
on the LEGO Group's financial
results for 2016.**

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