



The LEGO Group

# Sustainability Progress 2019



A letter from the CEO

# Encouraging progress made in 2019

At the LEGO Group, children are our role models, due to their hands-on, minds-on approach to learning. This belief is drawn from the LEGO Idea Paper which forms the foundation for all LEGO brand entities. In 2019 this statement has never been more true as we continued our efforts to promote sustainability, inclusivity, and learning through play for children across the globe.

I'm proud to say that in 2019 we set a new benchmark for engaging children, as we reached more than 1.8 million children in our employees' local communities. This includes 180,000 children in 26 countries who participated in 500+ events, designed to help children learn through play, as well as 240,000 children reached through partner donations and 1,420,000 LEGO sets through our Build to Give program.

This record was made possible by the passion and commitment of our colleagues, with more than 3,100 volunteering: in the UK classrooms tasking kids to build robots and electronic cars, in our global "WeDo Challenges" where children learn STEAM skills, and our annual Play Day, where as a company, we spend the day building and playing together.

In the US, we encouraged consumers to "pass on play" through the LEGO Replay program and the response was overwhelming and they shipped more than 50,000 lbs (22,000 kg) of LEGO® bricks. We released the LEGO® Ideas Treehouse, and with 185 botanical elements it's the set with the most sustainably sourced elements to date. And we took another step to make our packaging more sustainable as we began to phase out plastic bags in LEGO retail stores.

In 2003, the LEGO Group became the first toy company to join the United Nations Global Compact and we remain committed to upholding its 10 principles. As a company whose mission is to 'inspire and develop the builders of tomorrow', I promise, along with my colleagues, to continue our commitment for a cleaner, safer, and more sustainable planet as we reach a new year, and a new decade.



A handwritten signature in black ink, which appears to read "Niels B. Christiansen". The signature is written in a cursive, flowing style.

**Niels B. Christiansen**  
CEO of the LEGO Group

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# Introduction to sustainability at the LEGO Group

At the LEGO Group, we are working hard on our sustainability efforts to ensure a better, cleaner planet for future generations. Our Planet promise forms a core part of the LEGO Brand Framework and we believe that learning through play can help the children of today become the problem solvers of tomorrow.

The LEGO Group is one of the world's leading manufacturers of play materials. Our operations have an overwhelmingly positive impact on children, the environment and people – both directly and indirectly – but also presents some risks. Climate and environmental impacts include the use of non-renewable energy, the generation of waste to landfill, and making products and packaging from non-sustainable materials. Social impacts include children's safety in both physical and digital play, labor and human rights

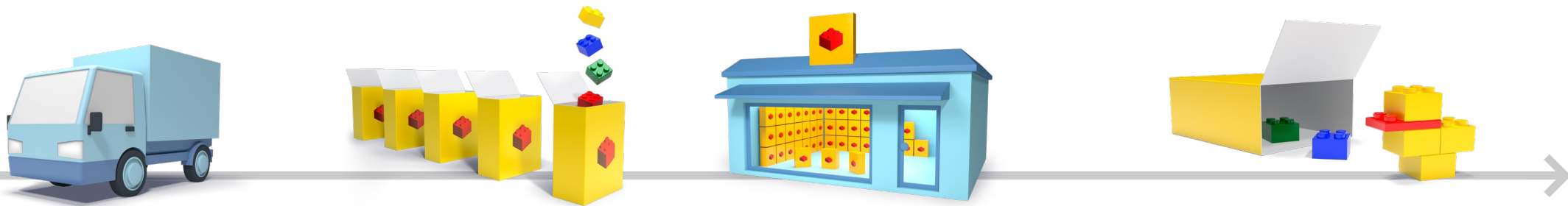
in the supply chain, and the health and safety of employees.

The Sustainability Progress Report 2019 is part of the management review of LEGO A/S' Annual Report 2019 and constitutes the LEGO Group's report on Corporate Social Responsibility and Diversity cf. Sections 99a and 99 b of the Danish Financial Statements Act. This report describes not only the work we do to minimise the impact of our operations, but also how we make a positive impact for children, communities, and the environment. It outlines our key ambitions and targets from the LEGO Group's sustainability agenda, and our latest performance and results.





# The LEGO Group business model



## Suppliers

Our global supply chain provides us with the raw materials to produce our products. Supply chain risks include human rights violations such as working hours, child labour and bribery. Mitigations include regular audits in high and medium risk countries to ensure compliance with our Responsible Business principles. Roughly 90% of our total CO2 footprint comes from the supply chain so we're working with suppliers to reduce this impact.

## LEGO Group facilities

The LEGO Group has a global production footprint with factories in Denmark, China, Mexico, Hungary and Czech Republic, as well as multiple packaging facilities and warehouses. Risks include employee safety and a negative impact on climate and the environment from CO2 and waste. Mitigations include safety training, targets to reduce CO2 and waste, and investments in renewables and improving the energy efficiency of our productions.

## Customers

Customers include retailers where the LEGO Group operates globally as well as LEGO® stores and partner stores. Risks include ethical issues such as bribery and corruption, as well as the sustainability of products (single-use plastic). Mitigations include ethical business training for leaders and the 2030 sustainable materials ambition.

## Consumers

Consumers are individuals who purchase our products. Our primary consumers are parents, as although children are our most important stakeholders, we know that it is primarily parents who purchase LEGO products for their children. Consumers also include adult fans. Risks include product and digital safety, sustainability of products (single-use plastic) and CO2 emissions. Mitigations include safety by design, responsible engagement policies, strict compliance to child advertising rules such as COPPA (Children's Online Privacy Protection Act), the 2030 sustainable materials ambition and reducing CO2 impact through investments in renewables.

# Children

## Learning through play

Everything we do is driven by our desire to put children first and our belief in the power of learning through play. Our research shows that learning through play builds important life skills and is essential to children's development. The LEGO Group works closely with the LEGO Foundation and LEGO® Education to champion learning through play, which we believe is where we can make the most positive impact on society. In 2019, we reached more than 1.8 million children in our local communities. This includes more than 180,000 children who participated in over 500 events designed to help children learn through play, 240,000 children reached through partner donations, as well as through donating 1,420,000 LEGO sets through the Build to Give program. Our ambition for 2020 is to reach more than two million children globally.

## Promoting children's wellbeing

Children's development is deeply important to the LEGO Group and one of our goals is to promote family-friendly workplaces across our supply chain. We understand the critical role parents and caregivers have, especially during children's early years, and believe that the impact of workplace policies is vital to nurturing these relationships. In 2019 we held a summer camp program in China to help unite non-local workers with their children who live far away. For the first time, children of employees from our factory in Jiaxing joined the camp along with children of employees from 14 factories in our supply chain.



## Product safety

We are committed to creating the safest possible play experiences for children and have a relentless focus on product safety. Throughout our almost 90-year history, children and parents have trusted us to provide safe, high-quality products that meet or exceed even the most rigorous international safety regulations for toys. In 2019, we had our tenth consecutive year of zero product recalls.

## Digital safety

Children of all ages are spending significant time online, often on their own. Digital safety is as important to us as that of our products and we are committed to provide world-class safety-by-design digital experiences that enable children to play and learn online in a secure environment. In 2019 we launched the character Captain Safety, who inspired 660,000 LEGO® Life users to sign the digital Safety Pledge, which introduces the principles of digital safety in an engaging and compelling way.





# Environment

Our Environmental Policy outlines our approach to tackling climate change and reducing our own environmental footprint. We comply with all relevant legislation, standards and identified requirements. All our production sites are certified according to the international environmental standard ISO 14001.

## Sustainable materials and packaging

Our ultimate goal is to eliminate the environmental impact of making LEGO® bricks. One step is our journey to make LEGO bricks from sustainable sources by 2030 without compromising quality or safety, a bold ambition that requires creating new materials. 80 different types of LEGO elements are made from sustainable sources, in this case the soft polyethylene elements used primarily for decoration. In 2019 this represented 2% of the 3,600 LEGO elements available for designers.

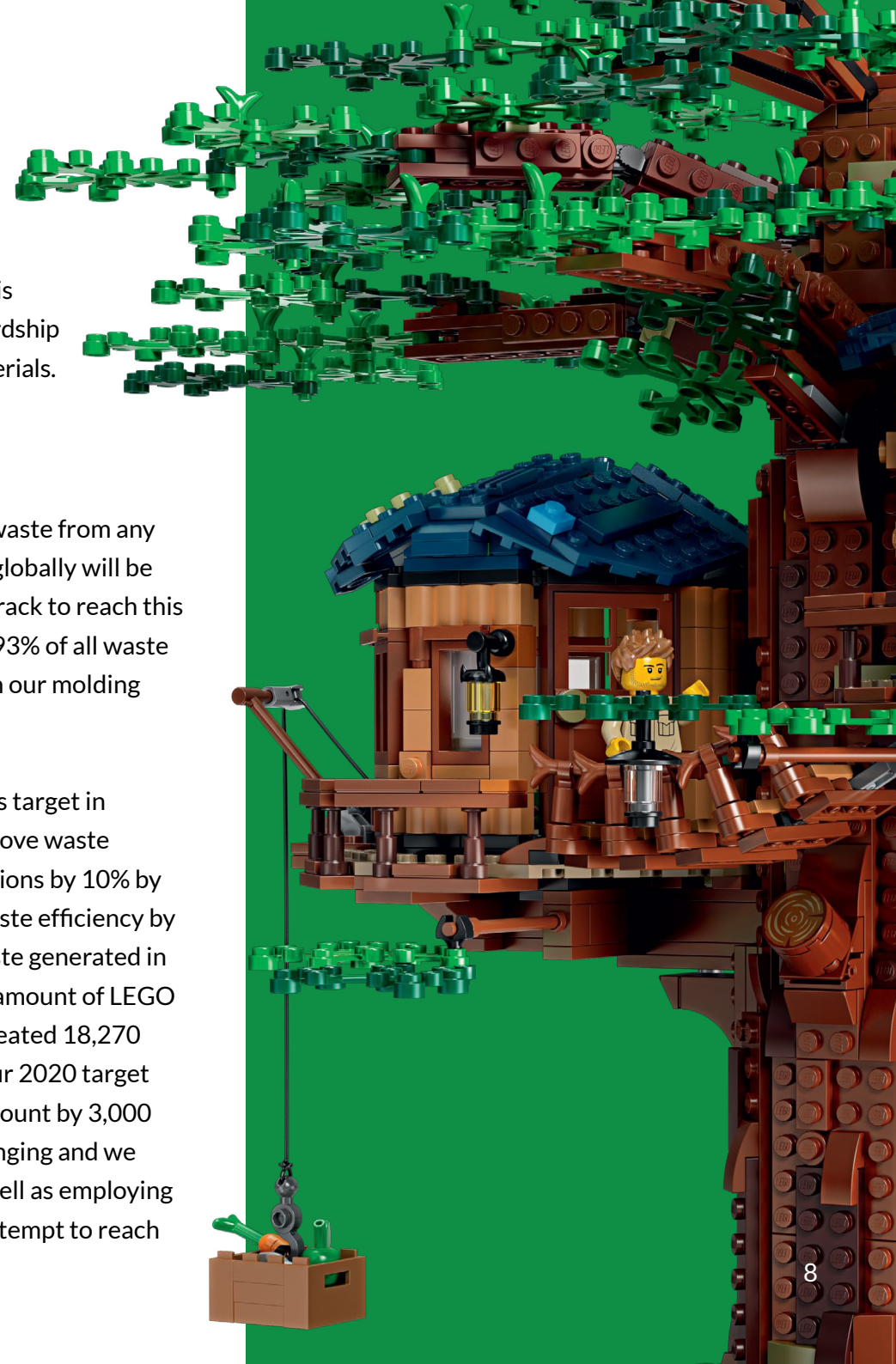
By 2025, we aim to have 100% sustainable packaging. In 2019, we began to phase out plastic bags in LEGO retail stores and over the coming year, consumers will receive retail bags made from

sustainably sourced paper that is made from 100% Forest Stewardship Council™ (FSC™C117818) materials.

## Zero waste

It's our ambition to ensure no waste from any LEGO® factory, office or store globally will be landfilled by 2025. We are on track to reach this target as we currently recycle 93% of all waste and 100% of plastic waste from our molding machines.

In 2016 we set a very ambitious target in partnership with WWF to improve waste efficiency from our own operations by 10% by 2020. In 2019 we improved waste efficiency by 0.5%. This is the amount of waste generated in our factories compared to the amount of LEGO boxes produced. In 2019 we created 18,270 tonnes of waste and to meet our 2020 target we need to reduce the total amount by 3,000 tonnes. This will be very challenging and we are revising our processes as well as employing more waste managers in our attempt to reach this goal.





A creative LEGO construction depicting a sustainable landscape. The base is a large, multi-layered structure of blue LEGO bricks, resembling a roof or a wall. On top of this structure, there are several green LEGO trees of various shapes and sizes, some with small green leaves. Two white LEGO wind turbines with three blades each are positioned on the roof. The background is a solid blue color, and the overall scene is set against a white background.

# Reducing climate impact

We continue to be 100% balanced by renewable energy due to the production of onsite solar power and investments in offshore wind by our parent company KIRKBI A/S. In 2019 we installed 3,570 solar panels on the roof of our factory in Kladno, Czech Republic, our second facility after the LEGO® Campus in Billund, Denmark to be partially powered by solar energy. In 2019, total energy output from investments in renewables exceeded the 340 GWh of energy used at our factories.

In 2016 we partnered with WWF to set a target to improve the carbon efficiency of making a LEGO brick by 10% by 2020. This target is calculated by dividing the tons of carbon emitted by the weight of LEGO bricks produced. Carbon efficiency decreased in 2019 by 0.1% vs 2018 due to lower than planned production levels. This negatively impacted energy effectiveness as factories used the same energy for lighting and cooling/heating, but did not produce as many bricks.

To meet the 2020 target we will continue to invest in energy efficiency projects across our operations and roll out solar panels at our factories in China and Hungary. In addition we will also invest in green gas supplies as well as purchasing some accredited renewable energy certificates.

# People

## A safe and motivating workplace

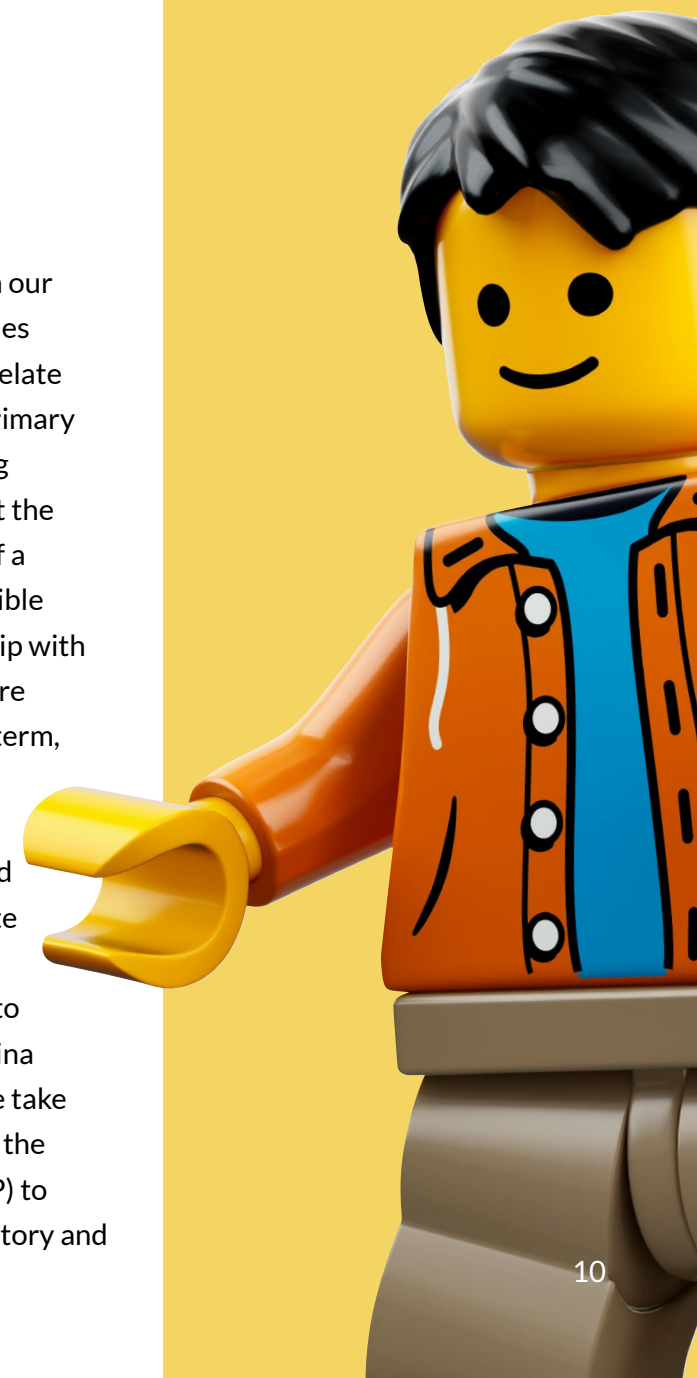
Employee safety is a top priority and we aim for zero accidents in our factories, stores and offices. Our Occupational Health and Safety Policy ensures all activities are carried out with health and safety in mind. We comply with national and international legislation as a minimum requirement. In 2019, the number of injuries was 0.9 per million working hours, the best result recorded by the LEGO Group.

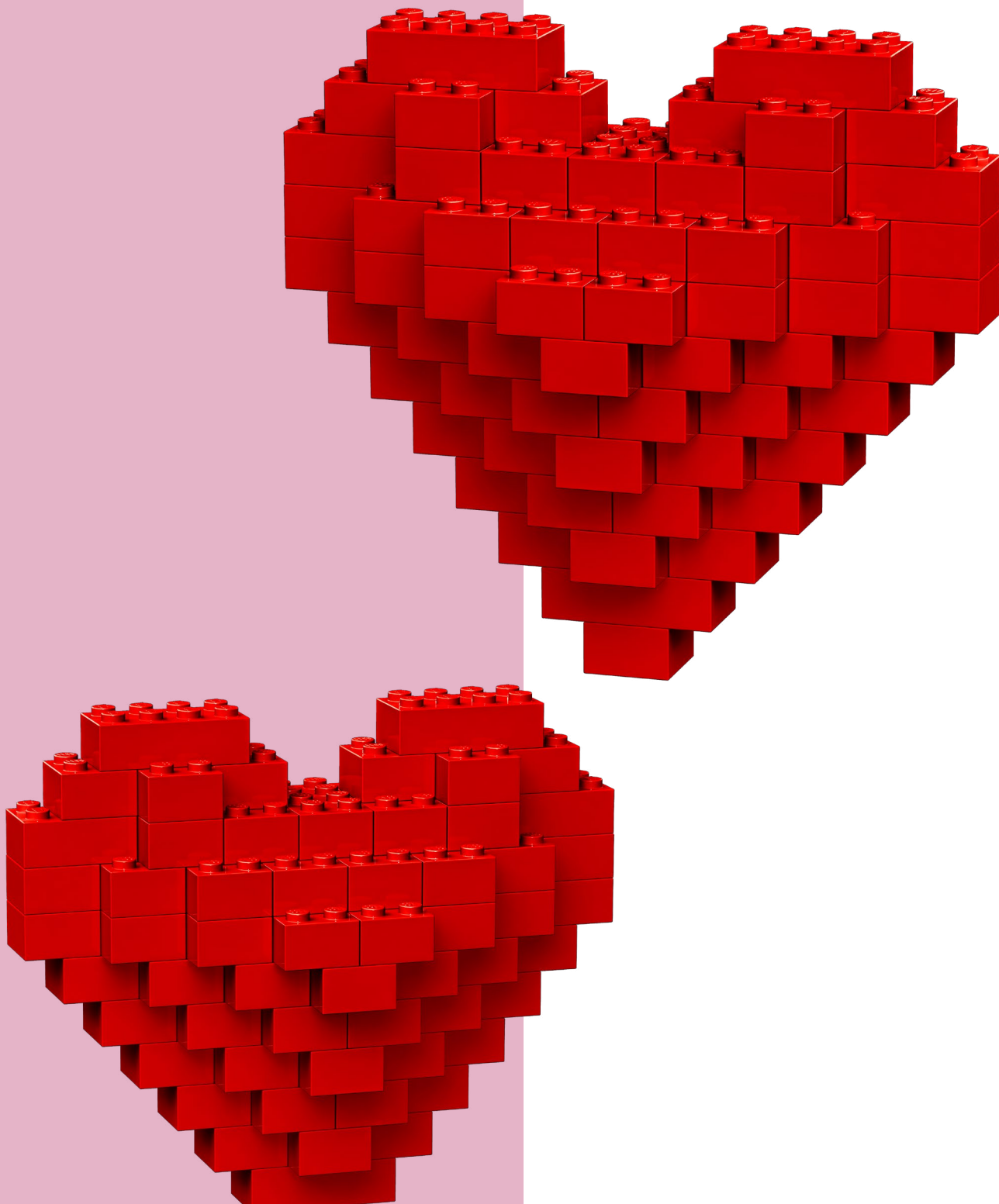
We strive to ensure that the LEGO Group is a motivating workplace for our colleagues and to ensure our progress we score the motivation and satisfaction of all employees. Our score is calculated based on four questions in our annual employee engagement survey 'the LEGO Pulse'. In 2019 we exceeded our target with a score of 79 points, 15 points ahead of the external benchmark score of 64. In 2019 our vendor Ennova changed to a new and stricter external benchmark only reflecting the scores of multinational companies, and we are 7 points above this benchmark. The LEGO Group score, falls into Ennova's 'Top in class' category - representing the top quartile, of all multinational companies measured.

## Human rights

All suppliers to the LEGO Group must comply with our Responsible Business Principles. These 12 Principles reinforce our ethical way of working and how we relate to children, our planet and our colleagues. Their primary purpose is to ensure all workers involved in making LEGO® products are treated with respect, and that the environment is protected for future generations. If a supplier shows non-conformities during a responsible business performance audit, we work in partnership with them to identify the root causes and ensure they are corrected immediately. Our aim is to create long-term, sustainable solutions which benefit everyone.

In 2019, 69% (41 out of 59) of suppliers audited did not have non-conformities that required immediate correction, an increase from 67% in 2018 but marginally below our target of 70%. One supplier to the LEGO Group was included in a report from China Labor Watch alleging poor working conditions. We take such findings very seriously and have worked with the supplier and the ICTI Ethical Toy Programme (IETP) to conduct a thorough review of conditions at the factory and addressed the issues raised.





# Ethics

Every employee and third party acting on behalf of the LEGO Group anywhere in the world must apply high ethical standards and principles of integrity, honesty and legality in all they do. It is essential that they comply with our LEGO® Code of Ethical Business Conduct ('Ethics Code'), even when this means losing business or reducing profitability.

Our Ethics Code covers numerous issues including anti-bribery and corruption, charitable donations, children's rights, competition compliance and avoiding conflicts of interest.

Employees and third parties must adhere to our Anti-Corruption Policy and must not take part in any form of bribery, including facilitation payments. Where local regulations are stricter than this policy, the local policy takes precedence. As part of our commitment to ethical business conduct, we target 100% attendance on ethical training for employees at director level and above. Accountability for ensuring training and observance of the LEGO Code of Ethics and anti-bribery requirements is led by our people leaders.



## Diversity

We strive to create a diverse and inclusive workplace that brings together people with different skills, characteristics, interests, backgrounds and aspirations. In 2019 we launched a new learning platform, improved succession planning and introduced new tools to make the language in our job adverts gender neutral and our commitment more visible on our online platforms. We strive to improve gender equality and measure our progress according to the number of women we recruit and promote into manager positions. In 2019, women represented 43% of positions appointed or promoted to manager level and above. Additionally, women represented 63% of positions appointed or promoted to the Vice President and Senior Vice President positions.

In 2019, Kjeld Kirk Kristiansen stepped down from the Board of Directors in LEGO A/S. No further changes were made to date. We continuously work to ensure we have the right set of competencies in place in order to deliver on the LEGO brand mission in the very long term. Our ambition is to develop a more diverse Board

composition in the future. By diversity within the Board we mean competencies that represents diversity in the world within both gender, nationality, religion or sexual orientation.

In 2020, we plan to appoint another woman to the LEGO A/S board which currently comprises six people. We have set a target for this increase by 1 January 2021. The board of LEGO System A/S (a subsidiary to LEGO A/S) meets Danish legislative guidelines for gender balance because one out of four general assembly elected board members is female.



# Sustainability governance

## Board of Directors

Approves the sustainability commitments and targets, and monitors that targets are achieved.  
Approves the annual sustainability reporting.

**Chair:** Thomas Kirk Kristiansen,  
Chairman of the Board of Directors  
LEGO A/S



## Audit committee

A board committee appointed by the Board of Directors.  
Monitors the process of setting sustainability targets and reporting. Manages the process for third party approval of non-financial data.

**Chair:** Søren Thorup Sørsensen,  
Deputy Chairman of the Board of  
Directors LEGO A/S and  
CEO KIRKBI A/S



## Executive Leadership Team (ELT)

Accountable for sustainability programmes.  
Proposes sustainability commitments and targets to the Board and ensures they are achieved.

**Chair:** Niels B. Christiansen, CEO  
**Sponsors:** Loren I. Shuster, CPO and Head of  
Corporate Affairs  
Carsten Rasmussen, COO  
Julia Goldin, CMO



## Compliance board

Appointed by the ELT  
Monitors compliance with legislation that  
apply to the LEGO Group within sustainability  
and other CSR areas.

**Chair:** Marjorie Lao, CFO



## Sustainable materials Steering Committee

Appointed by the ELT  
Manages the transition to sustainable materials  
and monitors the performance of programmes.

**Chair:** Carsten Rasmussen, COO,  
Julia Goldin, CMO



## Environmental Health & Safety (EHS) committee

Appointed by the ELT  
Ensures compliance with our health, safety  
and environment targets and priorities.

**Chair:** Carsten Rasmussen, COO

# Sustainability performance data

KPI name	Accounting policy	Unit of measure	2015 result	2016 result	2017 result	2018 result	2019 target	2019 result	2020 target
<b>Children</b>									
Net Promoter Score®	1	Score	71.8	73.0	72.7	72.7	≥70	72.1	≥70
Product recalls	2	Number	0	0	0	0	0	0	0
Children reached by Local Community Engagement activities	3	Number	n/a	n/a	n/a	839,120	≥1,100,000	1,859,601	≥2,000,000
<b>Environment</b>									
Waste (t)	4	Ton	16,496	15,625	15,859	18,549	n/a	18,270	n/a
Recycled waste	5	Percentage	93	93	94	93	≥93	93	≥94
Waste efficiency improvement	6	Percentage	n/a	1.6	-2.9	-3.4	≥0	0.5	6
Energy consumption (GWh)	7	GWh	309	303	313	340	n/a	340	n/a
Carbon efficiency improvement	8	Percentage	n/a	n/a	-25.4	11.3	≥1	-0.1	10
Water consumption	9	1000 M <sup>3</sup>	528	538	684	683	n/a	712	n/a
<b>People</b>									
Motivation and satisfaction	10	Number	16	16	8	12	≥10	15	Top in class*
Injury rate with absence	11	Rate	1.4	1.3	1.4	1.3	≤1.3	0.9	≥1.2
Females appointed and recruited	12	Percentage	43	44	41	43	≥40	43	≥40
Business integrity training	13	Percentage	99	100	89	100	100	100	100
Percentage of suppliers audited	14	Percentage	n/a	n/a	100	93	100	100	100
Percentage of suppliers with no non-conformities that require immediate correction	15	Percentage	n/a	n/a	71	67	≥70	69	≥70
Employees engaged in Local Community Engagement activities	16	Number	n/a	n/a	n/a	2,408	≥3,000	3,168	≥3,300

\*in 2020 we will change our benchmark and measure ourselves against comparable businesses. Our ambition is to be top in class and be among the top quartile of our provider Ennova.



# Secondary sustainability performance data

## 2019 waste by disposal method and hazardousness (tons) (2018 in parentheses)

Disposal method	Non-hazardous (t)	Hazardous (t)	Total (t)
Incineration	1 (0)	2 (20)	3 (20)
Landfill	444 (495)	37 (62)	480 (557)
Recovery	610 (427)	154 (241)	764 (668)
Recycled	16,917 (17,091)	65 (213)	16,982 (17,304)
<b>Total</b>	<b>17,997</b> <b>(18,013)</b>	<b>273</b> <b>(536)</b>	<b>18,270</b> <b>(18,549)</b>

## Water by site, cubic meters (nearest 1000)

	2018	2019
Billund, Denmark	65	64
Jiaxing, China	133	127
Kladno, Czech Republic	53	56
Monterrey, Mexico	261	303
Nyiregyháza, Hungary	171	161
<b>Total</b>	<b>683</b>	<b>712</b>

## Energy by type (GWh)

	2018	2019
District heating	9.2	8.1
Natural Gas	89.3	79.5
Electricity	241.5	252.7
<b>Total</b>	<b>340.0</b>	<b>340.3</b>

# Accounting policies

The LEGO Group is a privately held, family-owned company with headquarters in Billund, Denmark, and main offices in Enfield, USA, London, UK, Shanghai, China, and Singapore. Founded in 1932 by Ole Kirk Kristiansen, and based on the iconic LEGO® brick, it is one of the world's leading manufacturers of play materials.

Data have been calculated by consolidating data for the parent company (LEGO A/S) with data from all subsidiaries. LEGO A/S is owned by KIRKBI A/S (75%) and the LEGO Foundation (25%). LEGO A/S consists of several subsidiaries that together constitute the LEGO Group.

Data relating to health and safety includes data from all sites and Brand Retail Stores. New sites 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 1 January, +12 months from the handover of the entire manufacturing facility from project to operational facility department. Definitions, data measurement methods and the basis of calculations are addressed below. Any changes to historical data are only made if considered material.

## 1. Net Promoter Score®

In connection with consumer engagement with LEGO products and experiences (e.g. LEGO Stores and LEGO.com), randomly selected consumers are asked how likely they are, on a scale from 0–10 (10 = extremely likely), to recommend the product or experience to others. The result is calculated as percentage of promoters (levels 9 and 10) minus percentage of detractors (levels 0–6). The NPS is calculated based on various product lines.

## 2. Product recalls

Number reflects launched LEGO products recalled from the market due to product safety issues. A recall is based on a specific non-compliant component that can be part of several LEGO products; hence, an official recall can potentially cover more than one product number.

## 3. Children reached by Local Community Engagement (LCE) activities

Children are reached through the following activities: 1) DIRECT: Participation in an LCE or employee volunteer hosted activity. 2) INDIRECT VIA PRODUCT DONATION: 1 Play box = 20 children and 1 product box = 1 child (minifigures and small polybags excluded). 3) INDIRECT VIA FINANCIAL DONATION: Number of children reached is provided by the cooperation partner and requires the submission of documentation detailing the programme supported and number of children reached with the financial donation in addition to a formal receipt acknowledging funding received. All numbers are reviewed by the LEGO Group and must be appropriate for the purchasing power parity of the country as well as the intensity of the program intervention. 4) INDIRECT VIA TRAINING: Children are indirectly reached through train the trainer programs focusing on play based learning. Each trainer trained is counted as 100 children reached.

## 4. Waste (tons)

Waste is calculated as the recorded quantities of waste disposed of by the LEGO Group. Only data from LEGO Group sites with production are included. Reported data from sites are based on documentation provided by external contractors.

## 5. Recycled waste

The recycled waste percentage is calculated as the recycled quantities of waste disposed of compared to the total quantities of waste disposed of. Only data from LEGO Group sites with production are included. Reported data from sites are based on documentation provided by external contractors.

## 6. Waste efficiency improvement

The waste efficiency improvement is calculated as the rate between weight of waste and weight of boxes produced. The efficiency improvement is calculated by comparing the current year with previous year. Only data from LEGO Group sites with production are included. Reported data from sites are based on documentation provided by external contractors.



## 7. 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 are included. Reported energy data from sites are based on meter readings.

## 8. Carbon efficiency improvement

The carbon efficiency KPI is calculated as the rate between Carbon [Ton co2e] generated by energy consumption and [kg] LEGO bricks produced. The efficiency improvement is calculated by comparing the current year with previous year. Only data from LEGO Group sites with production is included. Reported energy data from sites are based on meter readings for the energy types used, which are electricity, gas and district heating.

## 9. 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.

## 10. Motivation and satisfaction

The Motivation and Satisfaction index is based on the LEGO Motivation & Satisfaction score. It is calculated based on 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?). Our score is compared to an external benchmark, the Ennova Employee Index (EEI). The EEI is based on a yearly survey, which is conducted by Ennova, but independent from the Pulse survey. The survey is conducted globally and is representative of each country's full labour market. A LEGO-specific benchmark is calculated using the EEI results from the 18 countries where the LEGO Group has its largest employee base (China, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Japan, Mexico, Netherlands, Norway, Poland, Russia, Spain, Sweden, UK and US).

## 11. Injury rate with absence

The rate of occupational injuries is calculated for all employees, including external agency workers, but excluding external contractors, as the number of injuries per one million working hours. An occupational injury is defined as resulting in at least one day's absence following the day of the injury. Data from all sites and LEGO Brand Retail stores registered in the Incident Management System are included. Only cases clarified within the accounting year are included in the full-year calculations. Cases pending decisions from local authorities throughout the accounting year are not included in the full year calculation.

## 12. 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.

## 13. Business integrity training

The percentage is calculated as the number of employees at the director level and above (employed for more than three months) who have completed the e-learning programme in Business Conduct biennially, out of the total number of employees at the director level and above (employed for more than three months) in the LEGO Group.

## 14. Percentage of suppliers audited

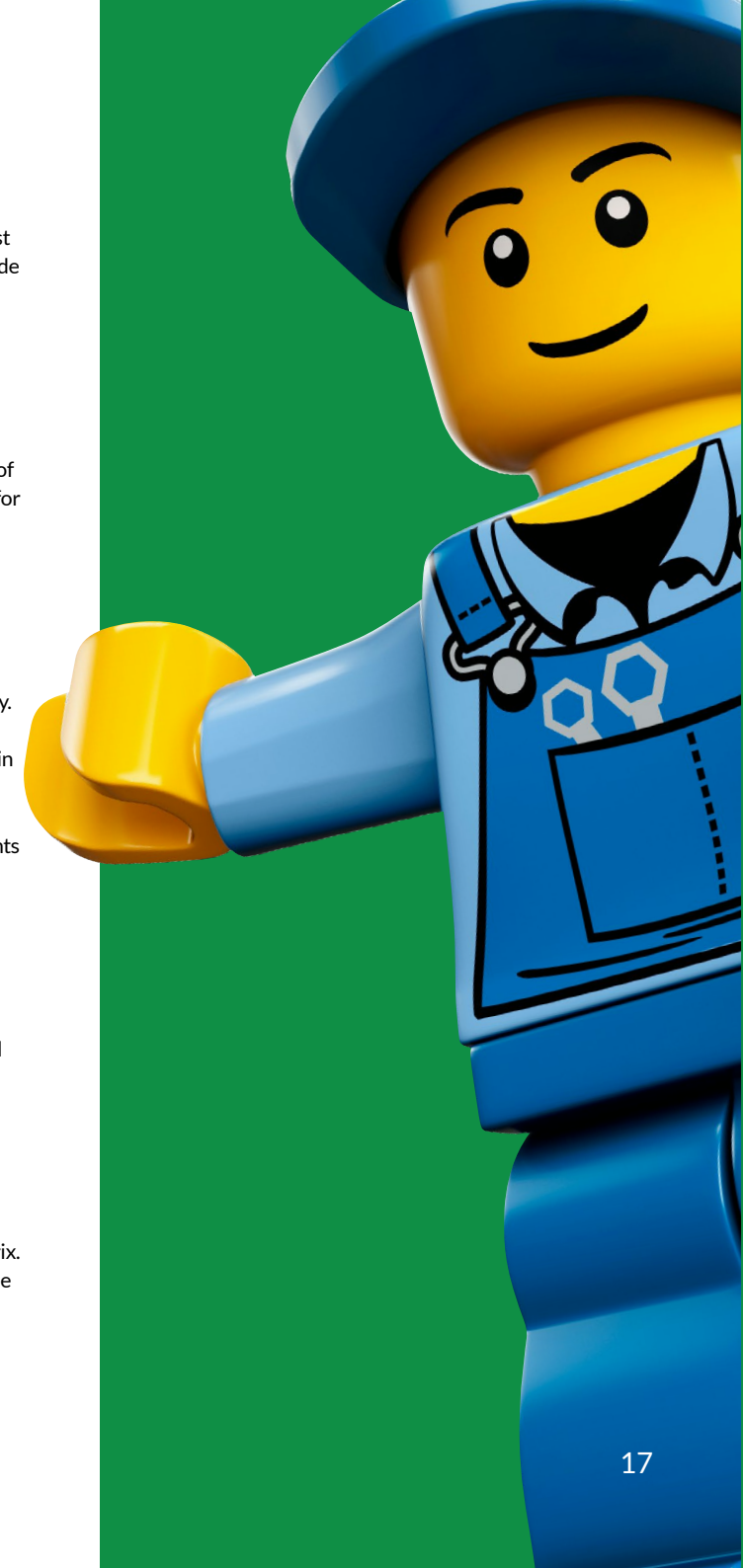
All direct suppliers of materials, components, or items used in finished LEGO products are audited by a nominated third party. This happens annually if based in a high-risk country, and bi-annually if based in a medium-risk country. Country risk is annually assessed based on external objective information. Suppliers in low-risk countries are audited sporadically and are not included in the calculation. If a supplier is either a potential new supplier with no orders, or is removed during the year, the supplier will not be part of the percentage calculation. Suppliers of transport/shipment packaging or internal components of finished products are not audited or included in the calculation.

## 15. Percentage of suppliers with no non-conformities to the LEGO Code of Conduct that require immediate correction

The percentage of audited suppliers in high- and medium-risk countries without non-conformities that require immediate correction, is calculated as the number of suppliers audited (see terms of the previous accounting principle) without identification of any 'high-priority non-conformities'. This is regardless of whether the non-conformity has since been resolved. A high-priority non-conformity is defined as a significant breach of the LEGO Group Code of Conduct that requires immediate correction. Non-conformities are assessed by external third party auditors and the LEGO Group Code of Conduct team, according to the LEGO Group grading matrix. The latter is reviewed every six months to ensure it is up-to-date and in line with international recommendations and industry standards.

## 16. Employees engaged by Local Community Engagement (LCE) activities

Employees engaged accounts for the number of unique LEGO employees that have volunteered for a LCE event during the accounting year.





# Limited assurance report of the independent auditor

## To the Stakeholders of the LEGO Group

The LEGO Group engaged us to provide limited assurance on the Sustainability performance data stated on page 14 -15 in the Group Sustainability Progress Report 2019 of the LEGO Group for the period 1 January - 31 December 2019.

## Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us not to believe that the Sustainability performance data are free of material misstatements and are prepared, in all material respects, in accordance with the accounting policies as stated on pages 16-17.

This conclusion is to be read in the context of what we say in the remainder of our report.

## What we are assuring

The scope of our work was limited to assurance over the Sustainability performance data on page 14-15 for the period January 1 – 31 December 2019.

## Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## 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 ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm 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 work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

## Understanding reporting and measurement methodologies

Data and information need to be read and understood together with the accounting policies (page 16-17), which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

## Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the data and information. In doing so and based on our professional judgement, we:

- Through inquiries, obtained an understanding of the LEGO Group's control environment and information systems relevant to quantification and reporting of the Sustainability performance data;
- Performed review of reported data from the production sites in Denmark, Hungary, the Czech Republic, Mexico and China, including assessment of the completeness, data collection methods, assumptions applicable to the sites and reconciling reported data to underlying documentation;

- Planned and conducted interviews and show-me meetings with Group functions to understand the consolidation and reporting processes, use of company-wide systems and controls performed at Group level;
- Performed trend analysis of consolidated data and made enquiries to understand significant developments in reported data over time; and
- Evaluated the obtained evidence.

## Management's responsibilities

Management of the LEGO Group is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability performance data on pages 14-15 that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing data;
- Measuring and reporting the Sustainability performance data based on the accounting policies; and
- The content of the LEGO Group Sustainability Progress Report for the period January 1 – December 31 2019.

## Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability performance data for the period January 1 – 31 December 2019 on pages 14-15 are free from material misstatement, and are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures we performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of the LEGO Group.

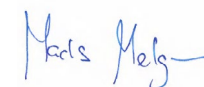
Hellerup, 27 February 2020

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR no. 3377 1231



Claus Lindholm Jacobsen  
State Authorised Public Accountant



Mads Melgaard  
State Authorised Public Accountant