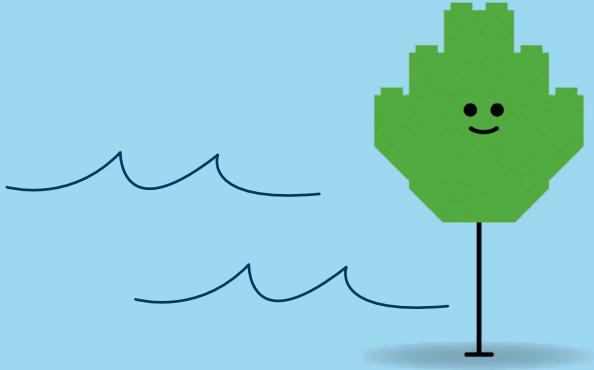




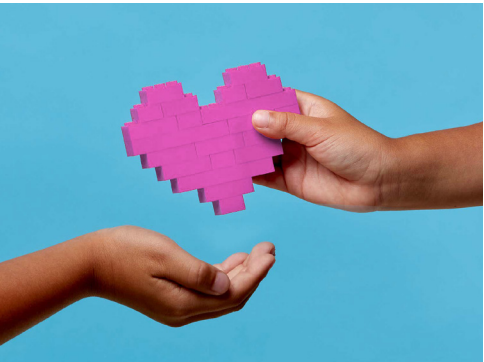
Sustainability Progress

2021



Content

This Sustainability Progress Report is part of the management review of LEGO A/S' Annual Report 2021 and constitutes the LEGO Group's report on Corporate Social Responsibility and Diversity, cf. Sections 99 a and 99 b of the Danish Financial Statements Act. Our annual Sustainability Progress Report outlines our key ambitions and targets from the LEGO Group's sustainability efforts over the past year, summarising our performance as well as learnings and challenges.



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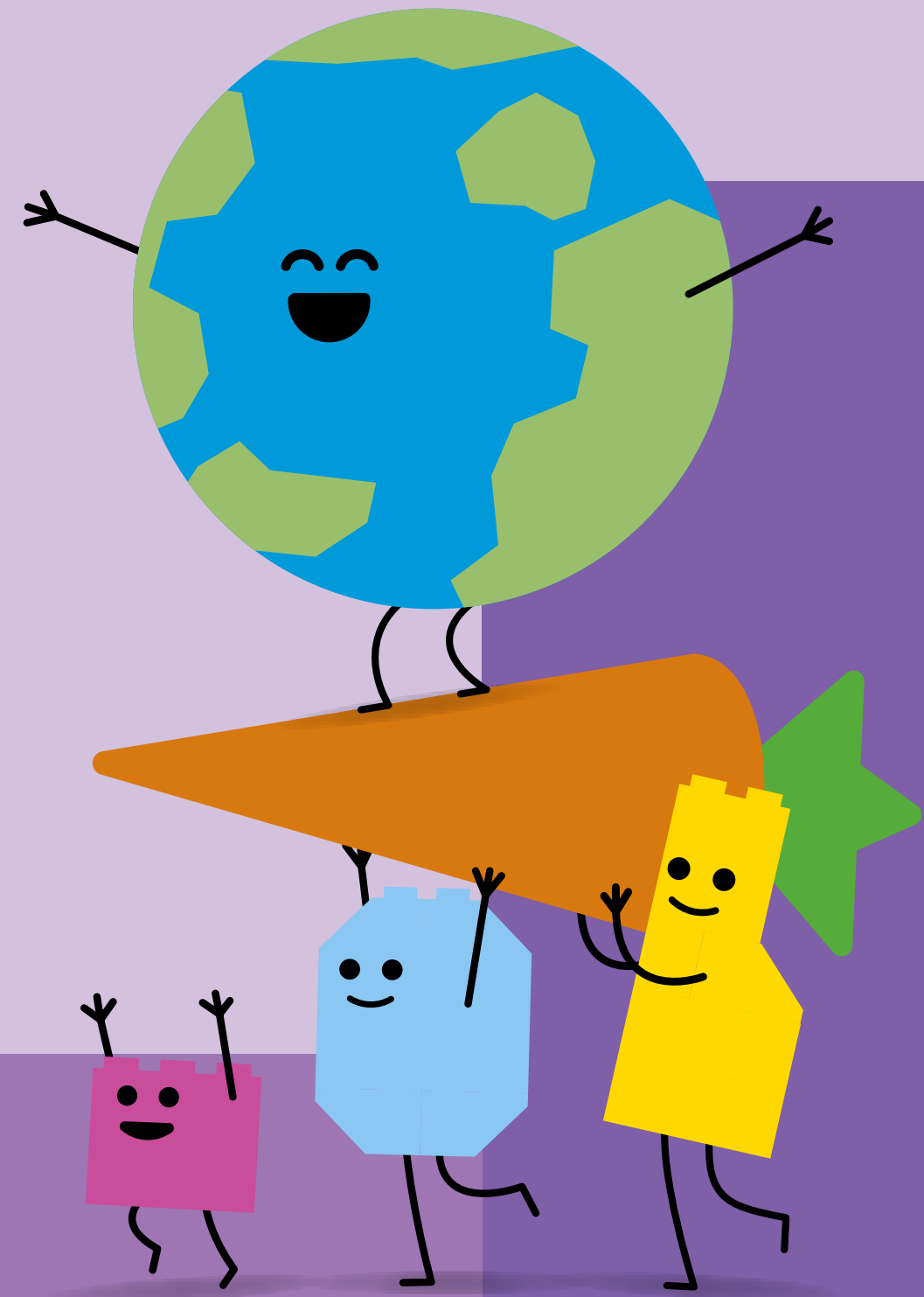
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Introduction

Introduction

Introduction



A letter from the CEO

A year of progress

As a company who looks to children as our role models, we have made bold commitments to ensure we help create a better world for them to inherit. From climate action, products and packaging to human rights and digital wellbeing, 2021 has been year of progress on our ambition to build a more sustainable future for our company and generations to come. Meanwhile, we remain steadfast in our commitment to uphold the ten principles of the United Nations Global Compact as we were the first toy company to join the Global Compact back in 2003.

Despite the ongoing pandemic and the challenges it brings, I'm proud of our colleagues who continue to innovate and create new solutions to advance our sustainability ambitions.

In June, we revealed our first prototype LEGO® brick, made from a recycled plastic. Its creation came about through years of iteration and what we do best: building, rebuilding and learning along the way. We also continued the transition

to have more plant-based LEGO elements from sugarcane and made progress on sustainable packaging, successfully trialling the first paper-based bags in LEGO boxes which will continue rolling out in 2022. These developments are a testament to the ingenuity of our material experts and dedication to innovating for the future.

This is not only important to us, but to children as well. This year, we created the first LEGO Building Instructions for a Better World, which was based on the input of more than 6,000 children and what they wanted leaders at COP26 to address. Alongside this, we brought our Build the Change series online for the first time, engaging thousands of children in learning about climate change.

When children play, they learn, and I am proud that we have reached over 3.5 million children in underserved communities with Learning through Play programmes and activities implemented in collaboration with the LEGO Foundation, partners and LEGO colleagues.

In doing so, we remain committed to the belief that play is for all. In November, we announced that we will work towards removing gender stereotypes from our products and marketing. Diversity and inclusion continue to be a priority, as we ramp up efforts to build a workplace where everyone feels they can be seen, heard, valued and respected.

As we look ahead to our 90th anniversary, we will continue to make progress against our ambitions to have a positive impact on the world our children will inherit – and inspire and develop the builders of tomorrow.



Niels B. Christiansen
CEO, the LEGO Group



From climate action, products and packaging to human rights and digital wellbeing, 2021 has been a year of progress.





Together, we can rebuild the world

At the LEGO Group, we're playing our part in building a sustainable future and creating a better world for our children to inherit. We're joining forces with children and parents, our employees, partners, NGOs and experts to make a lasting impact and inspire the children of today to become the builders of tomorrow.

We are proud of the progress we are making and how we progressed in 2021. At the same time, we know that there is much more to do and learn, and we remain committed to achieving the ambitions we have set.

Go to [LEGO.com/sustainability/reporting](https://www.lego.com/sustainability/reporting) to find out more about our initiatives, ambitions and progress.

Read our [annual report](#) to learn about the financial results of 2021.



Our Planet Promise

Our sustainability ambitions and the work we do to pursue them are guided by our Planet Promise: to play our part in building a sustainable future and make a positive impact on society and the planet. We aligned our priorities to two United Nations Sustainable Development Goals (SDGs): #4 Quality Education and #12 Responsible Consumption and Production.



We divide our work into three cross-organisational impact areas – Children, Environment and People – each with their own distinct set of commitments and activities. We track our progress in each impact area and this report follows the same structure.

2021 highlights and initiatives

Planet Promise:

To play our part in building a sustainable future and make a positive impact on society and the planet.

Children

Lead the effort for all children to develop and apply the breadth of skills to improve their life, our planet and society.

Learning through Play

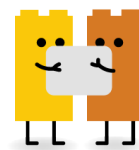
3.5+ million children reached with Learning through Play programmes and activities with the support of the LEGO Foundation.

625,922 caregivers reached through Learning through Play trainings such as the Prescription for Play programme in the U.S.



Responsible engagement with children

77.5 million parents reached with new tools and activities, such as Build & Talk activity packs, to help families build online child safety and wellbeing skills and empower children to become digital citizens.



Introduced the **D&I Playbook** in collaboration with our long-standing partner UNICEF to inform our communication and product development.

Environment

Leave a positive environmental footprint by promoting a business model to reduce waste and resource consumption.

Climate action

Increased solar panel capacity at LEGO factories **by 98%** (compared to 2020 baseline).



Placed on the CDP **Climate Change 'A' list**.

20+ projects completed related to renewable energy, water usage and reducing material waste in our operations.

Circular economy

Revealed our first prototype brick made from a **recycled material**.

652,727 lbs (296,072 kg) of LEGO bricks donated to the LEGO Replay programme.

Trialled **paper-based bags** for LEGO boxes, planned for roll-out in 2022.



People

Build fair, equitable and responsible workplaces – ours and our suppliers'.

Responsible sourcing

80 suppliers committed to the CDP carbon disclosure system.

Strengthened our supplier capability building programme.

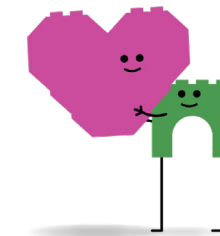


Reduced the number of suppliers with higher risk non-conformities.

Responsible workplace

Introduced our flexible hybrid way of working, **'Best of Both'**.

'Top in class' motivation and satisfaction score of 83 among LEGO employees.



Sustainability focus across our value chain

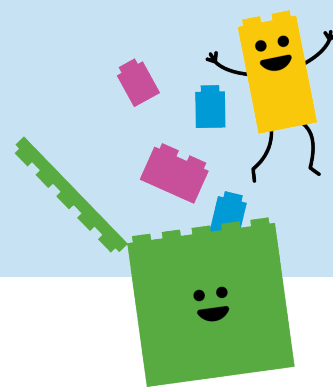
Suppliers

Our global supply chain provides us with the raw materials to make our products. Supply chain risks include human rights violations, such as modern slavery, working hours, child labour and bribery. Mitigations include capability building with suppliers, regular audits and follow up in high- and medium-risk countries to ensure compliance with our Responsible Business Principles. Roughly 90% of our total CO₂ footprint comes from our supply chain. We collaborate closely with our suppliers to explore ways to reduce our collective carbon footprint through our Engage-to-Reduce programme, which was set up in 2014. We have set a science-based target to reduce absolute carbon emissions by 37% by 2032 compared to a 2019 baseline.



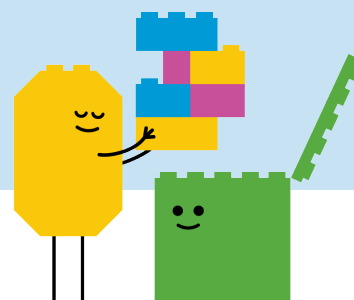
Licensing partners

The LEGO Group works with a number of licensing partners and has a strong focus on product quality and safety. The portfolio covers a range of products, including books and bedding, clocks and clothing. The types of risks to workers are similar to our own supply chain. However, the manufacturers of our licensing partners are located in many more countries than our own supply chain and the variety of products is bigger, which diversifies the risks. Mitigations include a close collaboration with our licensing partners. They work with their suppliers to mitigate risks, and we monitor compliance to our Responsible Business Principles through third party audits and follow up.



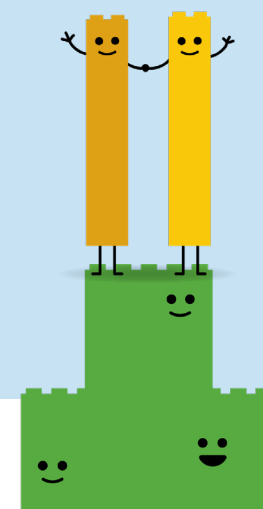
LEGO® facilities

The LEGO Group has a global production footprint with factories in Denmark, China, Mexico, Hungary and the 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 emissions, waste and water use. Mitigations include health and safety training and CO₂ emissions, waste and water reduction projects, for example investment in renewables.



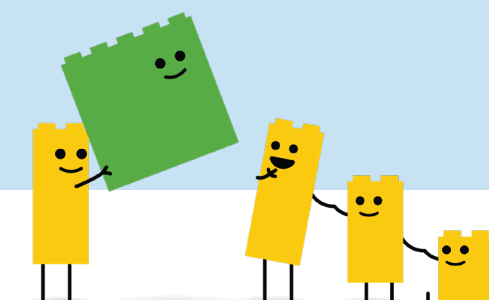
Customers

Customers include retailers where the LEGO Group operates globally, LEGO® stores and partner stores. Risks include ethical issues, such as bribery and corruption, and the sustainability of products and packaging. Mitigations include ethical business training for leaders, as well as our 2030 sustainable materials ambition and 2025 sustainable packaging ambition.



Consumers

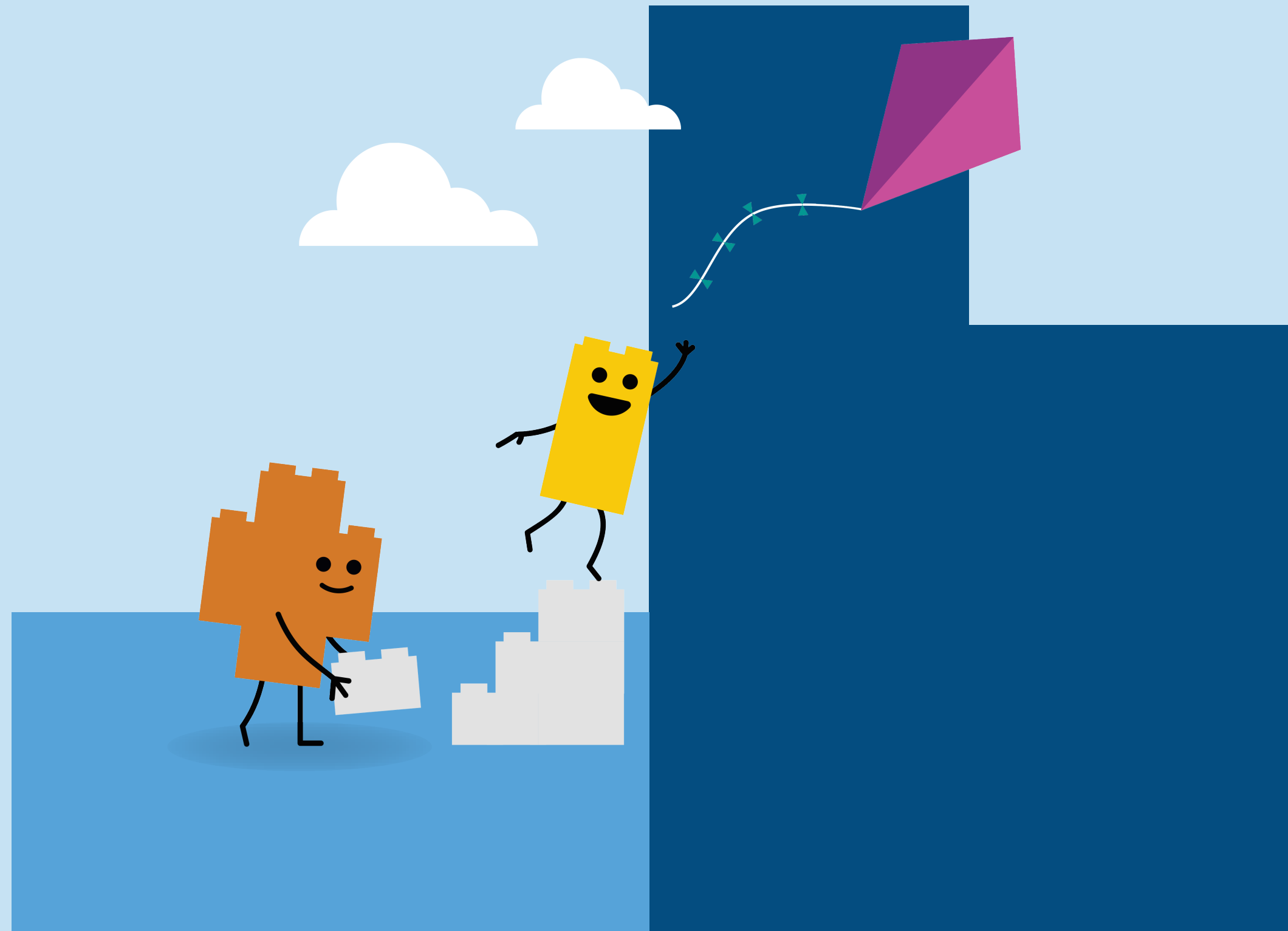
Consumers are individuals who purchase our products. Our primary consumers are parents and caregivers who purchase LEGO® products and experiences for their children, as well as adult fans, grandparents and gift givers. Risks include product and digital child safety and the sustainability of products. Mitigations include safety by design, responsible engagement policies, strict compliance to child advertising rules such as COPPA (Children's Online Privacy Protection Act), our 2030 sustainable materials ambition and our 2025 sustainable packaging ambition.



Children Children Children

We believe every child should have the opportunity to achieve their full potential. Play nurtures and develops the breadth of skills children need to solve problems creatively while boosting confidence and resilience.

The LEGO Group, the LEGO Foundation and LEGO® Education work together to be a global force for Learning through Play, bringing play to children in our communities around the world.



Children

Learning through Play

Reaching more children with Learning through Play

As COVID-19 continues to affect communities and disrupts education around the world, the need to bring Learning through Play to children and parents is more urgent and important than ever. In 2021, we increased the number of community organisations we collaborate with in order to reach more children. First Book in the U.S., UNICEF China and Fondo Unido joined our roster of partners.

The LEGO Foundation has a 25% ownership in the LEGO Group, which means that 25% of our profits are contributing to giving all children the chance to play. With the LEGO Foundation and many great partners, we reached 3,513,924 children with Learning through Play programmes and activities. This is 13,924 children above our target set for 2021. Our ambition for 2022 is to reach 6 million children. **Learning through Play partners.**

Empowering parents and caregivers

Parents and caregivers are critical to children's development, and benefit from having the knowledge and confidence to support their children's development through play.

Our programme Prescription for Play is for U.S.-based healthcare providers who see 18- to

36-month-old patients. The aim is to develop parental and caregiver behaviour towards Learning through Play. Families are introduced to Prescription for Play during their routine paediatric visits, and receive a LEGO® DUPLO® brick kit and educational brochure encouraging them to spend time playing with their children. In 2021, we re-launched the programme with a clinical research partner and began to proactively promote the programme through Federally Qualified Health Centres that serve mostly low-income populations.

We distributed 613,050 kits to care providers in 2021. In 2022, we aim to reach 1.5 million families in the U.S., and expand the programme to three additional countries, reaching a further 500,000 families.

In response to the impact of COVID-19, the LEGO Foundation, which owns 25% of the LEGO Group, announced a \$150 million USD donation to support a safe return to school for children and communities across the world.

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Case study Partnering for play with UNICEF in China

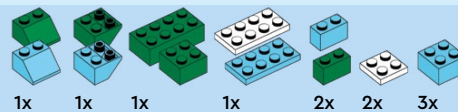
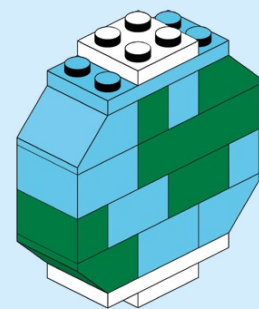
The LEGO Group, LEGO Foundation and UNICEF announced a partnership in May 2021 to help the development of children in the early years of living by bringing Learning through Play to 200 disadvantaged rural communities in China. The three-year partnership will see approximately \$2.5 million USD invested in providing resources to community-based family support programmes. It is expected that this partnership will directly benefit 20,000 children aged 0 to 6 years and around 40,000 caregivers through access to quality community-based family support services and use of age-appropriate play materials.

The programme was successfully kicked off with UNICEF's national governmental counterpart and started implementation in 10 provinces. The LEGO Foundation hosted a Learning through Play online training, with the participation of 446 experts and practitioners.



Case study Building Instructions for a Better World

In connection with the COP26 United Nations Climate Change Conference in Glasgow, we launched 10 Building Instructions for a Better World, informing leaders what young people think should happen to tackle the climate crisis and create a more sustainable future. Reflecting the accessible style of the building instructions that normally accompany LEGO® products, these 10 requests of policymakers were identified through research with 6,000 8- to 18-year-olds worldwide, helping to give young people a greater voice in the debate on climate change.



"...work together and not against each other..."
"...find solutions that are possible for all countries no matter how developed they are."
"...we should all gather up together and save the planet who is with me !!!"

**COOPERATE
INTERNATIONALLY.**

"The global environment can be safeguarded through enhanced international cooperation and linked, locally relevant measures."
- IPBES, *Global Assessment Report on Biodiversity and Ecosystem Services* (2019).

In a three-year partnership with the ChenShan Botanical Garden in Shanghai, we are giving 10,000 children the possibility to learn about nature through Build the Change.

Learning about sustainability through play

Children are the builders of tomorrow, and we want to give them the opportunity to learn about sustainability through play.

Build the Change continues to be a focal point for the LEGO Group to give all children the opportunity to learn about sustainability through play. The programme also aims to give children a voice on the climate challenges that matter to them. In October, we launched the first free

educator course on Biodiversity and Climate Change, reaching more than 50,000 children in its first two months. This arm of Build the Change adds to already established family-facing and event-based engagement.

In April, we celebrated Earth Day by taking our Build the Change series online. We asked children to share their ideas for building a sustainable future using LEGO® bricks and other creative materials. More than 14,000 children globally participated

in the challenge, showing amazing creativity and inspiration.

In November at COP26, the Build the Change team, with the help of employee volunteers, delivered more than 25 workshops to nearly 1,000 children from Glasgow and beyond. Working with partners such as the Ellen MacArthur Foundation and Daydream Believers, children were asked to share their thoughts and ideas on circular economy and climate change solutions.





In 2021, we asked families and fans to build and share a star through our annual #BuildToGive campaign. We received dazzling star creations from all over the world and together we helped share the joy of LEGO® play with 1.5 million children.

In total, we reached 169,049 children through our Build the Change activities in 2021, exceeding our goal of reaching 100,000 children. 2022 will see more Build the Change experiences and content launched across the globe, as well as some exciting new partnerships to connect more children around the world to sustainability through Learning through Play.

Play Day in a Box

Around the world, LEGO® colleagues play an important role in bringing Learning through Play to their communities, homes and workplaces. In turn, this delivers on our vision to become a global force for Learning through Play. Each year, we celebrate the power of play by inviting all colleagues to play for a day.

After a successful Virtual Play Week in 2020, we launched Play Day in a Box in 2021. This format supports both in-person and online events to respect local COVID-19 conditions. Colleagues received a box containing a variety of LEGO elements and other creative materials, as well as activity cards to inspire fun and playful experiences with colleagues, family and friends. The objective was to engage colleagues in hands-on Learning through Play experiences and equip them with the knowledge and tools needed to bring the play box home for continued play and learning. Across our manufacturing sites, offices and LEGO Brand Retail stores,

almost 18,000 colleagues took part in this year's Play Day in a Box.

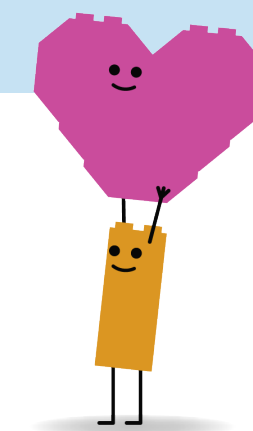
Throughout the year, we also support our colleagues to volunteer in Learning through Play-inspired programmes and help them reach more children in their communities. We give all our colleagues the option to take two days off a year to participate in volunteering activities. COVID-19 restrictions unfortunately continued to impact the level of volunteering throughout 2021, but 613 colleagues supported local communities with Build the Change events and sharing other Learning through Play experiences with children.

Build to Give

For many people around the world, the holiday season is a time for togetherness and laughter, but for a lot of families it can be a challenging period. That's why for the fifth year running we encouraged fans and families to get creative and give the gift of play to a child in need, simply by making a star out of LEGO bricks.

For every star shared on social media using the hashtag #BuildToGive or at local events, the LEGO Group donated a LEGO set to a child in need, giving children in hospitals, children's homes or vulnerable communities globally the chance to play. This year, working with our charity partners, we donated over 1.5 million LEGO sets to children in 29 countries around the world.

In August, the LEGO Foundation and KIRKBI A/S, the owners of the LEGO Group, announced a 100mDKK grant to support vulnerable children in Haiti and Afghanistan.



Responsible engagement with children

In 2013, we signed the 10 Children's Rights and Business Principles developed by UNICEF, Save the Children and UN Global Compact. With the Principles, we commit to protecting children's rights and fostering their wellbeing across everything we do in the workplace, marketplace and our communities. Through our partnership

with UNICEF, we work to continuously implement and advocate for the Principles, which continue to inform our work on areas such as digital and physical safeguarding of children, responsible marketing and advertisement practices.

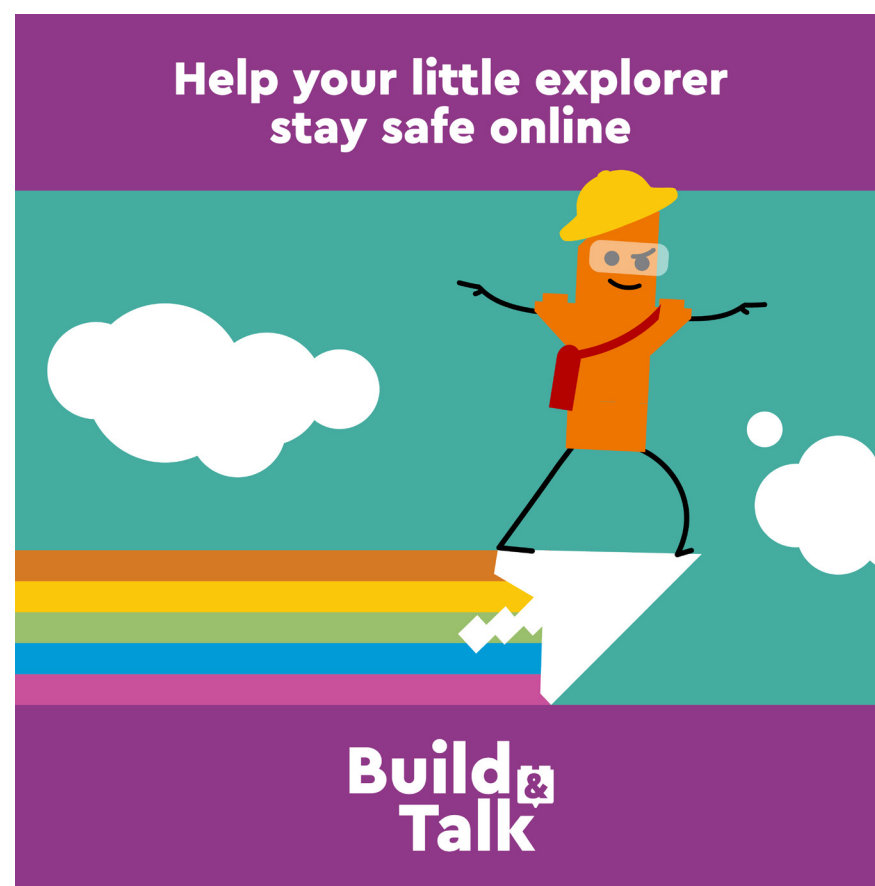
Product safety

Throughout our almost 90-year history, children and parents have trusted us to provide safe, high-quality products that meet or even surpass the most rigorous international toy safety regulations and standards. In 2021, we had our 12th consecutive year of zero product recalls.

Digital safety and wellbeing

We are committed to creating world-class safety-by-design digital experiences that enable children to play and learn online in a fun and safe environment. We want to help raise digitally smart families, equipping children and parents with the knowledge, tools and skills needed to build a generation of responsible digital citizens.

We reached 77.5 million parents with our digital citizenship programme, such as new Build & Talk activity packs and the Digitally Smart Guide for parents during 2021.



In our story-style Build & Talk adventures, digital explorer and 'creaturologist' Ida Switchditonandoff, takes families on a journey in search of imaginary LEGO® creatures who represent the positive and negative aspects of life online. While children get creative building their own LEGO characters, parents can break the ice about important digital safety topics in a fun, engaging way.

Case study Promoting diversity and inclusivity in products, entertainment and marketing

As part of our long-standing partnership, UNICEF and the LEGO Group collaborated in 2021 to understand the different types of stereotyping in advertising, products and entertainment that can have a harmful impact on a child's wellbeing and development. We explored how to avoid these harmful stereotypes across gender, sexuality, ethnicity, culture, disability and family structures. We also looked at how organisations become truly transformative in promoting equal outcomes for all. As a result, we launched an internal LEGO® D&I Playbook (a series of creative instructions) that will inform our communication and product development going forward.

We also collaborated with UNICEF to create the 'Promoting diversity and inclusion in advertising: a UNICEF playbook,' which serves as a tool for businesses to develop guidelines and strategies to ensure diversity and inclusion in their creative content and products for children.

Build & Talk

Our Build & Talk series is a key component of that commitment, helping parents talk to their children about important digital safety and wellbeing topics in a playful and memorable way. In 2021, we expanded our range of activity packs to help parents start a conversation about online privacy and safe sharing, screen time and false information online. The interactive stories encourage children to build an imaginary character using LEGO® bricks, whilst simple talking points help parents start a conversation about important topics, such as what makes a good password and how misinformation can spread online.

We plan to launch more Build & Talk activity packs in 2022 to empower children to develop all the skills they need to thrive online.

Doom the Gloom

In 2021, we also launched **Doom the Gloom**, a mix of mini-games and interactive videos that provide children

with the opportunity to playfully explore and learn more about safety and wellbeing in the digital world.

The Doom the Gloom experience on [LEGO.com/kids](https://www.lego.com/kids) covers eight key competency areas, ranging from cyber security management to digital empathy, and empowers children to become digital citizens who contribute to healthy digital communities.

We also launched a host of other tools to help parents and families become digitally smarter, including a Digitally Smart Explorer quiz and a Digitally Smart Guide, which provides parents with a 'crash course' on key digital citizenship skills.

The playful new tools and activities were developed in collaboration with the DQ Institute, a world-leading think tank on digital citizenship and child online safety. We joined forces with the DQ Institute in 2021 as part of our ambition to help children develop the skills they need to thrive in the digital world.

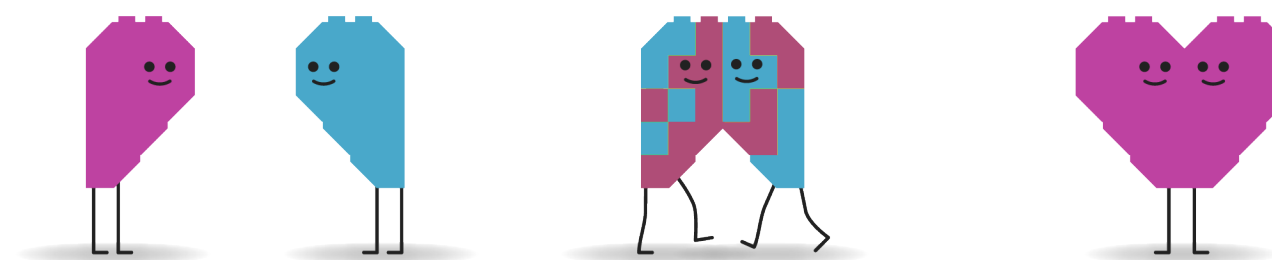
Case study

Products and marketing free of gender bias and stereotypes

We are committed to making LEGO® play more inclusive and ensuring that children's creative ambitions – both now and in the future – are not limited by gender stereotypes.

In 2021, we commissioned a global survey of almost 7,000 parents and children aged 6 to 14 to assess whether creativity is seen as gendered for parents and their kids. Carried out by the Geena Davis Institute on Gender in Media, the research highlighted a clear need for society to rebuild perceptions, actions and words to support the creative empowerment of all children.

Based on these findings, we announced plans to work with the Geena Davis Institute on Gender in Media and UNICEF to ensure LEGO products and marketing are accessible to all and free of gender bias and harmful stereotypes.

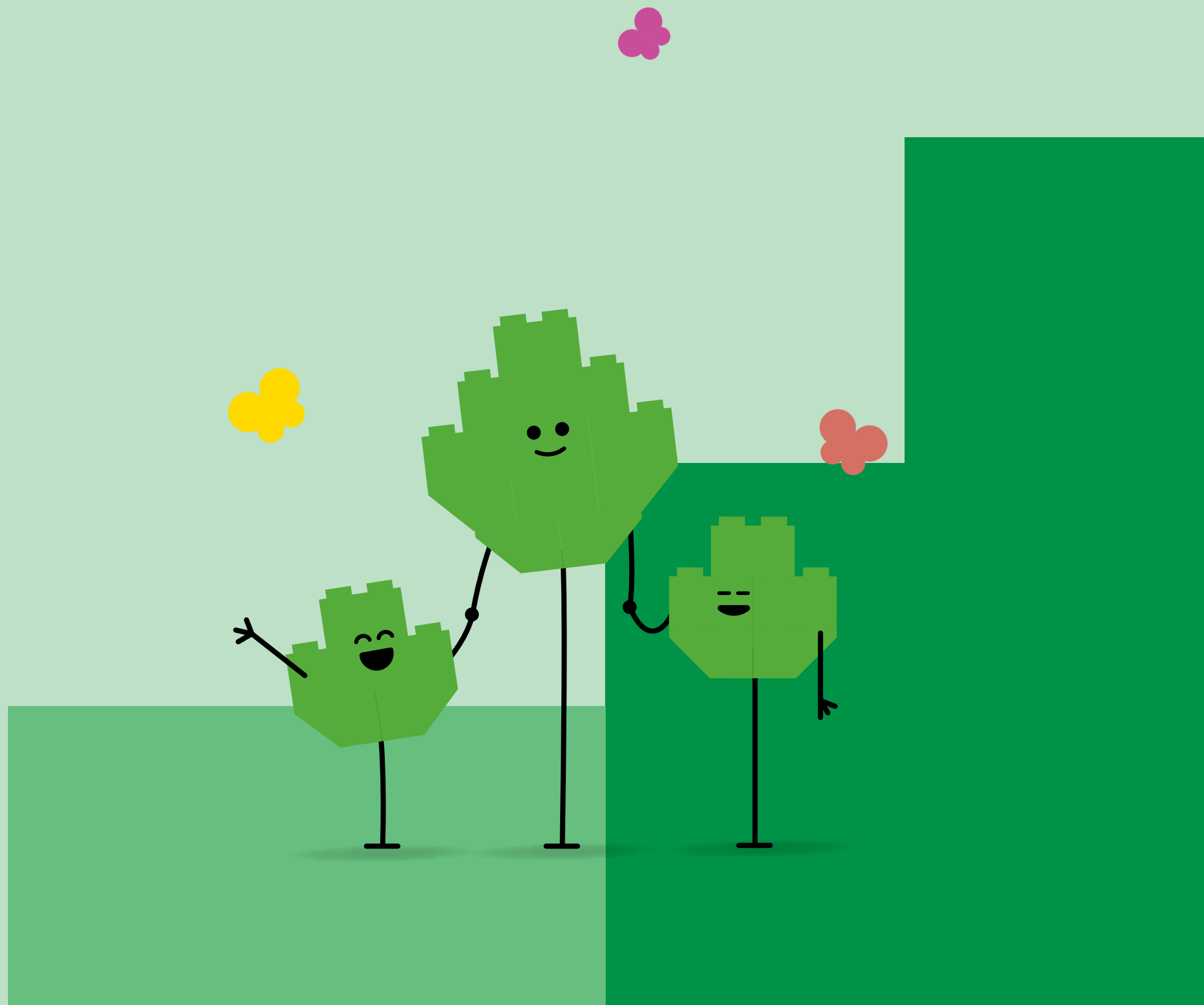


Environment Environment Environment

We are committed to playing our part in building a sustainable future and making a positive impact on the planet our children will inherit.

We have set targets to make our materials and packaging more sustainable, reduce the carbon footprint of bringing a LEGO® product to market and limit our use of resources.

We comply with all relevant legislation, standards and identified requirements. All LEGO production sites are certified according to the international environmental standard ISO 14001. In addition, our production site in Jiaxing, China is also certified according to the international energy management standard ISO 50001.



Environment



Circular economy

We're exploring ways to make our business more circular, from how we design our products and what materials and packaging we use to what we need to do to keep LEGO® bricks in play.

Sustainable materials

We have an ambition to make LEGO bricks from more sustainable materials by 2030, without compromising quality or safety. This means we need to develop entirely new materials that are safe and strong enough to be passed down through generations – and fit seamlessly with a LEGO brick made over 50 years ago.

In June 2021, we revealed our first prototype brick made from a recycled material. This prototype, made from recycled PET plastic bottles, marks an important step on our sustainable materials journey. It's the culmination of three years' hard work from a team of more than 150 experts who have tested over 250 variations of PET materials.

We have also worked to expand the range of bio-based LEGO elements made from bio-polyethylene (bio-PE), a soft, durable, and flexible plastic derived from sugarcane. There are currently around 150 elements made from bio-PE (e.g. LEGO plant elements and LEGO Minifigure accessories) and nearly half of our sets are designed to contain at least one of these elements.

Sustainable packaging

LEGO bricks are designed to be reused and handed down through generations, but LEGO boxes and other packaging are often disposed of quickly. Currently, 93% of our packaging by weight is made from paper and cardboard, while some of our packaging

contains single-use plastic. This kind of plastic isn't generally recyclable, which is one of our requirements for a sustainable packaging material. That's one of the reasons we're taking urgent action to find more sustainable, paper-based packaging solutions and make all our packaging sustainable by 2025. In 2021, we used a total of 84,425 tonnes of packaging material.

Paper-based bags for LEGO® boxes

Our prototype LEGO® brick made from a recycled material was celebrated by TIME Magazine as one of the 100 best inventions in 2021.



Bags in LEGO® boxes

As a next step, we are replacing the single-use plastic bags used in LEGO® boxes to package the loose bricks. In 2021, we completed a successful pilot project to test paper-based bags certified by the Forest Stewardship Council® (FSC-C117818), and we will begin to introduce the new paper-based bags in LEGO boxes in 2022. This new packaging will be phased in over the course of two years as new products are launched and machinery is installed in our factories.

E-commerce packaging

We are changing the way we pack our LEGO sets for shipping. We are removing single-use disposable plastic, such as the air pillows that protect LEGO boxes and the plastic tape that seals the boxes, as they aren't generally recyclable. For example, people ordering from LEGO.com in Europe receive a shipping package that contains recyclable paper certified by the Forest Stewardship Council® (FSC-C117818) and no single-use plastic. The plastic air pillows have been replaced with paper, and even the tape to close the boxes is paper-based. In 2022, we will extend these paper-based solutions to more markets with the ambition to remove single-use plastic in all e-commerce shipments by 2025.

Licensed products

We have made encouraging progress to make packaging of our licensed and extended line products more sustainable, such as removing plastic from garment hangtags and LEGO bedding sold in Jysk stores. In 2022, we will continue to transition packaging in the Licensing & Extended line to increase our use of paper-based solutions, focusing on areas such as LEGO Minifigure accessory sets and Pick-a-Brick cups for our LEGO Brand Retail stores.

LEGO® Replay

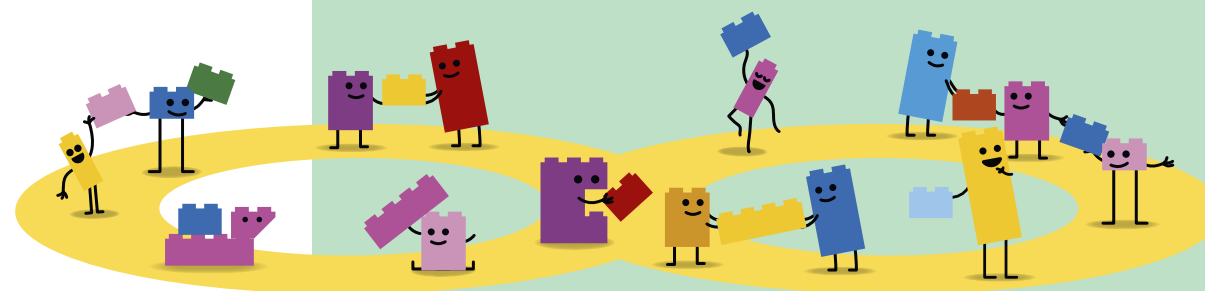
The LEGO brick is designed to last. We pride ourselves on the high quality and longevity of our brick, and know that 97% of LEGO owners keep or share their bricks, passing them on to friends or family, from one generation to the next. With our LEGO Replay programme, we want to inspire and help LEGO brick owners pass along the bricks they aren't using – keeping LEGO bricks in play and circulation. Since the launch of LEGO Replay in 2019 in the U.S., and in 2020 in Canada, 652,727 lbs (296,072 kg) of LEGO bricks have been donated to the programme. This has extended the creative life of approximately 133 million bricks, exceeding a milestone of reaching 100,000 children in North America. In 2022, we plan to extend the LEGO Replay programme.

Case study Inspired by circularity

The LEGO® System in Play supports the principles of circular design – a product made of quality materials with the durability, safety and consistency to be passed on and handed down through generations. We're currently exploring how circularity can be embedded across our value chain, from using circular design and materials and eliminating waste to keeping LEGO products in play longer. As part of these efforts, we became a member of the Ellen MacArthur Foundation (EMF) in 2020.

We also want to give children more opportunities to learn about circularity. With EMF, we have hosted an online workshop on circularity for 13- to 18-year-olds, as well as multiple workshops during COP26 in Glasgow – all based on Learning through Play and our Build the Change series. Our own Circular Economy and Youth study, conducted in 2021 with over 6,000 children aged 8 to 18, shows that children care deeply about the planet, but find it difficult to relate to circularity.

In 2022, we will work to amplify the findings of the study in a call to policymakers to elevate circular economy in school curriculums and help give children a voice on the issues that matter to them.



Climate action

Science-based target

In December 2020, we were the first large toy company to announce a science-based target, which commits us to reducing our absolute carbon emissions by 37% by 2032 compared to our 2019 baseline. The target has been approved by the Science Based Target initiative as consistent with levels required to keep global warming below 1.5°C, the most ambitious goal of the Paris Agreement.

To achieve this target, we will:

- Continue to invest in sustainable materials research to reduce the carbon footprint of LEGO® products and packaging and making our business more circular
- Continue to work with suppliers through the LEGO Group's Engage-to-Reduce programme, driving innovative ways to reduce their carbon footprint and together play our part in limiting the effects of climate change
- Increase carbon efficiency throughout our operations, expand renewable energy production at factories and ensure

procurement of 100% renewable energy across factories, offices and stores

- Increase investment in renewable energy capacity in all regions where we operate, with the aim of running carbon neutral operations by the end of 2022
- Design offices and factories to the highest environmental standards, aiming for LEED Gold on all new construction projects

Renewable energy

We continue to be 100% balanced by renewable energy, due to investments in offshore wind by our parent company

KIRKBI A/S and investments in onsite renewable energy by the LEGO Group. We define 'balanced by renewable energy' as: energy generated from renewable sources (either on- or offsite) as being equal to, or more than, the energy we use at our locations. We purchase and retire all available Renewable Energy Certificates (RECs) from our renewable energy investments, and supplement these with accredited RECs when those investments are not available. How we handle RECs:

Burbo Bank Extension: KIRKBI A/S owns and retires the RECs on our behalf.

Borkum Riffgrund 1: There are currently no RECs available for this wind farm. We will purchase and retire the relevant number of certificates from the open market.

Total carbon emissions

We calculate and publish our total greenhouse yearly gas emissions every September, meaning this data is not yet available for 2021. In 2020, the total greenhouse gas emissions from our global operations and supply chain were 1.2 million tonnes of carbon dioxide equivalent (tCO₂e). In the same year, we changed the way we calculate our carbon footprint to more accurately reflect our renewable energy purchases.

This means that the actual CO₂ footprint of the electricity we use is smaller compared to previous years, when it was calculated using country-by-country averages.

Read our [2020 CO₂ Emissions Report](#) to learn more about our accounting methodology, as well as our commitment and progress to reducing our carbon footprint.

CDP climate change rating

We achieved an 'A' leadership status in the 2021 CDP climate change questionnaire. Up from 'A-' last year, this is the 6th consecutive year the LEGO Group received a leadership level CDP climate change rating, reflecting our continued commitment to battling climate change. CDP is an independent climate action NGO. Over 13,000 companies submitted environmental data this year. The LEGO Group's 'A' rating places us in the top 2% of companies scored by CDP in 2021.



A LIST
2021

CLIMATE

Case study

In the past year, we completed 20+ projects related to renewable energy, water usage and reducing material waste in our operations. Read about some of the progress made in the case studies below.

Increasing solar

In 2021, we installed a total of 20,682 new solar panels at our factories in China, Hungary and Mexico. If we laid out all the solar panels we installed, they would cover about 20 soccer fields. Compared to 2020, this is a 98% increase in our solar panel capacity.



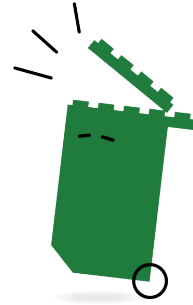
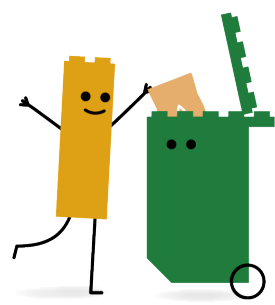
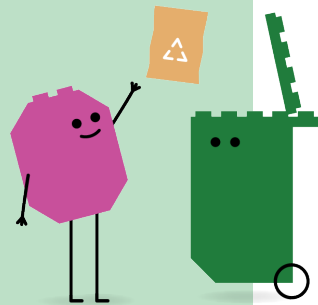
Water efficiency

While water use is very low in the production of LEGO® bricks, we always strive to use it as efficiently as possible. We aim to reduce our water usage by 10% by the end of 2022 compared to a 2019 baseline. Our water consumption in 2021 was 8.8% lower than 2020, against a target of 5%. In terms of absolute consumption, the value for 2021 stood at 821,000 cubic meters.

Zero waste

We are aiming for zero waste to landfill, which means that no waste from any LEGO® factory, office or owned and operated store will be landfilled by 2025.

During 2021, we reduced our landfilled waste by more than 70% compared to 2020, with 115 tonnes of waste going to landfill in the past year. This moves us closer to our 2025 target.



Building sustainable businesses together

We can't minimise the environmental impact of our operations alone. 90% of our carbon emissions come from our supply chain – suppliers that provide and deliver raw materials, machines, products and services related to LEGO® products. We collaborate closely with our suppliers to explore ways to reduce our collective carbon footprint.

In June 2021, we hosted our first Sustainability Supplier Summit and sought support from our suppliers to set their own science-based targets.

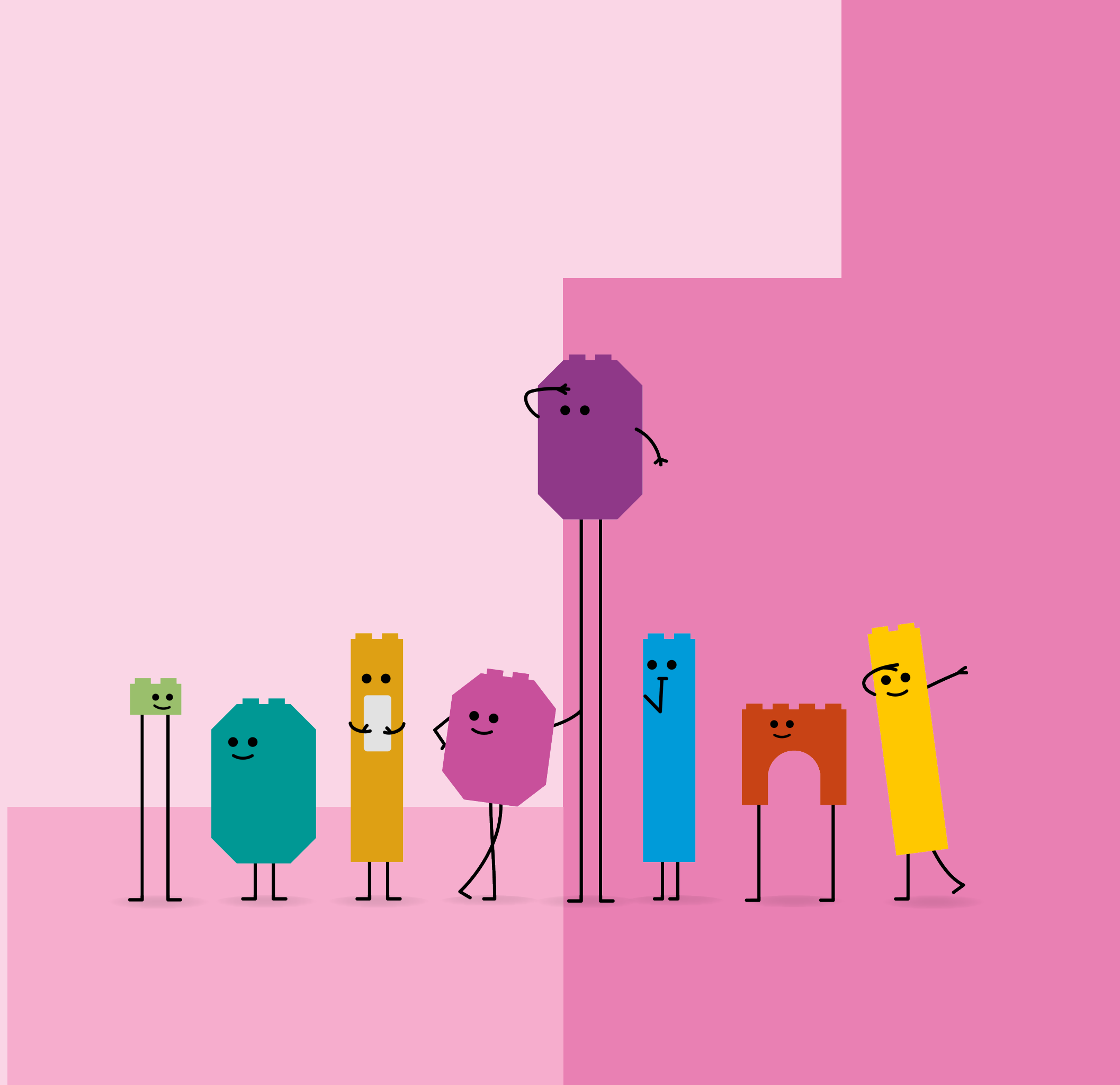
As part of our ambition to get there, we increased the number of suppliers committed to the CDP carbon disclosure system to 80 in 2021, up from 60 in 2020. We have an ambition to have all our most carbon-intense suppliers committed to CDP in 2022, and have begun working with targeted suppliers to introduce a shift to renewable electricity.

People People People

We strive to be a safe, motivating and inclusive workplace where people feel they can be their true selves and where only the highest standards of ethical business behaviour are maintained.

We want all employees to take pride in working at the LEGO Group and feel part of a diverse organisation with a unique sense of belonging, regardless of who they are or where they come from.

We collaborate with our suppliers to ensure fair working conditions for workers involved in making LEGO® products and that the environment is protected.



People

Responsible workplace

A safe and motivating workplace

Employee safety and wellbeing 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 2021, the number of lost time injuries was 0.4 per million working hours.

To ensure progress, we set targets for employee motivation and satisfaction, which we track through our annual

employee engagement survey – the LEGO Group People Pulse. In the survey, we ask specific questions related to belonging, inclusion and psychological safety, which we monitor and work with as part of our Inclusion Index. We believe that building positive team dynamics is critical to creating a truly diverse and inclusive workplace.

In 2021, we exceeded our target with a score of 83 points, 9 points above the external benchmark score of 74. This result achieved Ennova's 'Top in class' category, which represents the top quartile of all multinational companies measured.

During 2021, we continued to take steps to ensure the health, safety and mental wellbeing of all colleagues working in our

offices, factories and stores and provided support for those working from home for extended periods.

We hosted COVID-19 vaccination clinics for employees, families and local communities at three of our factories.

A diverse and inclusive workplace

It is our ambition to build a diverse organisation with a unique sense of belonging that helps us make play the source of social inclusion, inspiring everyone, irrespective of who they are or where they come from. As we work to accelerate our diversity and inclusion, we partner with a select number of organisations that are leaders in their respective areas of D&I. The partners we choose will reflect our broad definition of diversity, encompassing gender, ethnicity, background, lifestyle and family, and help us shape both our workplace practices and creative output.

We are working with UNICEF child rights and development experts to clearly understand how discriminatory norms, stereotypes and practices impact children. With a focus on products, entertainment and marketing activity, this partnership work seeks to develop a thought-leadership position that will contribute significantly to the LEGO brand's ambition to reach as many children

Case study Introducing Best of Both

In the first half of 2021, we launched Best of Both, a flexible, hybrid way of working. Based on learnings from working conditions during COVID-19, Best of Both offers colleagues the opportunity to both work from home and come into the office and enjoy the benefits of face-to-face collaboration. Our rule of thumb is three days in office and two days from home.

All offices are introducing Best of Both as local government guidance allows.

as possible and help create a more inclusive, equitable world for children everywhere.

In 2020, we signed a partnership with UN Women and, in turn, the United Nations Women's Empowerment Principles (WEPs). With this partnership, we are committed to advancing gender equality in our workplace, marketplace and community.

In the past year, we published our new Gender Balance Policy, outlining our

commitment to ensuring equitable practices in hiring, promoting and developing all talent, thereby improving diversity and gender balance at all organisational levels.

We introduced Conscious Inclusion training to raise the level of awareness and help all employees build the necessary skills. The training is grounded in our leadership behaviours of being curious, brave and focused. We expect all employees to have completed the training by 2022.



Our extended parental leave allows all our employees to spend more time with their children at an important stage in their early childhood development.

Case study Partners for diversity

In 2021, we partnered with Workplace Pride, Stonewall and Open for Business to help shape strategy and programmes to support employees who identify as LGBTQIA+ and allies across the company. We also invested to help future generations learn about empathy and inclusivity through partnerships with UK charity Diversity Role Models and U.S. charity GLSEN.

Spearheaded by colleagues around the world, six global Employee Advocacy Groups (EAGs) were established in 2021 to help build a stronger sense of belonging and connect employees. We currently have EAGs for accessibility, age, Asian, LGBTQIA+, people of colour and women, and expect to establish more over time.

Evaluating progress

To evaluate our D&I progress, we include specific questions on belonging, feeling safe to share opinions and views, and feeling appreciated regardless of gender, ethnicity or background, in our employee engagement survey, the LEGO Group People Pulse. In 2021, the People Pulse inclusion score landed at 86, which was the

target we set, and this score is at a similarly healthy level as 2020 results.

On representation, we measure the share of women across various job grades and we report on women in Director positions and above, which is equivalent to executive levels. In 2021, 40% of positions at Director level and above at the LEGO group were held by women, which represents a two percentage point increase from 2020 and one percentage point above the 39% target for 2020. The target for 2022 is set at 40% as the share of women in Director positions and above.

Representation in our Board of Directors

The boards of LEGO A/S and LEGO System A/S (a Danish subsidiary to LEGO A/S) meet

Danish legislative guidelines for gender balance and the requirement of section 99 b of the Danish Financial Statements Act.

The LEGO A/S Board of Directors reached its previous target of having two female board members by January 1st, 2021, in April 2020. As of January 1st, 2021, three of seven members, or 43%, are female. Our ambition is that by January 2028, we have a gender balanced Board of Directors (as close as possible*), meaning 50% of board members will be female and 50% male.

LEGO System A/S board members are elected by employees and by shareholders of the company. As it will be for the employees of LEGO System A/S to elect the employee representatives, this ambition only concerns the board members elected by the shareholders. In 2021, one of four shareholder elected board members, or 25%, is female. Our ambition is that by June 2023, shareholder elected board members will also be gender balanced (as close as possible*) to a 50% female and 50% male split.

The Executive Leadership Team (ELT) represents the main company areas and sets the strategy of the LEGO Group, subject to approval from the LEGO A/S Board of Directors. In 2021, two of seven, or 29% of Executive Leadership Team members are female. When a seat becomes available, we are committed to running an

equitable recruitment process ensuring balanced representation of both genders in the recruitment process. The most qualified candidate will always be chosen regardless of gender. Our ambition is that by January 2028, our ELT also becomes gender balanced (as close as possible*).

*Dependent on if total number of members is an odd number.

Parental and caregiver leave

In 2020, we launched an extended parental leave policy globally. By the end of 2022, all employees, no matter their location, will receive a minimum of 26 weeks' paid childcare leave for the primary caregiver and 8 weeks' paid leave for the secondary caregiver. As we continued to deploy the scheme in 2021, employees around the globe benefitted from the extended parental leave, spending more time with their children at an important stage in their early childhood development.

Also introduced in 2020, employees around the world now benefit from two weeks of caregiver leave (four weeks by the end of 2022 globally), to make it easier for LEGO employees to take care of loved ones, and a fully deployed global safety net to ensure financial security for colleagues and their families in case of death or permanent disability.

Launched in 2021, the LEGO® Everyone is Awesome set is designed to celebrate the diversity of our fans and the world around us.



Responsible sourcing

Human rights

We collaborate closely with our suppliers to ensure they uphold 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 have fair and decent working conditions and that the environment is protected for future generations.

We regularly assess our human rights risks and impacts through a combination of third-party audits, internal assessments and consultation with external stakeholders.

If a supplier shows non-conformities with our Responsible Business Principles, we work in partnership with them to identify the root causes and ensure they are corrected. Our aim is to create long-term, sustainable solutions which benefit everyone.

In 2020, we launched a capability building programme where suppliers receive training in the Responsible Business Principles, with the aim of building supplier competencies to reach a higher level of compliance and proactively resolve

non-conformity. In 2021, we continued to strengthen the programme with more training sessions globally and by launching hands-on tools, such as a Management Guidebook on how to manage and comply with the Responsible Business Principles.

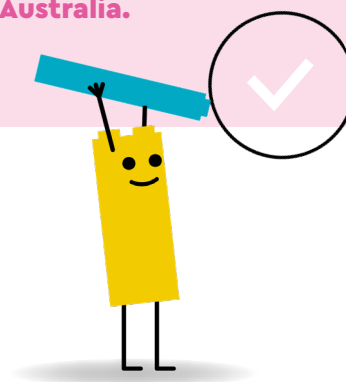
Modern slavery

The LEGO Group does not accept any form of modern slavery or forced labour. As part of our efforts and responsibility to uphold due diligence in human rights, we continuously monitor modern slavery risks and take steps to mitigate them in our supply chain.

Modern slavery is the term used to describe situations where coercion, threats or deception are used to exploit individuals and undermine or deprive them of their freedom. Modern slavery is a growing issue, in part due to the rapid increase in global migration.

In the past year, we have assessed the actual and potential risks of modern slavery in our supply chain, with the highest risks found to be related to migrant workers, both with our direct and indirect suppliers. In 2022, we will develop robust mitigation plans to address these identified risks. We are also taking steps in the coming years to further strengthen our efforts to assess and mitigate against modern slavery risks across our entire supply chain, including strengthening the LEGO Group audit programme, further assessment

We have published our Modern Slavery Statement for 2021 in accordance with the requirements of the UK Modern Slavery Act (2015), the California Transparency in Supply Chains Act (2010) and the Commonwealth Modern Slavery Act (2018) for Australia.



development for indirect suppliers and exploring how involvement in wider initiatives can drive systemic change.

Ethical business conduct

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 if 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 the Ethics Code, the local policy takes precedence. We measure ethical compliance through numbers of fines or settlements for non-compliances with anti-bribery and corruption laws where the target is zero.

As part of our commitment to ethical business conduct, we provide ethical training for employees at Director level and above. Our people leaders are accountable for ensuring training and observance of the LEGO Code of Ethics and anti-bribery requirements locally.

In 2021, we again asked a question about the LEGO Code of Ethical Business Conduct to the LEGO Group People Pulse employee survey. 96% of all LEGO employees responded evaluating 90 out of a maximum of 100 that they had a clear understanding of the LEGO Code of Ethical Business Conduct. This is an improvement by four points compared to 2020. Also in 2021, we implemented an updated corporate ethics training to improve knowledge, and in 2022 we will expand our training efforts even further.

Higher risk non-conformities include both high-risk and zero tolerance non-conformities. They are both defined as a severe breach of local law and/or the LEGO® Responsible Business Principles, with zero tolerances requiring the most urgent response and mitigation as it poses an immediate risk to employees or workers. If we identify a zero tolerance, we take immediate action to remediate. If a supplier does not immediately resolve the issue or take action to prevent them, they would risk termination of their contract with the LEGO Group.

Monitoring, assessing and remediating non-conformities in our supply chain

In 2021, 92% of scheduled on-site audits were completed against an end-of-year target of 100%. COVID-19 continued to affect travel and factory access, which impacted our ability to complete all on-site audits in 2021. In cases where on-site audits were not

possible, we continued to support suppliers with close collaboration, clear guidance and alternative monitoring methods.

We identified higher-risk non-conformities in 25% of audits undertaken in 2021, which is below our set annual maximum of 38%.

The maximum target for 2021 was set at 38%, compared to 30% in previous years, to allow more room for the impact COVID-19 continues to have on operations in our supply chain. Some factories remain affected by staff shortages due to travel restrictions and staff illnesses, resulting in increased working hours. Due to social distancing restrictions, some factories have also been unable to carry out comprehensive fire drills as they would do normally.

For these reasons, the most frequently identified higher risks were related to increasing working hours and lack of full fire drills, as shown in the chart.

None of the higher-risk non-conformities in 2021 identified any form of modern slavery, child labour or discrimination. We only found zero tolerance cases in relation to working hours and audit access denied.

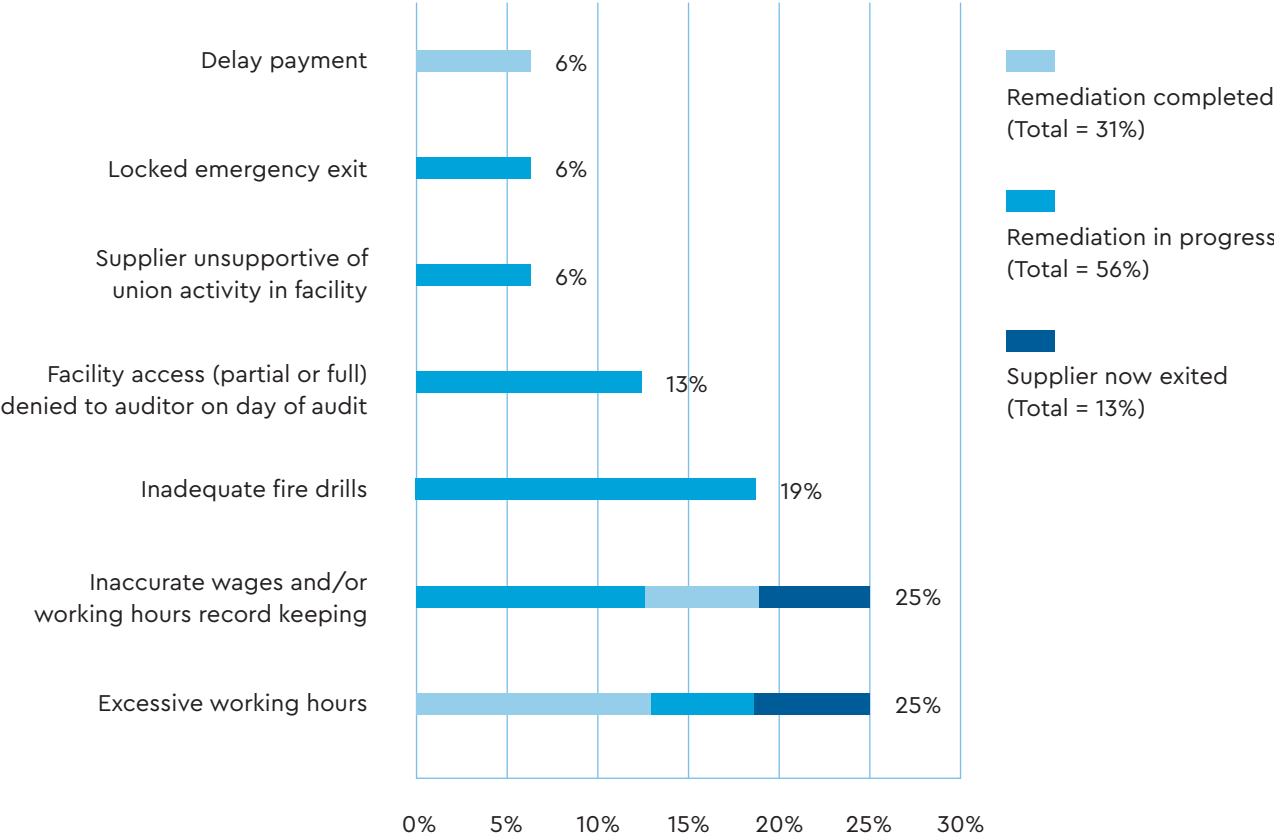
When we identify a non-conformity, we work closely with the supplier to understand what immediate corrective and remediation action has been taken, and how we can support to ensure it does not happen again in the future. The chart on the right shows the

remediation status of the identified higher risk non-conformities in 2021. Examples of remediation actions and support include developing guidance on alternative fire drill methods, regularly monitoring working hours data of relevant suppliers, as well as helping these suppliers improve management systems to address risks.

Zero tolerances in 2021

Four zero tolerances were identified in 2021 in three different facilities. Two suppliers denied partial access to auditors in their facilities; the LEGO Group is in dialogue with these suppliers to arrange further audits with full access. One supplier faced zero tolerance non-conformities regarding excessive working hours and inaccurate record keeping; this supplier was subsequently exited due to a lack of commitment to meet the requirements of the Responsible Business Principles.

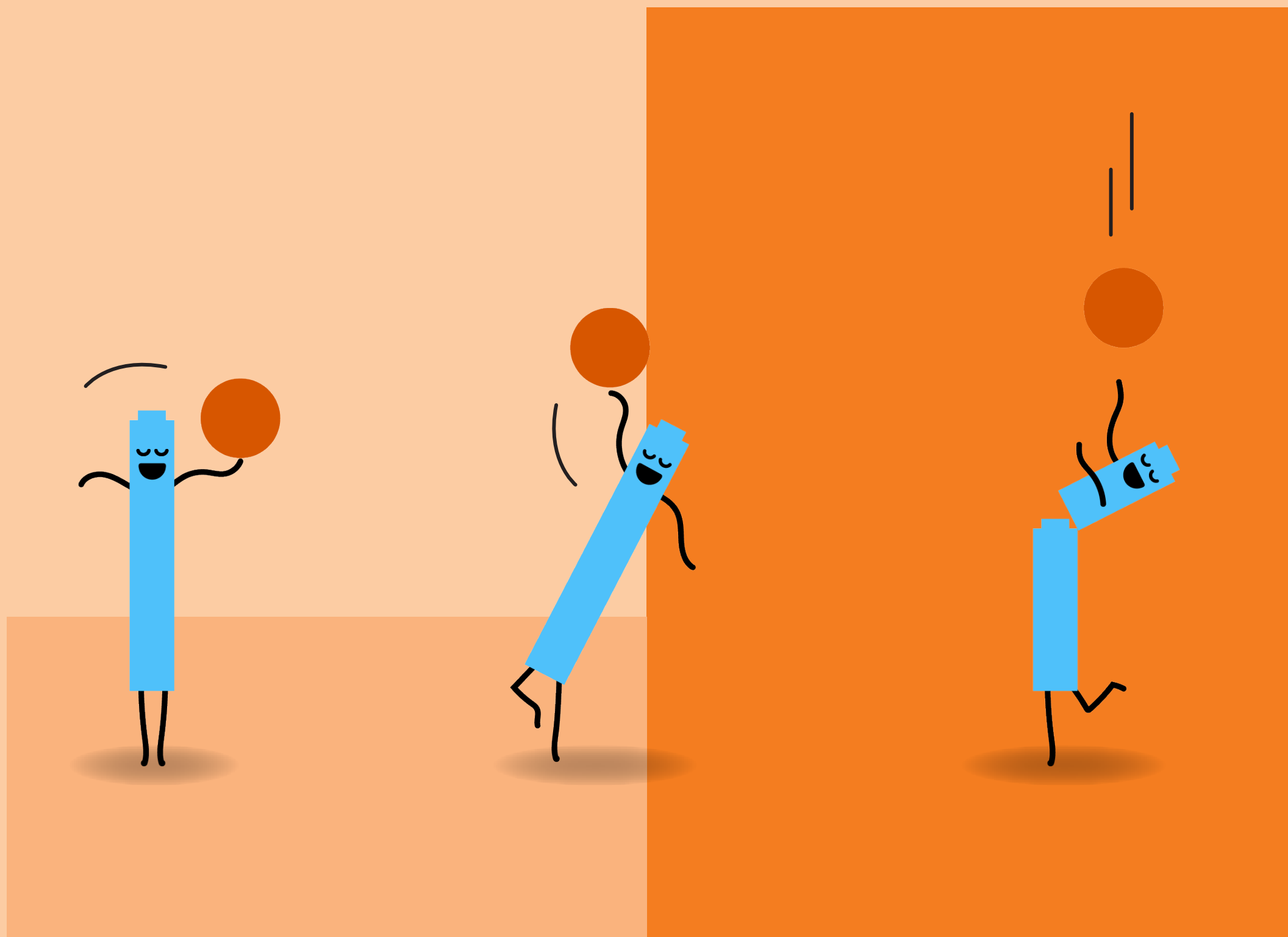
Higher-risk non-conformities in 2021



Governance

Governance

Governance



Sustainability governance

Board of Directors

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

Chair:

Thomas Kirk Kristiansen,
Chairman of the Board of Directors

Audit Committee

A board committee appointed by the Board of Directors which reviews data governance, sustainability targets and reporting, and in turn makes recommendations to the Board of Directors.

Chair:

Søren Thorup Sørensen, Deputy Chairman of the Board of Directors,
and Chief Executive Officer, KIRKBI A/S

Executive Leadership Team (ELT)

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

Chair:

Niels B. Christiansen,
Chief Executive Officer

Corporate Compliance Board

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

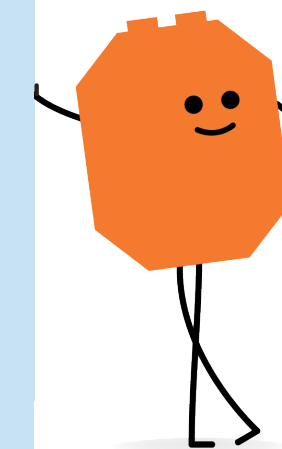
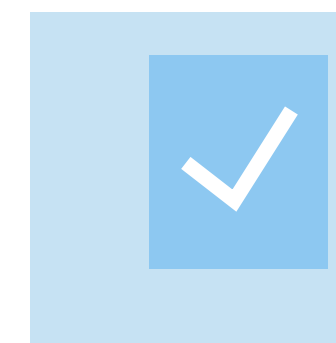
Chair: Jesper Andersen,
Chief Financial Officer

Sustainability ELT Sponsor Group

Appointed by the ELT. Manages the advancement of our sustainability agenda built on Children, Environment and People along 7 workstreams.

Sponsor: Loren I. Shuster, Chief People Officer
and Head of Corporate Affairs

Co-Sponsors: Carsten Rasmussen, Chief Operations Officer, Julia Goldin, Chief Product & Marketing Officer and Jesper Andersen, Chief Financial Officer



The LEGO® Corporate Policy Framework, which sets the corporate behavioral directions and framework for our company processes, consists of 13 Corporate Policies and a number of underlying Corporate Standards. View all of the Corporate Policies of external relevance, including our Environmental Policy, [here](#).

Responsible tax

We recognise the taxes we pay and the jobs we create are important parts of our contribution to the societies in which we operate. Taxation plays a key role in helping countries finance their policies to achieve the Sustainable Development Goals (SDGs).

Our approach to tax is guided by our responsible tax principles as stated in our Global Tax Strategy, which is approved by the Board of Directors. Overall, we aim to:

- Ensure we pay our fair share of taxes supporting the communities in which we operate
- Proactively manage and mitigate tax risks and maintain a high quality of tax compliance processes
- Engage with policymakers, authorities and interest groups to support transparent and responsible tax practices

Building our responsible tax practices

In 2021, we made our Tax Strategy internally available in more languages and provided training to create awareness amongst employees. A new reporting framework on the execution of our Tax Strategy was implemented, along with a new Tax Risk Management System. This allows us to better monitor and mitigate existing and emerging tax risks.

We have undertaken several advocacy and engagement initiatives focusing on increased tax transparency and how tax frameworks impact and contribute to the execution of new environmental policies. This includes engagements with the European Business Tax Forum and several external events where we share our views on how tax contributes to achieving environmental policy ambitions.

In the past year, we also worked closely with tax authorities, including the Danish and Australian Tax Authorities' respective cooperative compliance programmes, as well as the OECD's ICAP (International Compliance Assurance Programme).

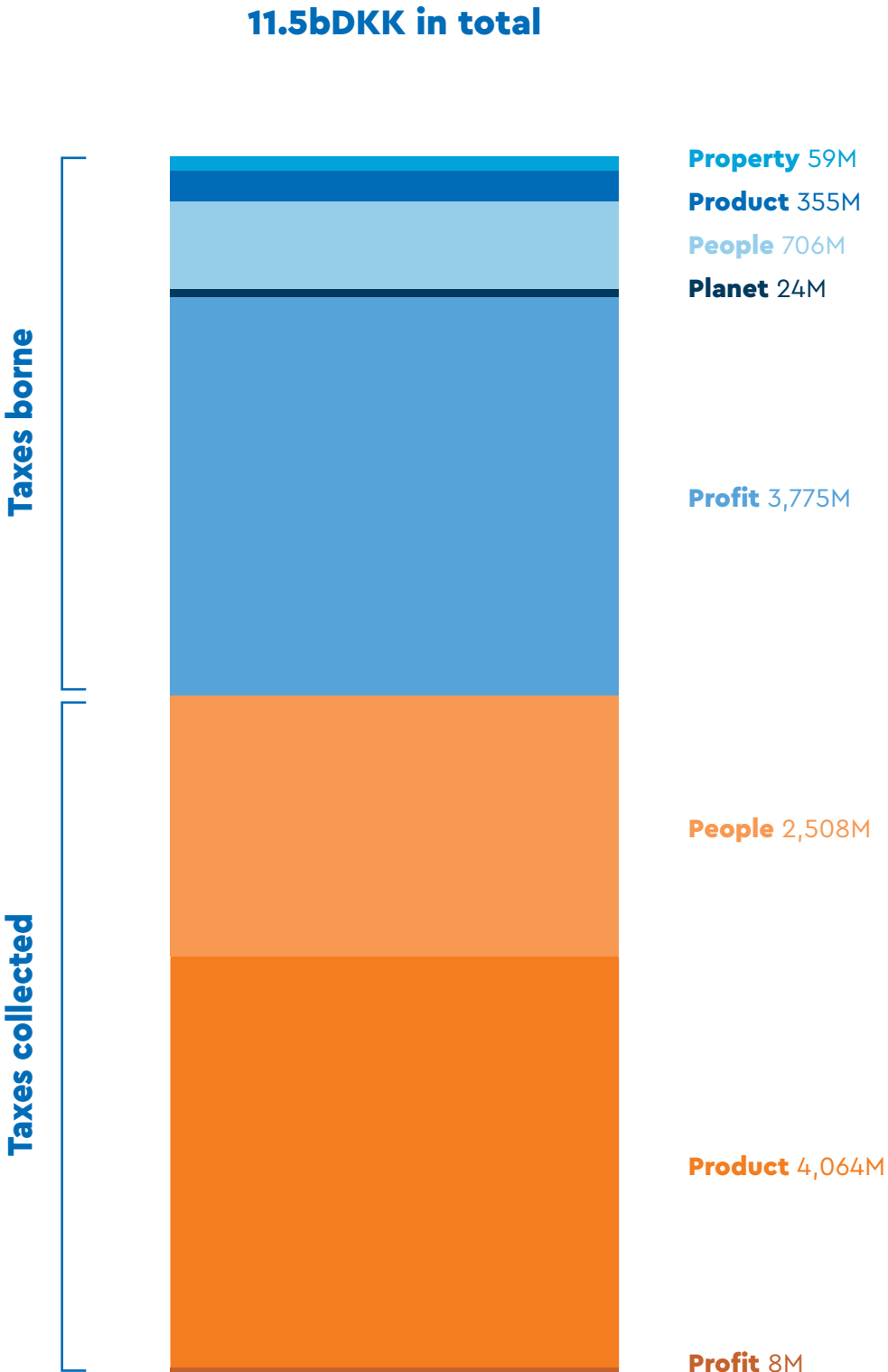
In 2022, we will continue our work to actively engage with policymakers and external partners to support responsible tax practices. We will work to enhance internal systems to better anticipate and inform the organisation about relevant developments to maintain a high quality of tax compliance processes.

Total Tax Contribution (TTC)

Our Total Tax Contribution to public finances for 2021 is 11.5bDKK, of which 4.9bDKK are borne (comprising of all taxes which are a direct cost to the LEGO Group) and 6.6bDKK are collected (including all taxes which the LEGO Group

has been withholding from others, not impacting our financial results). To further distinguish our contribution, we divide it into five distinct categories, including:

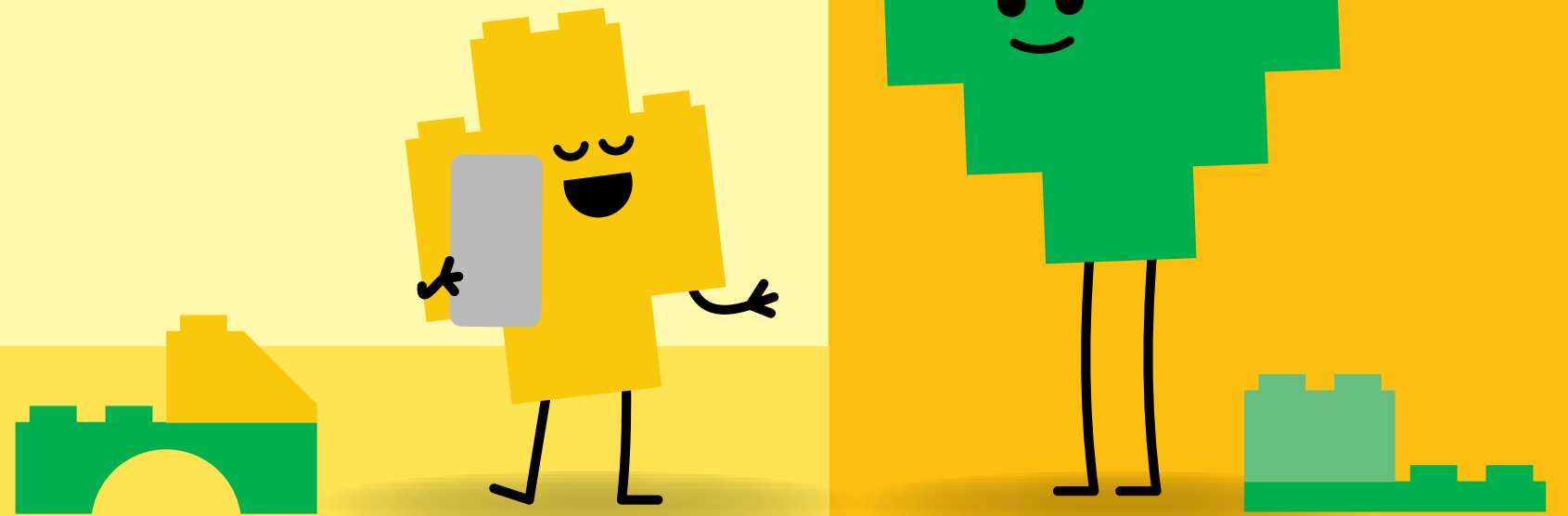
- Profit taxes: including taxes on the LEGO Group's profits as well as withholding taxes on payments to third parties
- People taxes: including taxes and social security contributions
- Product taxes: including indirect taxes on the production and consumption of goods and services, including VAT and sales tax, customs duties, insurance premium tax, etc.
- Property taxes: including taxes on the ownership, sale, transfer or occupation of property
- Planet taxes: taxes, duties and contributions levied on the supply, use or consumption of goods and services that are considered to be harmful to the environment



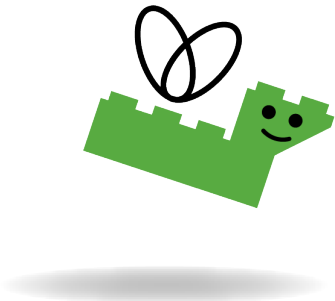
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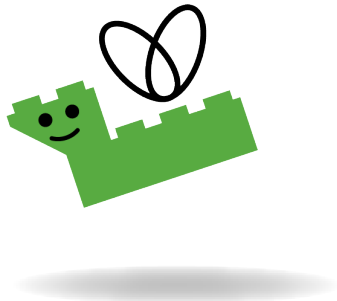
Appendix



Sustainability performance data



KPI name	Accounting policy	Unit of measure	Target 2021	Result 2021	Result 2020	Result 2019	Result 2018	Result 2017	Supplementary table	Target 2022
Children										
Children reached by Local Community Engagement activities	1	Number	≥3,500,000	3,513,924	3,229,390	1,859,601	839,120	n/a	N	≥6,000,000
Employees engaged in Local Community Engagement activities	2	Number	n/a	n/a	375	3,168	2,408	n/a	N	n/a
Parents reached with Learning through Play training	3	Number	≥1,000,000	625,922	654,156	0	0	0	N	≥1,200,000
Product recalls	4	Number	0	0	0	0	0	0	N	0
Environment										
Waste to landfill	5	Tonnes	≤153	115	381	480	557	409	Y	≤15
Carbon emissions	6	Tonnes	≤132,000	134,047	111,037	110,637	109,310	100,444	Y	≤134,000
Water reduction	7	Percentage	≥5	8.8	14.2	(3.1)	17.2	(61.5)	Y	≥0
Sustainable packaging materials	8	Percentage	≥90	93	91	91	91	93	N	≥93
People										
Motivation and satisfaction	9	Index score	Top quartile (>74)	83	82	79	76	72	N	>74
Females at Director+ levels	10	Percentage	≥39	40	38	36	36	35	Y	≥40
Fines or settlements for non-compliances with anti-bribery and corruption laws	11	Number	0	0	0	n/a	n/a	n/a	N	0
Lost time injury rate	12	Rate	≤0.9	0.4	0.4	0.9	1.3	1.4	N	≤0.9
Suppliers with higher risk non-conformities	13	Percentage	≤38	25	42	31	33	29	N	≤36



Supplementary sustainability performance data

2021 waste by disposal method and hazardousness

Tonnes	Hazardous (t)	Non-hazardous (t)	Total (t)
Disposal method			
Incineration	198 (139)	14 (0)	212 (140)
Landfill	7 (3)	108 (377)	115 (381)
Recovery	260 (113)	930 (739)	1,190 (852)
Reuse	0 (0)	0 (12)	0 (12)
Recycled	180 (165)	20,598 (17,294)	20,778 (17,459)
Treatment	64 (168)	216 (105)	280 (272)
Total	709 (589)	21,866 (18,528)	22,576 (19,117)

(2020 full year in parentheses)

Water consumption by site, cubic meters

Nearest 1000	2021	2020	2019
Billund, Denmark	65	70	64
Jiaxing, China	147	115	127
Kladno, Czech Republic	51	50	56
Monterrey, Mexico	372	297	303
Nyíregyháza, Hungary	186	170	161
Total	821	703	712

Energy consumption by type

GWh	2021	2020	2019
District heating	11.1	9.1	8.1
Natural Gas	89.3	64.7	79.5
Electricity	326.4	280.8	252.7
Total	426.8	354.5	340.3

Percentage of females/males by seniority

Level	Females	Males
CXO	25%*	75%
Senior Vice President	21%	79%
Vice President	37%	63%
Senior Director	36%	64%
Director	42%	58%

* Reported numbers include all existing contractual obligations, including garden leave. Currently, there are seven actively operating CXO level employees, of which 2 are female, resulting in a 29% share of female CXOs.

Resin procured

Tonnes	2021	2020	2019
Resin procured	133,827	102,775	91,477

Packaging materials

Tonnes	2021	2020	2019
Packaging materials	84,425	68,697	60,410

Accounting policies

The LEGO Group is a privately held, family-owned company with headquarters in Billund, Denmark, and main offices in Enfield, U.S., 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.

Unless otherwise stated, data has 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 and its subsidiaries constitute the LEGO Group.

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

1. Children reached by Local Community Engagement (LCE) activities

Children reached by Social Impact & Partnerships (SI&P) and Local Community Engagement (LCE) activities: Children are reached through the following activities:

1) DIRECT: Participation in a SI&P/LCE or employee volunteer hosted activity. The number of children reached is provided by the cooperation partner or facilitator of the activity.

2) INDIRECT VIA PRODUCT DONATION: One Play box = 20 children, One Replay box = Two children and One product box = One child. Documentation via SAP and email confirmation of received donation by cooperation partner.

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 programme intervention.

4) INDIRECT VIA TRAINING: Children are indirectly reached through train-the-trainer programmes focusing on play-based learning. Each trainer trained is counted as 10 children reached for trainings up to four hours and as 100 children for trainings of less than four hours. The number of trainers is provided by the cooperation partner or by the facilitator.

5) DIRECT ONLINE: Participation in a SI&P/LCE or employee volunteer hosted online activity, online camp experience, or activity offered via an online partner platform. The number of children reached is provided by

the cooperation partner or facilitator of the activity.

6) INDIRECT ONLINE (Build the Change): Session completed by 75% on Build the Change online experience. The data is provided by the tracking tool in form of a monthly report.

7) Children reached via parents or caregivers participating in parenting programmes, assuming one parent reached = one child reached. Parents reached is based on: A) the number of play prescriptions and accompanying LEGO® DUPLO® ducks supplied to parents through the 'Prescription 4 Play' programme. Each play prescription and DUPLO duck shipped to a doctor's office is counted as one parent. B) Parents attending and completing parenting workshops (physical or virtual) supported by the LEGO Group, either virtually or in person. Number of parents reached is provided by the cooperation partner.

2. Employees engaged by Local Community Engagement (LCE) activities

Employees engaged by Social Impact & Partnerships (SI&P) and Local Community Engagement (LCE) activities. Employees engaged accounts for the number of unique LEGO employees that have volunteered and registered as confirmed

for an event in the LCE SharePoint list during the accounting year.

3. Parents reached with Learning through Play training

Parents reached is based on: 1) the number of play prescriptions and accompanying LEGO DUPLO ducks supplied to parents through the 'Prescription 4 Play' programme. Each play prescription and DUPLO duck shipped to a doctor's office is counted as one parent. 2) Parents attending parenting workshops supported by the LEGO Group, either virtually or in person. Number of parents reached is provided by the cooperation partner.

4. Product recalls

Product recalls account for the number of official recalls according to Safety Gate (EU), CPSC (U.S.) and DPAC (China). The 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. The KPI excludes licensed products where the LEGO Group is not the legal manufacturer.

5. Waste to landfill

Waste to landfill [tonnes] is calculated as the recorded quantities of waste disposed

of by the LEGO Group to landfills. Only data from LEGO Group sites with production is included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic and Jiaying in China. Reported data from sites is based on documentation provided by external contractors. Waste is disposed of through the following methods: landfill, recycling, treatment, incineration, incineration with energy recovery. 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.

6. Carbon emissions

Carbon emissions [tonnes CO₂e] is calculated by multiplying energy consumption with energy type/country specific emission factors. For electricity and natural gas, location-based emission factors from IEA are applied while a supplier specific emission factor is applied for district heating. Only data from the LEGO Group sites with production is included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic and Jiaying in China. Reported energy data from sites is based on meter readings. 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.

7. Water reduction

Water reduction is calculated by comparing the rate between consumed water [m³] and LEGO® bricks produced [tonnes] for the current year and last year using the formula: $1 - ((\text{water current year} / \text{LEGO bricks current year}) / (\text{water last year} / \text{LEGO bricks last year}))$. Water consumption is calculated as the quantity of water supplied to the LEGO Group. Only data from LEGO Group sites with production is included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico and Jiaxing in China, and the packaging production site in Kladno in the Czech Republic. 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.

8. Sustainable packaging materials

Sustainable packaging materials [percentage] is calculated as the rate between the weight of all sustainable packaging materials and the total weight of packaging materials from products that are sold to either retail customers or directly to consumers via LEGO owned sales channels in a given calendar year.

Included in the calculation is packaging materials used for products manufactured

at LEGO Group sites or LEGO supplier sites. These include 1) LEGO boxes, the pre-packed bags inside the boxes and finished goods in bags, 2) products made for LEGO Education, 3) products made for the LEGO Foundation and 4) other products made for special marketing campaigns, giveaways/ gifts with purchase, merchandise, etc.

Packaging material is defined as both primary (material that goes into the products directly), and secondary (material that is used in connection with transportation of goods to customers). Storage and play-function packaging, e.g. plastic buckets or suitcases sold with bricks are not defined as packaging materials as these are not part of the play experience or add additional value beyond standard packaging.

Sustainable packaging is defined by the LEGO Group as (1) sourced from renewable materials, (2) recyclable by the consumer, (3) removes single use plastic and (4) optimized for efficiency. All paper/ cardboard-based packaging materials used are Forest Stewardship Council® certified (FSC®C117818), ensuring certified and controlled sourcing from renewable resources. All plastic based packaging materials are currently regarded as being non-sustainable, due to not meeting the first criteria of renewable sourcing. We are at interim reporting our sustainable packaging KPI based on renewably sourced (all paper/cardboard) versus not renewably sourced (all plastic). Feasibility

to put principles, systems and processes in place to track and report (2) recyclability by the consumer and (4) optimization for efficiency will be investigated.

Data used to calculate the percentage of sustainable packaging materials is provided through internal LEGO SAP systems.

9. Motivation and satisfaction

The Motivation and satisfaction score is an index calculated based on four questions in our annual employee engagement survey, the LEGO Group People 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 with an external benchmark, the Global Employee & Leadership Index (GELx). The GELx is compiled by our survey provider, Ennova, and is comprised of a number of multi-national and Scandinavian companies from their clientele base.

10. Females at Director+ levels

The Females at Director+ levels KPI is based on HR Masterdata and calculated as the number of females in Director+ positions divided by the total number of employees in Director+ positions. Permanent people leader and specialist positions without direct reports at the following levels are included: Director, Senior Director, Vice President, Senior Vice President and CXO.

11. Fines or settlements for non-compliances with anti-bribery and corruption laws

Number of fines or settlements against the LEGO Group for non-compliance with anti-bribery and corruption laws issued by a governmental authority with jurisdiction and reported to the Audit Committee. Cases are included once a final decision has been issued by the governmental authority.

12. Lost time injury rate

The lost time injury rate is calculated as the number of injuries per one million working hours. The scope of lost time injury rate is all employees, including external agency workers, but excluding external contractors. A lost time injury is defined as an injury that results in at least one day's absence following the day of the injury. The number of lost time injuries is based on registrations in the Incident Management system. The number of working hours is based on registrations in the Time & Attendance system.

13. Suppliers with higher-risk non-conformities

Suppliers with higher risk non-conformities (NCs) is calculated as the percentage of audited suppliers with 'high-risk' or 'zero tolerance' NCs.

A high-risk or zero tolerance NC is defined as a severe issue/breach of local law and/or the LEGO Responsible Business

Principles with immediate/high risk to employees/workers or to the LEGO Group requiring immediate correction and verification within 90 days. NCs are assessed by third-party auditors and the LEGO Group, according to the LEGO Group grading matrix. Resolved NCs continue to be part of the calculation. Direct suppliers of materials, components, or items used in finished LEGO products, and sub-suppliers in high-risk countries that produce a major part of the finished items or produce, process or make up any part of a finished item with LEGO ID or a third-party licensor's IP present, are audited by a third-party. Third party audits are required annually if based in a high-risk country, and biennially if based in a medium-risk country. New suppliers without orders and suppliers of internal components of finished products are not audited.

14. Resin procured

Resin procured [tonnes] is the weight of all resin procured for internal element production by the LEGO Group in a given calendar year. By internal is meant element production on LEGO owned production plants. Included is also a very small percentage which is sold on to suppliers, who mould elements on behalf of the LEGO Group. Included in the volumes procured is resin for R&D, test moulding, finally approved elements as well as failed/ discarded elements. Data is provided through internal spend reports extracted from LEGO SAP systems.

Management's statement

The Executive Management and the Board of Directors have today considered and approved the 2021 Sustainability Progress Report of the LEGO Group for the reporting period 1 January to 31 December 2021.

The 2021 Sustainability Progress Report has been prepared in accordance with the stated sustainability accounting principles.

In our opinion, the 2021 Sustainability Progress Report gives a fair presentation of the

Group's sustainability activities and results of our sustainability efforts in the reporting period as well as a balanced presentation of our environmental, social and governance performance in accordance with the stated sustainability accounting principles.

Billund, Denmark
1 March 2022

Executive Management



Niels B. Christiansen
President and Chief Executive Officer

Board of Directors



Thomas Kirk Kristiansen
Chairman



Jørgen Vig Knudstorp



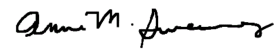
Søren Thorup Sørensen
Vice Chairman



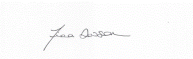
Jan Thorsgaard Nielsen



Eva Berneke



Anne Sweeney



Fiona Dawson

Limited assurance report of the independent auditor

To the stakeholders of the LEGO Group

Management of the LEGO Group engaged us to provide limited assurance on the Sustainability performance data stated on pages 28–29 in the Group Sustainability Progress Report 2021 for the period 1 January – 31 December 2021.

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us to believe that the Sustainability performance data is not prepared, in all material respects, in accordance with the accounting policies as stated on pages 30–31.

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

What we are assuring

The scope of our work was limited to assurance over the Sustainability performance data in the Group Sustainability Progress Report 2021.

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' and, in respect of the greenhouse gas emissions stated on page 17, in accordance with International Standard on Assurance Engagements 3410 "Assurance engagements on greenhouse gas statements".

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gasses.

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 independence requirements and other ethical

requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers 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 needed to be read and understood together with the accounting policies (pages 30–31), 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 nonfinancial 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. 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

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability performance data 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 Group Sustainability Progress Report 2021.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability performance data is 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.

Aarhus, 1 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 3377 1231

Claus Lindholm Jacobsen *Claus Lindholm Jacobsen*

State Authorised Public Accountant

Mads Melgaard

State Authorised Public Accountant

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Residence: Billund
Reporting Year: 1 January – 31 December 2021
Internet: www.LEGO.com

Design: KIRK & HOLM

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