

# 2023

The LEGO Group

## Sustainability Progress Report

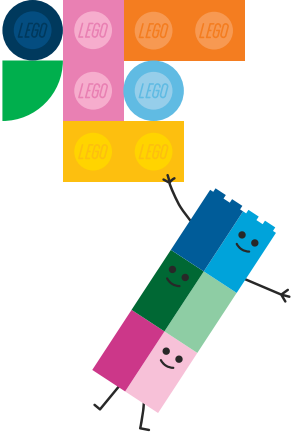
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# Welcome!

THIS SUSTAINABILITY PROGRESS REPORT is part of the management review of LEGO A/S' Annual Report 2023 and constitutes the LEGO Group's report on Sustainability, cf. Section 99a 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 opportunities. We are progressing well in our preparations for future reporting requirements, including CSRD (Corporate Sustainability Reporting Directive).



**Well hello!**  
We are the critters. Look for us on a page and we will guide you. First tip: If you click on any of the topics and themes in the table of contents below, you can jump directly there. Now go explore!

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# Introduction

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# Letter from the CEO

Each year, we receive hundreds of letters from children with great ideas about how we can make a difference in the world and help care for the environment.

We want them to know that we are listening, and that we are working hard to play our part in building a sustainable future and a more inclusive world for them to inherit. We are more committed than ever to making our products and business more sustainable and to having a lasting impact on children.

## 2023 was a significant year for the LEGO Group's sustainability journey:

- We increased spending on environmental initiatives by 60% in 2023 vs 2022 and by 2025 we plan to have doubled our annual spend compared to 2023.
- We pledged to reach net-zero emissions (Scope 1, 2 and 3) by 2050. This is an extension of our existing science-based target to reduce carbon emissions by 37% by 2032, compared to a 2019 baseline.
- We increased the amount of renewable and recycled input in our raw materials, used to make our LEGO® products, under the mass balance principle.
- We continued the roll-out of our paper-based pre-pack bags in Europe and Asia.
- We continued to impact children with learning through play as part of our social responsibility programmes.
- We received a motivation and satisfaction score of 80, from our colleagues. This is five points above our target.



**"I am proud of the progress we made in 2023 to create a sustainable future for children."**

## Investing more and innovating for the future

We are working towards our 2032 goal of making our products from more sustainable and circular materials. We take CO<sub>2</sub> emissions into account across all areas of our business. In 2023 we started construction on our new U.S. factory and projects to increase renewable energy capacity at our sites. We are designing buildings to run on energy from renewable sources, emphasising energy efficiency, and engaging our suppliers to lower their own carbon footprint with our Engage-to-Reduce programme.

## Empowering children

As the first toy manufacturer to join the UN Global Compact back in 2003, we remain dedicated to the principles of the United Nations Global Compact outlining the basic principles for corporate sustainability.

Our mission is to inspire and develop the builders of tomorrow, and we do this by empowering children to

learn and thrive through play. It makes me proud to see that we were able to impact 9.86 million children during 2023 with our social responsibility and local community engagement programmes, including volunteering.

We aim to make a difference for children and LEGO fans around the world by embedding diversity & inclusion into the design of our LEGO products, experiences, marketing, and workplaces.

The credit for all this goes to our talented team of colleagues at the LEGO Group, who are working hard every day to progress our sustainability ambitions. I am proud of both their commitments and the investments the LEGO Group is making to secure a sustainable future for children.

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



# 2023 Sustainability Highlights

## Children

### 9.86 million children impacted

We achieved this through social responsibility and local community engagement activities conducted in person and online. The result is 11.8% above our yearly target of 8.82 million.

### Record year for Build the Change

We aim to inspire and empower children to imagine and create solutions for a more sustainable future through play. Build the Change, our flagship social impact programme, continued to grow and engaged over 2 million children, the most since its inception.

### 20% employees volunteered

To bring learning through play to children in our local communities, our LEGO® colleagues are encouraged to spend up to two workdays volunteering. We exceeded our annual target of 16% with the **highest participation rate ever**.



## Environment

### Sustainable packaging materials

We continued to roll out **paper-based pre-pack bags** in LEGO boxes across Europe and Asia.

### Reducing emissions

In the short, medium and long term:

**2050** Pledged to achieve net-zero emissions.

**2032** Committed to our science-based target of reducing our carbon emissions by 37%, compared to 2019.

**2023** Annual carbon KPI connected to company's performance management programme trialled and will be tied to employee remuneration from 2024.

### Sustainable raw materials

We continued to explore expanding our use of sustainable raw materials. We've tested more than 600 different new material grades. Some such as bio-PE are used and others proved to be unsuitable due to inferior quality and durability, or increased carbon footprint. 18% of all of our resin was procured under the mass balance principle.

## People

### Females at Director+ levels

We made further progress on our Diversity & Inclusion (D&I) agenda in our workplaces, as we increased the percentage of females employed at Director+ levels to 41.5%.

### Keeping employees safe

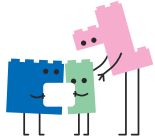
Employee safety is a top priority, and we aim for zero accidents in our factories, stores, and offices. Our lost time injury rate was 0.6 (number of injuries per million working hours).

### Motivation and satisfaction

We set targets for employee motivation and satisfaction, which we track through our annual employee engagement survey. With a score of 80, we exceeded our annual target for this by 5 points, placing us amongst the top 10 percent of international clients surveyed by Ennova.

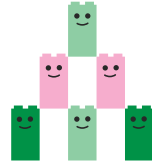


# Our Supply Chain



## Suppliers

Suppliers provide us with the raw materials we use to make our products. Within our global supply chain, we closely monitor risks, including human rights violations, such as modern slavery, excessive working hours, child labour, and bribery. Mitigating actions include capability building with suppliers, regular audits and follow-up in high- and medium-risk countries to ensure compliance with our Responsible Business Principles. We collaborate closely with our suppliers to explore ways to reduce our collective carbon footprint.



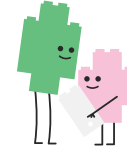
## Licensing partners

We are working with a number of licensing partners and have a strong focus on product quality and safety. The risks workers face are similar risks to those of our suppliers. Mitigations include a close collaboration with our licensing partners who work with their suppliers to minimise risks. We monitor compliance to our Responsible Business Principles through third-party audits and follow-up.



## LEGO® facilities

We have a global production footprint with factories in Denmark, China, Mexico, Hungary and the Czech Republic, as well as multiple distribution centres. Risks include employee safety and the impact of CO<sub>2</sub> emissions, waste and water use on climate and the environment. Mitigations include employee health and safety training and CO<sub>2</sub> emissions, waste and water reduction projects.



## Customers

Our customers include retailers, wholesalers, distributors, and consumers. Risks include ethical issues, such as bribery and corruption. Mitigations include ethical business training for leaders.



## Consumers

Our primary consumers are parents and caregivers who purchase LEGO® products and experiences for their children, as well as adult fans and gift givers. Risks include product and digital child safety and the sustainability of products. Mitigations include safety by design, the durability of our LEGO products, responsible engagement policies and strict compliance to child advertising rules.

## Children

Lead the effort to encourage children to learn through play to help them develop and apply the breadth of skills needed to achieve their potential.

## Environment

Minimise our environmental footprint by promoting a business model where products never become waste.

## People

Build equitable, inclusive, and responsible workplaces – ours and our suppliers.

Inspire and develop the builders of tomorrow



# Children

At the LEGO Group, everything we do is guided by our vision to become a global force for learning through play, our fundamental belief in children's right to play, and our mission to inspire and develop the builders of tomorrow.

When children play they build essential life skills. Through play they learn to solve problems and boost confidence, creativity and resilience whilst having fun.

We aspire to enhance the lives of children in our communities, empowering them to learn and thrive, through play.

In 2023, we impacted 9.86 million children, 1+ million above our yearly target of 8.82 million children, through in-person and online programmes and activities.

**Global  
programmes  
& initiatives**

[Go explore!](#)

**Local  
community  
engagement**

[Go explore!](#)

**Responsible  
engagement  
with children**

[Go explore!](#)





Build the Change is our flagship social impact programme to inspire and empower children to imagine solutions for a more sustainable future through play. The programme provides playful, hands-on activities, and has engaged and impacted more than 2 million children in 2023, up from 900,000 in 2022.



Build the Change events are hosted in community environments. We partner with museums, libraries, event organisations, and educators to provide unique learning through play experiences to children. In 2023, we expanded our offering and support to schools especially in Denmark, the UK and the U.S. We launched new educational resources to help equip educators to facilitate Build the Change workshops with their students.

We conducted research\* to measure the impact of this initiative and found:

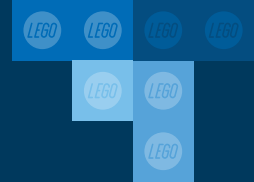
- Children expressed that they value play, creativity and innovation in school and enjoyed working with the Build the Change materials.
- Children demonstrated thorough knowledge of the topics covered in the materials and an increased sense of agency.
- Children enjoyed building solutions to sustainability challenges because it gave them a feeling of hope and being able to contribute. Teachers supported this finding.
- All teachers interviewed identified increased participation from typically less-engaged children.

We will continue to develop and expand the Build the Change programme, and look forward to delivering impactful learning through play experiences to even more children around the world in 2024.

\* To measure our impact in classrooms we asked Rambøll to conduct interviews with teachers, headmasters and children (aged 9-12 years). Nearly 500 children from participating schools also filled in a survey.

## Global programmes & initiatives

Our global social responsibility programmes and projects have been designed to drive impact for children via learning through play.



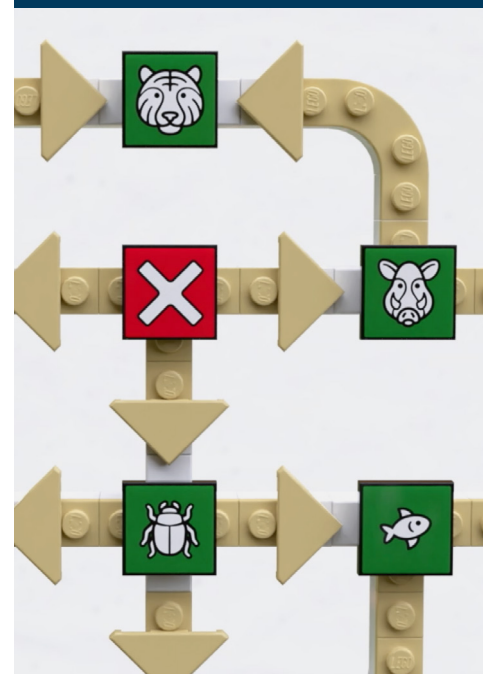
# Build THE Change

## New educator packs

**Global →** Our online classroom packs include free lesson plans, presentations, and printables, which provide teachers with 'plug-and-play' materials to facilitate Build the Change activities with their students. During 2023, we released a new educator pack on human impact and revamped the biodiversity topic. Read more [here!](#)

## Natural History Museum x Build the Change

**UK →** We have a long-standing partnership with the Natural History Museum in London. In 2023, we hosted more than 21,000 children at events which inspired them to imagine creative ways to protect bird life.





# Build THE Change

## Biodiversity in schools

**Denmark →** We partnered with renowned Danish broadcaster and children's natural sciences expert, Sebastian Klein, to host a national school competition about biodiversity for Danish primary schools.

## Inspiring landscape design

**U.S. →** 250 local children were invited as part of a Build the Change event to share ideas for landscaping our new factory in Richmond, Virginia. Some of their concepts for making the site welcoming to animals, plants, and visitors will be incorporated into the final design and revealed to the children in 2026.

## Creating a zero-impact future

**China →** Almost 5,000 children joined Build the Change activities focused on creating a zero-impact future in eight LEGO® Brand Retail Stores. We also teamed up with Junior Achievement China, a non-profit organisation committed to the financial well-being of China's youth, to support educators to use the Build the Change packs in schools.

## Creative Lab at LEGO House

**Denmark →** Build the Change activities focused on biodiversity became a permanent and popular installation in LEGO House's Creative Lab. LEGO House, or the "Home of the Brick", is the ultimate LEGO experience in the centre of Billund - the hometown of the LEGO brick.





### Integrating play into the pediatric health care system

Prescription for Play focuses on embedding learning through play in pediatric care in the U.S. and China. It aims to build parents' and caregivers' understanding of the developmental benefits of play for children. During routine pediatric visits, families learn about the importance of dedicating time to play for their children's learning and growth and receive a LEGO DUPLO® brick kit.

Research is underway to assess the effectiveness and impact of the programme. Initial results indicate that 90% of health care providers believe Prescription for Play is an effective way to advocate to parents for the importance of play for children's development.

In the U.S. we reached 786,000 caregivers and engaged 2,000 health care providers. In July, with input from current users research and partners a new tailor-made play kit was introduced. This includes eight colourful LEGO DUPLO bricks, providing endless play possibilities, in a recyclable storage box with activity play cards.

The planned expansion in China has been slower than expected due largely to the prolonged impact of COVID shutdowns. In 2024 a new partner will be appointed to expand the programme.

### Making play more inclusive

We are committed to ensuring LEGO play is accessible and representative of children. One of the many ways this commitment comes to life is through our work to make quality play inclusive for blind and partially sighted people:

- Since 2020, the LEGO Foundation has donated LEGO Braille Bricks to organisations specialising in education of children with vision impairment. Following strong demand, LEGO Braille Bricks were made available to purchase online in 2023.

The product has been designed so that anyone who is curious about braille, be they blind, partially sighted or sighted, can build their understanding of the braille system at home with their family members or friends in a playful, inclusive way.

- LEGO Audio & Braille Building Instructions is now a permanent service, giving builders access to a selection of LEGO building instructions as audio or text for braille, across LEGO sets including our IP products.
- We launched a partnership with Be My Eyes, a free app that connects blind and partially sighted people with companies to help with everyday tasks through video calls. This service enables our LEGO Consumer & Shopper Experience team to provide confidential, live visual assistance for a wide range of support topics.

Our 2022 LEGO Play Well Study found that children feel there aren't enough toys with characters that represent them. We will continue to evolve our approach to product design to be more inclusive and accessible.

Examples from 2023 include:

- Our LEGO Friends universe was reimagined to be more representative across gender, ethnicity, cultures and physical and non-visible disabilities.
- LEGO DREAMZzz, our new home-grown product line balanced gender representation in the main roles.
- We are taking steps to ensure an equal gender split across LEGO City, LEGO Creator, LEGO Minifigures and LEGO DUPLO.

**Thanks to fantastic  
support from fans, we  
donated nearly 2 million  
LEGO sets.**



## Build to Give

For many people around the world, the holiday season is for joy and togetherness, but for a lot of families it can be a very challenging time.

Our Build to Give campaign encourages fans and families to get creative and give the gift of play to a child in need, simply by building a heart out of LEGO bricks. For every heart shared using the hashtag #BuildToGive, the LEGO Group donated a LEGO set to a child in need of play.

2023 marked the seventh year of the campaign, which has grown exponentially since its inauguration in 2017, when 40,000 LEGO sets were donated. Our aim was to donate 1.5 million sets to children in need. Thanks to fantastic support from fans, we were able to donate nearly 2 million LEGO sets.

[Go explore!](#)



### The LEGO® Playful Learning Museum Network - the U.S.

The LEGO Playful Learning Museum Network comprises 17 children's and science museums across the U.S. working to deliver quality learning through play experiences with a focus on recruiting audiences who are new to museums and underserved communities. During 2023 the network impacted more than 2 million children. This was achieved via exhibits and experiences within the museums and in the community, partnering with organisations including libraries, schools, community groups and small rural museums.

The initiative has put in place a framework for museums to share best practice to help them integrate playful learning into museum experiences. It comprises three initiatives: The first is a Community of Practice which is a network of museum representatives that meets online every six weeks.

**During 2023, the LEGO Playful Learning Museum Network impacted more than 2 million children.**

This includes Museum CEOs to STEM (Science, Technology, Engineering, Mathematics) educators and focuses on topics ranging from how learning through play can build mutually beneficial partnerships, improve exhibit co-development and improve visitor experiences. The second is a digital platform which enables 75 museum practitioners to connect and share learnings. The third is an annual in-person professional development workshop to inspire and strengthen connections across the network.

## Local community engagement

We aim to make a positive impact via learning through play in the communities where we are present through our local community engagement (LCE) programmes such as volunteering.

### Build a Better Bus Stop

In Ft. Lauderdale, Florida the Museum of Discovery and Science has developed an enduring signature learning through play programme called 'Build a Better Bus Stop'. Children are encouraged to immerse themselves in the challenge, using LEGO bricks as inspiration to develop solutions, and share their creative ideas for solving the common problem of bus stops that can be hot, uncomfortable and unsafe.

#### Thousands of families worked on the challenge during the Visit Lauderdale Science Festival. Results include:

→ A new civil engineering curriculum developed in partnership with the Broward County Metro Planning Organization for use in schools, libraries and community centres.

→ Build a Better Bus Stop has become a regular activity in the museum Makerspace.

→ The museum's CEO has met with the Florida Department of Transportation to explore using the children's ideas for new and improved bus stops under development.

→ The hope is to develop a permanent "Build a Better Bus Stop" activity within the new 5,000 sq ft "Build a Better World" exhibit focused on the impacts of climate change.

**BUS  
STOP**

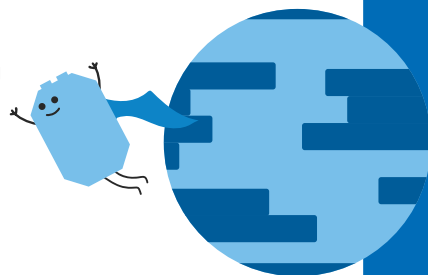
### LEGO® colleagues volunteering

At the heart of our LCE activities are our colleagues. They play an important role as volunteers, championing the benefits of learning through play and giving back to our local communities. All LEGO® colleagues are encouraged to dedicate two workdays a year to activities. During 2023 we set a target of 16% of colleagues participating. By the end of the year, 20% were involved in volunteering, the highest level of participation ever at the LEGO Group.

One priority area for 2023 was to make volunteering activities accessible to all colleagues, including those at a factory site or in one of our LEGO Brand Retail stores. For example, the LCE team at our factory in Nyíregyháza, Hungary launched a special factory volunteering package which offered hourly workers the opportunity to volunteer with local NGOs either individually or as a team. 150 employees participated in this scheme - 42% of total volunteers in Nyíregyháza. Based on this success, the programme will be expanded to other factory sites in 2024.

# 20%

of LEGO Group employees were involved in volunteering, the highest participation level ever.



## "In the nursery, the first thing you need to do is to gain the trust to engage the little ones in shared play. We always leave recharged"

Edit Balogh, Senior Quality Supporter, the LEGO Group  
Nursery volunteer - Nyíregyháza, Hungary



## Highlights from across our LCE programmes

**Hungary, Amigos for Children Foundation** → Amigos for Children Foundation in Hungary delivers programmes to reach children in hospital. Through Adventure Box it sends 1,500 boxes to underserved children in hospitals. And through hospital visits, approximately 150 Amigos (all university student volunteers) undertake more than 1,000 hospital visits.

**China, Project Volunteer Online** → We partner with Project Volunteer Online to run LEGO virtual class programmes to bring learning through play via special LEGO Playboxes and tailored curriculum to children living in underprivileged areas. 62 colleagues have been providing weekly virtual classes for 700 children in 18 schools across 7 provinces.

**Vietnam, the Centre for Promotion of Quality Life** → The Centre for Promotion of Quality Life in Vietnam develops content and materials and capacity building for 150 facilitators and teachers to bring learning through play to children in low-income communities and schools.

**The UK, EasyPeasy** → Designed to inspire playful, positive interactions in the home and promote parental confidence by offering caregivers creative and fun ideas, advice and inspiration on how to approach all aspects of early child development. 7,000 parents across the UK have free, unlimited access to the EasyPeasy app.

**The U.S., Horizons at Ethel Walker Schools** → Horizons at Ethel Walker School (HEWS) in the U.S. provides STEAM (Science, Technology, Engineering, Arts, Mathematics) learning, sustainability programming and a robust curriculum for over 130 African American and Latin girls.



## Responsible engagement with children

We want to play our part as a leading brand in promoting and respecting children's rights and well-being, no matter where they are or how and where they play, both online and offline.

Our Human Rights and the Rights of Children Policy highlights our commitment. Read more [here](#).

To ensure that children's rights, safety and well-being are at the core of our digital play experiences, we have created an internal digital compliance team to ensure good governance around child safety in our products and services. During 2023, the team has worked on developing new digital compliance and review processes that will be rolled out across all digital product teams and business units in 2024.

### Responsible Innovation in Technology for Children (RITEC) initiative

Together with our partner, UNICEF, we bring together experts from across countries and sectors to exchange ideas and practices that can help promote children's well-being online.

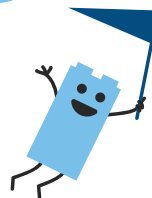


The initiative aims to answer two important questions: "What does well-being mean for children?" and "How can digital experiences be designed to enhance children's well-being?".

We hope that by sharing research, learnings, tools, resources, and practical approaches, we can inspire and empower organisations, companies and others to create better digital experiences for children. During 2023, we shared learnings at the South by Southwest festival and launched a website for the project: [designwellplaywell.org](https://designwellplaywell.org). We look forward to presenting the final report in 2024.

### Product recalls

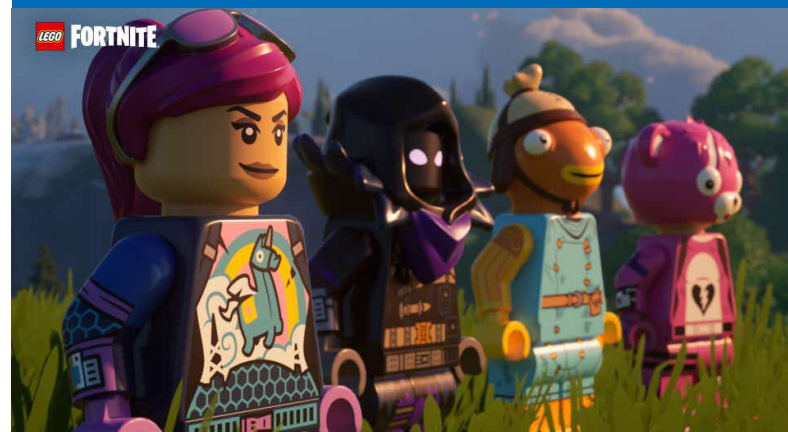
We're committed to making LEGO® products that meet the strictest global requirements, and we have not had a product recall since 2009.



← The Responsible Innovation in Technology for Children (RITEC) initiative is an international research project from UNICEF, the LEGO Group and child development experts aiming to develop tools to empower businesses and policymakers to protect and promote children's well-being in a digital age.

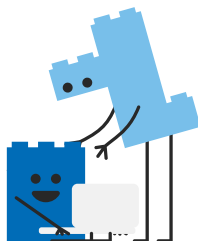
## LEGO® Fortnite®

LEGO Fortnite, launched in December 2023, is the first play experience from a long-term partnership between Epic Games and the LEGO Group. The partnership will focus on developing fun, safe digital play experiences for children that bridge physical and digital worlds. We have provided input to EPIC Games around in-platform safety messaging like loading screens within the game and safety messages covering a range of topics to help empower users to stay safe and promote a more positive experience while gaming.



### Child Rights Impact Assessment

In 2022 we updated our Human Rights and the Rights of Children Policy and began work to identify and assess our impact on children and their rights. This resulted in the LEGO Group initiating its first ever Child Rights Impact Assessment, conducted at the construction site of our new manufacturing facility in the Binh Duong province of Southern Vietnam. The assessment included an analysis to better understand the state of child rights at the national level. Data was gathered via a range of research methods, including worker surveys, focus group discussions and interviews with company representatives, workers, and their children. The findings will help inform our collaboration with local contractors, social impact and community efforts and future workplace policies to ensure the greatest possible impact in the local community and for local workers. These will be implemented from 2024 and onwards.



## Digital empowerment

We're committed to ensuring play is safe for everyone. We want to empower and enable children to become smart, responsible, and future-ready digital citizens. We believe this will help them maximise their digital potential, minimise cyber-risk and stay safe, healthy, and happy online. In doing so, we enable them to access the benefits of digital technology and flourish in a digital era.

During 2023, we launched a number of activities to impact children and their families with quality programmes, activities and resources:



### Safer Internet Day

→ We launched our Play Smart campaign **Help your child Play Smart online** to power-up safety knowledge for families and help get conversations started with their young gamers. The campaign, which included a new game called **LEGO Smart Dash** and specific steps to prompt discussions around smart gaming, was directed at parents and caregivers of children 9 to 12 years old who are starting to explore the digital gaming world. The campaign delivered more than 900,000 engagements among parents and caregivers.



### Supporting empathy and positive behavior online

→ We launched a new game on our children's safe platforms, LEGO.com/kids and LEGO Life, called Zero's Quest. The game is a narrative puzzle adventure game designed to teach children 10 to 12 years old the importance of empathy and positive behaviour online.



### Kindness week

→ In support of Kindness Week, we expanded our Build & Talk programme by launching packs to support parents and caregivers with children between 6 to 9 years old to help them engage in difficult conversations about digital safety whilst playing with LEGO bricks. The packs feature interactive stories about screen time management and preventing cyberbullying – and we now have Build & Talk packs on six different topics in total. Our campaign delivered over 2.6 million engagements.

# Environment

We strive to play our part in helping build a sustainable future and create a positive impact on society and the planet, which children will inherit.

We have set targets to make our materials and packaging more sustainable, reduce the footprint of bringing a LEGO® product to market and limit our use of resources. By engaging with our entire value chain, we aim for zero environmental impact.



## Climate action

[Go explore!](#)

## Sustainable materials & packaging

[Go explore!](#)

## Circularity

[Go explore!](#)



To reduce the environmental impact of all parts of our business, we are currently working on a broad range of initiatives which include transitioning to more sustainable raw materials, using more sustainable packaging and making our business more circular. We increased spending on environmental initiatives by 60% in 2023 vs 2022 and by 2025 we plan to have doubled our annual spend compared to 2023.

Examples of action taken in 2023:

- **Increasing capacity and production of renewable energy at our sites:** We reduced absolute emissions across our manufacturing sites, stores and offices by increasing production of renewable energy in our factories and buying renewable energy for factories, offices and stores. During 2023, we commenced construction of our new factory in Vietnam and broke ground on a new factory near Richmond, Virginia, USA. They will include on-site or off-site solar facilities which will have the capacity to match the total annual energy requirements of each factory. We increased investments, in solar capacity adding 2.2 MWp, meaning we now have a peak capacity of 15.6 MWp across our production sites, in Denmark, the Czech Republic, Hungary, Mexico and China, an increase of 16% vs. 2022. We plan to build a solar park in Billund, Denmark with the ambition to cover the energy requirements of our offices and sites across the town. This is expected to be operational in 2027.
- **Taking CO<sub>2</sub> emissions into account across all business decisions:** We use our shadow carbon pricing tool on key investments to encourage investments in low-carbon initiatives. The tool makes sure any emissions related to new investments are accounted for and considered ahead of making financial decisions. Our responsible travel guidelines are designed to reduce employee travel, especially international air travel per employee, by 50% by 2032 compared to 2019 as part of our science-based target.
- **Joining forces with suppliers to collectively reduce environmental impact:** We continue to work with our suppliers, via our Engage-to-Reduce programme which was established in 2014, to collectively lower their environmental impact. During 2023, we engaged 158 suppliers through the programme, up from 138 in 2022 - an increase of 14.5%.

## Climate action

Our first priority is to measurably reduce our greenhouse gas (GHG) emissions from making and selling LEGO® bricks across our factories, offices and stores, as well as in our supply chain. To deliver against this we set specific targets that will help us ensure progress today, tomorrow and in years to come:

### 2023

**Short-term** → We set an annual KPI to track carbon emissions across our own production sites. In 2024, this will be added as a pinnacle KPI to our performance management programme, where it will be tied to employee remuneration.

### 2032

**Near-term** → We have a target to reduce our absolute GHG emissions (Scope 1, 2 & 3) by 37% by 2032, against a 2019 baseline. We were the first large toy company to announce a science-based emissions reduction target in 2020.

### 2050

**Long-term** → We pledged to achieve net-zero emissions by 2050. We submitted our intention to the Science Based Target initiative (SBTi) in August 2023 and will work with the SBTi to develop a target, which will cover Scope 1, 2 & 3 emissions.

## Understanding our footprint

Every year in September and October, we calculate and publish the greenhouse gas (GHG) emissions of the LEGO Group (**our GHG emissions**) from the previous year. Understanding our climate impact allows us to take action to improve.

In 2022, our total GHG emissions were 1.6m tCO<sub>2</sub>e, up from 1.5m tCO<sub>2</sub>e in 2021. These GHG emissions include Scope 2 emissions calculated as market-based. When considering Scope 2 location-based emissions; total GHG emissions for 2021 and 2022 were 1.6m tCO<sub>2</sub>e and 1.7m tCO<sub>2</sub>e, respectively. Learn more about the difference between the two calculation methods on [LEGO.com](https://www.lego.com).

We remain committed to reducing emissions in the long term. However, emissions increased in 2022 due to several factors:

- Demand for LEGO products increased significantly in 2022, which contributed to company growth in new and existing markets.
- To meet demand, we expanded capacity at existing factories, which required us to purchase and install new machinery. Where possible we have selected machinery, such as moulding machines, that will be more energy efficient in the long term.
- We are building two new factories in the U.S. and Vietnam to manufacture our products closer to the geographies where the demand is high. Both factories are being designed to be energy efficient and include solar farms to match their energy needs.

We will continue to work with urgency to reduce emissions. This includes making significant investments in sustainable materials innovation, manufacturing technology and our supply chain. Some of these actions may increase our carbon footprint in the short term, but will better place us to achieve our science-based target in 2032 and reach net-zero emissions by 2050.

## Building sustainable businesses together

Most of our total carbon emissions come from outside our own operations - to a large extent from suppliers that provide and deliver raw materials, machines, products, and services related to LEGO products.

Despite the uptake of many new suppliers, the response rate through the CDP Supply Chain programme remains at an impressive 97% with an emission coverage of 66% (based on 2022 emissions data and 2023 spending) of our total scope 3 emissions. For the second consecutive year, the response rate is the highest in the UK and Worldwide CDP Supply Chain programme.

In 2023, we prioritised working with our high impact supply base to help them set targets and commit to transitioning to renewable energy sources through our Renewable Electricity Initiative. To date 35% of these suppliers are reporting that they are using 100% renewable electricity, and a further 46% have a plan in place to move to 100% renewable electricity.

Engage-to-Reduce will have a pivotal role to play enabling the LEGO Group to meet its near-term and long-term targets. As a result, work is underway to review its ambitions and future setup.

## CDP

In 2023 we scored an A- securing our place in the leadership bracket of companies reporting their sustainability actions (defined as scoring A or A-). In five of the last six years, we have received scores that place us in the leadership bracket.



## Beyond value-chain mitigation

We have a strong portfolio of initiatives primarily focused on lowering the GHG emissions across our factories, offices and stores and supply chain.

We are also investing in beyond value chain mitigation, a recognised part of a corporate net-zero target, as defined by the Net-Zero Standard from the Science Based Target initiative.

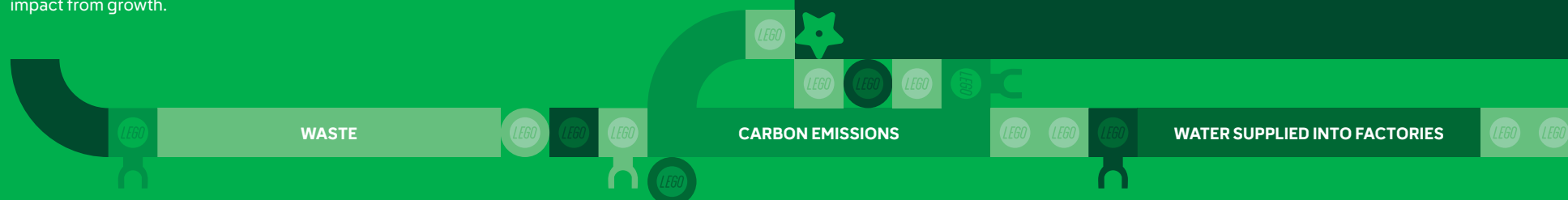
In 2023, we entered an agreement with Climeworks to invest 16.7m DKK in their services to capture and store CO<sub>2</sub> emissions on behalf of the LEGO Group.

Climeworks removes historic and unavoidable CO<sub>2</sub> emissions from the atmosphere with its direct air capture and storage facilities. Air is drawn into large collector containers, where the CO<sub>2</sub> is captured on a filter. In Iceland, the collected CO<sub>2</sub> is stored deep underground by Climeworks' storage partner Carbfix, where it is transformed into stone through an accelerated natural process.

# Reducing the impact of our own operations

We want to minimise the environmental impact of our operations wherever possible. This means that we continuously need to reduce the footprint of bringing LEGO® products to market and limit our use of resources.

To address this, we've set targets for our carbon footprint, energy use, water usage and waste generation. These are the key focus areas within what we call zero impact in operations with the goal of decoupling our impact from growth.



**Waste volume:** We reduced the total amount of waste generated from 26,426 tonnes to 24,497 tonnes. This was driven by production levels and better management of waste from the production of LEGO elements. We also reduced waste from wooden pallets in Mexico, China and the Czech Republic and will continue to reduce wood waste across all sites.

**Waste to landfill:** This is the second consecutive year that less than 1% of waste generated from our factories has gone directly to landfill. The common interpretation of achieving zero waste to landfill is that at least 99 percent of generated waste is diverted away from landfill. We have continued to see progress, as we reduced the amount of waste going directly to landfill by 42% to 9.1 tonnes, compared to 16 tonnes the previous year. This means that almost all waste produced at our factories is either reused, recycled, composted, or sent to non-landfill waste treatment options. We will continue to look for suitable alternatives for our waste to maintain our target of zero waste to landfill from our factories, offices and stores.

We reduced carbon emissions\* from our factories from 130,635 in 2022 to 119,089 tCO<sub>2</sub>e in 2023. This was primarily due to our effective management of supply and production in response to market conditions.

Other carbon reduction initiatives include increased production of solar power at our factory sites, new PV panel installations and continued focus on energy efficiency initiatives, such as improving temperature and lighting control. We also continued to reduce our energy consumption by replacing existing equipment with new, higher efficiency equipment, such as LED lighting and electrical motors.

We remain committed to reducing reliance on fresh water across our sites. In 2023, water supplied to factories was reduced by 6% to 809,963 m<sup>3</sup> which was 2.3% better than our 2023 target of 829,000 m<sup>3</sup>. The progress was due to a range of water reduction projects. In Hungary, a sand filter optimisation project is delivering ahead of expectations, while in Mexico we commenced an ultrafiltration project that aims to use treated wastewater from the local community within production. We expect both to contribute to further reductions during 2024.

## Reducing reliance on natural gas

A focus area for 2023 has been to take further steps at three factories to reduce reliance on natural gas and accelerate Scope 1 emissions reductions over time.

• **Nyíregyháza, Hungary.** Work began in Q4 2023 to install a geothermal energy system which will replace the majority of the natural gas used for heating, cooling and machine operations with renewable geothermal energy. The transition from natural gas to geothermal energy is expected to be completed during 2025.

• **Billund, Denmark.** We are currently phasing out the use of natural gas in Billund by connecting to the district's heating network which is powered primarily by renewable energy sources. The transfer is expected to be completed by Q2, 2024. The project is aiming to reduce the total Scope 1 & 2 CO<sub>2</sub> emissions from the LEGO Group's activities in Billund by more than 10%.

• **Jiaxing, China.** Since October 2023, we have captured and used excess heat from a newly installed chiller system to supply hot water for use in the factory which will help us to reduce our natural gas consumption.



### Sustainable materials

We are working to make our products from more sustainable and circular materials by 2032. For us, a sustainable material must be responsibly produced, using renewable or recycled resources, generate little or no waste – while meeting our high standards for safety, quality and durability.

We continue to join forces with suppliers, research institutions and other industries to develop and innovate new and existing materials to drive the industry forward.

We believe it is important to be transparent about our efforts and actions along this challenging scientific journey. We've tested more than 600 different material grades so far. Some have been successful, such as bio-PE which we use to make more than 200 different botanical elements and Minifigure accessories. Others have shown potential, but have not met our strict quality, safety and durability requirements or would not have helped reduce our carbon footprint. One of those materials is rPET. When we announced a prototype, we were optimistic about its potential, but after two years of testing, we decided not to progress as ultimately it would not help us reduce carbon emissions.

We will continue to explore and develop other sustainable materials and apply learnings to ensure we are delivering against our long-term ambition.

### Mass balance materials

In 2023, 18% of all resin purchased was certified according to mass balance principles, which translates into an estimated average of 12% renewable sources. In 2024, we aim to significantly increase this percentage.

Mass balance is a model that aims to increase the amount of renewable and recycled input in our raw materials. Essentially, our suppliers mix input from virgin fossil sources with certified renewable and recycled sources, to produce the material used to make LEGO products. This helps us reduce the amount of virgin fossil fuels used to produce the materials in LEGO products, stimulate the market, and encourage the industry to produce even more materials from renewable sources.

We are aiming to secure ISCC Plus Certification during the first half of 2024 for our use of mass balanced materials. ISCC is a global sustainability certification system that covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables.

### e-Methanol partnership with European Energy and Novo Nordisk

In our search for low-carbon alternatives to the materials used to produce LEGO elements, we joined forces with European Energy and Novo Nordisk to explore e-Methanol as a potential source in the future. Announced in the spring of 2023, the partnership aims to help the LEGO Group explore the potential use of e-methanol to make selected elements in our portfolio. We expect to develop prototypes in the coming years with a view to commercialisation in the longer term.

## Sustainable materials and packaging

Sustainable materials and packaging are an integral part of our ambitions to minimise our footprint. We are constantly testing new materials and formats for both our packaging and our products.

>600

materials grades have been tested for our LEGO® products so far. Some, like bio-PE, are now in use.

18%

of all of our resin orders in 2023 were procured under the mass balance principle.

>200

different botanical elements and Minifigure accessories made from bio-PE.



## Sustainable packaging

We have an ambition to make our packaging more sustainable. This means introducing recyclable packaging across all areas of our business from our core products to licensed products produced by our partners. Currently 93% of our packaging by weight is made from paper, cardboard and other paper-based materials.

### Paper-based bags in LEGO® boxes

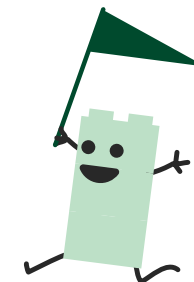
During 2023, we continued to introduce paper-based bags made with paper from Forest Stewardship Council™ (FSC®C117818) certified forests and FSC controlled wood in our LEGO boxes. Pre-pack bags are an important part of the LEGO building experience as they package together loose bricks and are printed with numbers to indicate sequence, so the bags must not tear during shipping.

More than 180 paper-based materials were tested before we created the bags that are being rolled out now at our factories in the Czech Republic, Hungary and China. The roll out will continue across the Americas throughout 2024.

A large majority of our packaging will be without single-use plastic by the end of 2025. As we need to take the timeline of our capacity expansions into consideration, the full transition will be completed in 2026.

### ← Paper-based pre-pack bags:

The new flat bottom design allows bricks to fill up effectively and can now stand up.



### Pick a Brick cardboard containers

New paper-based containers replaced plastic cups at the Pick a Brick walls in LEGO Retail Stores across Europe and North America in 2023. The flat-pack, quick assembly cardboard boxes take up less than half of the space of the previous packaging, making them more efficient to store and ship. The new boxes will be introduced in Asia and other markets in 2024.

### Collectible LEGO Minifigures boxes

LEGO Minifigures collectables will be packaged in recyclable cardboard boxes rather than single-use plastic bags. The global roll-out of the new boxes began in August 2023 and will help us replace approximately 30 tonnes of single-use plastic in 2024 (based on 2022 sales figures).

## Circularity

The LEGO® brick is designed to inspire endless creativity, and be durable and strong enough to be played and replayed countless times across multiple generations. Furthermore, 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 reused. We are proud that our LEGO products from 60 years ago fit seamlessly with bricks produced today.

We also know from research carried out on behalf of the LEGO Group in 2021, with over 1,400 respondents, that 96% of families in the UK, Germany and France who are ready to part with their much-loved LEGO products pass on to friends, family, charities, local schools or sell them, ensuring LEGO bricks are played with again and again.

We are reimagining every stage in the life of a LEGO brick – from design and production through to play. We want every brick to be played and replayed – and then rehomed, repurposed or recycled. Moreover, we are testing capabilities and concepts for developing a new circular business model. As part of these efforts, we became a member of the Ellen MacArthur Foundation in 2020. This helps ensure we are at the forefront of the latest research on circularity.

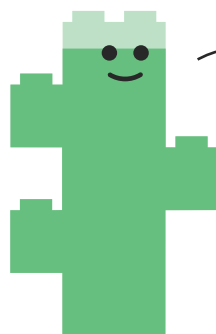
Making our business more circular means exploring new business models to unlock the endless possibilities of every brick, like we do through LEGO Replay in the U.S. and Canada.

### LEGO Replay

With LEGO Replay, we hope to inspire and help LEGO brick owners pass along the LEGO bricks they aren't using. Our bricks have endless play value, which is why keeping bricks in play has been at the heart of our LEGO Replay programme since its inception.

In 2023, LEGO Replay had its strongest impact year so far, supporting over 151,000 children across US and Canada. Since the launch of LEGO Replay in 2019 in the US, and 2020 in Canada, 475,000+ kg (1,000,000+ lbs.) of donations have been received into the programme from LEGO Brick owners across North America.

At the end of 2023, the programme was available in the U.S. and Canada. We will pilot different models for LEGO Replay in the UK in 2024 as part of our efforts to better understand opportunities to improve circularity.



# 96%

of families in the UK, Germany and France pass on their much-loved LEGO products.

### Take-back pilots in new markets

In late 2023, we launched a pilot in Germany to learn more about taking back bricks from owners. The project focused on the most effective and efficient ways to source bricks that can be re-used and developing a reverse logistics operating model. The LEGO brick trade-in test was run as a pop-up experience in eight shopping malls. People returning bricks were able to exchange them for a reward in the form of a LEGO e-gift card or cashback. The test generated valuable learnings and the company plans to hold further tests in additional markets in 2024.





# People

We value and respect our colleagues and believe that we must strive to create equitable, inclusive and responsible workplaces around the world – both ours and our suppliers.

With 28,500+ colleagues in 40+ countries and territories, we work to build a diverse, global workplace that reflects our communities and consumers and creates a sense of belonging for our colleagues.

**Responsible  
workplace**

[Go explore!](#)

**Diverse and  
inclusive  
workplace**

[Go explore!](#)

**Responsible  
sourcing**

[Go explore!](#)



**Play Day**

Play Day is our annual all-company event where colleagues across all sites, factories and stores take a day to experience the power of learning through play together.

**A safe and responsible workplace**

Employee safety is a top priority, and we aim for zero accidents in our factories, stores, and offices. In 2023, our lost time injury rate was 0.6, (number of injuries per million working hours). Our Occupational Health and Safety Policy sets the ambition for all activities to be carried out with health and safety in mind. We comply with national and international legislation as a minimum requirement.

**Motivation and satisfaction**

We want all LEGO Group employees to be valued, respected and have fun along the way. We work to ensure we have fair and inclusive processes and policies to promote equitable access and opportunities for recruitment, colleagues' development, and career progression.

We take a practical approach to delivering against our responsible workplace ambition by setting clear targets for employee motivation and satisfaction. These targets are regularly assessed through our annual employee engagement survey, the LEGO Group People Pulse, allowing us to gauge the progress we've made in fostering an inclusive and supportive work environment. We ask specific questions related to belonging, inclusion and psychological safety, which comprise our Inclusion Index.

In 2023, we once again received a strong result in terms of Motivation and Satisfaction rating and scored 80, which is 5 points above our target of 75. The result places the LEGO Group four points above Ennova's external benchmark and amongst the top 10 percent of international clients surveyed by Ennova.

**Creating a playful workplace**

Play doesn't lose its power just because we become adults. A playful workplace drives creativity, boosts well-being and enables deeper team connections for all colleagues\*. This is why we inspire and equip our colleagues to engage in a variety of learning through play activities, including training, providing ideas and the opportunity to be more playful in the work day, including inviting all colleagues to our annual Play Day.

\* Source: Literature Review about the benefits of workplace play, carried out by Rambøll Consulting in 2023, based on 37 quantitative studies.

## Responsible workplace

Inspired by our Leadership Playground we work to create psychologically safe spaces to learn together, inclusive and accessible workplaces that enable everyone to contribute, and a unique sense of belonging amongst our colleagues.



## Diverse & inclusive workplace

We aim to build shared ownership of our inclusive culture so that our workplace will energise everybody everyday with tools, communities, skills and awareness to advance D&I. Our culture and values underpin our business priorities, and we undertake targeted D&I initiatives to fulfill our obligations as a responsible employer, so our people can succeed and grow together.



**↑ D&I Communities activities**  
In 2023, we focused our D&I Communities activities on increasing workplace motivation and satisfaction. Key initiatives included International Women's Day, Black History Month and our Pride celebrations in eleven LEGO locations.

### Building D&I skills and awareness

Our D&I learning and development strategy focuses on upskilling colleagues at all levels of our organisation. The programme enabled shift leaders to engage with their teams on the topic of shared accountability and how colleagues can help drive inclusion at work.

Our Senior Leaders' Mentoring Programme, now in its third year, has engaged 64 senior leader mentees and 76 mentor colleagues since its launch in 2021. The programme enables mentor colleagues to share stories and challenges they may face in life directly with senior leader mentees. In this way, senior leaders can gain insights on how biases and stereotypes may impact people at work.

### Our D&I communities

We foster community in our organisation via six global employee advocacy groups (EAGs) supporting LEGO® colleagues and communities centered around Age,

Asian colleagues, Accessibility, LGBTQIA+, People of Colour and Women. Each EAG is sponsored by a member of the Executive Leadership Team. We also have eleven regional D&I Taskforces who participate in initiatives and activities to align local workplace experiences globally.

In 2023, we focused our D&I Communities activities on key initiatives like International Women's Day, Black History Month and our Pride celebrations in eleven LEGO locations in four countries.

### Workforce diversity

Our ambition is to be a gender-balanced organisation at all levels, including the most senior, and to increase the percentage of females at Director+ levels.

We have continued to see women being promoted to or included in the Director+ levels. At the end of 2023, 41.5% of Director+ roles were filled by females, slightly below our target for the year. This has been driven by:

1. Engagement with Executive Leadership Team, HR colleagues, and leaders to discuss progress.
2. Our commitment to foster diverse talent, for example through the Navigator Programme described below.
3. A consistent focus on D&I initiatives that impact women positively in our workplace.

### Navigator programme

Our talent strategy ensures the continued development of qualified women at senior manager level through our Navigator programme, a new nine-month programme, which strengthens colleague skills to maximise business impact. Our nomination process followed a gender balance principle of 50% women and 50% men at Senior Manager level, one level below Director. In 2023, 52 women participated in the global programme from a diverse range of functions and geographies in the business.

## Menopause programme

At the LEGO Group, we recognise that menopause support for colleagues is a critical lever in the well-being, retention, promotion and progression of our workforce. It can impact a large proportion of LEGO colleagues, especially as women represent 46% of our global workforce\*, and 45% of this group identifying as women over 40 years old. In 2023, a Menopause Programme launched in the UK, Denmark and Singapore, which aimed to build awareness among colleagues and to offer support to both salaried and hourly colleagues. Colleague feedback will help us scale the programme, as we expand this on a country-by-country basis going forward.

\* Only salaried employees included.



## Responsible sourcing

The Human Rights and the Rights of Children policy, alongside our 12 Responsible Business Principles (RBP), outline our fundamental commitments relating to human rights.

The Human Rights & the Rights of Children policy outlines how the LEGO Group commits to respecting all internationally recognised human rights as enshrined in the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the eight ILO Core Conventions. Our RBP sets out the expectations for our own production sites, suppliers, and partners to live up to those commitments.

We collaborate closely with our suppliers and partners to ensure they uphold our Responsible Business Principles. These 12 principles reinforce our ethical way of working and how we relate to ethics, children, our planet and the people in our value chain. 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.

### 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.

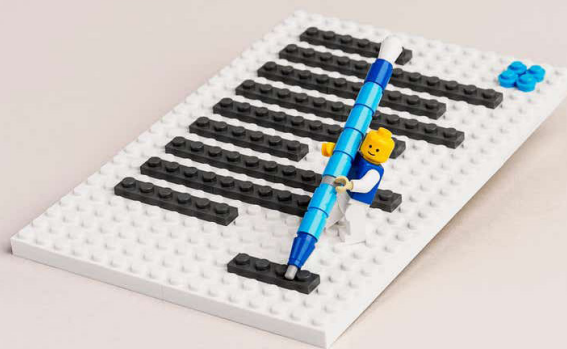
Our Ethics Code covers numerous issues, including antibribery and corruption, charitable donations, children's rights, competition compliance and avoiding conflicts of interest. Employees and third parties must adhere to our Anti-Corruption Policy and must not take part in any form of bribery, including facilitation payments. Where local regulations are stricter than the Ethics Code, the local policy takes precedence. We measure ethical compliance through number of fines or settlements for non-compliances with anti-bribery and corruption laws. In 2023, we were able to successfully deliver against our target of zero fines.

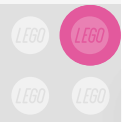
As part of our commitment to ethical business conduct, we provide ethical training for employees at Director level and above. Our people leaders are accountable for ensuring training and observance of the LEGO Code of Ethics and anti-bribery requirements locally.

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

We are committed to ensuring that all workers involved in making LEGO products have fair, decent, and safe working conditions. In 2023, we further strengthened our audit programme by focusing on ensuring that agency workers were included in the scope of all RBP audits at our suppliers' manufacturing sites.

Higher risk non-conformities include both high-risk and critical non-conformities. They are both defined as a severe breach of local law and/or the LEGO Group RBP, with critical non-conformities requiring the most urgent response and mitigation, as it poses an immediate risk to employees or workers. If we identify a critical non-conformity, we take immediate action to work with the supplier to remediate. We demand an urgent response from the supplier and hold the right to terminate the business relationship with immediate effect if no effort is taken to remediate the concern.





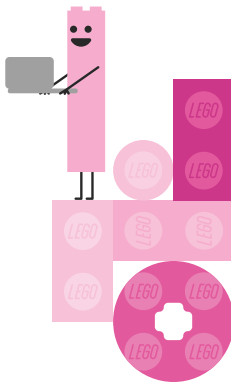
Suppliers with higher risk non-conformities

In 2023, the most frequently identified higher risks remained related to excessive working hours and lack of adequate record keeping, with health and safety concerns also notable, as shown in the chart. None of the higher risk non-conformities in 2023 identified any form of modern slavery or child labour.

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. Examples of remediation actions and support include developing guidance documents, providing tailored training and regular supplier communication as well as monitoring of data points. This may include monitoring working hours of relevant suppliers to advise of potential next steps and how to improve management systems to address risks.

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-conformities. In 2023, we continued to strengthen the programme and expand the training academy not only with our suppliers and licensing partners, but also with our internal colleagues.

Here you can see that no audits in 2023 identified any form of modern slavery, forced labour or child labour.



Higher risk non-conformities in 2023

Category split - % of total higher risk non-conformities

Inadequate record keeping  
for working hours and/or wages

89% 11% 32%

Excessive working hours\*  
or lack of rest

83% 17% 21%

Inadequate fire safety processes  
including drills, alarms or exits

50% 50% 17%

Inconsistent records  
discrepancies between testimony  
and documentation

60% 40% 9%

Inaccurate wage calculations  
or delayed payments

100% 7%

Vulnerable workers at risk  
through lack of processes to ensure equal  
rights to outsourced and/or migrant workers

100% 3%

Insufficient recruitment processes  
leading to missing personnel records  
including working documents

100% 3%

Health & safety concerns  
including electrical management, air quality  
and building certificates

100% 2%

Ineffective management systems  
leading to inappropriate/inadequate  
business licenses

100% 2%

Compulsory health testing  
including pregnancy testing

100% 2%

Documents withheld  
meaning audit could not be completed

100% 2%

% Remediation completed  
% Remediation in progress

\* All four critical NCs were found within the topic of excessive working hours and for all remediation has been completed or in one case, the supplier was exited due to lack of remediation.

We identified higher risk non-conformities in 35% of audits undertaken, and four critical non-conformities were noted in four separate suppliers which means we did not meet our target, however through strong supplier engagement and capability building programmes, we have been able to support our suppliers in remediating these concerns.

We of course continue to strive for a lower percentage of higher risk non-conformities and reducing critical non-conformities to zero remains our target; however, our priority is to enable transparent and open supplier dialogue, combined with a robust audit program, so that if any concerns are identified, we are able to investigate root causes, support remediation and develop ongoing mitigation actions.

During 2022, we focused on identifying where agency workers exist in our supply chain and supporting suppliers to ensure they have adequate management systems in place to protect these vulnerable workers. In 2023, we were then able to better assess this risk by ensuring all RBP audits include agency workers in scope (including non-production services such as canteen, security or janitor staff). We've continued to work with suppliers to urgently address a minority of agencies found with poor recruitment and worker management processes. We've supported them to cascade good working practices throughout their supply chain and ensure ongoing compliance with our RBP.

#### Suppliers with (critical) non-conformities

Four critical non-conformities were identified and addressed in 2023 in four different supplier facilities. For three suppliers, the concerns were closed through collaborative remediation. However, with one supplier we made the decision to cease working together, due to continued lack of commitment to remediate excessive working hours. Where excessive working hours were

identified we took steps to investigate the root cause and confirmed that in all cases overtime was voluntary.

For two of these suppliers, we did not identify critical level working hours for their direct or production workers, but instead for a small number of agency workers providing services such as security, cleaning or canteen roles. Although the findings were limited, by ensuring that all agency workers are included in audit scope, it has meant we have been able to identify that the biggest risk of excessive working hours lies in the management of this worker group.

Following this we have engaged with our suppliers to support them on improving their management systems, and subsequently the non-conformities have since been closed. However, limited instances of working hours at a critical level have a significant impact on the livelihood of those workers and their families involved and so we support suppliers to ensure working hours are urgently controlled to reasonable limits.

#### Collaborations and affiliations

In 2023 we have continued existing memberships and partnerships with organisations such as the Responsible Business Alliance, the Nordic Business Network for Human Rights, DIEH (Danish Ethical Trading Institute) and ICTI Ethical Toy Program (IETP), through which we are able to identify best-practice approaches to protecting vulnerable workers and upholding human rights. With these collaborations we aim to enhance worker protection and promote strong management systems.

#### Our Modern Slavery & Transparency Statement

We have published our Modern Slavery & Transparency Statement for 2023 in accordance with the requirements of the UK Modern Slavery Act (2015), the California Transparency in Supply Chains Act (2010), Commonwealth Modern Slavery Act (2018) for Australia, the Transparency Act Norway (2022) and Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023). Read it [here](#).

## Grievance mechanisms

Grievance mechanisms are an important channel to raise issues and report on non-conformities (including human rights concerns) directly, enabling the LEGO Group to respond to and address these concerns.

We are committed to providing access to grievance for employees, workers in our supply chain, and external stakeholders (including customers). We provide multiple channels to raise concerns via a variety of channels. These are promoted through LEGO.com and directly to our suppliers in multiple languages, to raise awareness and ensure accessible to all.

Grievance channels include:

- The LEGO Compliance Line is our globally accessible channel for reporting concerns securely and safely, available to external parties through LEGO.com. This is a confidential service, managed by an external third party, where grievances can be raised by all, at any time, in any language and anonymously where desired, without fear of retaliation.
- The LEGO Group Worker Voice Mailbox is available to all workers in our supply chain and continues to be promoted through the RBP audit programme and supplier training, including posters, information cards and training provided to the facilities for their workers.
- The IETP (International Council of Toy Industries 'ICTI' Ethical Toy Program) worker hotline is also available to our suppliers in China, Indonesia and Vietnam that are part of the IETP programme.



# Governance

- Sustainability governance
- Responsible tax



# Sustainability governance

The LEGO® Corporate Policy Framework, which sets the corporate behavioural 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](#).

## Board of Directors

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

**Chair**  
Thomas Kirk Kristiansen,  
Chair of the Board of Directors

## Audit 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 Chair of the Board of Directors,  
Chief Executive Officer, KIRKBI A/S

## Executive Leadership Team (ELT)

Is 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

The Corporate Compliance Board is the highest decision authority with respect to non-compliance issues in the LEGO Group, and it reports directly to the Board of Directors. The Corporate Compliance Board reviews any major non-compliance issues including the development of non-compliance reports every quarter, required by external regulations and internal policies, and sets the direction for company activities within the compliance agenda, including Corporate Social Responsibility and Sustainability.

**Chair**  
Jesper Andersen,  
Chief Financial Officer

**Members**  
Loren I. Shuster, Chief People Officer  
& Head of Corporate Affairs  
Poul Hartvig Nielsen,  
SVP, General Counsel  
Kristian Bollerup Jensen,  
VP, Corporate Risk & Internal Audit

## Sustainability ELT Sponsor Group

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

**Sponsor**  
Loren I. Shuster,  
Chief People Officer  
& Head of Corporate Affairs

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

# 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 UN SDGs.

Over the past years we have embraced the responsible tax principles allowing them to be endorsed 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

Our Tax Strategy is now internally available in seven different languages. In addition, we created a guidance document supporting our colleagues with the application of the Tax Strategy while engaging with internal stakeholders.

In order to help progress our strategy, we have in recent years focused on building the right capabilities and team structure. This year we created new role of IT Product Manager, Global Tax & Customs, which focuses on our technology requirements to ensure continued compliance. We also adjusted the organisational

structure allowing for an even closer collaboration with our internal stakeholders, which we believe is essential for ensuring our Tax Strategy is considered as early as possible in the decision making.

In the past year, we continued working with the Danish, Australian and New Zealand Tax Authorities on the respective cooperative compliance programmes. In addition, we created a global overview of compliance programmes we wish to engage in for the year to come. We also worked on getting several advanced pricing agreements (APA) in place. When these negotiations are successfully completed we will in total have five agreements in place establishing legal certainty on the tax treatment of our intercompany transactions.

Our advocacy efforts were mostly done through national industry and specific groups such as the Tax Executive Institute (TEI). On behalf of the TEI we are member of the Platform for Tax Good Governance assisting the European Commission in developing initiatives to promote good governance in tax matters. We have also undertaken other advocacy and engagement initiatives focusing on increased tax transparency and how tax frameworks impact and contribute to the ESG goals:

- Supporting CSR Europe, creating a new index measuring Responsible Tax and Tax Transparency.
- Presenting together with the Global Reporting Initiative on the role of Indirect Tax in relation towards ESG objectives.
- Preparing a seminar of International Bureau of Fiscal Documentation, providing insights on the workings and required preparation for the EU Carbon Border Adjustment Mechanism.
- Holding a Board position at the European Business Tax Forum, which published studies on Total Tax Contribution, Good Tax Governance, Tax & Sustainability.

13.7 (bDKK)

#### Taxes borne

Property	94M
Product	363M
People	1,028M
Planet	50M
Profit	4,173M

#### Taxes collected

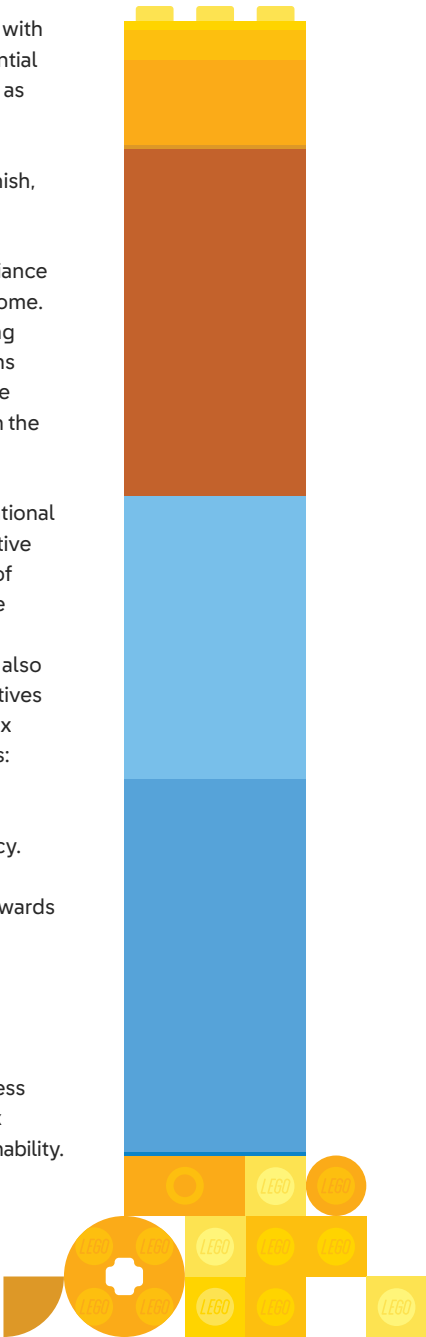
People	3,410M
Product	4,515M
Profit	18M

In 2024, we will continue our work to actively engage with policymakers and external partners to support better legislation and responsible tax practices.

### Total Tax Contribution (TTC)

Our Total Tax Contribution to public finances for 2023 is DKK 13.7 billion, of which DKK 5.7 billion are borne (comprising of all taxes which are a direct cost to the LEGO Group) and DKK 8.0 billion 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.
- **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, 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 harmful to the environment.





# Appendix

- Sustainability performance data
- Supplementary sustainability performance data
- Accounting policies
- Management's statement
- Limited assurance report of the independent auditor



# Sustainability performance data

KPI name	Accounting policy	Unit of measure	Target 2023	Result 2023	Result 2022	Result 2021	Result 2020	Result 2019	Supplementary table	Target 2024
Children										
Children impacted by social responsibility and Local Community Engagement (LCE) activities*	1	Number	≥8,820,000	9,861,354	n/a	n/a	n/a	n/a	N	≥10,400,000
Unique employees engaged in volunteering*	2	Percentage	≥16	20	n/a	n/a	n/a	n/a	N	≥22
Product recalls	3	Number	0	0	0	0	0	0	N	0
Environment										
Waste to landfill	4	Tonnes	≤15	9	16	115	381	480	Y	≤13
Waste volume*	5	Tonnes	≤27,000	24,497	26,426	n/a	n/a	n/a	Y	≤28,000
Carbon emissions	6	Tonnes CO <sub>2</sub> e	≤137,000	119,089	130,635	134,047	111,037	110,637	Y	≤139,000
Water supplied into factories*	7	m <sup>3</sup>	≤829,000	809,963	867,317	n/a	n/a	n/a	Y	≤764,000
Sustainable packaging materials	8	Percentage	≥93	93	93	93	91	91	N	≥93
People										
Motivation and Satisfaction	9	Index score	>75	80	83	83	82	79	N	>75
Females at Director+ levels	10	Percentage	≥42	41.5	41	40	38	36	Y	≥42
Fines or settlements for non-compliances with anti-bribery and corruption laws	11	Number	0	0	0	0	n/a	n/a	N	0
Lost time injury rate	12	Rate	≤0.9	0.6	0.5	0.4	0.4	0.9	N	≤0.9
Suppliers with higher risk non-conformities	13	Percentage	≤30	35	25	25	42	31	N	≤30
Suppliers with zero tolerance (critical) non-conformities*	14	Number	0	4	n/a	n/a	n/a	n/a	N	0

# Supplementary sustainability performance data

Waste by disposal method and hazardousness (2022 full year in parentheses)

Disposal method	Hazardous (t)	Non-hazardous (t)	Total (t)
Incineration	139 (147)	0 (3)	139 (150)
Landfill	6 (4)	3 (12)	9 (16)
Recovery	406 (323)	1,093 (1,077)	1,499 (1,400)
Reuse	0 (0)	44 (81)	44 (81)
Recycled	355 (353)	21,636 (24,221)	21,991 (24,574)
Treatment	726 (94)	89 (111)	815 (205)
<b>Total</b>	<b>1,632 (921)</b>	<b>22,865 (25,505)</b>	<b>24,497 (26,426)</b>

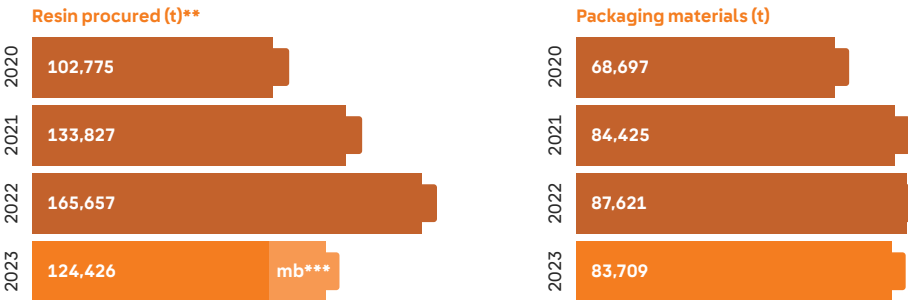
Water by site (1000 m³)	2023	2022	2021	2020
Billund, Denmark	67	61	65	70
Jiaxing, China	118	154	147	115
Kladno, Czech Republic	60	67	51	50
Monterrey, Mexico	383	394	372	297
Nyíregyháza, Hungary	182	191	186	170
<b>Total</b>	<b>810</b>	<b>867</b>	<b>821</b>	<b>703</b>

Energy by type for production sites (GWh)	2023	2022	2021	2020
District heating	9.0	9.6	11.1	9.1
Natural gas	60.9	67.9	89.3	64.7
Electricity	367.3	383.7	326.4	280.8
<b>Total</b>	<b>437.2</b>	<b>461.2</b>	<b>426.8</b>	<b>354.5</b>

Electricity consumption for Offices, HUBs and LBRs (GWh)*	2023	2022
Total known usage offices & HUBs	13.1	20.8
Total known usage LBRs	5.3	4.5
Estimated usage of remaning offices & HUBs population	4.1	6.0
Estimated usage of remaning LBR population	7.7	7.1
<b>Total</b>	<b>30.2</b>	<b>38.4</b>

Percentage of females/males by seniority

Level	Females	Males
Executive Leadership Team	29%	71%
Senior Vice President	37%	63%
Vice President	36%	64%
Senior Director	39%	61%
Director	43%	57%



\* Accounting policy 16. \*\* Accounting policy 15. \*\*\* 18% of all of our resin were procured under the mass balance principle.



# 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.

Unless otherwise stated, 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 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 impacted by social responsibility and Local Community Engagement (LCE) activities

Children impacted is calculated by learning through play experiences and activities facilitated (virtually or in person) by the LEGO Group and a wide range of other partners and stakeholders including: charity partners, NGOs, parents and caregivers, medical professionals, teachers and educators, community leaders, local governments, public organisations and community groups.

Furthermore, children can also be impacted via partners receiving financial donations / equipment / materials that facilitate learning through play.

Number of children impacted is provided by the partners unless the LEGO Group is directly engaged in and/or hosting the activity.

Notes:  
Reported numbers from financial donations are based on partner estimations of numbers of children impacted. Product donations are based on actual number of products donated.

A portion of the reported number is calculated based on certain assumptions, and are listed below:

- Each PlayBox Donation is assumed to reach 20 children.
- Each Replay Box Donation is assumed to reach two children.
- Based on average classroom size, each educator receiving training or downloading course packs is assumed to reach 30 children.
- Parents reached through a LEGO Group organised or facilitated (through a partner) learning through play activity are assumed to reach one child.
- Train the Trainer (1-4 hours) is assumed to reach 10 children.
- Train the Trainer (+4 hours) is assumed to reach 100 children.

## 2. Unique employees engaged in volunteering

Employees engaged in a) Global Social Responsibility programmes and Local Community Engagement (LCE) programmes and/or b) activities with non-profit organisations or public authorities benefitting children or supporting children's rights to learn and to play over the reporting year.

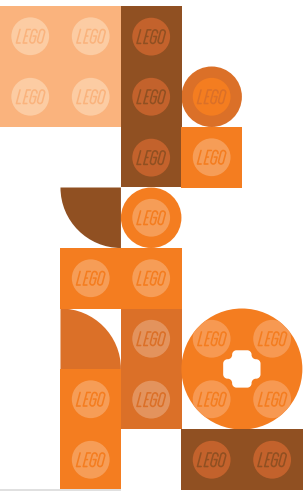
Employees engaged accounts for:

- The percentage of unique LEGO employees that confirmed to have volunteered for an event in the registration system during the accounting year.

- Employees engaged is calculated by using the forecasted headcount for the year based on trajectory and projections. The calculation uses forecasted information because internal target setting processes conclude before the reporting of actuals, which occurs only at end of each year. Final year end reporting will be adjusted to calculate by using actual headcount. Progress is monitored during the year by continuous tracking of employees engaged in volunteer events and calculating against the forecasted headcount.
- Included in the Volunteering data are all permanent hourly employees at the LEGO Group Manufacturing sites, LEGO Brand Retail store employees, and hourly and salaried employees across all other functions and locations in the LEGO Group. This excludes employees of KIRKBI and the LEGO Foundation.

**3. Product recalls**  
Product recalls account for the number of official recalls according to Safety Gate (EU), CPSC (the 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.

**4. 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 are included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic, and Jiaxing in China. Reported data from sites are 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.

### 5. Waste volume

Waste volume [tonnes] is calculated as the recorded quantities of waste disposed of by the LEGO Group. Only data from LEGO Group sites with production are included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic, and Jiaxing in China. Reported data from sites are 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 CO<sub>2</sub>e] is calculated by multiplying energy consumption with energy type /country specific emission factors.

For electricity location-based emission factors from IEA are applied while a supplier specific emission factor is applied for district heating. For natural gas, DESNZ emission factors are applied. For renewable energy produced onsite, an emission factor of 0 is applied.

Energy consumption is calculated as the total energy in the form of natural gas, electricity and district heating externally supplied to the LEGO Group plus the energy produced onsite from renewable sources and subtracting the energy sold to grid. Total emissions are calculated by total energy multiplied by the corresponding emission factors.

Only data from the LEGO Group sites with production are included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic and Jiaxing in China. Reported energy data from sites are based on meter readings and/or supplier invoices. 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 supplied into factories

The water supplied to factories (m<sup>3</sup>) is calculated as the water supply measured by the main water meter. Only data from LEGO Group sites with production are included; these are Billund in Denmark, Nyíregyháza in Hungary, Monterrey in Mexico, Kladno in the Czech Republic, and Jiaxing in China. Reported data will be based on the utility bills provided by the water utility. 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/gift with purchases, merchandise, etc.

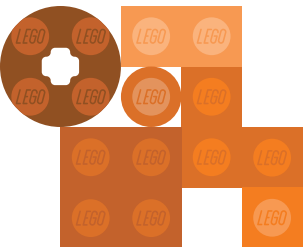
Packaging material is defined as both primary (material that goes into the products directly), and secondary (material that is used in connection with transportation of goods to customers). Storage and play-function packaging, e.g., plastic buckets or suitcases sold with bricks are not defined as packaging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

Included in the annual People Pulse survey are permanent hourly employees at the LEGO Group manufacturing sites, LEGO Brand Retail store employees, and hourly and salaried employees across all other functions and locations in the LEGO Group.

Employees hired after August 31 and employees on leave during the full survey period are not included in survey.

**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 Executive Leadership Team.

**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 are 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. Suppliers with zero tolerance (critical) non-conformities**

Suppliers with critical (zero tolerance) non-conformities (NCs) is calculated as the number of audited suppliers with 'critical' NCs.

A critical NC is defined as the most severe issue/breach of local law and/or the LEGO Responsible Business Principles with immediate risk to employees/workers

or to the LEGO Group requiring immediate correction and verification. 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.

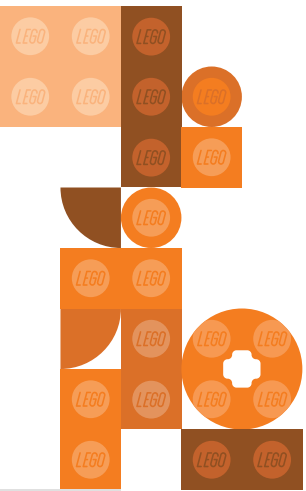
**15. Resin procured**

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.

Mass Balance [percentage] is the Mass Balance share of resin procured [tonnes] documented by certificate(s).

**16. Electricity consumption for offices, HUBs and LEGO Brand Retail Stores**

Data from LEGO Brand Retail Stores\*, Offices and HUBs are included in the Supplementary data. Reported electricity data are based on metre readings. Due to the lack of data availability on all locations, an estimation has been made for the part of the population which has not been based on metre readings which does not exceed more than 40% of the total energy consumption.



\* LEGO Brand Retail stores are owned and operated by the LEGO Group.



# Management Statement

The Executive Management and the Board of Directors have today considered and approved the 2023 Sustainability Progress Report of the LEGO Group for the reporting period 1 January to 31 December 2023.

The 2023 Sustainability Progress Report has been prepared in accordance with the stated sustainability accounting principles. In our opinion, the 2023 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 4 March 2024

## Executive Management

**Niels B. Christiansen**  
President and Chief Executive Officer

## Board of Directors

**Thomas Kirk Kristiansen**  
Chair

**Søren Thorup Sørensen**  
Deputy Chair

**Eva Berneke**

**Fiona Dawson**

**Jan Thorsgaard Nielsen**

**Jørgen Vig Knudstorp**

**Anne Sweeney**

# Independent limited assurance report on the sustainability performance data

## To the stakeholders of the LEGO Group

LEGO Group engaged us to provide limited assurance on the sustainability performance data for the period 1 January – 31 December 2023 stated on pages 32-33 in the LEGO Group Sustainability Progress Report 2023 ("sustainability performance data").

## Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us to believe that the sustainability performance data in the Sustainability Progress Report 2023 are not prepared, in all material respects, in accordance with the applied accounting policies developed by Management of the LEGO Group as stated on pages 34-36 ("accounting policies").

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 LEGO Group Sustainability Progress Report 2023.

We express limited assurance in our conclusion.

## 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, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements'. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the 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

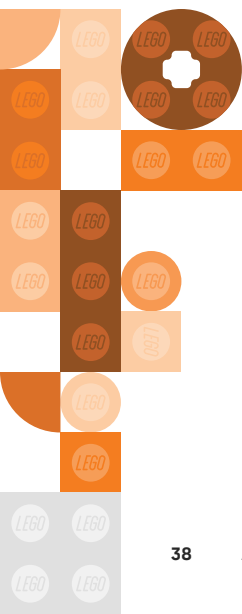
We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence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

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or 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

The sustainability performance data need to be read and understood together with the accounting policies, 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 sustainability performance data 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 sustainability performance data. In doing so and based on our professional judgement, we:

- Evaluated the appropriateness of the accounting policies used, their consistent application and related disclosures;
- Made inquiries and conducted interviews with Group functions to assess consolidation processes, use of company-wide systems, and controls performed at Group level;
- 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;
- 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 in the Sustainability Progress Report that are free from material misstatement, whether due to fraud or error;

- Establishing objective accounting policies for preparing the sustainability performance data;
- Measuring and reporting the information in the sustainability performance data based on the accounting policies; and
- The content of the Sustainability Progress Report.

**Our responsibility**

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the sustainability performance data for the period 1 January – 31 December 2023 are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of the LEGO Group.

Aarhus, 4 March 2024

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 3377 1231

**Claus Lindholm Jacobsen**  
State Authorised Public Accountant  
mne23328

**Mads Melgaard**  
State Authorised Public Accountant  
mne34354

