

The LEGO® Group UK Gender Pay Gap Report 2020

Snapshot period

6th April 2019 – 5th April 2020



UK Gender Pay Gap Report 2020



Our goal is to build a diverse organisation with a unique sense of belonging to inspire and develop ALL builders of tomorrow.

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



A message from Loren I. Shuster Chief People Officer & Head of Corporate Affairs

To reach as many children (and grown-ups!) as possible we aim to create LEGO® play experiences that are inclusive of all and that welcome everyone to the joy of building.

To bring these opportunities to life, we believe we need even more diversity in our teams and that we must continue to cultivate behaviors that are inclusive of everyone. This extends to ensuring our work practices, processes and rewards are fair and equitable for all.

At the LEGO Group we strongly believe that equal work deserves equal pay and as part of our commitment to that we continually review our employees' compensation and make adjustments where necessary to ensure we maintain pay equity. Additionally, and in line with the UK Legislation related to the Gender Pay Gap Regulations (2017), we can confirm the following findings as part of this data analysis are in accordance with Gender Pay Gap calculations.

“In 2020, LEGO Group UK had a mean gender pay gap of +0.8% and a median gender pay gap of +14.6%.”

While we have made progress on striving towards a mean gender pay balance (-3.8% in 2019 to +0.8 in 2020), we recognize a significant gap in median gender pay in favour of men.

In prior years, we had reported a more balanced median pay gap, however our 2020 score was impacted by structural changes which saw some leadership positions held by females moved outside of the UK to other countries.

Our bonus system is centered around a combination of company and individual performance. As always, in 2020 our bonus payouts were made in a fair and inclusive way, with 100% of eligible employees receiving the Group's annual bonus. Based on an internal shift in payout date of the LEGO Group's annual bonus to eligible employees in 2020, bonus data needed to be captured in a different way compared to previous years to ensure compliance with the UK Gender Pay Gap Regulations calculations. Due to this, a deviation can be seen in favour of women.

While we have made progress, we recognise there is more to do. We will continue efforts to develop equality and diversity across the LEGO Group. In 2020, women held 38% of Director+ positions in the LEGO Group which represents a 2% increase from 2019.

We continuously evaluate our progress also by asking employees how they feel about belonging, feeling safe to share opinions and ability to bring their full self to work. In 2020, the employee inclusion score landed at 86 which is slightly above target and 3 above the 2019 results. Read more about our efforts on [LEGO.com](https://www.lego.com).

UK Gender Pay Gap Report 2020



The Gender Pay Gap

The mean gender pay gap decreased from -3.8% in 2019 to +0.8% in 2020, closing the gap while slightly favouring men. The median gender pay gap is 14.6%, (in compliance with the UK Governments requirement for the calculations), in favour of men. Previous years we've had a result that was more in favour of women. The LEGO Group's UK gender pay gap 2020 is the result of senior leadership positions in the LEGO Group moving outside of the UK.

In comparison, the 2020 national average gender pay gap figures favour men. The overall UK average median pay gap is 15.5 % based on research by the Office for National Statistics.

The LEGO Group's gender pay differences within each grade are small. The company's employee pay and benefits are guided by its reward philosophy of fairness and transparency. All roles are evaluated and benchmarked against relevant pay rates in the external market. Salaries also reflect individual skills and experience, and salary increases are merit-based.

The Bonus Gap

The LEGO Group operates an annual discretionary performance-based bonus programme. The scheme require employees to have started their employment on or before September 30th to be eligible for a bonus. Employees who work for only part of the bonus period may receive a pro-rata bonus amount. Employees are awarded bonuses based on a combination of team and group key performance indicators. Bonuses are based on a target percentage of salary and are usually paid in March each year.

In 2020, the LEGO Group revised its annual bonus programme, moving the bonus payout date from March 20th to April 20th. This means the annual bonus payments do not fall into the snapshot period of this report, showing a faulty high percentage of "no bonus", 87% for men and 88% for women. The bonus calculations taken into account are the remaining types of bonus payments such as 'refer a friend' bonus and long service awards. We will report on complete bonus overview in the 2021 report.

The bonus pay gap in 2020 was in favour of women (-78,8%). This is due to a higher percentage of women receiving the types of bonuses listed above. Excluding the other types of bonuses from the year's snapshot gives a result of -5% in favour of women.



UK Gender Pay Gap Report 2020



UK Gender Pay Gap in Numbers

The 2020 Gender Pay Gap report is based on data captured on the statutory reporting date April 5th 2020.

Since reporting in 2018 we have seen a 16.3% headcount increase to our UK organisation and have continued to maintain an overall fair gender representation at each quartile.

The LEGO Group continues to recruit from a diverse pool of candidates and interview processes that uphold an inclusive mindset. We ensure that our efforts on diversity are not limited to gender and have continued to further invest in talent development and learning resources that cater to our whole organisation, with equal opportunities for all.

Upper quartile (Senior Managers +)

Female 44%

Male 56%

Upper middle quartile (Lead Professional, Manager, Senior Managers)

Female 53%

Male 47%

Lower middle quartile (BR, Consumer Service, Support, Professional, Lead Professional)

Female 53%

Male 47%

Lower quartile (Brand Retail (BR))

Female 50%

Male 50%

Mean



Mean gender pay gap

% difference between the mean (average) male and female salaries, regardless of level

vs Median



Median gender pay gap

Ranking of male and female salaries separately, from low to high. Median is the salary exactly in the middle of this sequence. Gap is the % difference between the median male and female salary