

Progress Report 09

The LEGO Group

www.LEGO.com



Read about the **Annual Report**
and the magazine **The Brick** on the back cover

The Progress Report - what to expect

The Progress Report is part of the overall reporting concept for the LEGO Group. The overall reporting setup consists of three independent publications that interconnect and together form the total 2009 reporting from the LEGO Group. Read more about the concept on the back cover of this report.

The Progress Report, which you are reading now, is targeted to those who are interested in the detailed follow-up on progress of the LEGO Group regarding Environmental, Social and Governance (ESG) activities linked to the LEGO Group's ability to deliver on the four promises given to all stakeholders in touch with the brand:

Play Promise – Joy of building. Pride of creation

People Promise – Succeed together

Partner Promise – Mutual value creation

Planet Promise – Positive impact

The promises are the central part of the LEGO Brand Framework and are based on the values and spirit of the LEGO Group. You can read more about the LEGO Brand Framework on pages 12-13.

For the 2009 reporting, the LEGO Group has developed a model to select the ESG content to focus the report on the most relevant and current issues. The model takes its starting point in relevant ESG frameworks listing a wide range of generic ESG topics. 58 ESG topics were evaluated. The first filtering was made by determining the relevance towards the four promises in the LEGO Brand Framework, where 36 ESG topics were found relevant. The 5 step evaluation of materiality, linked to AA1000 and described in the publication "Redefining Materiality" published by AccountAbility¹, was used for a prioritization of the ESG issues. A top 15 of ESG issues was established. The top 15 was further reduced to 5 topics based on what is most relevant in a 2009 context.

On page 3 a list of the 5 selected ESG issues can be seen with page reference to where to read more on the issues.

This Progress Report also serves as the annual communication on progress required by UN Global Compact based on the fact that the LEGO Group, as the first company in the toy industry, signed the UN Global Compact in 2003. Furthermore, this is the statutory statement on Corporate Social Responsibility according to section 99 a of the Danish Financial Statements Act.

The Progress Report is based on the reporting framework provided by the Global Reporting Initiative (GRI) with a self declared C application level. The 2009 report has been subject to external verification and the auditors' statement can be seen on page 16.

A geographical overview of the LEGO Group can be found in The Brick.

¹ The 5 materiality evaluation steps are: 1) Direct, short-term Financial Impact 2) Policy-based Performance 3) Business Peer-based Norms 4) Stakeholder Behaviour & concerns 5) Societal Norms (regulatory & non-regulatory)

Progress Report 09

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We appreciate comments and feedback from all our stakeholders. Please use the e-mail address below:

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Important 2009 Environmental, Social and Governance ESG topics

5, 8-11, B 52	Protection of consumers' safety and health
8-11, B 32	Occupational health and safety
5, B 24	Climate change
8-11, B 38	Anti-corruption
8-11, B 50	Philanthropy

B = The LEGO Group's magazine The Brick



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Key figures for 2009

	2009	2008	2007	2006
Financial performance				
Revenue, DKK million	11,661	9,526	8,027	7,798
Profit before special items, DKK million	3,002	2,004	1,471	1,405
Tax on profit for the year, DKK million	-683	-500	-386	9
Net profit for the year, DKK million	2,204	1,352	1,028	1,290
Operating margin (ROS)	24.9%	22.0%	18.1%	17.0%
Return on equity (ROE)	82.3%	72.2%	71.6%	147.1%
Return on invested capital (ROIC)	139.5%	101.8%	69.7%	63.6%
Play Promise				
Number of product recalls	1	0	0	1
Consumer Complaint Call Rate	0.093%	0.123%	0.124%	0.118%
Net Promoter Score Index	126	120	115	111
People Promise				
Number of employees (headcount end of year)	8,616	7,337	4,723	4,958
Sick leave	2.9%	3.0%	3.2%	-
Injury rate per million working hours	4.8	4.4	8.0	8.6
Partner Promise				
Number of quality audited suppliers	2	23	8	23
Number of Code of Conduct audited suppliers	48	18	22	
Overall satisfaction by customers (Customer Pulse)	119	119	111	107
Planet Promise				
Water consumption (1,000 m³)	116	68	92	71
Total energy consumption in production (GWh)	155	108	119	124
Waste (tons)	7,970	3,057	2,422	4,252

For Planet Promise indicators, direct comparison between 2008 and 2009 data is not always relevant. This is due to the change of the geographical presence of the LEGO Group based on a 2008 decision to insource the majority of manufacturing during 2009. For 2009, new sites in Nyíregyháza and Monterrey account for a water consumption of 52,000 m³, an energy consumption of 37 GWh and the generation of 3,674 tons of waste.

Message from the CEO

The LEGO Group mission is to "Inspire and develop the builders of tomorrow". That is our true reason for being and what our business is built upon. LEGO® products offer children something special on top of being a great toy. They offer systematic creativity. The steady evolutionary process of continuously supporting and developing children's creativity is at the core of our innovation process, which we endeavour to continuously improve.

We regard our core products as being sustainable today, based on the long durability and a compatibility that goes back more than 50 years. "Only the best is good enough" is the spirit of the LEGO Group and based on this we have challenged ourselves also when it comes to Environmental, Social and Governance (ESG) issues. This challenge has resulted in an updated and very clear governance strategy focusing on five long term targets that are seen as essential to securing that also in future, LEGO products and services are seen as being sustainable.

The 5 targets are:

- Zero product recalls
- Top ten on employee safety
- Support learning to 101 million children
- Explore the opportunity of becoming fully reliant on renewable energy
- Work towards elimination of waste

The ability to deliver on the above long term targets is highly dependent on a respectful stakeholder dialogue, input and involvement – only through collaboration, innovation and 'hard fun' will we be able to sustain long term success. The short version of the commitment towards sustainability is – POSITIVE IMPACT – which is the Planet Promise given to all stakeholders in touch with the LEGO brand.

With respect to stakeholder input, it is very positive to see so many of our customers setting sustainability high on the agenda. The journey towards transforming ESG issues into opportunities will be an important ongoing task for decades. The long term work towards elimination of waste will be an innovation driver for reinforced focus on material development. It will thereby link into our core business and be part of the innovation needed to continue to produce products that have a safety second to none.

In this respect it is highly unsatisfactory that the LEGO Group had to make a voluntary recall in 2009 even though it was limited to a few thousand battery boxes. The recall was carried out as children's safety must never be put at risk when playing with LEGO products. The target of zero recalls will continue to be a target for the LEGO Group, just as it has been in the past.

The ability to learn is essential for children, and LEGO play is playful learning. The systematic creativity inherent in LEGO play supports children's problem solving skills and stimulates their imagination and curiosity. Playing with the product stimulates learning. However, while children who already have LEGO products are given this possibility, there are also children who do not have access to these learning opportunities. Our target of supporting learning for annually 101 million children in 2015 covers both the 100 million children we reach through our normal business as well as the children we will reach through the philanthropy work of the LEGO Group.

Optimization of energy use is high on the company's agenda, and over the past two years the plant in Billund, Denmark installed, and third party verified, energy saving initiatives equalling a 10 GWh annual saving or around 10% of the total energy consumption at the site. The optimization will continue while the next phase of looking into the generation of renewable energy is initiated.

Our employees and their capability of applying imagination and creativity in finding the best solutions for the LEGO Group to the benefit of all stakeholders are essential for the development of the company. It must be safe to work with the LEGO Group and to join the 'hard fun' of finding the best solution and make it happen. This is why we aim to be a top 10 company on employee safety globally before the end of 2015. To do this we need to eliminate approximately 90% of the accidents that we see today.

In 2009, the LEGO Group achieved its so far best financial performance and a good ESG performance. Based on the spirit, "Only the best is good enough", we have during 2009 established clear and highly ambitious long term ESG targets that support the innovation of our core business and further focus our ESG activities and performance.



Jørgen Vig Knudstorp
President and CEO

Targets 2010 and follow-up on 2009

ISSUE	PURPOSE	TARGET 2010
Play Promise		
Consumer Safety	Continue to secure high safety and quality standards	Zero recalls in 2010
Consumer satisfaction	Secure low complaint rate	Consumer Complaint Call Rate \leq 1150 parts per million (ppm) end 2010
Consumer satisfaction	Secure the positive experience of LEGO® products and services	Net Promoter Score Index \geq 124 end 2010
Consumer information	Secure relevant and up-to-date information for parents on www.LEGO.com/parents	Average monthly unique visitors on www.LEGO.com/parents \geq index 110 end 2010 compared to 2008
People Promise		
Gender diversity	The LEGO Group supports internal female networks aiming at more balanced promotions. Also the recruitment procedure is in focus	The female share of new promotions and recruitments at Directors+ level \geq 25% end 2010
Healthy working environment	Secure low sick leave rate	Sick leave \leq 3.5% end 2010
Safe work place	Secure low injury rate	Injuries with absence \leq 5.0 per million working hours end 2010
Safe work place	Secure low severity of the injuries that may happen	Absence rate due to injuries \leq 0.32 per 1,000 working hours end 2010
Health & safety management system	Secure certification of all major LEGO sites in order to strengthen focus and follow-up	Percentage of employees working at OHSAS 18001 certified sites \geq 90% end 2010
Motivation and satisfaction	Secure highly motivated and satisfied employees by e.g. focusing on securing the LEGO image and an exciting daily work experience	Employee score for Motivation & Satisfaction \geq +10 to global benchmark (LEGO EEI) end 2010
Work-life balance	Secure the right balance between work and private life	Employee score for work-life balance \geq global benchmark (LEGO EEI) end 2010
Living the People Promise	Secure that the LEGO People Promise is implemented	Improvement of employee score for People Promise for more than 66% of departments compared to 2008
Partner Promise		
Business integrity and anti-corruption	Secure embedding of the LEGO business integrity and fraud standard to avoid corruption, bribery, etc.	All Directors+ trained in business integrity biennially end 2010
Product quality on all main LEGO sites	Secure that all LEGO sites live up to the set standards	No major quality non-conformities found at main LEGO sites in 2010
Environmental, Health & Safety (EHS) on all main LEGO sites	Secure that all LEGO sites live up to the set standards	No major EHS non-conformities found at main LEGO sites in 2010
Code of Conduct (CoC) on all main LEGO sites	Secure that all LEGO sites live up to the set standards	No major CoC non-conformities found at main LEGO sites in 2010
Ethical manufacturing at suppliers	Code of Conduct audits based on a country risk assessment to follow-up on first peer suppliers	Target omitted from 2010
Impact of Code of Conduct audits conducted at suppliers	Make findings at conducted audits lead to positive change at the supplier and deliver the real value of audits	All CoC non-conformities found in 2010 at supplier audits solved within the agreed timeframe
Impact of quality audits conducted at suppliers	Make findings at conducted audits lead to positive change at the supplier and deliver the real value of audits	All quality non-conformities found in 2010 at supplier audits solved within the agreed timeframe
Customer satisfaction	Secure continuous improvement of customers' perceived evaluation of the LEGO Group	Overall satisfaction \geq index 119 end 2010 compared to 2005
Planet Promise		
Energy efficiency	Focus on energy savings to optimize energy use	Energy efficiency index \geq 110 end 2010 compared to 2007
Waste management	Focus on recycling of waste	Recycle 80% of total registered waste end 2010

Targets 2010 and follow-up on 2009

TARGET 2009	ACTUAL 2009	COMMENTS TO ACTUAL 2009
Zero recalls in 2009	• 1 recall	One voluntary recall in 2009. The target of zero recalls will continue to be a yearly target for the LEGO Group.
Consumer Complaint Call Rate ≤ 0.120% end 2009	• 0.093%	A significant improvement compared to the 2008 level.
Net Promoter Score Index ≥ 120 end 2009	• 126	An improvement of 6 index points since 2008.
Average monthly unique visitors on www.LEGO.com/parents ≥ index 110 end 2009 compared to 2008	• 123	Number of visits grew with 23% compared to 2008.
The female share of new promotions and recruitments at Directors+ level ≥ 25% end 2009	• 20%	The 2009 target of minimum 25% was not met. The Directors+ level corresponds to the upper two tiers of management. The LEGO Group will increase focus to meet the 2010 target.
Sick leave ≤ 3.5% end 2009	• 2.9%	An improvement of 0.1 percentage points compared to 2008.
Injuries with absence ≤ 6.0 per million working hours end 2009	• 4.8	The LEGO Group aims to be a world-class company on employee safety corresponding to a frequency of 0.6 injuries per million working hours in 2015
Absence rate due to injuries ≤ 0.3 per 1,000 working hours end 2009	• 0.51	The 2009 target of maximum 0.3 hours per 1,000 working hours was not met. The target for 2010 has been set at a higher level, but it is the aim to be a world-class company on employee safety in 2015 including a continuous improvement on the severity of accidents.
Percentage of employees working at OHSAS 18001 certified sites ≥ 80% end 2009	• 94%	All LEGO facilities with more than 100 employees are OHSAS 18001 certified.
Employee score for Motivation & Satisfaction ≥ +10 to global benchmark (LEGO EEI) end 2009	• +11	In order to have a comparable benchmark for the total LEGO Group result, a benchmark called "LEGO EEI" is calculated as a weighted average of the EEI (European Employee Index) results for the eleven largest LEGO employee countries.
Employee score for work-life balance ≥ global benchmark (LEGO EEI) end 2009	• +3	In order to have a comparable benchmark for the total LEGO Group result, a benchmark called "LEGO EEI" is calculated as a weighted average of the EEI (European Employee Index) results for the eleven largest LEGO employee countries.
Target established from 2010		
Number of Directors+ at LEGO sites that are trained in business integrity ≥ 25% end 2009	• 69%	Besides the Directors+ population, employees working directly with customers and suppliers have been included in the training program.
No major quality non-conformities found at main LEGO sites	• 0	The main LEGO sites are audited by an accredited third party
No major EHS non-conformities found at main LEGO sites	• 0	The main LEGO sites are audited by an accredited third party
No major CoC non-conformities found at main LEGO sites	• 1	The main LEGO sites are audited by an accredited third party. The one major CoC non-conformity was related to working hours.
Audit of 100% of suppliers in high and intermediate risk countries end 2009	• 96%	Two suppliers were not audited according to plan as a planned exit of one supplier was postponed, and a new supplier was accepted late 2009.
50% of all major CoC findings to be solved within next calendar year	• 94%	16 major non-conformities were found in 2008. 15 have been solved and one related to no individual business registration is still open.
Target established from 2010		
Target established from 2010		
Energy efficiency index ≥ 110 end 2010 compared to 2007	• 127	Energy use is high on the company's agenda and the optimization will continue while the next phase of looking into generation of renewable energy is initiated.
Recycle 70% of total registered waste end 2009	• 88%	An improvement of 19 percentage points compared to 2008.

Review of the results

The 2009 progress on Environmental, Social and Governance (ESG) issues related to the four promises given to the stakeholders of the LEGO Group is described below. For more details on the four promises please see pages 12-13.

The overall picture of important stakeholder activities related to all four promises can be found in The Brick that is published as an integrated part of the overall reporting from the LEGO Group.

The Play Promise

Consumer Satisfaction

Consumers are becoming more and more likely to recommend to others the LEGO product or experience that they have just had. This is reflected in the Net Promoter Score Index which has increased by 6 index points in 2009 and ended at index 126. This is 6 index points above the 2009 target set in 2008 as stated in the Progress Report 2008.

The Consumer Complaint Call Rate ended at 0.093% for 2009, which is within the 2009 target and a significant improvement compared to the 2008 level.

Consumer Information

The parents' site on LEGO.com is established to communicate relevant and up-to-date information to parents about LEGO products and child development. The site also offers parents the option to ask questions and discuss LEGO products or topics with other parents or the LEGO Group.

The parents' site experienced a growth rate in average monthly unique visits of 23% compared to 2008 and ended at index 123, which is well above the target of index 110 for 2009.

Product Safety

The LEGO Group is proud of its quality standards and controls. However, in 2009 a voluntary recall was made by the LEGO Group. The product in question is a Power Function Remote Control that poses a thermal burn hazard to users if the batteries inside overheat. A total of 2,250

remote controls had been sold and the product had been distributed only via the LEGO web shop and the Shop at Home catalogue from 8 April 2009 to 6 May 2009. The LEGO Group has received 4 reports of the remote control heating up after batteries were inserted. No injuries have occurred. The recall was carried out as children's safety must never be put at risk when playing with LEGO products. The target of zero recalls will continue to be a high focus target for the LEGO Group.

The People Promise

Employee Survey

It is the ambition of the LEGO Group that all employees in the company feel that they hold an extraordinary job in an extraordinary company. Making the experience at work extraordinary is a task that requires the attention of the individual employee, all people leaders and the company.

The annual employee survey showed that the LEGO Group maintained its high scores in employee satisfaction. The picture drawn from the employee survey is of a global workplace in which – like last year – the employees at well established LEGO locations are very satisfied. This picture is now extended to also include the new LEGO locations. The three new production sites in Mexico, Hungary and the Czech Republic have been successfully integrated into the LEGO Group. Not only were the response rates in Mexico, Hungary and the Czech Republic high, but employees in these countries are also very positive towards their new workplace.

In the coming years, the LEGO Group will maintain a strong focus on continuous improvement, with focus on openness, trust and content of daily work to secure the ambition of extraordinary jobs in an extraordinary company.

To ensure equal opportunities, the LEGO Group has set a target for the percentage of female promotions to the Directors+ group (corresponding to the upper two tiers of management). The target for 2009 was not met and there will be increased focus to meet the target in 2010. The LEGO Group was among the first companies to sign a charter to increase equality in management by promoting the role of women in management; a charter initiated by the Danish Ministry of Gender Equality.

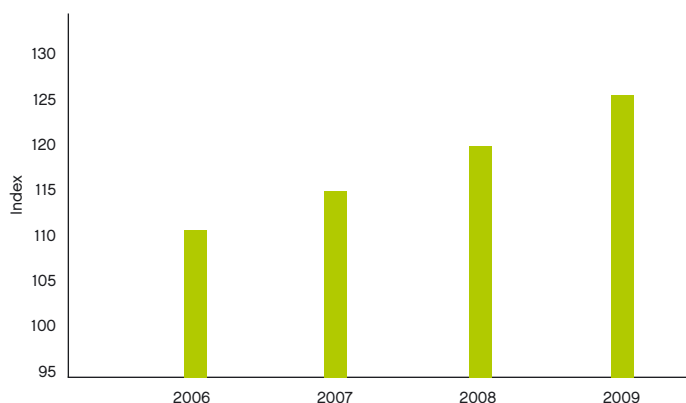
Health and Safety

The sick leave percentage for the LEGO Group ended at 2.9% for 2009 which is within the target for 2009 and 0.1 percentage points better than in 2008.

The LEGO Group experienced 61 accidents with absence in 2009 equivalent to a frequency of 4.8 injuries per million working hours. This is a deterioration of the frequency by 0.4 compared to 2008. The absence rate due to injuries did not meet the 2009 target and ended at 0.51 hours per 1,000 working hours (target 2009 = 0.3 hours per 1,000 working hours).

The LEGO Group aims at being a world-class company on employee safety corresponding to a frequency of 0.6 injuries per million working

NET PROMOTER SCORE INDEX



Review of the results

hours in 2015. To meet this ambitious 2015 target, an improvement of approximately 90% compared to the 2009 result must be achieved within the next five years.

One of the initiatives to meet the 2015 target is continuous use of the LEGO Serious Play Health & Safety program to avoid accidents. The Health & Safety program is based on the LEGO Serious Play concept and gives a good understanding and a clearer picture of where the right initiatives have already been taken and where new initiatives are needed. Read more in The Brick.

According to the health & safety policy of the LEGO Group, all LEGO facilities with more than 100 employees must be OHSAS 18001 certified. In 2009, the last sites established in 2008 were certified according to the plan. Certification now covers 94% of all employees and the global OHSAS 18001 setup is running according to the policy.

The Partner Promise

Customer Pulse

Compared to last year, the Customer Pulse scores are at the same high level or above. The Customer Pulse scores on marketing, partnership and value are all above the scores from last year.

Code of Conduct

The LEGO Group has comprehensive procedures for Code of Conduct which apply to the LEGO Group sites and the company's suppliers and licensing partners.

The LEGO Group focuses Code of Conduct audits on Active First Peer Suppliers with Own Production ("AFPSOP") (i.e. excluding trade agencies) located in high and intermediate risk countries. In 2009, 96% of suppliers in this category have been audited. Two suppliers were not audited according to plan as a planned exit of one supplier was postponed, and a new supplier was accepted late 2009.

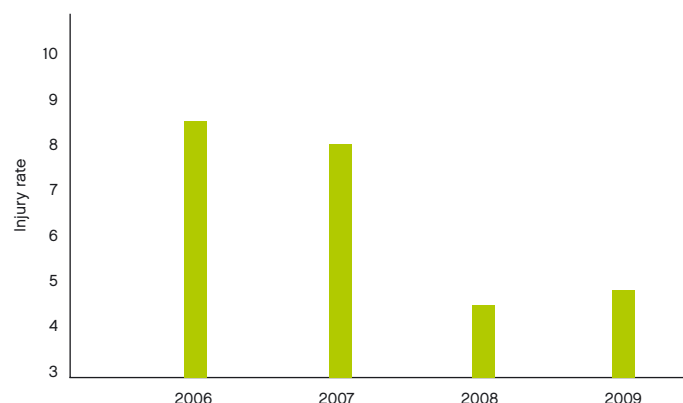
In 2010, the LEGO Group will audit all AFPSOPs located in high risk countries. Regarding AFPSOPs located in intermediate risk countries

from 2010, the preceding audit result will decide the frequency of the audit. AFPSOPs located in intermediate risk countries and with a high performance in the preceding audit (2009) will be audited biennially. AFPSOPs located in intermediate risk countries and with a low performance in the preceding audit (2009) will be audited annually. The audits are conducted by a third party verification company. From 2009, even more effort has been put into allocating enough time for each audit and on following up more frequently on the audit result, aiming at quicker and more thorough improvement.

The LEGO Group has been committed to the ICTI (International Council of Toy Industries) Care Process since 1 January 2006 (Date Certain commitment). The ICTI Care Process is the international toy industry's ethical manufacturing program to promote ethical manufacturing through a monitoring program for the participating factories with focus on China, Hong Kong and Macau. The Date Certain Program is an integrated part of the ICTI Care Process. It is a program to obtain commitment from toy brands and retailers that, as of a specific, future date (Date Certain), buyers will only contract products manufactured by factories that are in the ICTI Care Process. As per 1 January 2010 the LEGO Group has 16 direct and extended line suppliers that are certified by the ICTI Care Process – all located in China. These suppliers are audited via the ICTI Care Process. The LEGO Group has access to the audit reports and reviews them continuously. Should any major non-conformities with LEGO standards be observed, the LEGO Group will contact the suppliers and, if relevant, conduct on-site inspection to check if corrective action is implemented.

In late 2008, an internal instance of non-compliance with the LEGO Code of Conduct procedures was observed. In Japan, the LEGO Group has an agreement with a franchise partner who operates so called Click Brick stores in Japan, selling LEGO branded products. Some of the LEGO branded products were sourced directly from the franchise partner, where the sourcing was not covered by a Code of Conduct procedure. Based on this observation the LEGO Group in 2009 initiated a range of Code of Conduct audits at the suppliers to the Click Brick stores. At one of these suppliers located in China, it was found that one of the workers was only aged 15. In China, according to the labour law, the age limit for work is 16 years. The LEGO Group and the franchisee

INJURY RATE PER MILLION WORKING HOURS



CUSTOMER PULSE, OVERALL SATISFACTION



Review of the results

had a dialogue with the factory, and it was agreed – upon involvement of her parents - to send the girl back to her hometown. The factory continued to pay her wage while she attended school. The girl was rehired after her 16th birthday in September 2009.

As a consequence, all sourcing of LEGO products for the Click Brick stores now takes place through the LEGO sourcing channels which are all covered by the LEGO Code of Conduct procedures.

Product Quality

Due to restructuring of the organization, only 2 quality system audits at suppliers have been conducted in 2009 compared to 23 audits in 2008. The LEGO Group is continuously supervising product quality. At Asian part suppliers, the LEGO Group regularly inspects parts, and at finished goods suppliers the company inspects products and the environment in which they are produced on a weekly basis. At European part suppliers, outgoing and incoming inspection is made, and at the finished goods suppliers, the LEGO Group carries out weekly inspections.

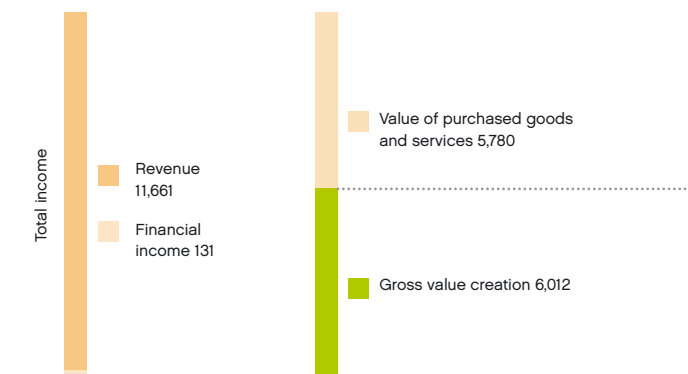
Business Conduct

The LEGO Group enjoys an excellent reputation as a company setting high standards. In relation to Business Conduct the LEGO Group will continue setting high standards building on the company spirit and values.



In 2009, the LEGO Group updated its Business Conduct framework including roll-out of a new e-learning program and a handbook on Business Conduct with Integrity – the LEGO Way. 69% of the Directors+ population completed the program in 2009 which is within the 2009 target of 25%. Besides the Directors+ population, employees working directly with customers and suppliers have been enrolled in the program. Read more in The Brick. The Business Conduct handbook will be publicly available at LEGO.com in 2010.

BREAKDOWN OF VALUE CREATION (DKK MILLION)



The Planet Promise

The change of the geographical presence of the LEGO Group due to the decision in 2008 to insource the majority of manufacturing, combined with a considerable increase in production, are the main reasons behind large changes in the figures related to the Planet Promise. Direct comparison between the years is therefore not always relevant. However, the fact that a higher portion of the production is now in-house means that it will be easier to work on improvement of e.g. water and energy consumption used for manufacturing.

According to the environmental policy of the LEGO Group, all LEGO production facilities must be certified according to the environmental standard, ISO 14001. In 2009, the last sites established or acquired in 2008 were certified according to plan and the global ISO 14001 setup is now running according to the policy.

The 2009 target on energy efficiency was reached. A decline in the efficiency was expected for the year due to expected insourcing of energy intensive production. Energy efficiency is in focus and is part of the initiatives that have been given even higher priority based on the CO₂ mapping made in 2008. The ambition is to gain 10% efficiency by the end of 2010 compared to 2007.

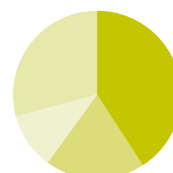
In 2009, the LEGO Group registered 7,970 tons of waste. The percentage of recycled waste improved from 69 percent in 2008 to 88 percent in 2009. This is measured based on the total registered amount of waste. Non-recycled waste equals 977 tons in 2009 of which 48% is incinerated, 44% is sent to landfill and 8% is electronic or hazardous waste.

We care and share

The LEGO Group considers play a decisive element of children's development. Children learn through play, and play stimulates their creativity, motor skills and ability to solve problems. Unfortunately, more than 1 billion children worldwide grow up in poverty and have limited possibilities of play. The LEGO Care and Share program has been established driven by the wish to help some of these children. By means of donations of LEGO elements, it is the LEGO Group's and the LEGO Foundation's wish to provide these children with play material which, besides fun play, also supports their development.

Distribution of gross value creation

- **For employees - 41%**
Wages, salaries, pension, etc, incl taxes
- **For investors - 19%**
Financial expenses
Provision for dividend
- **For society - 11%**
Corporation tax
- **For the company's future - 29%**
Profit excl provision for dividend
Amortisation and depreciation
Impairment losses



Review of the results

The LEGO Group supports a large number of initiatives all over the world through product donations. Most donations consist of LEGO Charity boxes with mixed contents of LEGO elements.

Care for Children in Need

The LEGO Care for Children in Need program supports the LEGO Group mission: "To inspire and develop the builders of tomorrow".

In 2009, LEGO Charity donated products to approximately 400 projects worldwide – the largest of these in Jordan, Thailand, Burma, Poland, Guatemala, South Africa, Vietnam, Brazil, Russia and Korea. Several of these projects were carried out in collaboration with the local Danish Embassy or with charitable organizations, e.g. SOS Children's Villages and Save the Children.

In 2009, 8,276 LEGO Charity boxes were distributed to two age-groups (DUPLO Play to the pre-school children and LEGO Play to children of school age). Each box contains around 12 kilos of various LEGO elements. Furthermore, more than 75,000 ordinary LEGO boxes and other LEGO related presents were distributed.

The total value of the 2009 donations is estimated at approximately DKK 28 million calculated in bulk prices, including donations in Denmark worth approximately DKK 5 million.

The LEGO Charity boxes are packed in Billund, Denmark, mostly by retired LEGO employees who contribute greatly with their efforts.

Care for Local LEGO® Communities

The LEGO Group has an interest in and concern for the communities in which it is located and aims at acting as a good citizen.

In this respect, participation of LEGO employees and local LEGO offices is ensured. For instance, the LEGO Italy employees distributed LEGO Charity boxes to the children affected by the earthquake in L'Aquila, and the children of LEGO employees in Hungary and Denmark contributed to a donation of 1,000 LEGO sets to children in orphanages in Russia.

In Mexico concurrently with the different LEGO projects initiated with the opening of the Monterrey factory in 2009, the LEGO Foundation has

"adopted" four schools (two primary schools, two secondary schools) in Monterrey which have received LEGO Education products and teacher support. The intention is to scale up the support in Monterrey in 2010 by adding two to four local schools.

In 2009, more than 500 LEGO employees participated in projects in local communities or within the LEGO Charity program.

Care for Education

The LEGO Care for Education program includes a specially designed LEGO Learning System for schools. The program consists of monetary donation from the LEGO Foundation and LEGO Education materials. Focus is on already existing schools in OECD countries where the aim is to secure the development of learning skills at a higher level than that existing today. In order to be able to document that the LEGO Education concept makes a difference, impact studies are initiated. At present, this is done in Mexico, South Africa and Brazil.

In 2009 the LEGO Group and the LEGO Foundation supported the two following major projects:

South Africa – Developing Talents through Creative Play (2009-2013)

The project is funded by the UBS Foundation with special support from the LEGO Foundation. The project is run by the LEGO Education partner in South Africa, Hands-On Technology.

The purpose of the project is to fully implement a LEGO Education solution in 25 primary schools in a township near Pretoria. This implies teacher training in the use of LEGO Education products and learning philosophy. Each year five new schools will be added to the project. By the end of 2013, the project will have reached 1,000 teachers and nearly 40,000 students. Read more in The Brick.

Brazil – Brick by Brick, the Brazil we want (ongoing from 2008)

Launched in September 2008 in São Paulo, Brick by Brick involves educational content from Brazil. Based on a large donation of LEGO Charity boxes, Edacom (the LEGO Education partner in Brazil) has implemented a project with youth centers to give young people an opportunity to express what would be the Brazil of their dream. In addition, Edacom is providing educational content (ZOOM Magazines) and LEGO MIND-STORMS Robotic sets.

The project was launched in the favelas of São Paulo – but has been successfully extended to juvenile jails around Rio de Janeiro.

The LEGO Group operates its philanthropic program in cooperation with the LEGO Foundation. By the end of 2015 the program aims at reaching more than 1 million poor children around the world. More information on the LEGO Foundation can be found on www.LEGOfoundation.com.

ENERGY CONSUMPTION



Governance strategy and stakeholders

During 2009, the Governance Strategy, which sets the direction for Environmental, Social and Governance (ESG) activities in the LEGO Group, was updated and approved by Corporate Management.

The Strategy defines four areas of importance on which the LEGO Group will focus its ESG activities. The four areas are:

- *Pioneer Safety*
- *Support Children's right to grow*
- *Care for Nature*
- *Respectful stakeholder dialogue*

The Strategy is based on the former strategy approved by Corporate Management in 2007 and focuses the scope further based on learning achieved and input received. The Strategy links directly to the Planet Promise presented in the LEGO Brand Framework (please see next page).

Pioneer Safety for all stakeholders in touch with the brand

Through continuous improvement and ambitious target setting, the LEGO Group has set the quality and safety standard in the industry for decades. It is only natural for the LEGO Group to challenge itself on becoming even better and to continue setting the standards for the industry. Also concern for the safety of employees is an inherent part of how the company has always done business. This has resulted in health & safety being at a high level, and focus on this will continue in order to be able to reach the ambitious targets defined.



Support children's right to grow

Supporting children's right to grow is the essence of what the LEGO Group is about, whether offering learning possibilities by means of the product or the experience, or caring for nature to safeguard the future of the planet for the next generation. This focus area is not seen only as charity or philanthropy; it should be at the top of the list for each LEGO employee, whether it concerns children in local communities, children as consumers or children in need of education in developing countries.



Care for Nature

The holistic approach to the way the LEGO Group designs products is important, as 21st century society puts pressure not only on the sustainability of the planet, but also on the health of its inhabitants. The long term target towards elimination of waste will be an innovation driver for reinforced focus on material development. It will thereby link into our core business and be part of the innovation needed to continue producing products that have a safety second to none. Optimization of energy use has been high on the agenda, and over the last two years the plant based in Billund, Denmark installed and third party verified energy saving initiatives equalling a 10 GWh annual saving or approximately 10% of the current energy consumption at the site. The optimization will continue while the next focus will be to look into the generation of renewable energy.



Respectful stakeholder dialogue

It is fundamental to the LEGO Group to have a respectful dialogue with its stakeholders and continuously look into issues that matter to them, e.g. responsible marketing and anti-corruption. In order to ensure a systematic approach to the dialogue with LEGO Group stakeholders, Corporate Management has based on the business model defined six primary stakeholder groups. The six stakeholder groups are: Consumers, Customers, Employees, Business partners/suppliers, Shareholders and Society.



The strategy defines five long term targets to clearly communicate the way to go forward:

- Zero product recalls
- Top ten on employee safety
- Support learning to 101 million children
- Explore the opportunity of becoming fully reliant on renewable energy
- Work towards elimination of waste

Governance strategy and stakeholders

The LEGO® Brand Framework

The Governance Strategy delivers the content of the Planet Promise in the overall LEGO Brand Framework that was developed in 2008 and updated during 2009 to reflect the new vision – 'Inventing the future of play'.

The LEGO Brand Framework is the essence of what the LEGO brand expresses and is presented in the following way:

To ensure clarity about what can be expected from the brand and to make sure that LEGO employees are clear about what is required to fulfil these expectations, it is essential that the brand promises are widely understood and strongly believed and lived.

The 4 brand promises capture the essence of the handshakes the LEGO Group wants to make with its consumers, employees, partners and the society at large; what to expect from the LEGO Group:

Play Promise: 'Joy of Building, Pride of Creation'

At the heart this promise is the joy and pride which the LEGO Group wants children to experience when exploring their creative potential with LEGO products and services; and the certainty among parents that this 'playful learning' is developing the kind of skills and confidence that will prepare their children for the future.

The LEGO difference:

The unmistakable quality of the LEGO look, feel and design.
The interactive hands-on, minds-on LEGO play experiences.

People Promise: 'Succeed Together'

This promise defines the LEGO Group's commitment that every employee will experience the strong sense of purpose, spirit of collaboration, creative adventure and execution excellence which characterize the LEGO Group at its very best.

The LEGO difference:

The positive and lasting impact on the future through playful learning
The highly stimulating and effective mix of LEGO creativity and execution excellence.

Partner Promise: 'Mutual Value Creation'

This promise defines the LEGO Group's commitment to make working with the LEGO Group a mutually rewarding and value enhancing experience for every organization that the company seeks to partner with, whether customers, business partners or suppliers.

The LEGO difference:

The LEGO Group's commitment to win:win partnership solutions.
Recognition that 'Only the best is good enough' applies to everyone the LEGO Group deals with.

Planet Promise: 'Positive Impact'

This promise defines the LEGO Group's commitment to care for the society that our children will inherit and to inspire and enable children to have a voice on the future society.

The LEGO difference:

The LEGO Group's commitment to pioneer safety, support children's right to grow, care for nature and have a respectful stakeholder dialogue on issues that count.
The endless possibilities of the LEGO products to be used for the benefit of society – through inspiring and developing children.

Mission	Inspire and develop the builders of tomorrow	
Vision	Inventing the Future of play	
Promises	Play Promise Joy of building. Pride of creation.	Partner Promise Mutual value creation.
	Planet Promise Positive impact.	People Promise Succeed together.
Spirit	"Only the best is good enough"	
Values	IMAGINATION – CREATIVITY – FUN – LEARNING – CARING – QUALITY	



System and management setup

It is of high priority to Corporate Management that the LEGO business is operated responsibly and according to good corporate governance. An executive function with the responsibility of giving input on the strategic direction for Environmental, Social and Governance (ESG) activities was formed in late 2006. The department name is Corporate Governance & Sustainability and it reports to the Executive Vice President for the corporate functions.

Board of Directors

The Board of Directors consists of six members. Two of these are considered dependent on the company due to ownership. The Chairman and three other members of the Board are considered to be independent.

The rules of procedure of the Board of Directors are being reconsidered on an annual basis. In order to ensure the continued development of the Board's work, the Chairman of the Board conducts dialogues on the topic with the members of the Board of Directors during the year. A more formal Board self evaluation, based on a questionnaire, is conducted at regular intervals and took place in 2009. The results of the Board self evaluation were discussed by the Board and management, and a course of actions was agreed to seek continuous improvement.

Corporate Management

The Management Board consists of the President and CEO, Jørgen Vig Knudstorp and the CFO, Sten Daugaard. The Management Board together with the following four Executive Vice Presidents form Corporate Management, the highest decision-making organ within the LEGO Group. The four Executive Vice Presidents are Christian Iversen, Corporate Center, Mads Nipper, Markets & Products, Iqbal Padda, Global Supply Chain and Lisbeth Valthier Pallesen, Community, Education & Direct. The Management Board refers to the Board of Directors.

Cross functional bodies

In order to ensure coordination and quick decision-making, the LEGO Group has set up four cross functional boards under Corporate Management with delegated decision power. The four boards are the Brand and Innovation Board, the Corporate Compliance Board, the Operations Board and the IT Board. Two of these boards are directly linked to the ESG work performed by the LEGO Group.

The Brand and Innovation Board sets the overall strategic direction of the LEGO brand and the development of new business ideas. The expectations towards the LEGO brand are handled in this board when it comes to strategic decisions.

The decisions on the strategic direction for Environmental, Social and Governance (ESG) activities are made by Corporate Management, whereas the Corporate Compliance Board on behalf of Corporate Management secures that the company is in compliance with the responsibility targets, company policies and standards and direction defined. The Corporate Compliance Board is headed by Christian Iversen, Executive Vice President, and members include the President and CEO, the CFO, the General Counsel and a high level representative from the quality department and the Corporate Governance & Sustainability function.

Employees' possibility to give input directly to executives

Employees generally consider the LEGO Group a very open and network based organization where input from employees is very welcome. The President and CEO has an intranet blog where he shares thoughts and reflections in a dialogue with employees. The blog includes an opportunity for all employees to write an anonymous e-mail to him. Via the business integrity setup, a whistle blower possibility is also available for all employees.

Furthermore management and employee representatives from all over the world meet annually in the Global Works Council to discuss the challenges facing the company.

Policies and standards

In 2009, a new LEGO policy framework was launched to simplify and clearly communicate the overall policies within which the LEGO Group does business. The framework consists of 11 corporate policies and a number of underlying corporate standards. To secure compliance with the corporate policies and standards, an annual review report is prepared for internal use.

All relevant policies are available on www.LEGO.com/about us.

Corporate Policies in the LEGO Group
Communication Policy
Environmental Policy
Finance Policy
Health & Safety Policy
IT Policy
Legal Policy
People & Culture Policy
Product Safety Policy
Quality Policy
Responsibility Policy
Risk Management Policy

The LEGO policy framework.

Lobbying

Lobby activities for the LEGO Group must be balanced to the benefit of all stakeholders based on the LEGO spirit and core values and must always be conducted in a transparent and professional manner.

The LEGO Group participates in toy related lobby activities in external associations with focus on critical standards, changes in legislation or other initiatives that may influence the LEGO Brand.

System and management setup

The LEGO Group has defined four main focus areas for lobby activities:

- Intellectual property rights
- Toy safety, including child health and safety
- Marketing to children
- Corporate responsibility

International and regional associations and initiatives in which the LEGO Group participates include the following:

- Toy Industries of Europe – TIE
- Toy Industry Association – TIA
- European Brand Organization – AIM
- World Federation of Advertisers – WFA
- European Committee for Standardization – CEN
- International Organization for Standardization – ISO

In the EU, the revised Toy Safety Directive was published in June 2009. The Directive has been strengthened in many ways, both in relation to the documentation required by manufacturers and in relation to ensuring the chemical safety of toys. It includes new and stricter rules on heavy metals and Carcinogenic, Mutagenic and Reprotoxic substances (CMRs). In accordance with the legislative framework for toys in the EU, the European Standards for Toy Safety must now be revised in order to adapt to the new Directive. This work is ongoing and the LEGO Group is actively involved as Chairman of the Technical Committee for Toy Safety in the European Committee for Standardization (CEN). The LEGO Group is also active in providing technical expertise for the revision of the standards. The standards for the mechanical and physical safety of toys must be revised within two years, and for the chemical aspects these standards must be revised within four years of the publication of the Directive.

The LEGO Group has also been very active along with Toy Industries of Europe (TIE) and the European Commission in communicating the consequences of the new Directive to manufacturers and distributors both in the EU and in Asia. At present the LEGO Group holds the chair of the TIE.

In the US, the implementation of the Consumer Product Safety Improvement Act has required that, on a continuous basis, the LEGO Group provides input to the Consumer Product Safety Commission through TIA and by itself in relation to the ongoing rulemaking process.

The LEGO Group has consistently focused on ensuring that the toy safety rules set as high standards as possible while ensuring that new rules can also be implemented. The continued focus by all stakeholders on toy safety requires the LEGO Group to consistently share its view on this crucial topic for the toy industry.

Assurance Statement for the LEGO Group's stakeholders from the independent auditor

We have reviewed the consolidated non-financial data of the LEGO Group's Progress Report for 2009 as expressed on pages 4 and 19-20.

Criteria for preparation of the Progress Report's non financial data

The criteria for preparation of the Progress Report's non-financial data are the accounting policies described on pages 17-18. These contain information concerning which of the Group's business areas and activities are included in the reporting, types of data, and Management's reasons for choosing the data included. The non-financial data are factored in accordance with the accounting policies described on pages 17-18.

Delegation of responsibility

Company Management is responsible for preparing the Progress Report's non-financial data, including for establishing registration and internal control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria as well as choosing data to be collected. Our responsibility is, on the basis of our work, to express an opinion on the 2009 Progress Report's non-financial data.

Scope of our work

We have planned and completed our work in accordance with the International Auditing Standard ISAE 3000 (assurance engagements other than audits or review of historical financial information) for the purpose of obtaining limited assurance that the non-financial data for 2009 presented on pages 4 and 19-20 have been computed in accordance with the stated criteria.

The obtained assurance is limited compared to that of an engagement with reasonable assurance. Our work has thus - based on assessment of materiality and risk - comprised inquiries regarding applied registration systems and procedures, review of data used in connection with preparation of the 2009 non-financial data, and review of underlying documentation, including review of whether the scope of the 2009 non-financial data complies with described accounting policies for the 2009 non-financial data. During the review process, we have visited entities in Billund (Denmark), Enfield (USA), Kladno (Czech Republic) and Nyíregyháza (Hungary).

Conclusion regarding the 2009 Progress Report's non-financial data

Based on our review, nothing has come to our attention causing us not to believe that the consolidated non-financial data of the Progress Report of the LEGO Group for 2009 have been presented in accordance with the stated criteria.

Copenhagen, 24 February 2010

PricewaterhouseCoopers

Statsautoriseret Revisionsaktieselskab



Henrik Kragh
State Authorised Public Accountant



Birgitte Mogensen
State Authorised Public Accountant

Scope and calculation method

The data presented in this Progress Report comprise the LEGO Group based on the legal boundaries for the Group. More information on this can be found in the Annual Report 2009 for the LEGO Group. The report covers the period 1 January 2009 to 31 December 2009.

The selection of data is based on an assessment of data of special importance to the LEGO Group's long term earnings. Moreover, in the LEGO Group's opinion, the indicators addressed are also of interest to the LEGO Group stakeholders when it comes to follow-up on Environmental, Social and Governance (ESG) issues related to delivering on the four promises given. The indicators will on an ongoing basis be challenged when new indicators or measurement methods become available.

Data have been calculated by consolidating data for the parent company (LEGO A/S) with data for all subsidiaries. The consolidation is based on data of a uniform nature and calculated under the same methods. However, data relating to health and safety only include data from plants with more than 100 employees. Similarly, environmental data only comprise production facilities. The measurement method remains unchanged from last year.

The manufacturing setup changed during 2008 and now includes sites in the Czech Republic, Hungary and Mexico which makes it difficult to compare 2009 data with previous years. Data measurement methods and the basis of calculations are addressed below; however please see the Annual Report 2009 for a description of measurement methods relating to financial results.

Play Promise

Number of product recalls

Product recalls are calculated as launched products recalled from the market due to product safety issues and calculated per stockkeeping unit.

Average monthly unique visits on LEGO.com/parents Index

The number of unique visitors is calculated as the number of year to date average monthly unique visitors according to the counter on the page.

Consumer Complaint Call Rate

The consumer complaint call rate is calculated as the number of consumer complaints received relating to products launched in the year of reporting as a percentage of the number of products sold in the launch year. Due to the substantial Christmas trade, and in order to give a true and fair view, complaints received in January of the following year are also included in the calculation, corresponding to a 13-month period.

Net Promoter Score Index

In connection with consumer contacts and the LEGO Group's online sales, randomly selected consumers are asked how likely they are, on a scale of 0-10 (10 = best), to recommend the purchased product or service to others. The development in promoters - level 9 and 10 minus the development in the detractors - level 6-0 is calculated and is shown in this Progress Report with 2005 as index basis.

People Promise

Number of employees

Comprises all employees paid by the LEGO Group, including permanently employed staff, contractually employed staff and trainees. The statement is calculated at the end of the year and measured as headcount.

Job classification

Senior Management comprises all Vice Presidents or levels above. Management comprises Senior Directors and Directors. The Directors+ group of employees consists of Senior Management and Management. Other employees are included in the group "Others".

Rate of employee turnover

Employee turnover is measured as the number of permanent employees who have voluntarily left the LEGO Group during the reporting period compared to the average number of permanent employees during the reporting period. The average is calculated on the basis of monthly data. The number of new employments and re-employments as well as dismissals is also stated.

Sick leave

Sick leave is calculated as time lost due to the employees' own illness. The sick leave is calculated as the number of absence hours as a percentage of the total number of working hours excluding holidays and non-business days.

Injury rate per million working hours

The number of occupational injuries is calculated as the number of occupational injuries resulting in at least one day's absence following the day of the injury. The rate of occupational injuries is calculated per million working hours.

Absence rate due to injuries

The number of absence hours as a consequence of occupational injuries. The rate is calculated per 1,000 working hours, and the absence is calculated as from the day following the injury.

Percentage of employees working at OHSAS 18001 certified sites

The percentage is calculated as employees working in certified sites (certified by an external audit company) as a percentage of all employees working in the LEGO Group.

Directors+ promotions (externally recruited or internally appointed) of female employees

The number of female Directors+ promotions is shown as a percentage of all promotions into the Directors+ group of employees.

Employee Pulse

At the end of the reporting year, a survey, the Employee Pulse, is carried through in which all employees are asked to state their opinion as regards the LEGO Group as a workplace. The questions cover a wide range of the areas included in the LEGO Group strategy and measure the employees' motivation and commitment. The results are used to identify significant target areas at Group and departmental level.

Scope and calculation method

Partner Promise

Percentage of Directors+ at LEGO sites trained in business integrity

The percentage is calculated as Directors+ having completed the e-learning program in Business Conduct as a percentage of all Directors+ in the LEGO Group.

Audits conducted at LEGO® sites

The number of audits conducted at LEGO sites is calculated as third party audits connected to the certification process or voluntary Code of Conduct audits. The number of significant discrepancies is reported and briefly described. These form the basis for continuous work on improvements.

Data relating to suppliers and business partners

The number of suppliers includes the LEGO Group's active direct suppliers calculated at the end of the reporting period. The number is broken down into direct suppliers and extended line suppliers. Direct suppliers deliver bill of material components whereas extended line suppliers primarily deliver merchandise. Suppliers do not include indirect purchases. The number of suppliers who have been audited is calculated as the number of suppliers visited with a view to formalised monitoring and reporting of compliance with quality standards or Code of Conduct.

The number of significant discrepancies is reported and briefly described. These form the basis of the continued dialogue with the suppliers in order to continuously work on improvements.

Customer Pulse

To obtain an evaluation of the past year's cooperation, retail customers are asked to give their perceived evaluation of the LEGO Group during January and February of the following year. The survey is executed via the web. The survey is used to track performance within the following five categories: 1) Products - where questions are asked regarding innovation, packaging, assortment size etc. 2) Marketing - where performance is tracked on the effectiveness of customer, in-store and promotion marketing etc. 3) Service - where customers rate the LEGO Group regarding e.g. order lead-time, quality in delivery, on-time delivery etc. 4) Partnership - where performance is tracked on joint planning, information sharing etc. 5) Value - where questions related to stock turns, trading terms etc. are in focus.

The consolidated data are shown in this Progress Report with 2005 as index basis.

Planet Promise

Water consumption

Water consumption is calculated as the quantity of water supplied to the LEGO Group.

Energy consumption

Energy consumption is calculated as the total energy in the form of electricity and heating supplied to LEGO Group sites with production. The energy efficiency index is calculated as the rate between value add and energy consumption. Value add defined as revenue minus net value of purchased goods and services (please see figure on page 10).

Raw materials

Raw materials are calculated as plastic granulate used in manufacturing.

Waste

Waste is calculated as the recorded quantities of waste disposed from the LEGO Group. The recycled waste percentage is calculated as the recycled quantities of waste disposed compared to total quantities of waste disposed.

Data overview and notes

Note		Target 2009		2009	2008
Play Promise					
	Number of product recalls	0	•	1	0
	Average monthly unique visits on LEGO.com/parents Index	>=110	•	123	100
	Consumer Complaint Call Rate	<= 0.120%	•	0.093%	0.123%
	Net Promoter Score Index	>= 120	•	126	120
People Promise					
1	Number of employees (headcount end of year)			8,616	7,337
1	Female			45.3%	46.7%
1	Male			54.7%	53.3%
	Average age			36.7	38.2
2	Rate of employee turnover			10.4%	10.8%
	Sick leave	<= 3.5%	•	2.9%	3.0%
3	Number of accidents with absence			61	35
4	Injury rate per million working hours	<= 6.0	•	4.8	4.4
	Absence rate due to injuries	<= 0.3	•	0.51	0.25
	Percentage of employees working at OHSAS 18001 certified sites	>=80%	•	94%	45%
	Directors+ promotions (externally recruited or internally appointed) of female employees	>= 25%	•	20%	18%
	Employees Pulse				
	- Work-life balance range to global scorecard (LEGO EEI)	+0	•	+3	+2
	- Motivation & Satisfaction range to global scorecard (LEGO EEI)	+10	•	+11	+10
Partner Promise					
	Percentage of Directors+ at LEGO sites trained in business integrity	>= 25%	•	69%	0%
5	Number of audits conducted at main LEGO sites			23	9
5	Number of major quality non-conformities found at main LEGO sites	0	•	0	4
5	Number of major EHS non-conformities found at main LEGO sites	0	•	0	0
5	Number of major CoC non-conformities found at main LEGO sites	0	•	1	0
6	Total number of direct and extended line suppliers			231	196
	Number of quality audited suppliers			2	23
7	Number of CoC audited suppliers			48	18
	Percentage of active direct and extended line suppliers audited with production in high risk and intermediate risk countries	= 100%	•	96%	-
	Number of major quality non-conformities found at suppliers			3	20
8	Number of major CoC non-conformities found at suppliers			36	16
	Major quality non-conformities found in 2008 at direct and extended line suppliers solved	>=50%	•	100%	-
	Major CoC non-conformities found in 2008 at direct and extended line suppliers solved	>=50%	•	94%	-
	Customer Pulse				
	- Overall Satisfaction			119	119
	- Products			106	106
	- Marketing			107	105
	- Service			117	117
	- Partnership			111	110
	- Value			113	112
Planet Promise					
	Raw material, plastic, 1,000 tons			35	20
	Water consumption, 1,000 m ³			116	68
	Total energy consumption in production, GWh			155	108
	Energy Efficiency Index	>=100	•	127	135
	Waste, tonnes			7,970	3,057
	Recycled waste (of total registered waste)	>=80%	•	88%	69%

• Target met • Target not met

Data overview and notes

Note 1, Total number of employees

	2009	2008
Female	3,900	3,425
Male	4,716	3,912
Total	8,616	7,337
Asia	160	151
America, Australia and New Zealand	2,245	1,280
Europe	6,211	5,906
Total	8,616	7,337
Senior management	46	40
Management	302	279
Other	8,268	7,018
Total	8,616	7,337

Note 2, New hires, rehires and terminations

	2009	2008
New hires and rehires	1,780	1,154
Takeover of plants	0	2,099
Terminations	515	700

The number of employees dismissed by the LEGO Group in 2009 has been calculated at 180 (2008: 169). Notice concerning major structural changes will be given in due time as it has been demonstrated in earlier years. In late November notice was given to 54 hourly paid employees (the lay-offs will have influence on next year's figure).

Note 3, Number of accidents

	2009	2008
Americas	7	0
Europe	54	35
Total	61	35

Note 4, Injury rate per million working hours

	2009	2008
Americas	2.2	0.0
Europe	5.6	5.2
Total	4.8	4.4

Note 5, Third party audits for main LEGO sites, 2009

	Certifications			Code of Conduct Audits
	ISO 9001	ISO 14001	OHSAS 18001	
Billund, Denmark	2	1	1	1
Kladno (MC), Czech Republic	1	1	1	1
Kladno (Production), Czech Republic	1	1	1	1
Nyiregyháza, Hungary	1	1	1	1
Monterrey, Mexico	1	1	1	0
Hong Kong, China	1	N/A	N/A	N/A
Slough, UK	N/A	N/A	1	N/A
Enfield, USA	N/A	N/A	0	N/A
Munich, Germany	N/A	N/A	1	N/A
Total number of audits	7	5	7	4
Total number of major non-conformities	0	0	0	1

The one major non-conformity on Code of Conduct can be summarized as:
- 1 related to working hours

Note 6, Total number of suppliers split on Code of Conduct risk, end of 2009

	Direct	Extended	Total
China/Hong Kong	10	29	39
Mexico	4		4
Turkey	1		1
Total high risk countries	15	29	44
Czech Republic	45		45
Hungary	13		13
Italy	3		3
Japan	1		1
Korea	1		1
Poland	4		4
Romania	1		1
Slovakia	1		1
Taiwan		1	1
USA	20		20
Total intermediate risk countries	89	1	90
Austria	4		4
Belgium	1		1
Canada	1		1
Denmark	51		51
France	1		1
Germany	16		16
United Kingdom	3		3
The Netherlands	4		4
Switzerland	5		5
Spain	1		1
Sweden	10		10
Total low risk countries	97	0	97
Total	201	30	231

Only active suppliers with production in high and intermediate risk countries are audited, equal to 44 high risk and 22 intermediate risk vendors. 16 of the high risk vendors are audited in the ICTI Care process. A total of 48 audits conducted for the LEGO Group by third party auditor. Two suppliers were not audited according to plan as a planned exit of one supplier was postponed, and a new supplier was accepted late 2009.

Note 7, Total number of LEGO Group Code of Conduct audited suppliers in 2009

High risk countries	26
Intermediate risk countries	22
Total number of audits	48

Note 8, Total number of major non-conformities found in LEGO Group Code of Conduct audits, 2009

High risk countries	26
Intermediate risk countries	10
Total number of audits	36

The audits create a dialogue with the suppliers, and the major non-conformities set the main focus for the continuous improvement process.

The 36 major non-conformities for the Code of Conduct area can be summarized as:

- 17 related to EH&S
- 10 related to working hours
- 4 related to wages
- 2 related to management system
- 2 related to coercion and disciplinary actions
- 1 related to freedom of expression

UN Global Compact overview

By issuing this annual Progress Report, the LEGO Group expresses its continued support to the UN Global Compact. The LEGO Group recognizes the importance of integrating Environmental, Social and Governance (ESG) issues into the way business is done. In this Report, the LEGO Group shows the company's progress towards this integration of ESG issues into its core business.



Jørgen Vig Knudstorp
President and CEO

According to guidelines from the UN Global Compact office, the LEGO Group summarizes briefly below references in this year's report to give a quick overview:

Area	Principle	Reference to GRI indicator	Page
Human rights	1 – Businesses should support and respect the protection of internationally proclaimed human rights within the area in which it exerts influence	HR2: LA7: LA13: SO5: PR1:	8-11, 19-20 8-11, 19-20 19-20 14-15 5, 8-11, 12-13
	2 – Businesses should make sure they are not complicit in human rights abuses	HR2: SO5:	8-11, 19-20 14-15
Labour Standards	3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	HR2: LA5: SO5:	8-11, 19-20 19-20 14-15
	4 – Businesses should support the elimination of all forms of forced and compulsory labour	HR2: SO5:	8-11, 19-20 14-15
	5 – Businesses should support the effective abolition of child labour	HR2: SO5:	8-11, 19-20 14-15
	6 – Businesses should support the elimination of discrimination in respect of employment and occupation	HR2: LA2: LA13: SO5:	8-11, 19-20 19-20 19-20 14-15
Environment	7 – Businesses should support a precautionary approach to environmental challenges	EC2: SO5:	5, B 24 14-15
	8 – Businesses should undertake initiatives to promote greater environmental responsibility	EN1: EN4: EN8: EN22: SO5:	19-20 5, 8-11, 19-20 19-20 8-11, 19-20 14-15
	9 – Businesses should encourage the development and diffusion of environmentally friendly technologies	SO5:	14-15
Anti-Corruption	10 – Businesses should work against corruption in all its forms, including extortion and bribery	SO3: SO5:	B 38, 8-11, 19-20 14-15

B = The LEGO Group's magazine The Brick

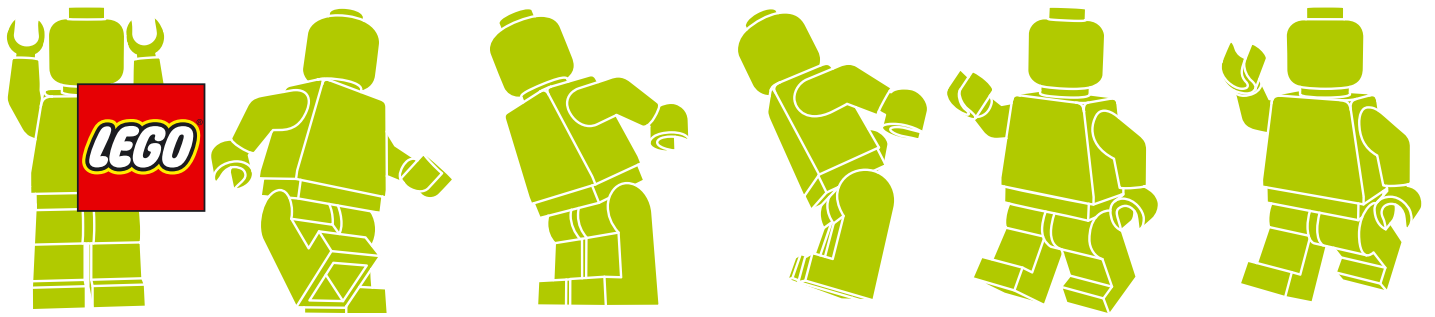
Global Reporting Initiative (GRI) G3 overview

Application Level of the LEGO Group 2009: Self-declared Level C

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Strategy and analysis			Economic indicators	
1.1	Statement from Corporate Management about vision and strategy	5	EC1	Economic value generated in 2009 4
1.2	Description of key impacts, risks and opportunities.	5, 6-7, 12-13	EC2	Risks and opportunities due to climate change .. 5, B 24
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2.3	Organizational structure and company structure ..	14-15	EN8	Water consumption 19-20
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2.5	Countries in which the organization operates (See world map in The Brick)	B 3		
2.6	Nature of ownership and legal form	B 3	Social indicators – Labour standards	
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A = The LEGO Group's Annual Report 2009
B = The LEGO Group's magazine The Brick

The above-mentioned indicators are fully or partly reported according to GRI G3.



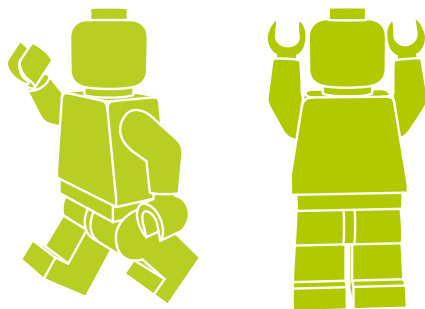
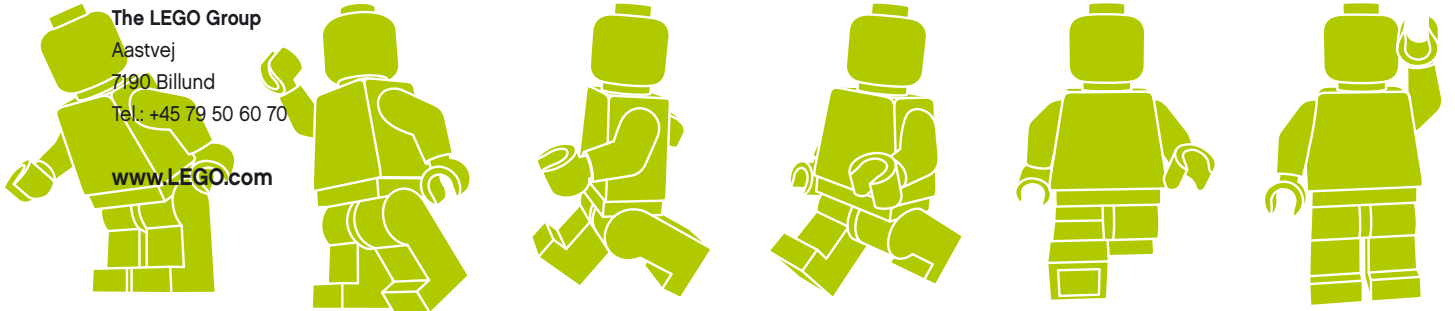
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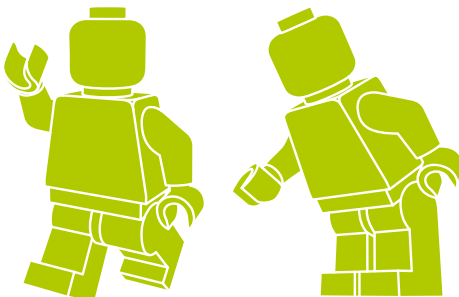
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Annual Report

In the Annual Report you will find detailed information on the LEGO Group's financial results in 2009.

<http://www.LEGO.com/eng/info/>

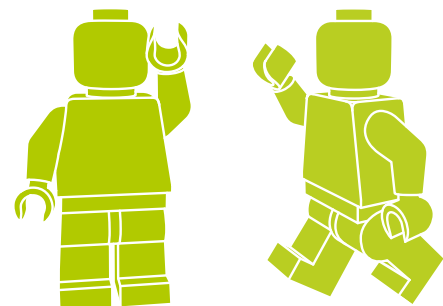


Progress Report

In the Progress Report you will find detailed information on the progress of the LEGO Group's work within environmental, social and governance (ESG) areas in 2009. It includes data on for example consumer complaint rates, Code of Conduct audits, employee injury rate and much more.

The Progress Report also serves as the annual communication on progress required by UN Global Compact.

<http://www.LEGO.com/eng/info/>



The Brick

The Brick is an annual magazine designed to supplement the two reports – Annual Report and Progress Report. It offers a view into the many ways in which the LEGO Group interacts with all its stakeholders, and in an easy-to-read way, it follows up on some of the data in the Progress Report.

<http://www.LEGO.com/eng/info/>

