The LEGO Group

Climate Impact 2018

Our Commitment

The planet is facing challenges today that will have a significant impact on the lives of future generations. It is our ambition to make a positive impact on society and the planet that children will inherit. It is this focus on future generations that drives our responsibility agenda.

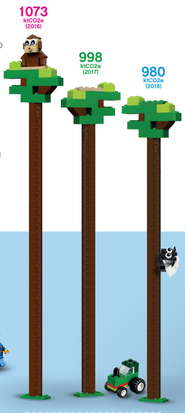
Our long-term ambition is to eliminate the environmental impact on the planet from manufacturing LEGO® bricks. In our work, we therefore strive to safeguard natural resources and minimise our environmental impact. We must set a good example as a company, and inspire, educate and engage with children to take care of the environment as well. To achieve this, we work to reduce CO2 emissions in our operations and supply chain.

Our Climate Footprint 2018

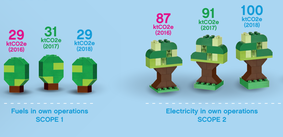
Every year we calculate the LEGO Group's carbon footprint. Understanding our climate impact allows us to take action to improve it.

Total greenhouse gas emissions from the LEGO Group's own operations and supply chain were 1.1 million tonnes of CO2 equivalents (CO2e) in 2018. Our own operations account for 12% of total emissions. These in-house emissions come from energy used at our factories, offices and stores.

In 2018, emissions from our own operations grew 6%, compared with 2017. The carbon efficiency of our operations, however, improved as we used less CO2 per kilogram of LEGO® bricks produced.



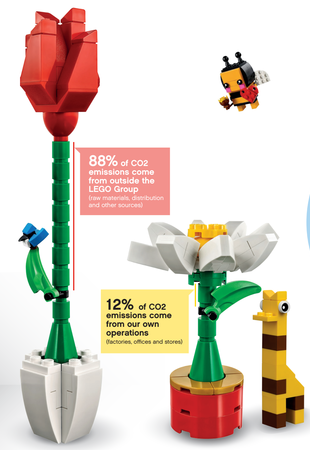
Absolute Emissions 2016-2018



Fuels in own operations
SCOPE 1

Electricity in own operations
SCOPE 2

Supply chain
SCOPE 3



Activities within our supply chain account for the remaining 88% of the LEGO Group's total greenhouse gas emissions. These include the production of raw materials used, construction of machinery needed for making LEGO bricks and distribution of our products. Emissions in our supply chain fell 2% in 2018, compared with 2017.

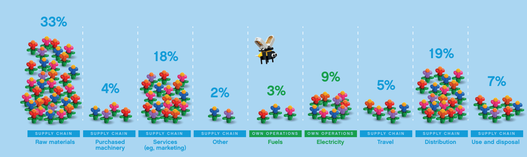
What are Greenhouse Gases?

Heat-trapping greenhouse gases are released into the atmosphere from the ocean, animals and plants, and through human activities such as burning fossil fuels.

The current high concentration of greenhouse gases is warming the climate system and the Earth's average temperature is increasing. Warming has already reached 1°C above pre-industrial levels. The aim of the Paris Agreement - signed by 187 countries - is to limit warming to well below 2°C, pursuing efforts to limit it to 1.5°C.

Carbon dioxide (CO2) is the most common greenhouse gas, which is why these emissions are often referred to as carbon emissions and expressed in carbon dioxide equivalents (CO2e).

Emissions Breakdown 2018



SUPPLY CHAIN	SUPPLY CHAIN	SUPPLY CHAIN	SUPPLY CHAIN	OWN OPERATIONS	OWN OPERATIONS	SUPPLY CHAIN	SUPPLY CHAIN	SUPPLY CHAIN
Raw materials	Purchased machinery	Services (eg, marketing)	Other	Fuels	Electricity	Travel	Distribution	Use and disposal

Our Progress

We have set ambitious targets at the LEGO Group to improve our energy and carbon efficiencies. By 2020, we aim to reduce the carbon emissions per LEGO® brick produced by 10% – compared with 2016.

In 2018, our carbon efficiency improved by 11.3% compared with the previous year, exceeding our annual target of 10%. The LEGO Operational Efficiency Programme works to invest in technologies and processes used in our operations, to minimise our environmental footprint.

Meeting our 2020 carbon target remains a challenge. The operating efficiency in our factories was high when we set our target baseline, as the production sites were working at optimal capacity. In 2017, our efficiency dropped due to two factors. Firstly, our new factory in Jiaxing, China was included in our carbon reporting for the first time. The factory was coming onstream and gradually building its production volumes, which meant it had low production utilisation. Secondly, lower than anticipated sales and corresponding production levels during 2017 reduced production efficiency, impacting our long-term efficiency ambitions.

We are working hard to make significant improvements in 2019 and 2020 to meet our four-year target at the end of next year.

Our Data

Accounting policy

A greenhouse gas (GHG) inventory is developed on an annual basis for the full value chain of the LEGO Group. Our inventory reports on all greenhouse gases covered by the UNFCCC/Kyoto Protocol for scope 1, 2 and 3 emissions.

It follows the most recent standards and guidelines published by the GHG Protocol Initiative. The scope of our climate inventory is based on the operational control criteria. This means that we account for all emissions from operations over which we have operational control.

We calculate our scope 2 figure – ie, emissions from electricity consumption – using location-based emission factors.

Each year's climate inventory is verified by an external party. The verifier ensures the LEGO Group's compliance with the ISO 14064 standard and the GHG Protocol, namely the GHG Protocol Scope 2 Guidance, the GHG Protocol Corporate Standard and the GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

	Gross direct GHG emissions scope 1 (kCO2e)	Gross direct GHG emissions scope 2 (kCO2e)	Gross direct GHG emissions scope 3 (kCO2e)
GHG emissions (2018)	29	100	980
GHG emissions base year (2016)*	29	87	1,073
Biogenic emissions (2018)	1.4	n/a	n/a
GHG emissions savings (2018)	0.2	1.4	n/a

*updated