The LEGO Group

Climate impact 2017

Our commitment

10% reduction in CO_2 emissions per LEGO® brick produced over 2017-20

We are committed to making a positive impact on the world children will inherit. Children inspire us and we admire their intuitive approach toward play and learning. In turn we want to inspire children to take care of their society and environment.

In our work, we strive to safeguard the natural resources that children will inherit and minimise our environmental impact. We must set a good example as a company, and inspire and engage with children to take care of the environment as well. To achieve this, we work to reduce CO_2 emissions in our operations and supply chain.

Our climate footprint

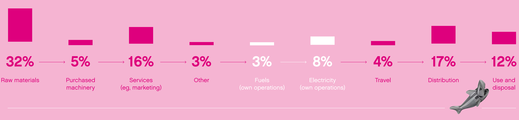
2017 breakdown:

1.1m tonnes of CO_2e from our own operations and supply chain

of CO_2 emissions from outside the LEGO Group (raw materials, distribution and other sources) **89%**

11% of CO_2 emissions from our own operations (factories, offices and stores)

■ Outside the LEGO Group ■ LEGO Group operations



Our long-term ambition is to eliminate the environmental impact on the planet from manufacturing LEGO® bricks.

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 CO_2 equivalents (CO_2e) in 2017.

Our own operations account for 11% of total emissions. These in-house emissions come from energy used at our factories, offices and stores.

In 2017, emissions from our own operations grew 4%, compared with 2016. The rise in emissions was due to the opening of a new manufacturing site in Jiaxing, China.

The remaining 89% of greenhouse gas emissions are associated with activities in our supply chain such as the production of raw materials used, the construction of machinery needed for making LEGO bricks, and the distribution of our products. Emissions in our supply chain fell 7% in 2017, compared with 2016.

Supply chain emissions fell 7% in 2017

Our own emissions grew 4% in 2017

Total emissions in 2017:

1,120,312 tCO_2e

Read more at LEGO.com/responsibility-story

Absolute emissions 2015-17

■ 2015 ■ 2016 ■ 2017

Fuels in own operations (Scope 1) $ktCO_2e$

29
29
31

Electricity in own operations (Scope 2) $ktCO_2e$

89
87
91

Supply chain (Scope 3) $ktCO_2e$

1,020
1,073
998

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.

An abundance of these gases causes the atmosphere to trap too much heat. The current high concentration of greenhouse gases is warming the climate system and the Earth's average temperature is increasing, according to the Intergovernmental Panel on Climate Change (IPCC).

Carbon dioxide (CO_2) is the most common greenhouse gas, which is why these emissions are often referred to as carbon emissions and expressed in carbon dioxide equivalents (CO_2e).

Our progress

Find more information about our Climate Savers partnership with WWF here.

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.

We changed our target from energy efficiency to carbon efficiency per tonne of LEGO bricks in 2017 to better guide our efforts in reducing CO_2 intensity.

In 2017, we saw a decrease in carbon efficiency of minus 25.4%. This was below our target of minus 24%, which took into consideration the new factory ramp-up and lower production volumes. We aim for a more positive development in the coming years to meet our 2020 ambitions.

We extended our partnership with WWF and it's Climate Savers Program in 2017. The LEGO Group has not only committed to reducing emissions in our own manufacturing processes, but also in our supply chain operations.

Operational efficiency
The LEGO Operational Efficiency programme tackles environmental issues in our own operations. We address both climate change and resources. Our aim is to reduce CO_2 emissions from LEGO bricks produced by 10% over 2017-20. We have already improved energy efficiency by more than 20% in one year at our new Chinese manufacturing site, which opened in 2017, by optimising building and operating systems. We also have a target to reduce waste-to-landfill to zero by 2025.

Supplier engagement
The LEGO Engage-to-Reduce programme tackles environmental issues in our supply chain. To date, 39 key suppliers have joined our sustainability journey. They represent almost two-thirds of total spend in 2017. We work with these suppliers to introduce emission reduction measures that minimise their carbon output and ours.

Of the current suppliers in the programme:
- 75% have implemented energy reduction projects, and
- 50% have an emissions reduction target.

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 14064-1 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 ($ktCO_2e$)	Gross indirect GHG emissions: scope 2 ($ktCO_2e$)	Other indirect GHG emissions: scope 3 ($ktCO_2e$)
GHG emissions (2017)	31	91	998
GHG emissions base year (2016)	29	87	1,073
Biogenic emissions (2017)	1.4	n/a	n/a
GHG emission savings (2017)	0.2	8.1	0.0