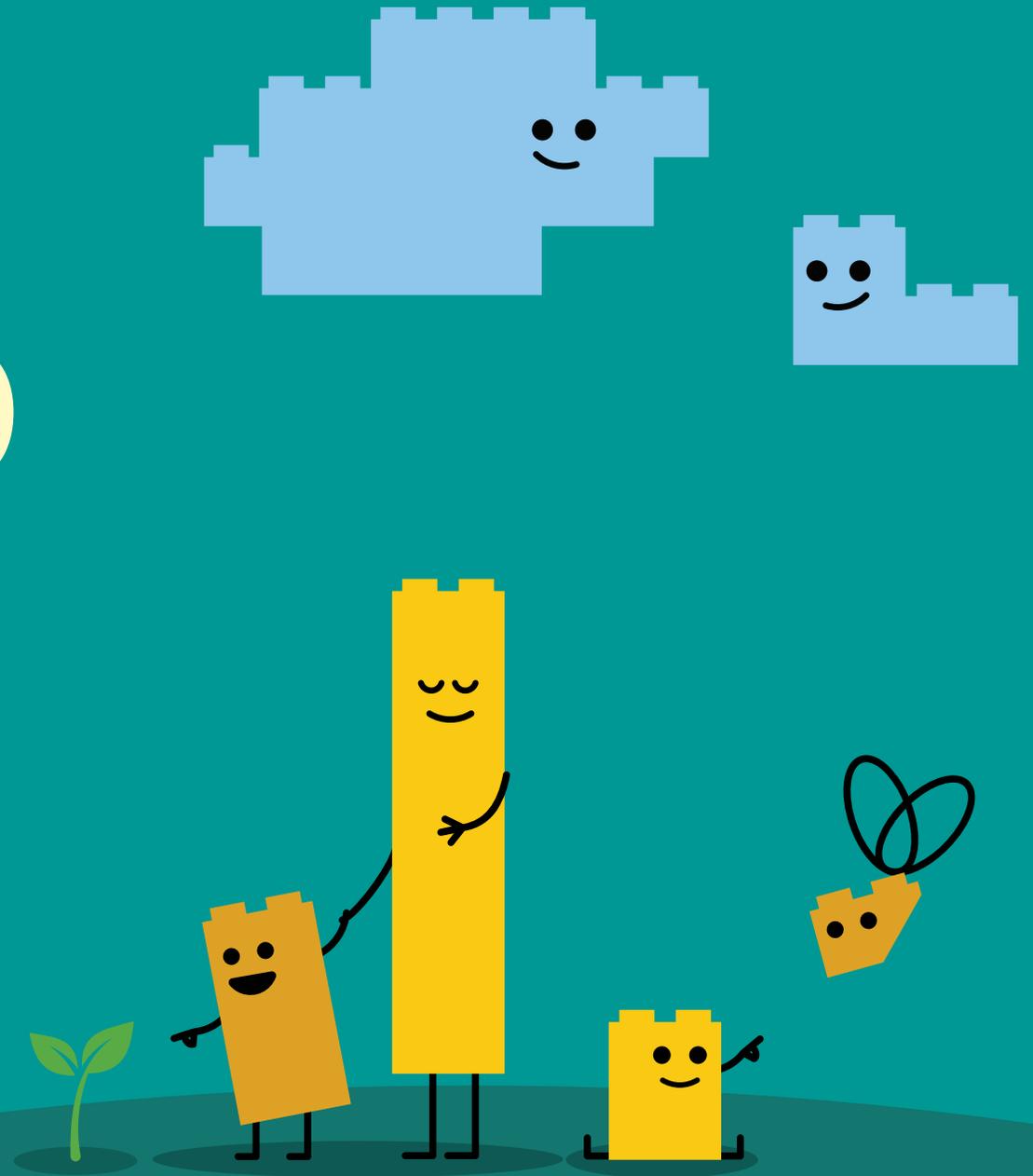




The LEGO Group

Our 2020 carbon footprint





Our commitment

At the LEGO Group, our mission is to ‘inspire and develop the builders of tomorrow’. That means we aim to create a more sustainable planet for our children to inherit. Our sustainability agenda is driven by a focus on future generations, and it is our ambition to make a positive impact on both society and the environment.

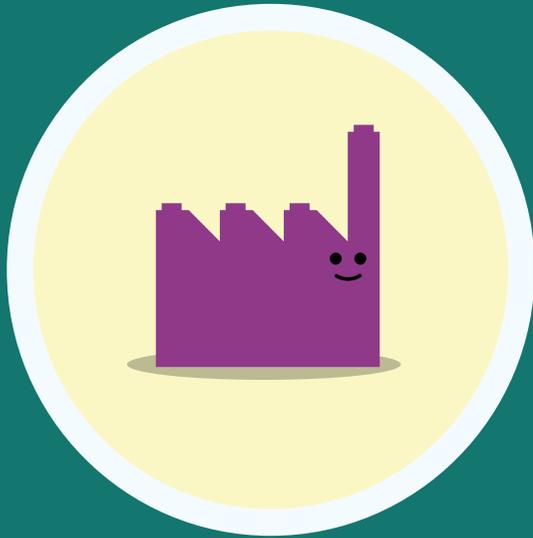
Our goal is to minimise the environmental impact on the planet from manufacturing LEGO® bricks. We are joining forces with suppliers, partners and NGOs to reduce our greenhouse gas emissions and safeguard the world’s natural resources for the next generation.

What are greenhouse gas emissions?

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

The most recent report from the UN’s Intergovernmental Panel on Climate Change (IPCC) summarises the latest science on climate change. The IPCC estimate a total carbon budget of 500 billion tonnes of carbon. Global CO₂ emissions are currently emitted at a rate of 40 billion tonnes per year. If the world exceeds this budget there will likely be a temperature rise of above 1.5 degrees Celsius, leading to sea level rise, extreme weather events and the loss of biodiversity.

Understanding scope 1, 2 and 3 emissions



Scope 1

Emissions from fuel use in
LEGO Group operations



Scope 2

Emissions from electricity
consumption in LEGO Group
operations



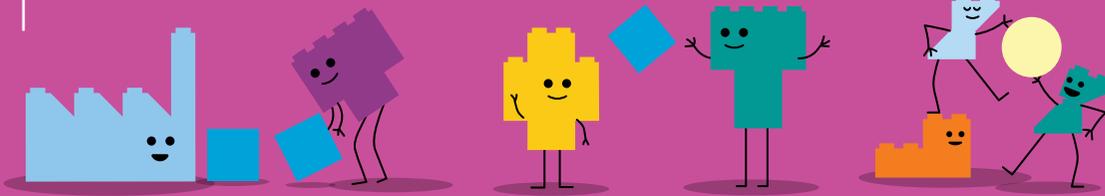
Scope 3

Emissions from outside
LEGO Group operations

Our carbon footprint in 2020

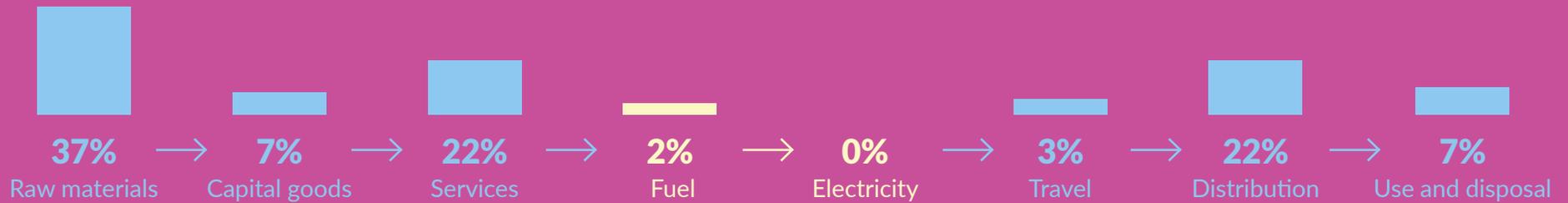
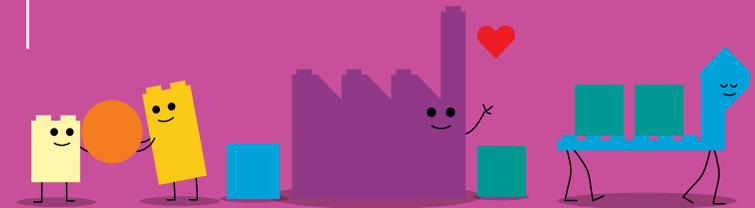
98%

CO2 emissions from outside the LEGO Group



2%

CO2 emissions from our own operations



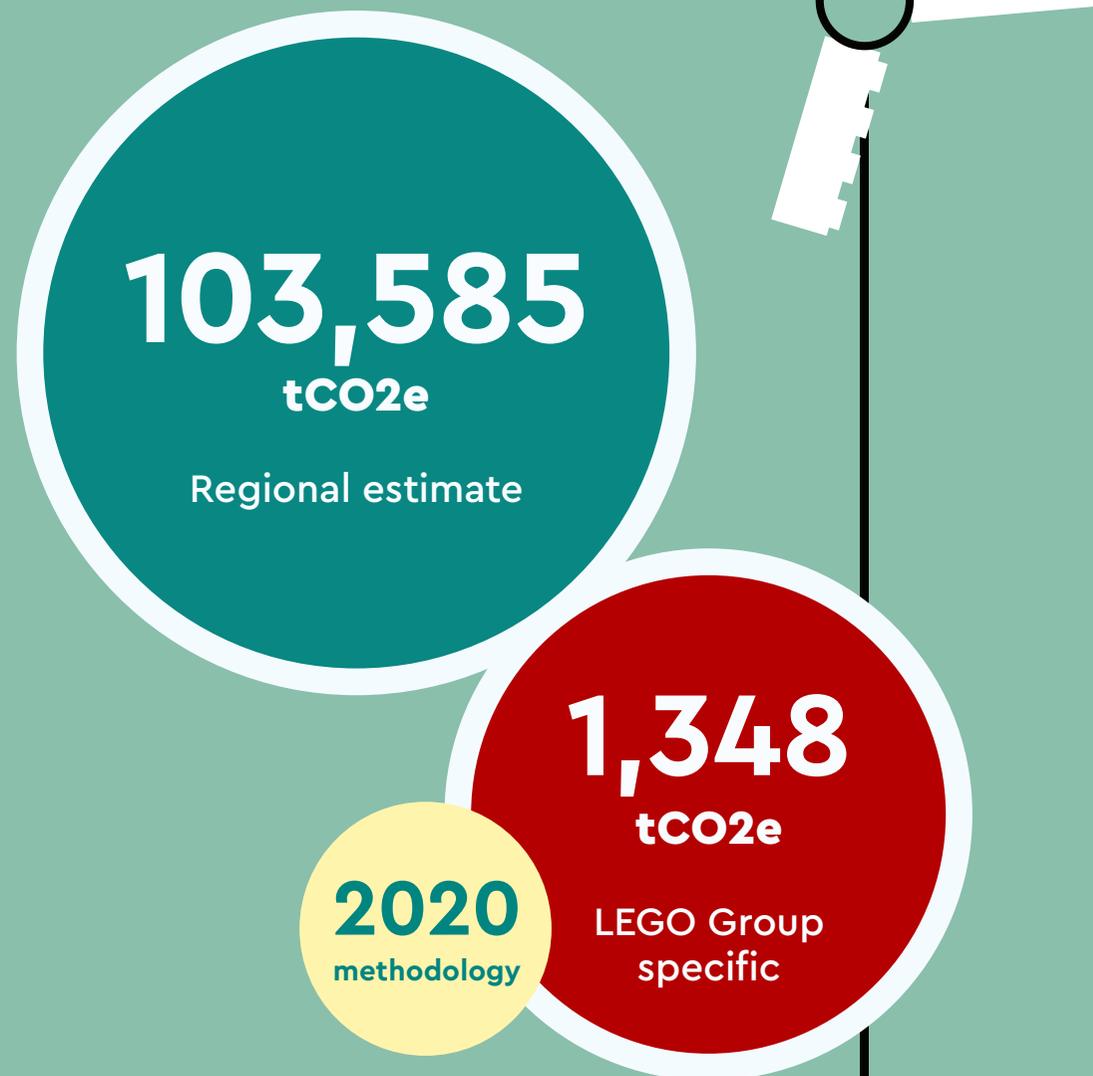
Every year, we calculate the carbon footprint of the LEGO Group. Understanding our climate impact allows us to take action to improve it. In 2020, total greenhouse gas emissions from our global operations and supply chain were 1.2 million tonnes of carbon dioxide equivalent (tCO₂e).

The LEGO Group operations account for 2% of emissions across our full value chain. These in-house emissions are known as scope 1 and 2 and come from energy used at our factories, offices and stores.

In 2020, we changed the way we calculate our scope 2 emissions from electricity to accurately reflect the renewable energy that we are procuring. We want our CO₂ figures to reflect the renewable energy credits that we purchase and retire in regions we operate in. Renewable energy credits must be retired, or banked, so that no-one else can claim that they are using the same renewable energy. This way of calculating our 2020 carbon footprint is known as the market-based approach.

In previous years' calculations, we have used regional CO₂ intensity factors for the regions that we operate in to estimate emissions from electricity. This approach, however, does not accurately indicate how renewable or non-renewable the LEGO Group's electricity purchases are. This is known as the location-based approach, which we used to calculate our emissions in 2019. Both are approved methodologies, and our CO₂ figures are always verified by an external party.

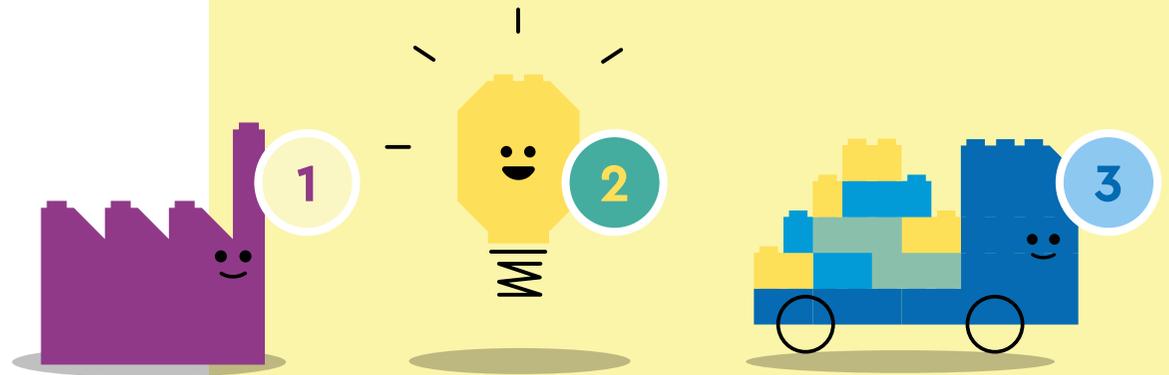
Scope 2 electricity emissions 2020
calculated using two methodology options

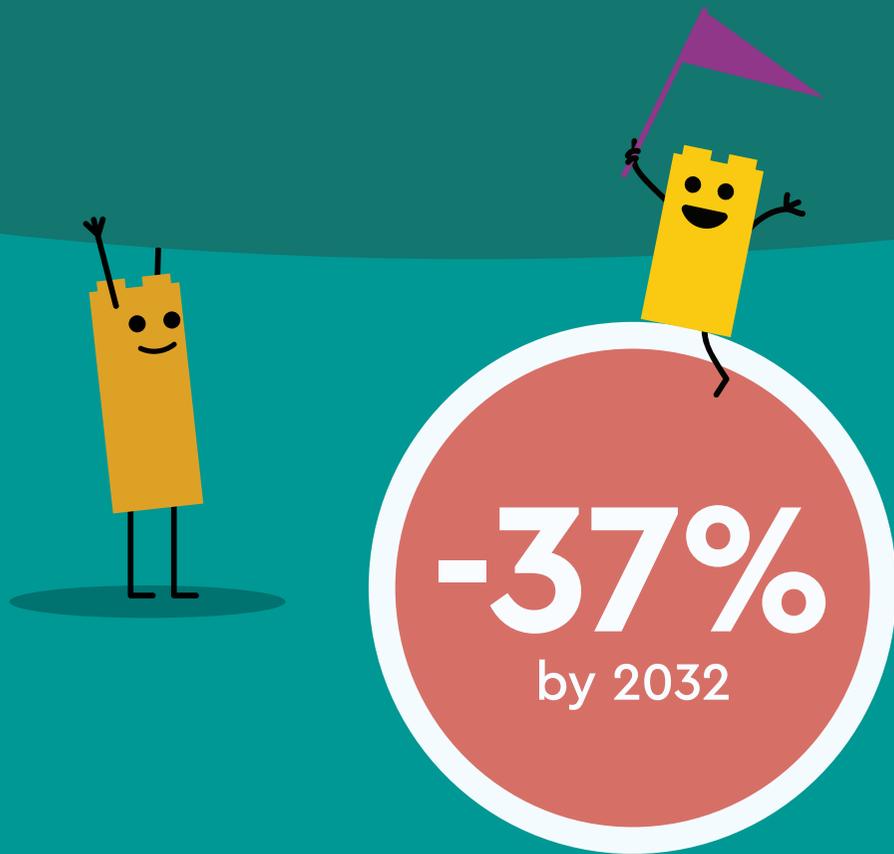


Breakdown of CO2 emissions

	<i>Market-based</i>	<i>Location-based</i>
	2020 (tCO2e)	2019 (tCO2e)
Scope 1	21,998	28,278
Scope 2	1,348	101,852
Scope 3	1,153,777	1,023,722
Total	1,177,123	1,153,852

The remaining 98% of greenhouse gas emissions are linked to activities outside of our own operations, such as the production of raw materials, the distribution of our products and LEGO® employees commuting to their offices. Emissions in our supply chain rose in 2020 compared to 2019, because we produced more bricks than the previous year. We saw an increase in demand, we had to alter our distribution routes due to the global pandemic, and we relied more heavily on distribution via air due to the temporary closure of some manufacturing sites.



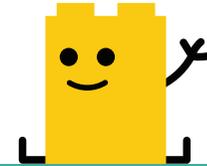


Our science-based CO2 target

In December 2020, we were the first large toy company to announce a science-based target (SBT), which commits us to reduce our absolute carbon emissions by 37% by 2032, from a base year of 2019. This covers emissions across our own operations and supply chain. The target has been approved by the Science Based Target initiative as consistent with levels required to keep global warming to below 1.5 degrees Celsius, the most ambitious goal of the Paris Agreement.

In order to reach this target, we will:

- *Increase energy efficiency through our operations, expand renewable energy production at factories and ensure the 100% procurement of renewable energy across factories, offices and stores;*
- *Increase investment in renewable energy in all regions where we operate, with the aim of running carbon neutral by the end of 2022; and*
- *Continue working with our suppliers through the LEGO Group's Engage-to-Reduce programme, which was set up in 2014 to help drive down emissions in our supply chain.*



Note on methodology

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.

Each year's climate inventory is verified by an external party. The verifier ensures the LEGO Group's compliance with 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. The limited assurance engagement is planned and completed in accordance with the International Standard of Assurance Engagements (ISAE3410).

