

The LEGO Group

# Responsible Business Principles





# Introduction

**At The LEGO Group, we want to have a positive impact on society and the planet, which our children will inherit.**

This is embedded in our [values](#), our [Policy Framework](#) and our long-term commitment to [the UN Global Compact](#), [the UN Guiding Principles on Business and Human Rights](#), [the International Bill of Human Rights](#), [the Child Rights and Business Principles](#), [the International Labour Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#), and the eight ILO Core Conventions, and [the Sustainable Development Goals](#).

Our aim is to ensure the rights and well-being of anyone involved in the production of LEGO® products, and to protect the environment for future generations. We also strive to safeguard the best interests of the child by, for example, encouraging family friendly workplaces wherever possible. We seek to work with suppliers who share our organisational ambition, commitments and values and who agree to work with us in a transparent way. Our intention is to build long term relationships with suppliers and to reward those who strive for best practice. Not only is this the right thing to do, but it also makes good business sense as part of our efforts to build a sustainable and compliant business and a resilient supply chain.

The **LEGO Group Responsible Business Principles** set out our expectations for our own production sites, suppliers and partners. There are 12 Principles, relating to **ethics, people, children** and the **environment** which sets out the **Responsibility Foundations**. These are

aligned with our **Play, People, Planet, and Partner Promises**. Our four promises are informed by our beliefs and help shape the direction of the experiences we create.

**The Responsibility Foundations** are the minimum requirements based on internationally recognized human rights, ethics and environmental practices, national laws, international standards and applicable UN and ILO Conventions. Where these set a higher standard than is required by applicable law, the more stringent standard applies.

In the Appendix, we set out Best Practice Benchmarks against each Principle. These are additional targets that we aspire to in our own facilities and encourage all suppliers to work towards. These may go beyond legal responsibility and/or international standards.

The Responsible Business Principles should be read in conjunction with the RBP Management Systems Guidebook, Responsible Sourcing Programme Manual, and supplementary **policies** and **guidelines** on specific product areas or materials.





# Application

**We expect all suppliers and partners to act in a manner consistent with the LEGO Group Responsible Business Principles. They apply to:**

- LEGO® production sites.
- Our contracted suppliers of materials, components and packaging for LEGO products
- Licensing Partners and their manufacturers who produce LEGO branded merchandise
- Any sub-suppliers providing or processing a major part of a LEGO branded product or any component carrying a LEGO ID
- Indirect suppliers (i.e. suppliers of goods or services not for resale by us)
- Subcontractors who produce LEGO branded products or provide service to any LEGO entity, including providers of contract labour.

The suppliers and partners are responsible for ensuring compliance with all Responsibility Foundations in their own operations. They are also responsible for conducting appropriate due diligence within their own supply chains and applying the Responsibility Foundations, or comparable standards, with a focus on areas identified as high risk.

Suppliers of metal or electronic components for LEGO® products are also required to comply with the **LEGO Group Policy Statement on Conflict Minerals**. All suppliers and partners must inform and get prior approval from the LEGO Group for any factory, sub-contractor or sub-supplier, including labour agencies, used for production of LEGO products or branded merchandise.

# Managing Performance

Suppliers must have management systems in place, appropriate to the size and sector of the business, to manage compliance with the Responsibility Foundations. This should include clear management accountabilities, policies and due diligence procedures, training, communication and review mechanisms (e.g. internal audits) to ensure compliance and continuous improvement. A senior management representative should be accountable for overall compliance.





# Performance Evaluation & Remediation

**Suppliers must be able to demonstrate that they are applying these principles on a daily basis.**

The LEGO Group, or its representative, will regularly carry out assessments (announced, semi-announced or un-announced) of suppliers, subcontractors and sub-suppliers and/or request submission of performance data. This includes regular auditing of sub-suppliers that provide or process a major part of a LEGO branded product or any component carrying a LEGO ID.

**We have zero tolerance towards suppliers who mislead us or any of our representatives**, irrespective of whether this is intentional or unintentional, and such actions can result in termination of the business relationship. During assessments, suppliers are required to be cooperative and provide full access to work areas, records, workers, housing and childcare facilities where applicable. If we identify a non-compliance with our **Responsibility Foundations**, we expect the supplier to develop an action plan to address it. We will also evaluate progress towards Best Practice benchmarks and take this into consideration in our business decisions.

We recognize that some issues are difficult to resolve and so encourage suppliers to share their challenges with us in a transparent way. **Our intention is always to support suppliers that show genuine commitment to improve.** However, if a supplier demonstrates continued failure to implement agreed corrective actions, or if non-compliances are of a grave character, the LEGO Group holds the right to terminate the business relationship immediately without penalty. The LEGO Group reserves the right to disclose names and addresses of suppliers and production sites. We also encourage anyone to report violations of the **Responsibility Foundations** to us. Reports can be submitted confidentially and anonymously and without fear of retaliation to [responsibility@LEGO.com](mailto:responsibility@LEGO.com) and through the [LEGO Compliance Line](#).



# Acceptance

We hereby acknowledge receipt of the **LEGO Group Responsible Business Principles**.

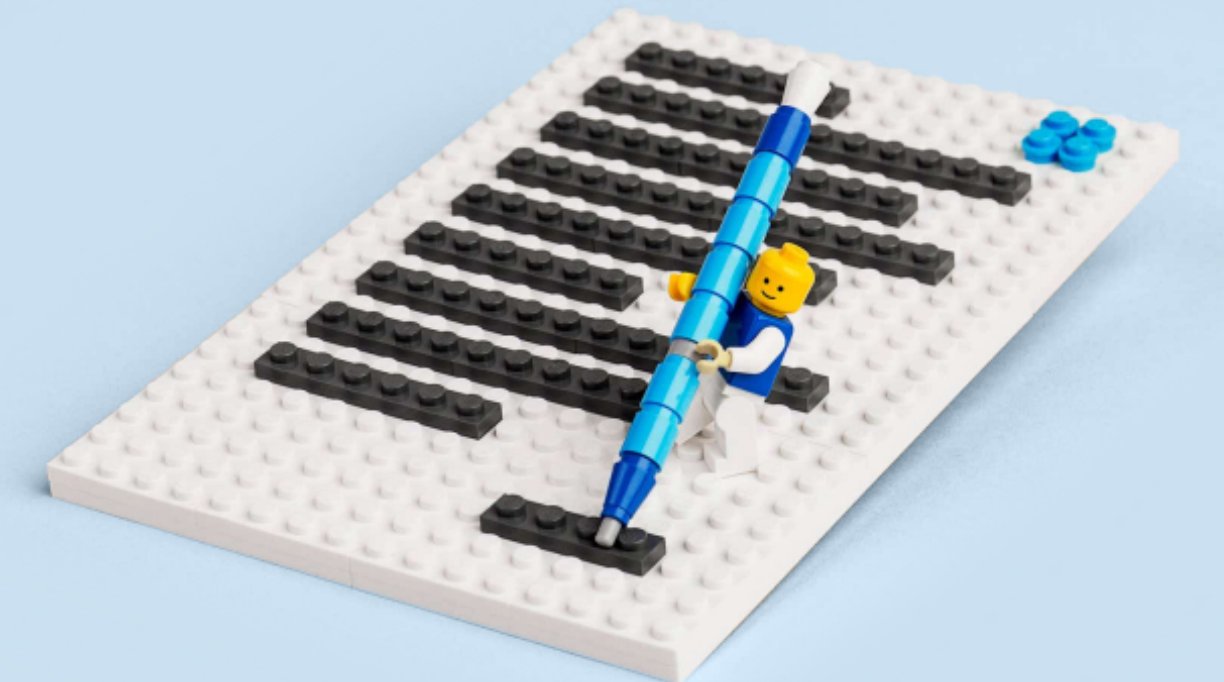
We agree to comply with the **Responsibility Foundations** requirements as set out in this document.

We agree to be evaluated on our performance related to the LEGO Group Responsible Business Principles.

Name

Date

Company





# Responsibility Foundations Ethics

Ethics

Transparency and Integrity



Our approach is based on the [UN Convention Against Corruption](#), the [UK Bribery Act](#), and other internationally applicable laws. The LEGO Group expects business to be conducted lawfully and with a commitment to transparency.

## 1. Business is conducted with transparency and integrity

- 1.1 Full access to production sites is granted to the LEGO Group and its representatives.
- 1.2 Any sub-contractor or sub-supplier involved in the production of LEGO® products or components is disclosed and approved by the LEGO Group prior to use. Suppliers must use LEGO intellectual property, including trademarks and copyrights, only as expressly authorized by the LEGO Group.
- 1.3 Misleading, or putting pressure on others to mislead, the LEGO Group or any of its representatives to obtain or retain business or a business advantage is unacceptable and can result in the LEGO Group terminating the contract and/or taking legal action. This includes providing falsified payroll or time records and coaching workers to influence worker interviews.
- 1.4 All applicable national laws and other applicable laws, including anti-bribery and anti-corruption laws, are adhered to at all times.
- 1.5 Policies and procedures to prevent bribery and corruption are established and reviewed regularly to ensure they operate effectively.
- 1.6 Bribes in any form, including facilitation payments, are not offered, promised, given, requested, agreed to, received or accepted.
- 1.7 The exchange of gifts, hospitality and entertainment must not have – or be perceived to have – undue influence on business decisions.
- 1.8 Confidential and/or business critical information shared by the LEGO Group is safeguarded. Including personal data that must be processed in accordance with applicable data protection legislation and security laws.
- 1.9 Situations that involve or appear to create a conflict between personal interests and the interests of the LEGO Group are avoided. If they occur, they must be raised immediately to the LEGO Group.
- 1.10 Suppliers and Partners must take all reasonable efforts to include supply chain due diligence principles into their code of conduct and ensure adequate due diligence is in place. These expectations shall be applied to suppliers'/partners' suppliers.



# Responsibility Foundations People

People

Workers Rights & Well-being



Our approach and definition is derived from the [Universal Declaration of Human Rights](#), the [International Labour Organisation's Fundamental Principles and Rights at Work](#), the [UN Guiding Principles on Business and Human Rights](#), the [UN Convention of the Rights of the Child](#), The [Children's Rights and Business Principles](#) and other applicable UN and ILO conventions.

The LEGO Group applies the principle that businesses have a responsibility to respect human rights and to avoid complicity in human rights abuses. We expect the health, safety and well-being of workers to be protected at all times and for workers to be treated equally and with respect.

## 2. Work is voluntary<sup>1</sup>

- 2.1 All forms of modern slavery or forced labour, defined as any situation where workers are forced to work against their will or under pressure from a threat of punishment, as well as bonded or prison labour, are strictly prohibited.
- 2.2 Freedom of movement is not restricted, including movement in canteens, during breaks, using toilets, accessing water or necessary medical attention. Workers are allowed to leave the premises after shift end.
- 2.3 Any request for overtime must comply with national law, relevant collective agreements, and international standards.
- 2.4 Suppliers must not deter or prevent workers from freely terminating their employment contract in line with local law or contractual terms. Subject to local law, any material changes need to be clearly explained to the worker.
- 2.5 Workers are not required to deposit passports, identity papers, work permits, travel documents and other personal legal documents at their place of work as a condition of employment.
- 2.6 Workers are not required to pay any form of recruitment fee or deposit to suppliers or agents to gain employment. In cases where a fee has been paid, the supplier must promptly reimburse the worker.

<sup>1</sup>Based on ILO Conventions 100, 111, 158, 159; ILO Recommendations 90, 111, 168; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights.



# Responsibility Foundations People

People

Workers Rights & Well-being



## 3. Workers are treated equally and with respect<sup>2</sup>

- 3.1 There is no direct or indirect discrimination in hiring, compensation, access to training, promotion, termination or retirement on the grounds of ethnicity, colour, age, sex, religion, sexual orientation, political opinion, disability – or any other protected characteristics under national law, relevant collective agreements and international standards.
- 3.2 Workers are not subjected to mandatory health tests that have no relevance to the job function. Compulsory pregnancy testing is not allowed.
- 3.3 All workers' needs are treated with respect and dignity. Workers' needs must not be subjected to bullying, victimization, intimidation, violence, corporal punishment or physical, sexual, psychological and verbal harassment or abuse in the workplace or any related facilities. Workers' needs should be accommodated in a reasonable way.
- 3.4 All security practices are gender appropriate and non-intrusive. Body searches are only carried out if permitted by law and with legitimate reason and by a person of the same sex.
- 3.5 Workers' right to privacy is respected and their personal data is processed in accordance with privacy and data protection laws.
- 3.6 Disciplinary procedures are clearly documented with transparent and fair escalation processes and explained to workers, managers, and supervisors with accurate records kept of disciplinary actions.

<sup>2</sup> Based on ILO Conventions 100, 111, 158, 159; ILO Recommendations 90, 111, 168; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights.





# Responsibility Foundations People

People

Workers Rights & Well-being



## 4. Workers have the right to freedom of association and expression and access to grievance mechanisms<sup>3</sup>

- 4.1 Workers have the right to form, join or refrain from joining trade unions or alternative lawful forms of worker representation and take part in union activity, select their own representatives and to bargain collectively without intimidation, harassment, or sanctions from employers.
- 4.2 Worker representatives are elected in a fair and transparent manner, are not discriminated against, and have access to carry out their representative functions, or union activities, without fear of retaliation.
- 4.3 Workers are free to report any grievances with their working conditions, and to raise concerns confidentially and anonymously, without fear of retaliation.
- 4.4 Employers implement a clear and transparent system for workers to provide input to management (such as regular and documented worker committee meetings). Additionally, regular, genuine, and constructive two-way communication is established between management and trade unions and/or worker representatives to ensure effective dialogue.
- 4.5 A grievance mechanism is in place appropriate to the size and sector of the business for workers and identified stakeholders to raise concerns confidentially. This should be widely communicated and accessible to all workers (including temporary workers and vulnerable groups), and managed in a confidential, unbiased, timely and transparent manner. Suppliers/partners must consult workers in the event of any incidents to enable access to remedy.
- 4.6 Workers may notify the LEGO Group or its representatives of any violations of the **Responsibility Foundations** at any point, including during monitoring visits and/or by using email [responsibility@LEGO.com](mailto:responsibility@LEGO.com) or the [LEGO Compliance line](#) without fear of retaliation.

<sup>3</sup> Based on ILO Conventions 87, 98, 135, 154; ILO Recommendations 135,143; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights



# Responsibility Foundations People

People

Workers Rights & Well-being



## 5. Employment practices and relationships are clearly documented<sup>4</sup>

- 5.1 All workers are provided with a written contract, where required by law, in a language understandable to them, outlining the terms of employment including work hours, salary, benefits and payment conditions.
- 5.2 Workers on the premises, including agency workers, are registered and have the right to work legally. Records relating to the 'right to work' are maintained (e.g. work permits).
- 5.3 Excessive use of fixed-term contracts, casual or agency workers or sub-contracting for the purpose of avoiding obligations under labour or social security regulations is avoided.
- 5.4 Employment policies, practices and records are clearly documented and maintained covering all aspects of employment from recruitment, hiring and probation through to termination processes.
- 5.5 Training is provided to all workers, including managers, at the time of hiring, covering, at a minimum, employment policies, compensation, health & safety, and industrial relations including the right to freedom of association. Training is updated on a regular basis to ensure that workers' legal rights and responsibilities are communicated to and understood by workers.

<sup>4</sup> Based on ILO Conventions 122, 158, 175; ILO Recommendations 166, 182; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights.



# Responsibility Foundations People

People

Workers Rights & Well-being



## 6. Working hours are reasonable<sup>5</sup>

- 6.1 A transparent, accurate and reliable system to record working hours, overtime and leave is in place for workers paid by the hour or where legally required.
- 6.2 Such complete time attendance records for each employee are maintained for at least 12 months, or longer if required by law.
- 6.3 Standard working hours by contract are in line with local law or collective bargaining agreement, and not more than 48 hours in a week excluding overtime.
- 6.4 Workers have at least one day (24 consecutive hours) off within every seven-day period or two days in every 14 days if allowed by local law.
- 6.5 Workers must have at least 10 hours consecutive rest in every 24 hours.
- 6.6 Employers do not impose any undue restriction on workers use of leave, including annual or parental, as defined by local law or contractually agreed.
- 6.7 Workers are provided with all official public holidays as required by local law, or a day in lieu.
- 6.8 Facilities have systems in place to manage weekly working hours within reasonable limits and to progressively limit working hours to 60 hours in any seven-day period.

<sup>5</sup> Based on ILO Conventions 1, 14, 30, 160; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights



# Responsibility Foundations People

People

Workers Rights & Well-being



## 7. Workers are paid fair wages<sup>6</sup>

- 7.1 A transparent, accurate and reliable system to calculate and record wages is in place.
- 7.2 Workers receive wages and benefits for a standard working week, after deductions, that meet at minimum the national legal level or collective bargaining agreement, whichever is higher, and are paid in full directly to the worker, at least on a monthly basis.
- 7.3 Wages are sufficient to cover food and housing expenses and other basic needs for the worker and the worker's entitled dependants and provide some discretionary income.
- 7.4 Overtime hours are compensated at a premium rate of no less than 1.25 times the normal amount of compensation per hour or more if dictated by national law.
- 7.5 Workers are provided with payslips in a language understood by the worker, clearly summarizing all relevant wage information, including regular and overtime pay, bonuses, deductions and final pay.
- 7.6 All benefits, such as pension and leave provisions required by local laws and regulations are provided, including annual leave, sick leave and parental leave when applicable.
- 7.7 Monetary deductions related to work performance are prohibited.
- 7.8 Any services offered to workers (e.g. housing or canteen meals) above the requirements of local law must be optional, and the cost must be accurate, reasonable and shall not exceed the cost of the service to employers.
- 7.9 Policies and procedures to ensure equal pay for equal work are established and reviewed regularly to ensure they operate effectively.

<sup>6</sup> Based on ILO Conventions 26, 95, 117, 131, 132, 183; ILO Recommendations 135; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights



# Responsibility Foundations People

People

Workers Rights & Well-being



## 8. Vulnerable workers are protected<sup>7</sup>

- 8.1 All legal obligations and limitations regarding recruitment and employment of young workers, below the age of 18, are adhered to.
- 8.2 Workers below 18 years of age, and vocational trainees, are protected from any hazardous work, night shifts or any kind of work that may negatively impact their health, safety or well-being.
- 8.3 Vulnerable workers, such as - but not limited to - temporary workers, agency workers, home workers, migrant workers, student workers, vocational trainees and pregnant workers, or workers with minority background, who may be subject to less protection under national law, are provided with equal benefits and opportunities as other workers, and a workplace without prejudice.
- 8.4 Factory managers are responsible for ensuring the Responsibility Foundations are applied to all workers on their site whether they are directly employed or engaged through an agency.
- 8.5 Where agency or migrant workers are used, there is a clear written agreement with the agency, and appropriate due diligence in place and that suppliers only work with recruitment agencies and labour providers that are established legal entities. Processes must be in place to ensure that workers do not pay recruitment fees to gain employment. Responsibility Foundations are applied to agency workers.
- 8.6 Management of vocational students, interns, and apprentices, through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations, shall be ensured. Appropriate support and training to all vocational students, interns, and apprentices is provided.

<sup>7</sup>Based on ILO Conventions 79, 90, 138, 143; ILO Recommendations 146; UN Convention of the Rights of the Child; The Children's Rights and Business Principles.



# Responsibility Foundations People

People

Workers Rights & Well-being



## 9. Workers' health and safety is protected at work<sup>8</sup>

- 9.1 A safe and healthy environment is provided, covering all production areas as well as kitchens, canteens, offices, housing and recreational areas, in compliance with national laws and regulations.
- 9.2 Management systems are in place to protect the health and safety of workers with responsibility assigned to a management representative.
- 9.3 Health and safety committees, appropriate to the size of the facility, are in place with participation from workers.
- 9.4 Regular risk assessments are conducted to identify dangers and work-related hazards, including non-production activities, such as storage, waste management and emergency preparedness plans and procedures. The level of potential risk to employees must be evaluated and controls should be established according to this evaluation.
- 9.5 Effective measures to prevent workers from having accidents, injuries, or illnesses, arising from, associated with, or occurring during work, are taken. These measures shall aim to eliminate and control the causes of hazards so far as is reasonable, inherent within the workplace. Accidents and injuries at the workplace, and actions taken are recorded and documented.
- 9.6 Workers regularly exposed to occupational hazards must be provided with health examinations and tested at the frequency determined by applicable laws and regulations.
- 9.7 All workers are trained and certified by job function in occupational health and safety, fire and electrical safety, and, if relevant, waste, and chemical management, covering safe storage, handling, transportation, and usage
- 9.8 Strength, stability and safe use of buildings is demonstrated by appropriate legal permits and certifications.
- 9.9 The work environment is equipped with sufficient light, heating, and ventilation to moderate temperature and air quality is ensured.

<sup>8</sup> Based on ILO Conventions 148, 155, 170; ILO Recommendations 164, 190; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights



# Responsibility Foundations People

People

Workers Rights & Well-being



## 9. Workers' health and safety is protected at work<sup>8</sup>

9.10 Workers are provided, at no cost, with relevant personal protective equipment (PPE), tailored to their work processes and aligned with the risk assessment for their activities. They undergo training on the proper use, storage, and maintenance of the provided PPE.

9.11 Chemicals are handled, transported and stored safely.

9.12 Permits, licenses, registrations and certifications for the handling, transportation, storage, treatment, and disposal of chemical & hazardous materials must be obtained and maintained as required by applicable laws and regulations.

9.13 Regular inspections of machinery, ensuring safety and optimal condition along with the installation of safety devices, are conducted. Clear instructions or warning signs, comprehensible to all workers, are implemented, and lockout/tagout procedures are in place and adhered to, preventing unexpected energization or hazardous energy release during repair and maintenance activities.

9.14 Fire and emergency safety is ensured through prevention of fire hazards, regular fire drills and fire safety training for all workers. Further details of fire safety standards are set out in the Responsible Sourcing Programme Manual (Guidance Document).

9.15 First aid facilities are readily available, first aid trained staff are always on site, and equal access to all workers for these services, is provided.

9.16 Workers have access to clean drinking water, adequate toilet and washing facilities which respect worker dignity (e.g. doors, cleanliness) and, if applicable, to clean facilities for food preparation and storage.

9.17 Housing and childcare services, where provided, are separate from the production area and subject to all above requirements. Housing meets the basic needs of workers, including reasonable personal space and level of privacy, secure storage for personal belongings and adequate water, sanitation and hygiene standards.

<sup>8</sup> Based on ILO Conventions 148, 155, 170; ILO Recommendations 164, 190; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights



# Responsibility Foundations Children



Children

Child Rights & Family Friendly Workplaces

Our approach is based on the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, the UN Convention of the Rights of the Child, The Children's Rights and Business Principles and other applicable UN and ILO conventions.

The LEGO Group adheres to the principle that no child should be harmed by any business operation, either directly or indirectly. Child labour in any form is prohibited. Yet we want to go beyond this to have a positive impact on children. By supporting families, parents and carers in the workplace, we can have a positive impact on child development, particularly in the early years, while also promoting worker retention and loyalty.

## 10. Children: Child Rights & Family Friendly Workplaces<sup>9</sup>

10.1 Child labour in any form – employed directly or indirectly – is prohibited.

10.2 The minimum age of workers is not less than the age of completing of compulsory schooling and, in any case, not less than 15 years.<sup>10</sup>

10.3 Age verification checks are carried out for all workers and evidence is documented. This should be done in such a way that is not degrading or disrespectful to the worker and in compliance with local laws and regulations.

10.4 If a child is found to be working directly or indirectly for the supplier, the LEGO Group must be informed immediately, and a remediation plan developed in consultation with the child's parents or guardian and the child it concerns.

10.5 Annual and parental leave (e.g. maternity, paternity) is provided in accordance with local law.

10.6 The health and safety of pregnant workers is protected in accordance with legal requirements (e.g. through adjustment of work function to avoid exposure to hazards or ceasing night work) and are treated equally and without discrimination. Compulsory pregnancy testing is not allowed.

10.7 Children do not have access to production areas, unless accompanied by responsible adults as part of an organized event such as a supervised tour.

10.8 Workers are supported in maintaining contact with any children that are living separately from them.

<sup>9</sup> Based on ILO Conventions 33, 138, 182, 183; ILO Recommendations 146, 190, 191; UN Convention of the Rights of the Child; The Children's Rights and Business Principles 1, 2, 3, 4, 10. <sup>10</sup> Or, 14 years where established by local law in accordance with the ILO developing-country exception.





# Responsibility Foundations Environment

## Environment

## Caring for the Environment

Business is conducted in a way that minimizes environmental impact and adverse effects on the community, environment, and natural resources, while safeguarding the health and safety of the public. Our approach is based on the UN Global Compact and the Sustainable Development Goals as well as other applicable laws and industry standards. The LEGO Group is committed to protecting the planet that our children will inherit. We also believe that upholding good environmental performance sets the stage for long-term business success. We therefore go beyond legal compliance in our own production sites and encourage suppliers and partners to do the same. This includes a commitment to address climate change by investing in renewable energy and reducing our own emissions and in collaboration with suppliers.

### 11. Business is conducted in a way that minimizes environmental impact and embraces sustainability<sup>11</sup>

11.1 Board level and/or the most senior management level must have oversight of environmental sustainability issues.

11.2 All national and local environmental protection laws and environmental related regulations are complied with and necessary environmental and/or discharge permits are maintained.

11.3 Environmental management systems are in place to manage both actual and potential (risks) impacts (including energy, water use and waste) of the company's business activities with systematic reviews to assess their effectiveness.

11.4 Major sources of GHG emissions must be identified, quantified and reduction plans must be in place. This includes measuring, managing, and reporting annually GHG emissions, impacts and environmental performance.

11.5 Major energy sources and energy reduction possibilities must be identified in an energy savings plan, including identification and exploration of possibilities to convert to renewable energy.

11.6 Chemicals are stored, handled, transported, used and disposed of in an environmentally safe way and comply with the Safety Data Sheet (SDS) of each chemical product.

11.7 Major waste sources must be identified and a waste reduction and circularity or recyclability plan must be developed. In addition, Hazardous and general wastes must be separated and appropriately stored, handled, transported, and disposed of. Records must be kept on how, where, how much and by whom General waste and Hazardous waste is treated.

11.8 Where required by law and permits, air emissions are treated prior to discharge proven by air emissions tests that meet all national and local emission standards.

11.9 Where required by law, wastewater is treated prior to discharge proven by wastewater tests that meet all national and local standards.

11.10 A water savings plan must be established including impact monitoring. For sites situated in water scarce areas, possibilities to switch to non-drinkable water sources and local community engagement must be identified and explored.

<sup>11</sup> Based on Rio Declaration on Environment and Development; UN Sustainable Development Goals; The Children's Rights and Business Principles 7



# Responsibility Foundations Management Systems



## Management Systems Support Conformance with the Responsible Business Principles

Management systems are in place, appropriate to the size and sector of the business, to manage compliance with the **Responsibility Foundations** and to continually monitor and address workplace conditions, including with transparency the establishment and regular review of policies, practices, and personnel.

### 12. Management Systems

- 12.1 Written policies supporting the Responsible Business Principles are in place
- 12.2 Written due diligence policies & procedures are in place that identify clear roles, including rights & responsibilities.
- 12.3 A senior management representative should be accountable for overall compliance.
- 12.4 Suppliers must make workers aware of the LEGO Group Responsible Business Principles or comparable standards and train their managers and supervisors on how to meet them.
- 12.5 Adequate training and communication are in place to support understanding and implementation of due diligence & procedures.
- 12.6 Accurate documentation is maintained to verify systems (records, licenses, permits, etc.).
- 12.7 Continual improvement is achieved through ongoing monitoring, risk assessments and risk mitigation.



# Appendix A



# Best Practice Benchmarks

The Best Practice Benchmarks are additional targets that we aspire to in our own facilities and encourage all suppliers to work towards. These may go beyond legal responsibility and/or international standards. The best practice benchmarks are **not subject to audit** but may be noted as best practice if identified.

## Ethics Transparency and Integrity

### 1. Business is conducted with transparency and integrity

- 1.11 All managers involved in business transactions are trained in anti-bribery and anti-corruption policies.
- 1.12 An open and transparent approach is cultivated with customers and suppliers to share challenges, learnings and best practices.

## People Workers Rights & Well-being

### 2. Work is voluntary

- 2.7 Suppliers must keep a record of the expiry date of Migrant Workers' passports and temporary work permits/visas and ensure that Migrant Workers obtain renewal of permits before their expiry.

### 3. Workers are treated equally and with respect

- 3.7 Reasonable measures are taken to accommodate workers with chronic illnesses, including HIV/AIDS related illnesses, such as the provision of special equipment, time-off for medical appointments, flexible sick leave, part-time work and return-to-work arrangements.
- 3.8 Worker dialogue, surveys or other means of assessment are carried out, involving independent third parties (e.g. non-governmental organisations, audit firms) to understand worker perceptions of their treatment.



# Best Practice Benchmarks

People

Workers Rights & Well-being

## 4. Workers have the right to freedom of association and expression and access to grievance mechanisms

- 4.7 Where permissible by local legislation, workers should be able to file reports via grievance mechanisms on anonymous basis.
- 4.8 Worker dialogue, worker surveys or other means of assessment are carried out, in conjunction with an independent third party (e.g. non-governmental organisations, audit firms) to assess if grievance mechanisms are effective.
- 4.9 Suppliers and partners use Grievance Mechanisms as a learning opportunity to review complaints and understand any root causes.
- 4.10 Suppliers establish KPIs to monitor the effectiveness of the Grievance Mechanisms.

## 5. Employment practices and relationships are clearly documented

- 5.6 Suppliers must limit the number of Recruitment Agencies, or Labour Providers used; agency or temporary workers should not routinely represent more than 30% of the overall workforce.
- 5.7 Policies and procedures are in place for the on-going training of workers to develop their skills and careers.

## 6. Working hours are reasonable

- 6.9 Working hours, including overtime, do not exceed 60 hours in any seven-day period and are ideally lower.
- 6.10 Productivity improvements and other initiatives are implemented to manage weekly working hours within reasonable limits.
- 6.11 Workers are consulted on any changes to working hours.
- 6.12 Work is planned in such a way that it does not rely on overtime.

## 7. Workers are paid fair wages

- 7.10 Employers take appropriate actions to progressively raise employee compensation and meet living wage standards through improved wage systems, benefits, welfare programmes and other services.



# Best Practice Benchmarks

People

Workers Rights & Well-being

## 8. Vulnerable workers are protected

- 8.7 Supplier provides decent work opportunities for young workers (up to 21 years of age).
- 8.8 Suppliers and partners take adequate steps to identify and consult vulnerable workers in their value chain to understand any specific risks and possible mitigation.

## 9. Workers' health and safety is protected at work

- 9.18 Policies and procedures to promote long term health and safety of workers are established and reviewed regularly to assess if they are effective.
- 9.19 Worker dialogue, surveys or other types of assessments are regularly carried out to identify risks and assess workers' perception of their health and safety.
- 9.20 Alternative chemicals with lower risks to the health and safety of workers and the environment are identified and used.

- 9.21 Adequate and separate gender-sensitive toilet facilities with a sufficient level of privacy for all genders, equipped with paper towels and washbasins with hand soap, must be provided in all work areas. Similarly, sufficient, and separate gender-sensitive shower facilities with privacy for all genders, including both hot and cold pressurized water showers, are mandated for use by all occupants.
- 9.22 If accommodation is provided, a separate bed for each worker, gender sensitive accommodations (both sleeping rooms and toilets), adequate ventilation, both natural and mechanical, to ensure sufficient air movement in all weather conditions, and adequate lighting should be provided.
- 9.23 Health services (including access to health care professionals and insurance) should serve the distinctive concerns and needs of all genders and ages.



# Best Practice Benchmarks

## Children Child Rights & Family Friendly Workplaces

### 10. Child Rights and Family Friendly Workplaces

10.9 Where relevant, employers actively engage with governments, civil society organisations and local communities to address the root causes of child labour (e.g. access to quality education). Initiatives are in place to avoid youth aged 15 to 18, particularly those who have been temporarily employed, become NEET (not in education, employment or training).

10.10 Workers have a minimum of three weeks of annual paid leave and at least 14 weeks of paid parental leave.

10.11 Special provisions are made to support the health and well-being of pregnant workers, going beyond minimum legal requirements if relevant (e.g. access to healthcare and nutrition advice, flexible working hours).

10.12 Special provisions are made to support the health and well-being of breast-feeding women and their children, including attention to working conditions, breast-feeding facilities and paid breast-feeding breaks.

10.13 Where accommodation is provided, family living spaces are made available to enable families to be together. The accommodation is safe and suitable for resident children.

10.14 Adequate childcare facilities for working parents are provided where appropriate (e.g. if not available locally) to support worker retention and family well-being. Childcare facilities should be accessible, affordable and sufficiently equipped and staffed to promote early childhood development.

10.15 Community initiatives to support family well-being (e.g. childcare facilities, educational provision, health care, access to clean water) are supported so that families of workers have access to basic facilities.

10.16 Worker dialogue, surveys or other assessments are carried out to understand the challenges facing working families.

10.17 Aim at providing decent, and where relevant, flexible working conditions that also support workers, irrespective of gender, in their roles as parents or caregivers, including migrant and seasonal workers whose children may be left in their hometowns.



# Best Practice Benchmarks

## Environment

### Caring for the Environment

#### 11. Business is conducted in a way that minimizes environmental impact and embraces sustainability

11.11 GHG emissions are third party verified up against an international accepted standard, e.g. ISO14064-3.

11.12 Targets are set for GHG emissions in line with 1.5C – either short-term SBT or Net Zero no later than 2050 and a roadmap that also considers the impact on any potentially affected persons or communities is shared publicly. These targets should be approved by the Science Based Targets initiative (SBTi).

11.13 The use of any substances that have an impact on global warming (e.g. HFCs, chlorine, etc.) is avoided wherever possible. Where their use is unavoidable, accurate records are kept of any leakage and servicing schedules.

11.14 Plans to transition to 100% Renewable Electricity should be developed and implemented alongside plans to phase out fossil fuels in other energy uses where possible.

11.15 Initiatives to support biodiversity are implemented and where possible stakeholders from across the value chain are engaged in these initiatives.

11.16 Landfill and incineration of waste should be avoided, particularly landfill. If incineration is utilized it should generate heat and/or electricity.

11.17 Targets should be set on reducing total volumes of waste as well as the waste per unit produced and improvements in percentage of waste recycled should be created.

11.18 Packaging is reduced to the strict minimum and outer cardboard packaging are created without logos to allow for further use downstream.

11.19 Actions are taken to eliminate hazardous substances from supply chains. Where their use is unavoidable, accurate records are kept of their use and management.

11.20 In absence of legal requirement, air emissions and wastewater quality are monitored on a regular basis by an accredited measurement company.





# Best Practice Benchmarks

## Management Systems Support Conformance with the Responsible Business Principles

### 12. Management Systems

- 12.8 Documents and records are transparent and made publicly available according to document classification for licenses and permits; self-assessments and audits; corrective action plans and reports; human resources procedures and other system records.
- 12.9 Communication and training are available through various appropriate channels and in the language(s) of the workforce, covering the company's labour policies, employees' rights and responsibilities under the law and the LEGO Group's Responsible Business Principles.
- 12.10 Senior management routinely reviews gaps and publishes working reports on human rights and environmental due diligence and performance annually, at a minimum, for each facility.



**Thank you**