



Australia Packaging Covenant  
Action Plan  
2016- 2017

## The LEGO Group

The LEGO Group was established over 75 years ago, when the founder, Ole Kirk Christiansen, began developing toys in 1932. Already in 1934 he came up with the LEGO name by putting together the first two letters of the Danish words Leg and GØdt, meaning 'play well'.

The basic philosophy of LEGO products is the founded on the concept that learning and developing can be done through play, and the product and experiences incorporate the LEGO Groups core values of fun, creativity, quality, learning and care. The LEGO brand is today one of the world's most well-known and respected brands and has been ranked in the top 10 of world's most reputable companies for 6 consecutive years. (Reprack). The LEGO group is still owned by the Kirk Kristiansen family, and the LEGO Group has today developed into the world's largest enterprise within construction toys. In 2015, the LEGO Group employed more than 17,000 employees and had a turnover of more than DKK 35 billion.

As part of our responsibility strategy, we are an active subscriber to the UN Global Compact and have been so since 2003. We signed the UN Global Compact as the first company in the toy industry. Our participation in the UN Global Compact reflects our commitment to ensuring that the UN Global Compact's ten principles are integrated into our business operations, conduct and strategies. We embrace and enact values that support human rights, labour, the environment, and anti-corruption. Each year we publish annual reports concerning our financial- and responsibility performance. Our annual reports provide our stakeholders with information about our approach to responsibility and with transparency of our business conduct.

## Brands Owned



## Executive Summary

The LEGO Group has a very long tradition of taking environmental issues seriously. Every year we conduct a CO2 footprint calculation covering the total value chain of the LEGO Group. The CO2 footprint calculations show that around 60% of the total footprint can be traced back to the raw materials used for the products. Based on this fact, the LEGO Group has chosen to focus its environmental efforts on product stewardship, in order to ensure that materials are more sustainable and that they are used in a responsible manner in our products. As such, the LEGO Group primarily works on:

- Finding more sustainable materials for our products and packaging
- Reducing the amount of packaging used
- Improving recyclability of packaging
- Improving handling of product stewardship

As described above it is part of the LEGO Groups core values to care for the environment and we want to deliver safe and high quality products in fit for purpose packaging solutions that are sustainably sourced and recyclable. We constantly work with reducing the size of our packaging and since June 2014, all new LEGO products have been packed in boxes that are smaller than before. In 2015, we reached our goal of using 100% Forest Stewardship Council-certified paper and packaging. Increasing recyclability of our packaging is also important. One example of this is the LEGO® Chima™ Speedorz™ packaging where a transparent plastic blister was replaced by a cardboard box solution. This has increased the recyclability and made the box lighter.

## Types of packaging materials used

The LEGO Group uses mainly cardboard and to some extent plastic in the packaging and distribution process. Around 80% of our cardboard packaging is made of recycled material. A summary of the packaging material and formats are as follows:

<b><i>Fibre based packaging</i></b>	
Sales Box	Printed cardboard of various sizes
Outer Box	Corrugated cardboard
<b><i>Plastic packaging</i></b>	
Foil Bags	PE or PP
Blister Inserts	PET
Pallet Wrapping	PP

## Environmental management systems

The LEGO Group has set-up an environmental policy that is publicly available online at <http://www.lego.com/en-us/aboutus/responsibility/our-policies-and-reporting/corporate-policies> under <Environmental Policy>.

The following four statements state the overall intent of the environmental policy:

- **Products:** We take environmental concerns into consideration for our products: from development, through production, distribution, in the daily use and disposal.
- **Suppliers:** We have defined environmental standards in the LEGO Group Code of Conduct for our suppliers. Through on-site audits and dialogue, we engage actively with our suppliers to ensure and influence their environmental awareness and practice.
- **Responsibility:** We integrate environmental considerations in all relevant processes, operations and activities, and engage employees at all levels to assume responsibility for – and participate in – environmental activities. Each employee has the right and duty to call attention to circumstances, which their opinion are unreasonable or harmful to the environment. Reporting should take place to the person responsible for local environment (e.g. EHS Team) or through line management.
- **Compliance:** We comply with legislation, relevant requirements and standards and the UN Global Compact. All our production sites must be certified according to the international environmental management standard ISO 14001. On a regular basis, we monitor and evaluate the environmental performance.

## Participation in product stewardship organizations

The LEGO Group currently participates in the following product stewardship organizations:

<b>Markets</b>	<b>Organizations</b>
Austria	ARA, ERA GMBH
Australia	APC
Belgium	Fostplus, Bebat, Recupel
Canada	Stewardship Ontario, Eco-Entreprises Québec, Manitoba
Czech Republic	Eko-kom, ASEKOL
Denmark	Elretur
Finland	PYR, Elker
France	Eco-emballages, ECO-systemes
Germany	DSD, GRS, EAR, Zentek
Greece	A.Desyllas LTD
Holland	BVP, Stibat, Wecycle
Hungary	OHÜ
Ireland	Repak
Italy	CONAI, Remedia
Luxembourg	Valorlux, Ecobatterien, Ecotrel
Norway	Grønt Punkt, Elretur

Poland	Rekopol, Aura-Eko
Portugal	Ponto Verde, ERP
Romania	ECO-ROM AS
Slovakia	Envipak
Slovenia	Interseroh
Spain	Eco-embes, RAEE
Sweden	FTI, Elkretsen
Switzerland	Sens
UK	Valpak, NPWD

## Summary of initiatives in the plan

According to the action plan in the attached table, the LEGO Group will report on initiatives in relation to:

- Continued optimization of packaging and use of sustainable packaging guidelines
- The amount of purchased products with recycled content
- Continued on-site recycling
- The processes for working with suppliers and 3<sup>rd</sup> party organizations"
- Messaging to consumers
- Our corporate initiative in regards to sustainability and the production of our products

We will also report on improvements and updates in relation to our design and use of packaging.

## Staff training and consumer education

The LEGO Group has offered, and will continue to offer in future, training to staff about environmental concerns. On-site waste sorting is part of our staff training, as are tips to reduce initial waste generation. Through this training, staff is now making recommendations to reduce the effects on the environment.

Consumer education is also a focus as LEGO Australia believes in the promotion of recycling and FSC through child education messaging. The LEGO club magazine (print and digital), which goes to approximately 100,000 consumers annually, will be looking to include this messaging in 2016 and 2017.

## Action Plan Table

<b>Goal 1: Design – Optimize packaging to achieve resource efficiency and reduce environmental impact</b>				
<i>Covenant KPI</i>	<i>Actions</i>	<i>Responsibility</i>	<i>Baseline data</i>	<i>Targets</i>
KPI 1: Implementing the SPGs for design or procurement of packaging	Continue using sustainable packaging guidelines in the packaging development process	Packaging Sustainability Strategy Manager	All packaging reviewed in 2015	Ensure all packaging is continuously reviewed
	Continue optimizing packaging throughout its lifecycle (eliminate unnecessary materials, reduce size, weight and/or thickness of packaging and optimize void space)	R&D Packaging Material/ R&D Novelty Packaging and Industrial Engineering	Product/packaging ratio in 2015	Improve product/packaging year on year

<b>Goal 2: Recycling – The efficient collection and recycling of packaging</b>				
<i>Covenant KPI</i>	<i>Actions</i>	<i>Responsibility</i>	<i>Baseline data</i>	<i>Targets</i>
KPI 3: On-site recovery systems for recycling used packaging	Continue on-site recycling at LEGO Australia facility	General Manager – LEGO Australia	Currently, our Australia location collects and recycles paper, plastic, aluminium cans, printer cartridges and obsolete electronics. The percent increase from 2014 to 2015 is comparable with the breakdown as follows: 70% was paper, 10% plastic 10% bottles & cans 10% printer cartridges.  286kg of electronic waste and 660kg of paper were also recycled through security shredding.	Look at ways to improve measuring office recycling in 2016/17.  Educate staff to promote recycling and encourage them to increase recycling rates to ensure we see an improvement in 2016/17
KPI 4: Policy to buy products from recycled packaging	Continue using the “Buy Recycled Policy” for the Australia market	General Manager – LEGO Australia	Number of products purchased with recycled content in 2015	Increase the amount of products purchased that have recycled content

<b>Goal 3: Product stewardship – Demonstrated commitment to product stewardship</b>				
<i>Covenant KPI</i>	<i>Actions</i>	<i>Responsibility</i>	<i>Baseline data</i>	<i>Targets</i>
KPI 6: Formal processes for working with others to improve design, procurement and recycling/recovery of packaging	Work cooperatively with others in the supply chain to increase recycling rate of packaging material and decrease amount of waste in supply chain	Packaging Sustainability Strategy Manager/ R&D Packaging Material	All packaging suppliers engaged in 2015  In 2015, 90% of our fibre packaging contained at least 80% recycled content.	Maintain supplier engagement  Maintain minimum same level of recycled content
	Implement kid-friendly messaging via LEGO Group communication channels (e.g. LEGO club magazine, social media) to encourage children to recycle	General Manager LEGO Australia	LEGO Communication channels reaching approximately 100,000 consumers in 2015.	Increase reach of LEGO Communication channels to over 100,000 consumers in AUS market.  Look at adding recycling and FSC messaging in LEGO communication channels to encourage children to recycle.
	3 <sup>rd</sup> party partnership to facilitate reduction of packaging impact	Packaging Sustainability Strategy Manager	Dialogue with licensors, WWF and suppliers to find more sustainable packaging solution  100% FSC certified print and packing in 2015	Continued dialogue with licensors, WWF, FSC and suppliers to find more sustainable packaging solution  100% FSC certified print and packaging
KPI 7: Demonstrating other product stewardship outcomes	Continuously work on corporate initiatives to increase energy efficiency, decrease amount of waste and increase recycling of waste at production site	Senior manager Operational efficiency	5% energy efficiency achieved 2015  93% recycling rate achieved in 2015	2016: >2.5% energy efficiency 2017: TBD  2016: 92% recycled waste 2017:TBD
	Increase energy efficiency at the Australia office	General Manager LEGO Australia	N/A	Look at taking part in more environmental initiatives such as Earth Hour to improve and increase energy efficiency at LEGO Australia
KPI 8: Reduction in the number of packaging items in litter	Clean up Australia day commitment	General Manager LEGO Australia	Participation in March 2016	Participate in Clean up Australia day again in March 2017