

Our commitment

to children

Our goal has always been to provide fun and engaging play experiences of the highest quality and safety to children. Meanwhile, we want to inspire and develop the builders of tomorrow. We believe that we can reach this mission through our play materials and their contribution to children's development, but also through our social and environmental efforts.

We want to make a positive impact on society and the planet that children will inherit by creating great play experiences that have little or no impact on the planet. We must therefore set a good example as a company, and inspire and engage with children to take care of the environment as well.

to the planet

Our long-term ambition is to eliminate the negative impact on the planet from the LEGO Group's operations. We believe that we can do this by reducing our greenhouse gas emissions, and by sourcing and using resources responsibly.

Every year we calculate our carbon contribution to understand our impact on the climate and take action to reduce it.

In the lifecycle of a LEGO® brick, our own operations account for 10% of the LEGO Group's total CO2 emissions. We emit these directly from our factories that burn natural gas and use petrol, or indirectly through buying electricity for our production sites, offices and stores. In 2016, these emissions dropped by 1% – compared with the previous year.

Energy is one of our key climate indicators, as it accounts for almost all of our own CO2 emissions.

The LEGO Group made a commitment in 2012 to balance 100% of our energy consumption from manufacturing sites, offices and stores with renewable energy by 2020. In 2017, we reached this 100% renewable energy target, three years ahead of schedule. Our goal is to remain 100% renewable by balancing all of the LEGO Group's own energy consumption with the generation of an equal amount of energy from renewable sources.

The remaining 90% of emissions are associated with activities such as the production of raw materials, the construction of machinery needed for making LEGO bricks, and distributing these products. In 2016, emissions in our supply chain grew by 5%.

Total emissions globally were around one million tonnes of CO2 in 2016.



“We have a responsibility to ensure that we protect the planet that our children will inherit, and that we also inspire children to take care of the planet by acting as good role models in terms of how we operate.”

Marjorie Lao, Chief Financial Officer,
the LEGO Group

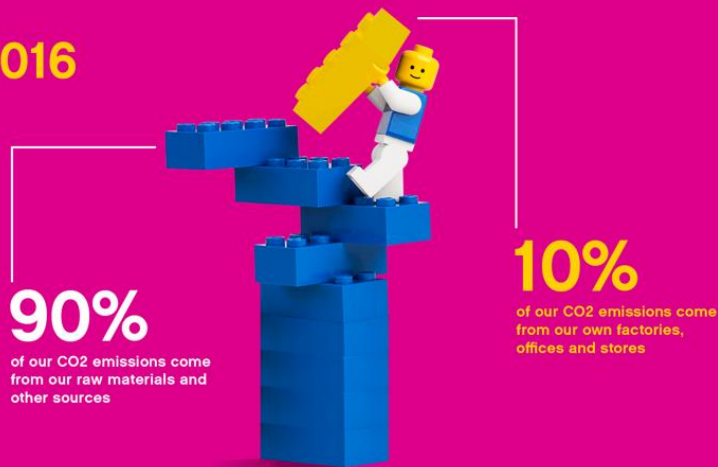
What are greenhouse gases?

Greenhouse gases are released into the atmosphere from the ocean, animals and plants, and through human activities such as burning fossil fuels. The gases trap some of the sun's heat, which in return warms up the planet. An abundance of these gases, however, causes the atmosphere to trap too much heat. The current concentration of greenhouse gases in the atmosphere is unprecedented in the last 800,000 years. The consequence is that the climate system is warming and the Earth's average temperature is increasing, according to the Intergovernmental Panel on Climate Change (IPCC).

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

The LEGO Group

Our climate impact 2016



A breakdown of LEGO Group CO2 emissions



to improving efficiencies

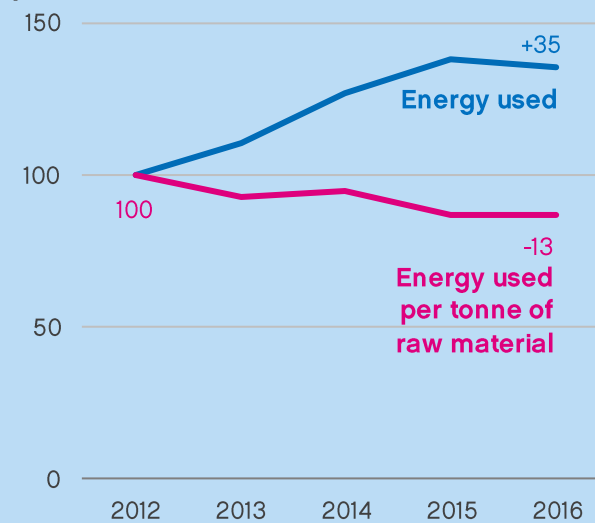
At the LEGO Group, we have set ambitious targets to improve our energy efficiency and reduce our carbon emissions. We were also the first toy company to partner with WWF as part of their Climate Savers Program. By 2020, we aim to reduce the carbon emissions per LEGO® brick produced by 10%.

We have made significant improvements in energy efficiency at our own production sites. These have resulted in a 13% drop in the amount of energy needed to produce LEGO® bricks from one tonne of raw material. The chart shows how this energy intensity has dropped since 2012, despite an increase in our absolute energy consumption over the same period.

We know that our own emissions are a small part of the lifecycle of a LEGO brick. We are therefore also working closely with our suppliers to support them in reducing their climate impact.

Find more information about our Climate Savers partnership with WWF [here](#).

Indexed energy use and intensity of production



Outside air cooling for moulding machines

In 2016, the LEGO Group introduced a new cooling plant at one of our manufacturing sites to lower energy consumption and CO2 emissions. The so-called free cooling system uses low-temperature outside air to directly cool the moulding machines. The initiative saves around 190 tonnes of CO2 per year, which is equivalent to the annual carbon footprint of 50 average households.

Supplier engagement

The LEGO Engage-to-Reduce programme aims to reduce CO2 emissions by engaging with our suppliers. In 2016, we collaborated with over 40 key suppliers on assessing where we can make improvements to their environmental performance. We have successfully trialled CO2 reduction initiatives, such as introducing new trucks in our logistics routes to reduce fuel use, energy costs and CO2 emissions.

Emissions data and accounting policy

Type of emissions	Gross direct GHG emissions: scope 1 (ktCO ₂ e)	Gross indirect GHG emissions: scope 2 (ktCO ₂ e)	Other indirect GHG emissions: scope 3 (ktCO ₂ e)
GHG emissions (2016)	29	87	1,073
GHG emissions base year (2010)	15	57	666
Biogenic emissions (2016)	1.3	n/a	n/a
GHG emission savings (2016)	0.5	1.5	0.0

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. Scope 1 emissions are direct CO₂ emissions, which come from burning fuels and using natural gas. Scope 2 emissions are indirect emissions from the consumption of purchased electricity. Scope 3 emissions are all other indirect emissions, which stem from the supply chain.

It follows the most recent standards and guidelines published by the GHG Protocol Initiative. The scope of our climate inventory within the LEGO Group is based on the operational control criteria, which are defined by the GHG Protocol. 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. These are emission factors based on the electricity grid average in a specific region.

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 Corporate Standard and the GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard.