

Modern Slavery Statement 2021

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This statement has been published in accordance with the requirements of the UK Modern Slavery Act (2015), the California Transparency in Supply Chains Act (2010), and The Commonwealth Modern Slavery Act (2018) for Australia.

The document covers the full operations of the LEGO Group, including the UK subsidiary LEGO Company Limited and the Australian subsidiary LEGO Australia Pty. Ltd., both of which are under the parent company of LEGO A/S. It sets out the steps taken by the LEGO Group to continue the work to assess, prevent and mitigate the risks of modern slavery and human trafficking in its business operations and supply chains during the fiscal year from 1st January 2021, ending 31st December 2021.

Introduction

At the LEGO Group we know that every day we impact human beings around the world through our products, operations and business partnerships. We have a responsibility to ensure that the impact is positive and to take all the necessary steps to protect human rights wherever we do business.

This is embedded in our [Planet Promise](#) which sets out our commitment to having a positive impact on both society and the environment and is reflected in our long-standing membership of the United Nations Global Compact, our signature of and commitment to the 10 Children's Rights & Business Principles as well as our alignment to the 'Protect, Respect and Remedy' framework of the UN Guiding Principles on Business and Human Rights.

We report our progress against our Planet and People Promises annually in our [Sustainability Progress Report](#).

We recognise that forced labour and modern slavery, including human trafficking, is a growing issue in part due to the rapid increase in global migration. All businesses have a responsibility to be alert to the risks, and to take steps to prevent and mitigate these.

These terms are defined as follows:

Forced labour

all work or services which is extracted from any person under the menace of any penalty and for which the said person has not offered themselves voluntarily¹.

Modern slavery

describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedoms.

Human trafficking

describes the recruitment, harbouring and movement of a person for exploitation through modern slavery.

We have a responsibility to protect workers and communities in all areas of our value chain including but not limited to our own factories, our direct and indirect suppliers and our licensing partners.

We understand that modern slavery risks can exist in all areas of our operations and so we continue to investigate ways to assess and address risks throughout.

In 2021, our assessment and verification processes found no forms of modern slavery, forced labour or child labour in our supply chain.

¹ Internationally recognised definition of forced labour from ILO Convention No. 29 on Forced Labour.

The LEGO Group activities are anchored in our LEGO® Brand Framework and our four fundamental promises:

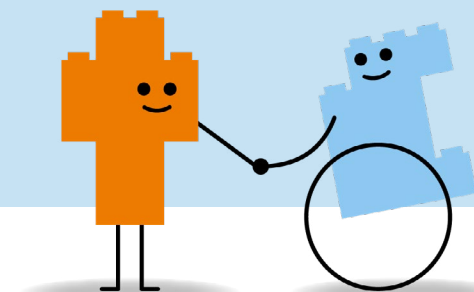
Planet Promise "Positive impact"

We want to play our part in helping build a sustainable future and make a positive impact on society and the planet, which children will inherit. We believe we have a responsibility to minimise the environmental impact of our operations and aim for zero environmental impact on the planet.



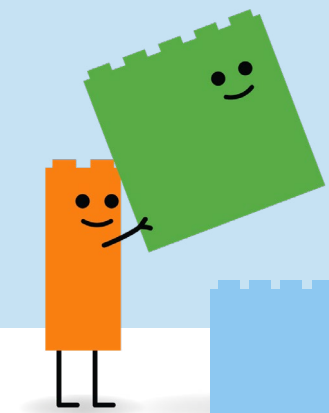
People Promise "Succeed together"

We care deeply for our people who are part of making LEGO play experiences possible and are committed to upholding human rights and ensuring safe, healthy, respectful and inclusive workplaces for our employees. We strive to champion responsible business principles across the company.



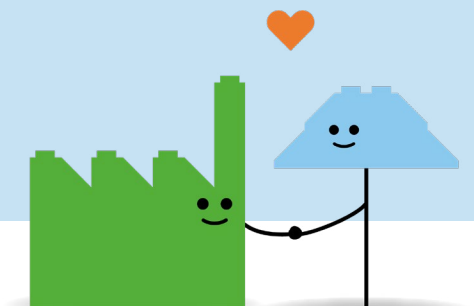
Play Promise "Joy of building, Pride of creation"

We know that play is vital to every child's development. When children play, they learn to solve problems, to be creative, and to become resilient. It helps them thrive in a complex and challenging world.



Partner Promise "Mutual value creation"

Building partnerships with customers, suppliers and intellectual property partners based on mutual value creation is fundamental to the LEGO Group as we seek to meet the challenges and complexity of today's world.



Organisation structure and supply chain

About us

The LEGO Group is headquartered in Billund, Denmark and is a privately held and family-owned company. The LEGO Group is owned by the Kirk Kristiansen family who founded it in 1932. Our mission is to 'develop and inspire the builders of tomorrow' by providing the best and safest play experiences to children (our 'Play Promise') while also delivering on our commitments to our people, partners and planet.

The LEGO Group's main activity is the development, production, marketing and sales of play materials and experiences – both offline and online – operating in the traditional toy market. LEGO® products and experiences are available in more than 140 countries.

Our operations include:

- More than 24,000 employees worldwide
- Headquarters in Billund, Denmark
- 4 office hubs in the UK, US, Singapore and China
- 37 sales offices globally
- 832 stores including 174 owned and operated LEGO Brand Retail stores

All commercial activities are conducted through the LEGO Group and its subsidiaries. All subsidiaries must follow the LEGO Group

policies. For details of the group structure and subsidiaries of the LEGO Group please refer to the latest annual report: [the LEGO Group Annual Report 2021](#).

Additional information is required for this statement on the Australian subsidiary in compliance with Australia's Modern Slavery Act (2018).

LEGO Australia Pty. Ltd. provides sales, marketing and operations services with 53 employees based out of the office in Macquarie Park, New South Wales.

LEGO Australia Pty. Ltd. is incorporated under the laws of New South Wales and does not own or control other entities.

Management and relevant employees of LEGO Australia Pty. Ltd. were consulted in the preparation of this statement through the LEGO Group Responsible Sourcing team.

LEGO A/S is the parent company of LEGO Australia Pty. Ltd. and as such when ensuring human rights standards in contracts with suppliers, this includes suppliers to our Australian entity, where alignment to the LEGO Group policies and expectations must be ensured.

The LEGO Group Supply Chain Network

We have five manufacturing sites in three continents. These factories are located close to our largest markets.



Billund, Denmark

700 colleagues*
Moulding
Supplies: Europe, Middle East & Africa**

Kladno, Czech Republic

4,500 colleagues
Processing & packing
Supplies: Europe, Middle East & Africa

Nyíregyháza, Hungary

3,100 colleagues
Moulding, processing & packing
Supplies: Europe, Middle East & Africa

Monterrey, Mexico

3,500 colleagues
Moulding, processing & packing
Supplies: The Americas

Jiaxing, China

1,200 colleagues
Moulding, processing & packing
Supplies: China and Asia

*Figures represent approx. data from 2021
**Primary markets

Sustainability focus across our value chain

Our suppliers

In addition to our own manufacturing facilities, the LEGO Group works with a number of direct suppliers that provide us with raw materials, parts and finished goods. These suppliers are predominantly located in Europe, Mexico and China and a list of these suppliers is published on [LEGO.com](https://www.lego.com).

We also require that all sub-suppliers manufacturing LEGO® branded products or elements are declared to the LEGO Group for increased visibility. We then determine the risk level to evaluate if and how they will be included in the Responsible Business Principles (RBP) audit programme.

Our partners

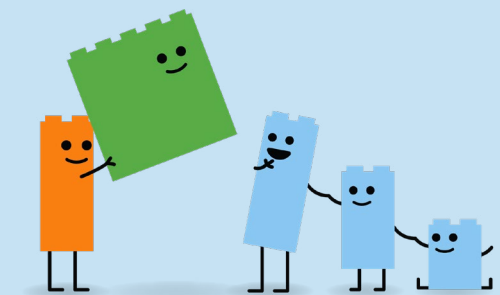
The LEGO Group grants licenses to a number of partners which manufacture goods under the LEGO Brand. The portfolio covers a range of products that includes clothing, homeware, books and accessories. We contractually require full visibility from our licensing partners of all facilities where the LEGO brand is present. In the same way we evaluate direct suppliers, we determine the risk level of partner facilities and subsequently conclude if the submission of third-party audits to the LEGO Group is required.

Our customers

Our customers are defined as retailers in all markets where the LEGO Group operates and LEGO-branded stores which are operated by both partners and the company.

Our consumers

Consumers are individuals who purchase our products. Our primary consumers are parents and caregivers who purchase LEGO products and experiences for their children, as well as adult fans, grandparents and gift givers.



Active stakeholder dialogue and engagement throughout 2021

Throughout the COVID-19 pandemic the LEGO Group has maintained a close dialogue with our suppliers and licensing partners and has encouraged open communication regarding any health and safety or social compliance risks as well

as any operational challenges that the pandemic has presented. We continued to leverage memberships of multi-stakeholder initiatives and organisations such as the Nordic Business Network for Human Rights, DIEH (Danish Ethical Trading Institute) and ICTI Ethical Toy Program (IETP) to identify best-practice approaches to protecting

vulnerable workers and upholding human rights during the COVID-19 pandemic. We are also in the process of becoming a member of the Responsible Business Alliance, to further strengthen our supply chain sustainability performance and engage with industry leaders to push for industry-wide change. Through these

memberships the LEGO Group aims to enhance worker protections, transform the market for ethical recruitment practices and promote strong management systems to prevent modern slavery, human trafficking and associated risks in global supply chains.

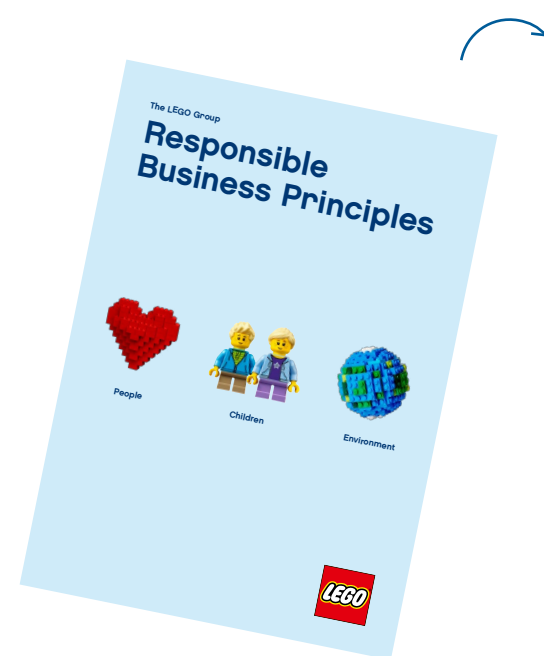
Responsible Business Principles

Our [Responsible Business Principles \(RBP\)](#) set out our expectations for our own production sites, suppliers and partners in relation to ethics, people, children and the environment based on national laws, international standards and applicable UN and International Labour Organisation (ILO) conventions. The RBP forms part of the contractual agreement with all direct suppliers and relevant indirect suppliers² and business partners.

The RBP strictly prohibits any form of modern slavery or forced labour. It includes a focus on modern slavery, highlighting practices that must be avoided, including: excessive and involuntary overtime; withholding personal papers, deposits or compensation; and inappropriate loans and salary advances that tie workers to the workplace. In addition the RBP includes a mandatory requirement that workers should not be required to pay recruitment fees or deposits to suppliers or agents to gain employment. In cases where a fee has been paid, the RBP requires that the supplier promptly reimburses the worker.

All of the above can represent subtle forms of forced labour and are considered high-risk or zero tolerance non-conformities. The RBP also requires suppliers to have grievance mechanisms in place to allow workers to raise concerns on a confidential basis, without fear of retribution.

The RBP outlines the 'right to audit', which allows the LEGO Group or its representatives to carry out assessments of suppliers, sub-contractors, and sub-suppliers to ensure that they are applying the RBP in their business and operations.



Our Responsible Business Principles

- 1 Business is conducted with transparency and integrity**
- 2 Work is voluntary**
- 3 Workers are treated equally and with respect**
- 4 Workers have the right to freedom of association and expression and access to grievance mechanisms**
- 5 Employment practices and relationships are clearly documented**
- 6 Working hours are reasonable**
- 7 Workers are paid fair wages**
- 8 Vulnerable workers are protected**
- 9 Workers' health and safety is protected at work**
- 10 Child labour is prohibited**
- 11 Workplaces are family friendly**
- 12 Business is conducted in a way that minimises environmental impact and embraces sustainability**

More information on the RBP and specific expectations for each principle can be found [here](#)

² Indirect suppliers are suppliers of supporting goods and services not for re-sale, such as; marketing, distribution, professional services, facilities and capital equipment.

Anti-slavery and human trafficking related policies

[Our Responsibility and Human Rights policy](#) sets the framework for specific actions in this area across our own operations and our entire supply chain.

Policies regarding human rights at the LEGO Group are predominantly enforced through the RBP auditing programme and through direct communication and engagement with our suppliers.

The RBP outlines our fundamental policies relating to human rights, however additional policies include:

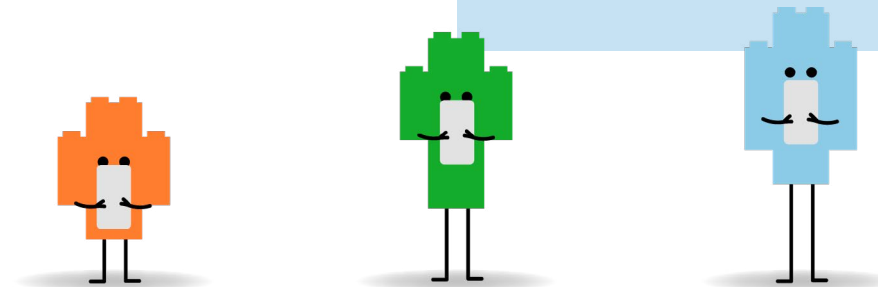
- [Policy Statement on Conflict Minerals](#) details our commitment to ensure sourcing conflict-free minerals used in our products.
- [Letter on Expected Ethical, Social and Environmental Conduct](#) outlines what is expected of LEGO employees and partners to apply high ethical standards and principles of integrity, honesty and legality.
- [People and Culture Policy](#) defines the ambition and direction of our company's approach to our people, organisational culture and leadership. It respects fundamental human and labour rights to ensure that the LEGO Group is a high standard workplace.

Conflict minerals policy and process update

In 2021, we updated the policy on conflict minerals and have improved processes for more comprehensive collecting and managing of conflict minerals data from suppliers. This will enable improved insight, risk identification and ensure due diligence in this area of our supply chain.

The new conflict minerals policy and processes closely follow the Organisation for Economic Co-operation and Development (OECD) due diligence guidance and are aligned with the Responsible Cobalt Initiative.

We will use industry recognised Responsible Minerals Initiative (RMI) standardised tools alongside increased surveillance visits to improve transparency and map supply chain risks.



Due diligence

The LEGO Group supports the United Nations Guiding Principles (UNGP) approach to due diligence and recognises the need to have processes in place to identify, prevent, mitigate and account for how the impact on human rights is addressed. It is understood that this is an ongoing process, as risks may change over time in line with operational changes or external influences.

We welcome and support the increasing momentum towards mandatory human rights due diligence around the world. As an active member of the Nordic Business Network for Human Rights (NBNHR), a [joint statement](#) was issued in January 2021 to reflect this³.

We also recognise that effective legislation will help harmonise and align requirements to ultimately create an optimal environment for all corporations, irrespective of their size, to uphold human rights in their supply chains. We actively contribute to discussions at the EU level and are preparing for the publication of the Sustainable Corporate Governance legislation due in 2022, while remaining engaged in discussions with varied global forums on ESG-based metrics for non-financial business reporting for large global companies.

The following sections provide details of the current systems in place to ensure Human Rights Due Diligence.

Verification and supplier audits

We strictly adhere to the principles of the RBP in our own operations and actively monitor our direct suppliers to ensure that they meet the requirements. This process involves a combination of third-party audits, in-house assessments, and regular dialogue to ensure that suppliers both understand and are equipped to meet our expectations. We also monitor selected sub-suppliers that we deem are high-risk due to various factors including country of manufacture and type of production.

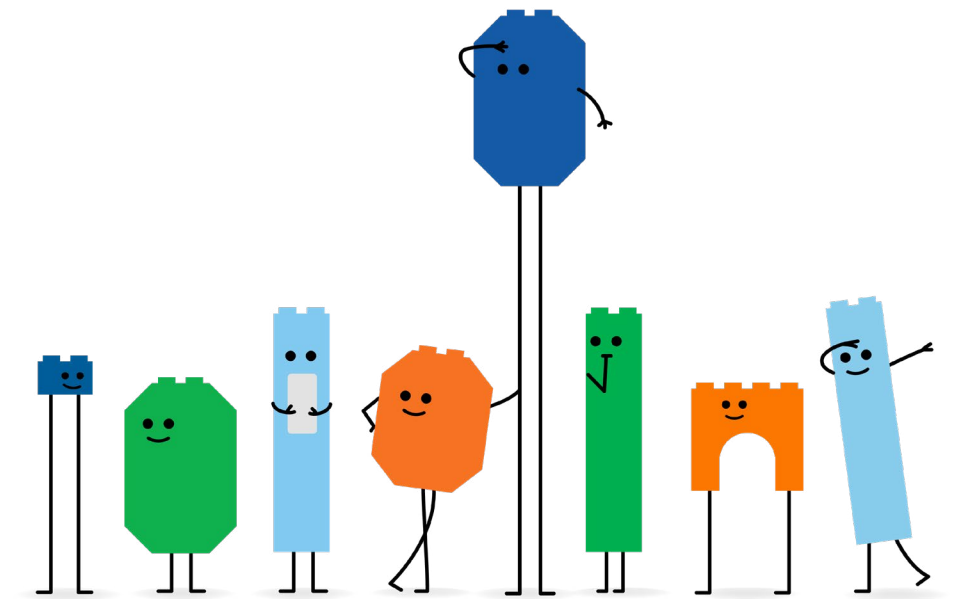
All direct suppliers, licensing partners and relevant indirect suppliers must contractually agree for their own operations as well as their sub-suppliers' operations to be evaluated on their performance against the LEGO RBP. If deemed necessary, they must also allow the LEGO Group or its representatives to carry out assessments even if they are not included in the audit programme.

The LEGO Group has developed an independent auditing methodology based on the LEGO RBP, which includes modern slavery indicators such as withheld documentation and freedom of movement. This new methodology was introduced in 2020 and has continued to be developed and improved upon in 2021. By developing a LEGO specific audit methodology we

can focus on particular areas of concern within modern slavery such as recruitment practices for migrant labour, as well as working directly with the audit companies and suppliers to better understand risks and root causes.

Our supplier audits include both announced and unannounced visits. The audits are carried out in all territories where we have direct suppliers including North America, Latin America, Asia and Europe. Suppliers must provide full access to the site and relevant documentation and make available randomly selected employees for confidential interviews. The frequency of audits depends on level of risk, taking into account factors such as country risk and past audit performance against the LEGO RBP. We have a stringent follow-up system to ensure that any non-conformities are addressed within a specified time frame. In 2021, we made steps to improve data management systems, tools and processes to better monitor how non-conformities are being resolved.

Transparency and accountability are paramount to the LEGO Group which is why we continue to increase the information we share in the annual [Sustainability Progress Report](#), providing more details on the types of higher risk non-conformities identified and the related remediation status.



³ The Danish Institute for Human Rights moderates the Nordic Business Network for Business and Human Rights of which 12 member companies demonstrate their support for human rights due diligence legislation at EU level in a joint statement.

Grading non-conformities

Non-conformities identified through supplier audits are ranked on a scale from low to high risk (including zero tolerance issues). Our general approach is to work with suppliers to address root causes and promote continuous improvement. However, if we identify high-risk issues, we demand an urgent, if not immediate, response from the supplier and hold the right to terminate the business relationship with immediate effect if no effort is taken to remediate the concern.

The LEGO Group takes a zero-tolerance approach to issues related to forced or child labour, and as such, will be treated with the highest urgency if identified.

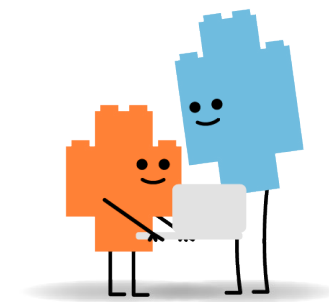
Monitoring licensing partners

We also work in close collaboration with our licensing partners by systematically monitoring and assessing compliance to our RBP through third-party audits provided by the partners. The licensing partners are expected to work with their suppliers to mitigate risks and provide the LEGO Group with detailed follow-up on any identified risks.

Alternative monitoring methods

When onsite audits haven't been possible, an expanded toolbox of monitoring methods has been deployed including virtual audits and self-assessments to ensure we can continue to monitor all necessary production facilities.

The LEGO Group recognises that modern slavery and forced labour indicators are one of the more challenging risks to identify through virtual or self-assessment methods. Although onsite audits remain an integral foundation to verifying compliance and assessing risk, the new monitoring tools and elevated communication with suppliers will be able to further support this in the future.



Audit challenges in 2021

During the first year of the pandemic, the LEGO Group saw an increase of working hours for some suppliers. The contributing factors were a direct impact of the pandemic and varied worldwide, for example, some suppliers were required to produce essential materials for other customers, while others had reduced capacity at their sites to be able to protect vulnerable workers including those on temporary contracts. Restrictions on worker travel also led to staff shortages in factories.

In 2021 working hours remained the most common higher risk issue identified through audits. However, there were fewer non-conformities than in 2020 as suppliers were better prepared to navigate the challenges of the ongoing pandemic.

The ability to conduct onsite audits remains affected by the global pandemic, as it has resulted in travel restrictions, factory closures and ultimately, a need to postpone some audits. However, the LEGO Group has still been able to complete 92% of scheduled audits onsite, which is an improvement on the 85% completed onsite in 2020.

The limit on face-to-face interaction with suppliers has been a challenge in supporting suppliers to resolve non-conformities, but has also allowed the Responsible Sourcing team to develop new ways of engaging with suppliers with a need for robust supplier communication strategies. This included an expanded use of online supplier training on the LEGO® RBP, focusing on labour practices, internal monitoring systems and identifying root causes.

Assessing modern slavery risks in our supply chain

We regularly assess our human rights risks and impacts through a combination of internal assessments and consultation with external stakeholders. This includes assessment of risks related to sourcing of certain raw materials and goods and services not intended for re-sale (e.g. marketing materials and facilities management).

The range of bio-based elements derived from sugarcane to create bio-polyethylene (bio-PE) has expanded in 2021 to around 150 elements and nearly half of our sets are designed to contain at least one of these elements. Shifting to plant-based materials for these components is a key part of our journey and commitment to make core LEGO products from more sustainable materials by 2030. We currently require our suppliers to source sugarcane that is certified under the BonSucro⁴ standard as part of our risk mitigation processes.

Other raw materials in focus include minerals used in electronic components and metal products (e.g. key rings). Relevant suppliers are required to comply with the LEGO Group policy on conflict minerals which includes a requirement to only source from smelters and refiners participating in the Responsible Minerals Assurance Process (RMAP) or an equivalent globally recognised standard.

The LEGO Group also acknowledges the risks in our licensing supply chain. The types of risks are similar to our direct supply chain. However, the manufacturers of our licensing partners are located in many more countries than our own supply chain and the variety of products is much greater, which further diversifies the risks.

Strengthening grievance mechanisms

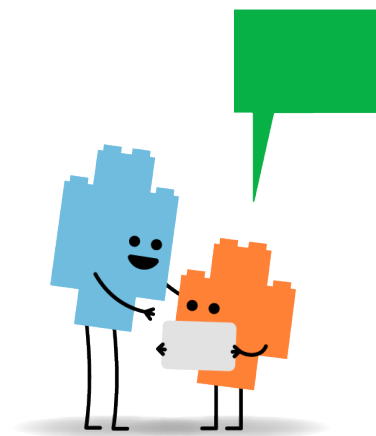
We recognise that grievance mechanisms (e.g. compliance or worker 'hotlines') can provide an important secondary channel for workers to raise issues and to report on non-compliances. Workers at our own manufacturing facilities as well as all LEGO Group employees, have access to the LEGO Compliance Line and Speak Up programme as well as participating in an annual anonymous employee survey to enable any concerns to be raised. Plans are also in motion to extend the Compliance Line externally to partners and suppliers.

A number of our suppliers are part of the International Council of Toy Industries 'ICTI' Ethical Toy Program in China and workers at these sites have access to the IETP worker hotline. Further issues can be raised confidentially and anonymously and without fear of retaliation via email at responsibility@LEGO.com.

In 2021, we worked with our auditing partners to ensure that effective communication of the Worker Voice mailbox for workers in our supply chain

is adequately assessed as part of the RBP auditing programme. An additional programme focused on enhancing the promotion of this mailbox to workers in our supply chain has also been developed including posters, information cards and training.

Analysis of efficiency of grievance mechanisms and the types of grievance raised will continue to strengthen these communication channels.



⁴ BonSucro is a global membership organisation that promotes sustainable sugarcane production, processing and trade around the world – Bonsucro.com.

Modern slavery risk assessment programme

To deepen the understanding of risks in all LEGO® operations and therefore allow for development of more robust mitigation efforts, the LEGO Group has undertaken a risk mapping process with support from external specialised consultants.

Through this process, we have assessed the actual and potential risks of modern slavery in our supply chain, with the highest potential risk areas identified, as expected, to be related to migrant workers both in our direct and indirect suppliers. We will continue to work with external consultants alongside our suppliers and partners to further examine the findings from the risk mapping to enable effective mitigation efforts. These mitigation plans are set to include strengthening the LEGO Group audit programme, further assessment development for indirect suppliers and exploring how involvement in wider initiatives can drive systemic change.

Assessing effectiveness of steps taken to prevent modern slavery

The LEGO Group regularly reviews the effectiveness of our policies and processes for preventing human rights abuses to ensure they reflect new developments.

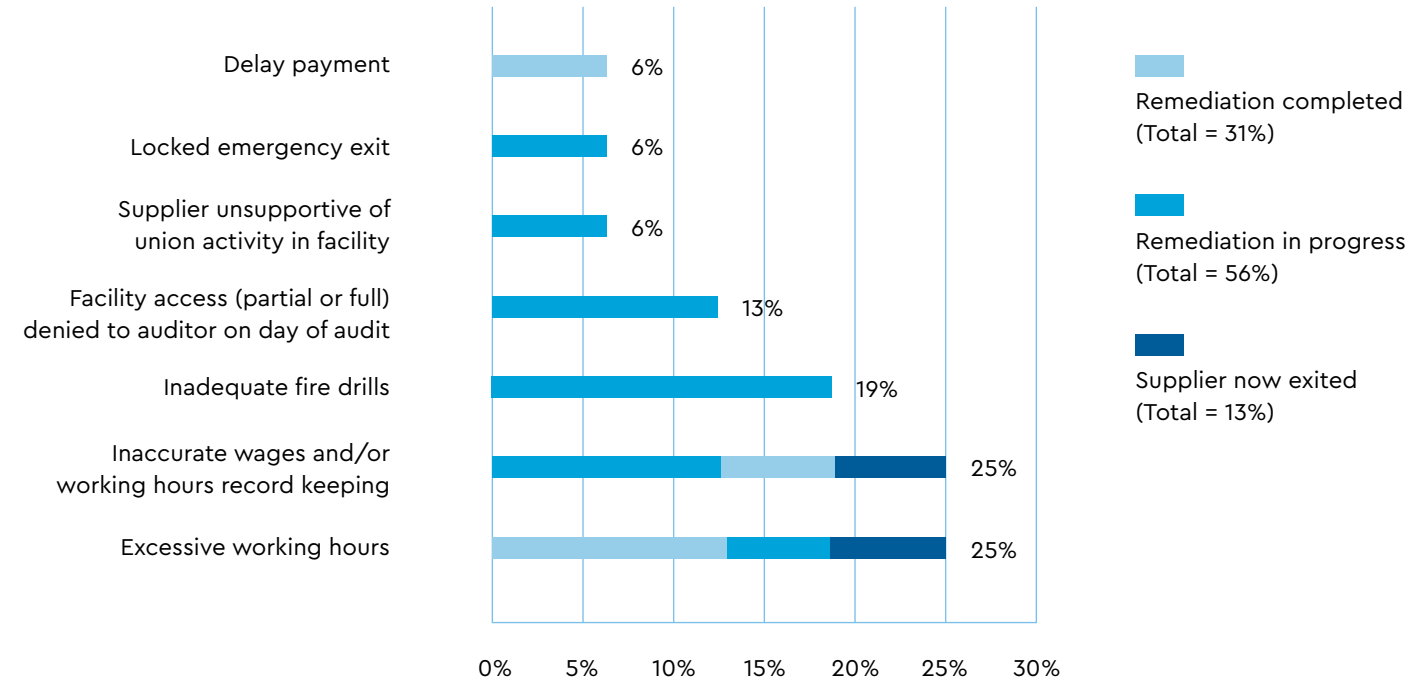
Every year, we set a key performance indicator (KPI) that takes into account any higher risk non-conformities identified in our direct supply chain through third-party audits, as an assessment of compliance to the RBP⁵.

For 2021, this KPI was set as no more than 38% of audited suppliers to have higher risk non-conformities. This was compared to maximum 30% of audited suppliers with higher risks set as the KPI in previous years. The lower target takes into account the impact COVID-19 continued to have on operations in our supply chain. However, we identified higher risk non-conformities in only 25% of audits undertaken, which in part indicates that capability building and supplier engagement have had a positive impact on suppliers.

Instances of modern slavery, forced labour or human trafficking are classified as higher risk non-conformities and therefore this KPI provides a baseline indication level of risk based on current monitoring methods. The LEGO Group reports on this KPI as part of the annual Sustainability Progress Report and it is regularly reviewed throughout the year by the Responsible Sourcing and leadership teams.

In addition, we continue to develop and review a number of operational KPIs which will not only be used to analyse the effectiveness of due diligence activities but will also allow the LEGO Group to transparently report on challenges and successes.

Higher-risk non-conformities in 2021



2021 audit results

In 2021, 25% of audits identified higher risk non-conformities. The most frequently identified non-conformities remained related to excessive working hours and lack of adequate record keeping. No audits identified any form of modern slavery, forced labour or child labour.

Further assessment of potential risk indicators of forced labour through root cause analysis and supplier dialogue found that it was not a contributing factor to, or outcome of, any of the working hours and record keeping concerns identified.

⁵ KPI for suppliers with higher risk non-conformities (NCs) is calculated as the percentage of audited suppliers with 'highrisk' or 'zero tolerance' NCs. A High-risk or Zero tolerance NC is defined as a severe issue/breach of local law and/or the LEGO Responsible Business Principles with immediate/high risk to employees/workers or to The LEGO Group requiring immediate correction and verification within 90 days. NCs are assessed by third party auditors and the LEGO Group, according to the LEGO Group grading matrix. Resolved NCs continue to be part of the calculation.

Internal and supplier training

The LEGO Group Code of Ethical Business Conduct requires all employees to comply with the letter and spirit of all applicable laws, rules, and regulations, which include those regarding modern slavery and human trafficking. All salaried LEGO Group employees must complete our training on business conduct every second year.

Internal bulletins regularly remind and encourage all employees to speak up and report any violation of policies of the LEGO Group, as well as any applicable law or regulation. This should preferably be done through internal dialogue, but a whistle-blower infrastructure (Compliance Line) provides employees with another reporting method.

We also deliver regular updates to our procurement organisation to ensure that they have the necessary knowledge and skills to integrate the RBP into their dialogue with suppliers. In 2021, over 100 procurement and finance colleagues

enrolled in sustainability training developed in conjunction with the Institute of Environmental Management & Assessment (IEMA) as part of this effort.

Direct training with our suppliers also plays a big role in understanding, addressing, and mitigating against human rights risks and modern slavery in our supply chain. We have established the capability building programme which includes a training academy tailored to the needs of suppliers and risks identified. The programme aims to strengthen suppliers' competencies to reach a higher level of compliance and enables them to resolve high-risk issues proactively.

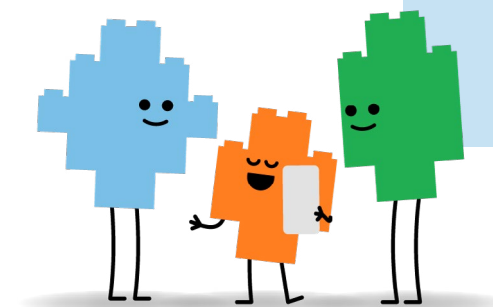
Continued learning remains a priority for colleagues within the Responsible Sourcing team who constantly seek insights and inspiration from external training, involvement in multi-stakeholder initiatives and through building strong industry networks.

Capability building in 2021

During 2021 we continued to invest in the capability building programme for suppliers which was launched the previous year. The programme enables suppliers and licensing partners to enhance and take ownership of robust management systems, to understand and mitigate risks and proactively resolve non-conformities to ultimately improve compliance and worker conditions.

A key focus for the past year has been to develop the Supplier Training Academy. Training provided through this academy focused on labour practices, fire safety, internal monitoring systems and identifying root causes, with sessions held online and in person for suppliers in China, Mexico and Europe. A management systems guidebook based on our RBP was also introduced to give suppliers practical tools to help proactively manage risks.

The aim of the capability building programme is to equip suppliers with the means to prevent and manage human rights risks in their own business and their supply chain, but it is also an important tool for the LEGO Group to collaborate with suppliers on how to take necessary corrective and preventative steps to effectively remedy any concerns that have been discovered.



Internal accountability and governance

Board of Directors

The LEGO Group Board of Directors provides oversight to ensure that we live up to our commitments, including our Planet and People Promises, and always conduct business in an ethical and legally compliant manner.

Audit Committee

The Audit Committee, appointed by the Board of Directors, reviews data governance, sustainability targets and reporting (covering climate, environmental and social impacts), and in turn, makes recommendations to the Board of Directors. However, the Board of Directors retains the ultimate authority and accountability on these matters and approves sustainability commitments, targets and reporting.

Executive Leadership Team

The Executive Leadership Team is accountable for sustainability programmes and proposes sustainability commitments and targets to the Board of Directors and ensures they are achieved.

Corporate Affairs

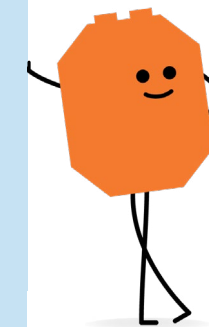
The Corporate Affairs function includes Social Responsibility, Environmental Responsibility, Government & Public Affairs and Corporate Brand Communications teams. The Head of Corporate Affairs sits on the Executive Leadership Team.

Corporate Compliance Board

The Corporate Compliance Board has been appointed by the ELT to monitor compliance with legislation that applies to the LEGO Group within sustainability and other Corporate Social Responsibility (CSR) areas.

Responsible Sourcing

Modern Slavery risks are managed within the Responsible Sourcing team which sits within the wider Social Responsibility team. In 2021, the Responsible Sourcing team expanded to ensure there were sufficient resources and expertise to deepen understanding and improve transparency of suppliers in our value chain, including indirect suppliers and suppliers of metals and minerals. The team comprises specialists who focus on managing risks, social compliance and worker well-being within these supply chains. Resources were also added to support the continued expansion of our supplier capability programme to focus on providing the necessary monitoring, training and tools for suppliers globally.



Future strategy

In 2020, the LEGO Group announced a considerable investment of up to \$400 million USD over three years to accelerate sustainability and social responsibility initiatives. The investment will cover both long-term investments and ongoing costs.

As part of this investment, we developed four key priorities and spent 2021 building the foundation and workstreams. In 2022, the team will be executing and expanding the following:

1. Capability building programme

- We will continue to use our successful capability building programme to support suppliers and licensing partners to enhance and take ownership of robust management systems to improve compliance and worker conditions.
- We will scale the RBP training academy to provide necessary training materials and tools including modules where modern slavery risk indicators are identified and explored.
- We will focus on worker training sessions regarding workers' rights and well-being and access to grievance mechanisms.
- We will share success stories from the capability building programme to engage more suppliers on the benefit of building a strong RBP management system.

2. Increase value chain transparency for indirect suppliers

- We will increase engagement with indirect suppliers to deepen our knowledge of where products and services are being made/delivered outside of our direct supply chain.
- We will explore effective ways to identify human rights risks as well as monitor and assess RBP compliance across different categories and industries, through audit and beyond.

3. Modern Slavery risk mapping

- We will use risk mapping analysis to further strengthen our efforts to assess and mitigate against modern slavery risks across our entire supply chain.
- We will be putting mitigation plans into action and exploring ways to further embed human rights due diligence in the LEGO Group ways of working.

4. Integrate sustainability into procurement processes

- We will ensure sustainability is a key criterion in decision making regarding suppliers and partners.

In 2022, we will also extend the capability building programme training academy to internal stakeholders. This will ensure

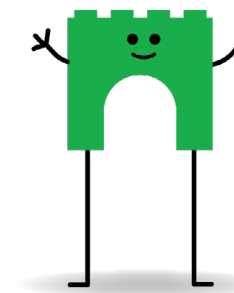
those working closely with suppliers have a solid foundation of knowledge on the Responsible Business Principles, as well as modern slavery risks and other risks in the supply chain.

To ensure fit for purpose, internal training needs will be reviewed and improved on an ongoing basis as well as investigating opportunities to increase third-party training programmes for relevant colleagues.

Ongoing challenges of 2020 and 2021 have required adaptability, focus and creativity alongside enhanced communication and engagement. We will continue to take the learnings and tools developed during this time into our daily working practices, particularly how we can respond to risks identified through in-depth risk analysis of our global operations.

As part of successful due diligence, we will share more with external stakeholders on how identified potential and/or actual adverse human rights impacts are assessed and addressed within the LEGO Group. This means we will continue to review and improve information provided in our annual sustainability reporting.

We will also continue to update policies, processes and procedures related to modern slavery with the aim to strengthen how we address associated risks and ultimately integrate into a broader human rights due diligence approach based on the UN Guiding Principles.



Approval

This statement covers the LEGO Group and all subsidiaries and as such it has been agreed that the LEGO Group Board of Directors has approved this statement on behalf of all subsidiaries.

The statement was approved by the LEGO Group of Directors on 1 March 2022.

Thomas Kirk Kristiansen

Thomas Kirk Kristiansen
Chairman of the Board

