



The LEGO Foundation[♥]

Annual Report 2022

Højmarksvej 8
7190 Billund
Denmark
CVR no. 12 45 83 39

Contents

Management's Commentary

- 3 The LEGO Foundation
- 4 Letter from the CEO
- 5 Management's Review
- 8 Financial Highlights
- 9 Board of Directors

Financial Statements

- 11 Management's Statement
- 12 Independent Auditor's Report
- 14 Accounting Policies
- 16 Income Statement
- 17 Balance Sheet
- 18 Statement of Changes in Equity
- 18 Cash Flow Statement
- 19 Notes

Appendices to Management's Commentary

- 22 Sustainability Report 2022 (Appendix 1)
- 31 List of Grantees 2022 (Appendix 2)
- 40 Recommendations on Foundation Governance 2022 (Appendix 3)





The LEGO Foundation

LEGO Fonden (the LEGO Foundation)
Højmarksvej 8, 7190 Billund
Denmark
Business registration no.: 12 45 83 39

Auditors

Deloitte Statsautoriseret
Revisionspartnerskab
Værkmestergade 2, 8000 Aarhus C
Denmark

Executive Management

Sidse Marie Kristensen
CEO from 01.02.2023

Anne-Birgitte Albrechtsen
CEO until 04.10.2022

Board of Directors

Thomas Kirk Kristiansen
Chair of the Board

Jørgen Vig Knudstorp
First deputy Chair of the Board

Agnete Kirk Kristiansen
Second deputy Chair of the Board

Marie-Louise Aamund
Member of the Board

El Hadji Amadou Gueye Sy
Member of the Board

Mabel van Oranje
Member of the Board



Legal overview

The LEGO Foundation is an independent Danish corporate foundation, providing support for children and their development along with support for general research and educational purposes. The LEGO Foundation Charter also emphasises the close relationship between the LEGO Foundation and the LEGO Group through the stipulation of the purpose to ensure and support the ongoing existence and development of learning through play. The majority of grant funding contributes to champion the power of learning through play to help give children across the world the opportunity to develop the skills they need to thrive.

Koldingvej 2, Billund A/S is a 100%-owned subsidiary of the LEGO Foundation. Through Koldingvej 2, Billund A/S the LEGO Foundation has 25% ownership of the shares in the LEGO Group, contributing significantly to the economic and financial base of the Foundation. The remaining 75% of the LEGO Group is owned through KIRKBI A/S by the Kirk Kristiansen family.

Another activity in Koldingvej 2, Billund A/S consists of the ownership and operation of

LEGO® House, an experience house in Billund, designed to give LEGO fans of all ages the ultimate LEGO experience.

Koldingvej 2, Billund A/S manages the LEGO Foundation's investment activities within the overall investment strategy authorised by the LEGO Foundation Board of Directors. Further, through Koldingvej 2, Billund A/S the LEGO Foundation owns 50% of the public-private corporation COC Office A/S (CoC Playful Minds A/S), a company with the desire to develop Billund into the capital of children with play, learning and creativity in focus. Koldingvej 2, Billund A/S also owns 94% of Nordvej Vest P/S, a company with the purpose of building and renting out collegial housing at Danmarks Teknisk Universitet (DTU) Lyngby.

Koldingvej 2, Billund A/S prepares consolidated financial statements.

LEGO Foundation Inc. is a self-governing institution, a US private foundation, established by the LEGO Foundation and reported within the financial statements of the LEGO Foundation.

Letter from the CEO



Sidsel Marie Kristensen
CEO, the LEGO Foundation

2022 was a year marked by changes for us and in the wider world. Not least due to war and conflict in many places, impacting the lives of innocent people, including children. At the same time, we have seen global economic uncertainty and continued COVID-19 lockdowns and restrictions.

Despite these challenges, the LEGO Foundation and our partners reached even more children with learning through play in 2022. And we increased our support to vulnerable children and families.

We committed DKK 3,181 million to programmes around the world

in 2022. This is a record in the history of the LEGO Foundation, and it has made us the second largest Danish foundation measured in level of grants.

But more important than size is the impact our funds make to children and communities around the world.

Last year, the LEGO Foundation's grants included committing DKK 110 million to support the rehabilitation and rebuilding of Ukraine's education system. As part of that commitment, we also helped meet the educational needs of Ukrainian children and families who fled to neighbouring countries.

2022 also marked the 90th anniversary of the LEGO® brand. In celebration of this occasion, the LEGO Foundation launched the Build a World of Play campaign, seeking bold ideas to help build a world where every child has the chance to play and learn. We committed a total of DKK 874 million for this campaign last year and we are looking forward to working closely together with the five finalists. Each finalist impressed us with bold, culturally relevant and

sustainable solutions that promote the well-being of children, their families and their communities. From supporting at-home learning through play for children and their caregivers and reinforcing positive fatherhood norms to upskilling women, especially grandmothers, in play and well-being, each solution makes learning through play more accessible to all.

I feel very fortunate to have been given the opportunity to join the LEGO Foundation and become part of an organisation working towards one of the most important purposes there is, namely, to create a better future for our children. Through my work in the LEGO Foundation Board of Directors, I have seen first-hand how our capacity has been elevated to initiate strong programmes and give more grants to the communities and organisations that need them most.

Together with my LEGO Foundation colleagues, I look forward to continuing to collaborate with partners in Denmark and across the world to make learning more accessible, inclusive, and playful in 2023.

Management's Review

2022 was a milestone year for the LEGO Foundation with a record high grant level to programmes around the world helping children and families and also the year where the LEGO Foundation celebrated the LEGO brand's 90th anniversary with a special focus on the world's youngest children to give them a better start in life.

The way we work

The LEGO Foundation champions learning through play to engage children in the best learning experience that develops holistic skills, so they can live their best lives and fulfil their potential as resilient, confident, lifelong learners who contribute to a better world. We do this by working with partners, including parents, teachers, caregivers, policymakers, academics, businesses, grassroots organisations, NGOs and governments, all over the world.

The LEGO Foundation has 25% ownership of the LEGO Group through its subsidiary Koldingvej 2, Billund A/S, and thereby receives 25% of the

LEGO Group dividend distribution.

Financial performance

The financial result is mainly influenced by the performance of the LEGO Group and the financial return from the investment activities in Koldingvej 2, Billund A/S.

The result for 2022 was a profit of DKK 1,130 million compared to DKK 4,212 million in 2021.

The profit was driven by strong performance in the LEGO Group where the 25% share of the result amounted to DKK 3,446 million (2021: DKK 3,321 million), partly offset by a negative investment result in Koldingvej 2, Billund A/S of DKK 1,651 million (2021: positive return of DKK 1,308 million) and expenses of DKK 532 million (2021: DKK 361 million).

The LEGO Group continued to see strong engagement in LEGO play experiences from families, children, and adults across the world. The financial performance was very satisfactory with



GRANT COMMITMENTS IN MILLION DKK



double-digit revenue and consumer sales growth, increased market shares and a profit before tax of DKK 17.7 billion. At the same time, the LEGO Group continued to prioritise the strategic initiatives designed to drive long-term sustainable growth, with investments for the future in innovation across the portfolio, new retail stores, further development of e-commerce platforms and expansion of the manufacturing capacity as well as in making the products more sustainable.

The financial return from investment activities in Koldingvej 2, Billund A/S was impacted by fluctuation in the financial markets with increasing interest rate levels resulting in a negative return of DKK 1,651 million (-14.4%) compared to a positive investment return of DKK 1,308 million in 2021 (12.8%).

Expenses related to programmes increased during the year from DKK 288 million to DKK 414 million due to the increased activity level, while expenses to administration were higher at DKK 118 million compared to DKK 72 million in 2021 due to internal projects and staffing up within the administrative area to support the increased activity level.

Balance sheet

At the end of 2022, the LEGO Foundation assets totaled DKK 19,983 million compared with DKK 20,766 million in 2021, while the LEGO Foundation equity was DKK 14,904 million compared with DKK

16,800 million in 2021. The equity ratio was 75% compared with 81% in 2021. The LEGO Foundation will in 2023 receive a dividend from its subsidiary Koldingvej 2, Billund A/S of DKK 3.5 billion, as proposed in the Koldingvej 2, Billund A/S annual report for 2022.

Grants

2022 was a record year with the highest ever grant commitment of DKK 3,181 million supporting programmes with focus on children and families across the world. The LEGO Foundation launched the Build a World of Play campaign celebrating the 90th anniversary of the LEGO brand to help build a world where every child has the chance to play and learn. A total of DKK 874 million was committed for this campaign in 2022. Another contribution to the grant level of 2022 was the donations to support the rehabilitation and rebuilding of the education system within Ukraine and the educational needs of the children and families who have fled to neighbouring countries where DKK 110 million was committed.

During 2022, 97 single grants were approved compared to 102 in 2021.

Knowledge resources

People are the single most critical resource for the LEGO Foundation's activities. Due to the complexity of the social impact that the Foundation is looking to achieve, it requires

people that possess a wide range of skills and competencies. Their motivation and commitment are critical for success, as is their ability to combine their talents to meet the collective objective.

At the end of the financial year 2022, the total number of employees in Billund (DK), Johannesburg (SA), Kiev (UA), Mexico City (MX) and Boston (US) was 125 compared with 111 at the end of 2021.

On 1 February 2023, Sidsel Marie Kristensen took up the position as CEO. She took over from former CEO Anne Birgitte Albrechtsen, who stepped down in October 2022.

Research and development activities

The LEGO Foundation maintains an extensive network of partners working with research on children's development and learning, including many of the most reputable universities in the world.

Responsibility

The LEGO Foundation strives to observe and maintain high ethical standards in all operations carried out by the LEGO Foundation itself as well as when working with partners.

The LEGO Foundation has standards and policies in place to ensure corporate responsibility during the LEGO Foundation's operations. These policies

include a child safeguarding policy, data ethics policy and an anti-harassment policy, among others.

The LEGO Foundation Sustainability Report describes how the LEGO Foundation is working within the areas of human rights, labour standards, the environment, anti-corruption, and data ethics, and is available in Appendix 1 and at www.learningthroughplay.com/about-us/governance-and-policies.

Gender representation

The Board of Directors has adopted a general policy recognising the value of a diversified organisation and striving for a balance between genders. The LEGO Foundation have a balanced gender composition in the Board of Directors and leadership team.

Report on distribution policy

The LEGO Foundation reports each individual grant committed during the financial year in its list of grantees and summarises the total commitments during the year in the main categories as defined in the distribution policy.

The list of grantees for 2022 and the accompanying Report on distribution policy is available in Appendix 2, and at www.learningthroughplay.com/about-us/governance-and-policies.

Compliance status report

The LEGO Foundation governance and leadership are managed with respect for good governance in corporate foundations. A compliance status report is available in Appendix 3 and <https://learningthroughplay.com/about-us/governance-leadership-and-policies>

Risks

The LEGO Foundation’s financial risks primarily relate to development within the global toy markets where the LEGO Group operates, and to developments in the financial markets.

The LEGO Foundation has adopted a comprehensive set of standards and procedures to mitigate risks on its grant activities, including due diligence processes and randomly selected onsite external audits.

Events after the reporting date

No events have occurred after the balance sheet date that would have a significant influence on the annual report for 2022.

Expectations for 2023

The overall financial result for the LEGO Foundation in 2023 is expected to be around the same level as in 2022.

Expectations for the LEGO Foundation’s financial performance are subject to uncertainties, which to a large extent are beyond the LEGO Foundation’s control.

The LEGO Group expects single-digit growth in 2023, ahead of the global toy market with further investments within product innovation, digitalisation, sustainability, retail channels and production capacity.

Koldingvej 2, Billund A/S is a long-term investor, and a one-year view of the investment activities is highly dependent on the development in the financial markets. A normalised return on financial investments with the company’s risk profile would be at a level of 2-3%.

The Foundation’s grant commitments and costs for 2023 are expected to be lower than the high level in 2022.

2022 was a record year with the highest ever grant level supporting programmes with focus on children and families across the world.



Financial Highlights

(DKK million)	2022	2021	2020	2019	2018
Income statement					
Result from subsidiaries	1,787	4,610	2,549	3,116	1,835
Result of financial items, net	(125)	(37)	40	35	4
Result before tax	1,130	4,212	2,318	2,944	1,697
Result for the year	1,130	4,212	2,318	2,944	1,697
Balance sheet at 31 december					
Total assets	19,983	20,766	18,178	17,269	14,899
Committed grants	4,941	3,866	2,783	2,922	1,728
Equity	14,904	16,800	15,304	14,279	13,135
Available capital	2,258	4,796	7,986	3,372	4,076
Grant commitments and operating expenses					
Grant commitments during the year	3,181	2,792	1,154	1,832	1,169
Expenses related to programmes	414	288	195	155	101
Expenses related to administration	118	72	77	52	40
Grant commitments and expenses during the year	3,713	3,153	1,426	2,039	1,310
Employees					
Number of employees at the end of the year	125	111	110	84	68
Financial ratios					
Portfolio cost share	96.8%	97.7%	94.6%	97.4%	96.9%
Administration cost share	3.2%	2.3%	5.4%	2.6%	3.1%

Definitions

Available capital:

Equity – restricted capital (basic capital and reserve from the use of the equity method)

Portfolio cost share:

Grant commitments + programme costs in percent of grant commitments and expenses during the year

Administration cost share:

Expenses related to administration in percent of grant commitments and expenses during the year

Board of Directors



Thomas Kirk Kristiansen
Chair of the Board

Born: 1979 | **Gender:** Male
Education: Degree in marketing

Year elected: 2013 (Chair since 2016)
Re-elected: Yes
Term expires: 2024

Short bio: Shareholder of KIRKBI A/S and representing the fourth generation of the LEGO® owner family.

Special competences: Family-owned companies and board work

Other management positions: Chair of the Board of LEGO A/S and Koldingvej 2, Billund A/S. Board

member of KIRKBI A/S and one subsidiary of KIRKBI A/S. Executive Manager of Kirk og Kirk Holding ApS and management roles in a number of subsidiaries of Kirk og Kirk Holding ApS

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: Yes (shares in KIRKBI A/S, which owns 75% of LEGO A/S)

Appointed by authorities: No
Independent member: No
2022 board remuneration: DKK 0



Jørgen Vig Knudstorp
First deputy Chair of the Board

Born: 1968 | **Gender:** Male
Education: Master's degree in economics and PhD from the University of Aarhus

Year elected: 2008
Re-elected: Yes
Term expires: 2023

Short bio: Executive Chair of the LEGO Brand Group. Former President and CEO of the LEGO Group from 2004 to 2016. Member of IMD Supervisory Board.

Special competences: Business development, sales, marketing, production and board work

Other management positions: Chair of the Board of BrainPOP Group, Inc. Board member of LEGO A/S, LEGO Juris A/S, Merlin Entertainment Ltd. and Starbucks Coffee Company

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: No

Appointed by authorities: No
Independent member: No
2022 board remuneration: DKK 0



Agnete Kirk Kristiansen
Second Deputy Chair of the Board

Born: 1983 | **Gender:** Female
Education: Bachelor's degree in psychology

Year elected: 2023
Re-elected: No
Term expires: 2024

Short bio: Fourth generation of the LEGO® owner family and shareholder of KIRKBI A/S. Founder of Center for ADHD S/I in Aarhus, Denmark.

Special competences: Family-owned companies and board work

Other management positions: Board member of one subsidiary of KIRKBI A/S. Executive Manager of KIRK83 Holding ApS and AKKCO2 by heart ApS

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: Yes (shares in KIRKBI A/S, which owns 75% of LEGO A/S)

Appointed by authorities: No
Independent member: No
2022 board remuneration: DKK 0



Marie-Louise Aamund
Independent member of the Board

Born: 1969 | **Gender:** Female
Education: MSc in Economics and Business Administration from Copenhagen Business School

Year elected: 2021
Re-elected: Yes
Term expires: 2024

Short bio: Former managing Director of Google Denmark and former member of Parliament in Denmark

Special competences: International management, technology leadership and ESG

Other management positions: Chair of the Board of Thinkproject GmbH, Board member of KIRKBI A/S, DSV A/S, and WS Audiology A/S

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: No

Appointed by authorities: No
Independent member: Yes
2022 board remuneration: DKK 350,000



El Hadji Amadou Gueye Sy
Independent member of the Board

Born: 1958 | **Gender:** Male
Education: Bachelor's degree in arts & Human Sciences from University of Dakar; Diploma in Diplomacy and Management of International Organizations from Diplomatic Academy of Vienna, Diploma in Education and Pedagogy from Ecole Normale Supérieure, Dakar

Year elected: 2022
Re-elected: No
Term expires: 2023

Short bio: Previously served as the Secretary General of the International Federation of Red Cross and Red Crescent Societies (IFRC) IFRC. Former UNICEF's Director of Partnerships and Resource Development

Special competences: experience in education and leadership roles in the humanitarian, health, environment and development sectors

Other management positions: Chair of the Board of the Kofi Annan Foundation Board. Co-chair of the Board of Global Preparedness Monitoring Board. Governor of Wellcome Trust

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: No

Appointed by authorities: No
Independent member: Yes
2022 board remuneration: DKK 233,333 (El Hadji Amadou Gueye Sy has received Board fee from 19.05.2022)



Mabel van Oranje
Independent member of the Board

Born: 1968 | **Gender:** Female
Education: MSc in Economics and Political Science and Government from University of Amsterdam

Year elected: 2022
Re-elected: No
Term expires: 2024

Short bio: Global Champion of Girls Not Brides: The Global Partnership to End Child Marriage, and a co-founder and chair emeritus of the European Council on Foreign Relation

Special competences: Human rights, Advocacy, Education sector, development and board work

Other management positions: Board chair of VOW for Girls. Board member of the Fondation Chanel, More In

Common and the Sigrid Rausing Trust

Owns shares, options, warrants or similar in the LEGO Foundation's subsidiary or associates: No

Appointed by authorities: No
Independent member: Yes
2022 board remuneration: DKK 233,333 (Mabel van Oranje has received Board fee from 19.05.2022)

Management's Statement

The Board of Directors and Executive Management have today considered and adopted the annual report of the LEGO Foundation for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the LEGO Foundation's financial position on 31 December 2022, and of the LEGO Foundation's activities and cash flows for the financial year 1 January – 31 December 2022.

We believe the management's commentary includes a fair review of the development in the LEGO Foundation's activities and finances, the result for the year and the financial position of the LEGO Foundation, as well as a review of the most significant risks and elements of uncertainty facing the LEGO Foundation.

We recommend the adoption of the annual report at the annual ordinary meeting.

Billund, 7 March 2023



Executive Management

Sidsel Marie Kristensen
CEO

Board of Directors

Thomas Kirk Kristiansen
Chair of the Board

Jørgen Vig Knudstorp
First deputy Chair of the Board

Agnete Kirk Kristiansen
Second deputy Chair of the Board

Marie-Louise Aamund
Member of the Board

El Hadji Amadou Gueye Sy
Member of the Board

Mabel van Oranje
Member of the Board

Independent Auditor's Report

To the Board of Directors and Executive Management of the LEGO Foundation

Opinion

We have audited the financial statements of the LEGO Foundation for the financial year 1 January 2022–31 December 2022, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes presented on pages 14-21, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31 December 2022 and of its operations and cash flows for the financial year 1 January-31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with

International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are described further in the section below titled 'The auditor's responsibility for the audit of the financial statements'. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors and Executive Management for the financial statements

The Board of Directors and Executive Management are responsible for the preparation

of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the Board of Directors and Executive Management consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and Executive Management are responsible for assessing the Foundation's ability to continue as a going concern; for disclosing, as applicable, matters related to the going concern; and using the going concern basis of accounting in preparing the financial statements unless the Board of Directors and Executive Management either intends to liquidate the Foundation or to cease operations or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, or to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements

applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and Executive Management.
- Conclude on whether the appropriateness of the Board of Directors and Executive Management's use of the going concern basis of accounting in preparing the financial statements is appropriate, and, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions, that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's commentary

The Board of Directors and Executive Management are responsible for the management's commentary.

Our opinion on the financial statements does not cover the management's commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statement, our responsibility is to read the management's commentary and, in doing so, consider whether the management's commentary is materially inconsistent with the financial statements, or our knowledge obtained in the

audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements in the management's commentary.

Aarhus, 7 March 2023

Deloitte

*Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56*

Thomas Rosquist Andersen
*State-Authorised Public Accountant
Identification No (MNE) mne31482*



Accounting Policies

The LEGO Foundation annual report for 2022 has been prepared in accordance with the provisions of the Danish Act on Commercial Foundations and presented in accordance with the provisions of the Danish Financial Statements Act pertaining to reporting on class C large enterprises.

The accounting policies for the financial statement remain unchanged from last year.

Consolidated financial statements

In accordance with the Danish Financial Statements Act section 111(3) no consolidated statements have been prepared.

Translation of foreign currency

Transactions in foreign currencies are translated into Danish kroner using the foreign exchange rates applicable on the transaction date. Monetary assets and liabilities in foreign currencies are translated into Danish kroner using the foreign exchange rates applicable on the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income

statement under financial income and expenses, except exchange gains and losses related to grant commitments.

Income statement

Investments in subsidiaries

Income from investments in subsidiaries consists of the proportional share of its profit after tax and any adjustment of internal profit/loss and deduction of amortisation of goodwill on consolidation.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts related to the financial year. Financial income and expenses include interest income and interest expenses, realised and unrealised capital gains and losses on securities, payables, and transactions in foreign currencies.

Expenses

Expenses relate to programmes and

administration and consist of operating expenses and employee expenses.

Operating expenses include expenses related to facilities, project costs, administration etc. Employee expenses include wages and salaries, pensions as well as other social security, contributions etc made to the LEGO Foundations' employees.

The income statement presents 'expenses related to programmes' and 'expenses related to administration' to give a fair and true view of the LEGO Foundation's activities. The clarification has no impact on the result for the year or the equity at the beginning or the end of the year.

Tax

The LEGO Foundation has opted to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of Koldingvej 2, Billund A/S is considered to have been earned by the LEGO Foundation if the taxable income is distributed as dividends to the LEGO Foundation.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method based on the proportionally owned share of the subsidiaries'

equity plus any consolidated goodwill and less intra-group gains and negative goodwill.

Securities etc.

Securities etc. consist of bonds and deposits. Securities are measured at fair value at the balance sheet date. For unlisted securities, fair value is determined based on internal models and calculations.

Other receivables

Other receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by provisions for expected losses.

Cash and bank deposits

Cash comprises cash at bank and in hand.

Liabilities

Liabilities are measured at amortised cost, which usually corresponds to nominal value.

Committed grants

Committed grants in the year by the LEGO Foundation are shown as an equity adjustment in the financial statements. Grants are considered equity movements and are recognised as a liability at the time when the grant has been approved by the Board of Directors. Committed grants not yet disbursed are recognised in non-current or current

liabilities, respectively, including those grants that are conditional upon fulfilment of certain conditions.

Reserve for future grants

In accordance with the Danish Act for Commercial Foundations, a provision for grants has been set up for the Board of Directors to be able to approve and distribute grants during the financial year. The provision does not have to be used but is continuously reduced with distributed grants. Every year at the Annual Meeting the Board of Directors will re-evaluate the size of the provision.

Derivative financial instruments

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity.

Cash flow statement

The cash flow statement shows the Foundation's cash flows from operating, investing, and financing activities for the year, the year's changes in cash and cash equivalents as well as the Foundation's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for noncash operating items, and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise dividends received less dividends that has not yet been paid.

Cash flows from financing activities

Cash flows from financing activities comprise payments of committed grants adjusted for exchange rate adjustments.



Income Statement

1 JANUARY - 31 DECEMBER

(DKK thousand)	Note	2022	2021
Net result from subsidiaries		1,787,420	4,609,517
Financial income		51,450	28,063
Financial expenses		(176,429)	(65,273)
Total net income		1,662,441	4,572,307
Expenses related to programmes			
Employee expenses	1	(96,483)	(87,345)
Operating expenses	2	(317,956)	(200,768)
Total expenses related to programmes		(414,439)	(288,113)
Expenses related to administration			
Employee expenses	1	(52,801)	(30,846)
Operating expenses	2	(64,889)	(41,593)
Total expenses related to administration		(117,690)	(72,439)
Total expenses		(532,129)	(360,551)
Result before tax		1,130,312	4,211,756
Tax on result for the year		-	-
Result for the year	4	1,130,312	4,211,756



Balance Sheet - Assets AT 31 DECEMBER

(DKK thousand)	Note	2022	2021
Financial non-current assets			
Investments in subsidiaries	5	13,042,616	12,400,447
Total non-current assets		13,042,616	12,400,447
Current assets			
Receivables from subsidiaries		3,870,228	4,307,891
Other receivables		50,577	37,989
Securities etc.		2,865,879	3,738,742
Cash and bank deposits		153,209	281,175
Total current assets		6,939,893	8,365,797
Total assets		19,982,509	20,766,244

Balance Sheet- Equity and Liabilities AT 31 DECEMBER

(DKK thousand)	Note	2022	2021
Equity			
Basic capital		262,453	262,453
Reserve from the use of the equity method		12,383,624	11,741,454
Reserve for future grants		1,997,032	4,378,360
Retained earnings		260,648	417,756
Total equity		14,903,757	16,800,023
Liabilities			
Non-current liabilities			
Committed grants	6	2,352,754	1,951,707
Total non-current liabilities		2,352,754	1,951,707
Current liabilities			
Short-term part of committed grants	6	2,588,685	1,914,674
Trade payables		35,718	38,388
Payables to subsidiaries		3,253	3,071
Payables to associates		4,269	40,904
Other payables		94,073	17,477
Total current liabilities		2,725,998	2,014,514
Total liabilities		5,078,752	3,966,221
Total equity and liabilities		19,982,509	20,766,244
Contingent liabilities and other obligations	7		
Related party transactions	8		

Statement of Changes in Equity

(DKK thousand)	2022	2021
Basic capital		
Balance at 1 January	262,453	262,453
Basic capital at 31 December	262,453	262,453
Reserve from the use of the equity method		
Balance at 1 January	11,741,454	7,055,437
Distribution of result *	1,787,420	4,609,517
Other comprehensive income/(expenses)	154,750	76,500
Dividend	(1,300,000)	-
Reserve from the use of the equity method at 31 December	12,383,624	11,741,454
Reserve for future grants		
Balance at 1 January	4,378,360	4,170,630
Distribution of result *	800,000	3,000,000
Commitments during the year	(3,181,328)	(2,792,269)
Reserve for future grants at 31 December	1,997,032	4,378,360
Retained earnings		
Balance at 1 January	417,756	3,815,517
Distribution of result *	(1,457,108)	(3,397,761)
Dividend recieved	1,300,000	-
Retained earnings at 31 December	260,648	417,756
Total equity	14,903,757	16,800,023

* The distribution of result totals DKK 1,130,312 thousand as specified in note 4.

Cash Flow Statement

1 JANUARY - 31 DECEMBER

(DKK thousand)	2022	2021
Result for the year	1,130,312	4,211,756
Net result from subsidiaries	(1,787,420)	(4,609,517)
Changes in receivables	(12,587)	(21,445)
Changes in payables	37,290	8,938
Cash flows from operating activities	(632,405)	(410,268)
Changes in receivables from subsidiaries	437,846	(2,467,891)
Dividend received	1,300,000	6,000,000
Investment in securities etc., net	872,863	(1,309,817)
Cash flows from investment activities	2,610,709	2,222,292
Grants paid	(2,144,209)	(1,837,928)
Other financing activities	37,939	129,456
Cash flows from financing activities	(2,106,270)	(1,708,472)
Net cash flows for the year	(127,966)	103,552
Cash and cash equivalents at 1 January	281,175	177,623
Cash and cash equivalents at 31 December	153,209	281,175

Note 1 EMPLOYEE EXPENSES

(DKK thousand)	2022	2021
Employee expenses related to programmes	96,483	87,345
Employee expenses related to administration	52,801	30,846
Total employee expenses	149,284	118,191
Which can be split into:		
Wages and salaries	128,834	98,905
Pension costs	5,596	4,327
Other staff and social security expenses	14,854	14,959
Total employee expenses	149,284	118,191
Remuneration for executive management*	12,376	-
Salaries and remuneration for leadership team**	-	28,597
Remuneration board of directors	817	450
Average number of employees	121	111
Number of employees at 31 December	125	111
Average number of individuals in leadership team	-	10

* Relates to former CEO and consists of annual remuneration, pension, benefits including provisions for future remuneration.

** In 2021, the LEGO Foundation did not disclose the remuneration for the executive management, but disclosed the total remuneration amount including benefits etc. to the LEGO Foundation leadership team comprising in total of ten people. This information has been replaced with remuneration for executive management to comply with the Recommendations on Foundation Governance 2022.

Note 2 OPERATING EXPENSES

(DKK thousand)	2022	2021
Operating expenses related to programmes	317,956	200,768
Operating expenses related to administration	64,889	41,593
Total operating expenses	382,845	242,361

Note 3 AUDITORS' FEES

(DKK thousand)	2022	2021
Statutory audit of the financial statements	156	187
Other assistance	364	439
Total auditors' fees	520	626

Note 4 DISTRIBUTION OF RESULT

(DKK thousand)	2022	2021
Reserve for future grants	800,000	3,000,000
Reserve from the use of the equity method	1,787,420	4,609,517
Retained earnings	(1,457,108)	(3,397,761)
Total distribution of result	1,130,312	4,211,756

Note 5 INVESTMENTS IN SUBSIDIARIES

(DKK thousand)	2022	2021
Cost		
Cost at 1 January	658,992	658,992
Cost at 31 December	658,992	658,992
Value adjustment		
Value adjustment at 1 January	11,741,454	13,055,437
Share of result for the year	1,787,420	4,609,517
Dividend distributed	(1,300,000)	(6,000,000)
Other comprehensive income/(expenses)	154,750	76,500
Value adjustment at 31 December	12,383,624	11,741,454
Carrying amount at 31 December	13,042,616	12,400,447

Information about subsidiaries

Name	Municipality	Ownership
Koldingvej 2, Billund A/S	Billund	100%

Note 6 COMMITTED GRANTS

(DKK thousand)	2022	2021
Committed grants at 1 January	3,866,381	2,782,584
Commitments during the year	3,181,328	2,792,269
Grant payments during the year	(2,144,209)	(1,837,928)
Currency adjustments	37,939	129,456
Committed grants at 31 December	4,941,439	3,866,381
Committed grants, due within one year (current liabilities)	2,588,685	1,914,674
Committed grants, due after one year (non-current liabilities)	2,352,754	1,951,707
Total committed grants	4,941,439	3,866,381

Note 7 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

The LEGO Foundation has lease and rent obligations of DKK 10,1 million (2021: DKK 7,5 million)

The LEGO Foundation's rental and professional service obligations for 2022 amount to DKK 42 million (2021: DKK 60 million), of which DKK 2 million are obligations to related parties (2021: DKK 2 million).

Note 8 **RELATED PARTY TRANSACTIONS**

The LEGO Foundation's related parties comprise the Board of Directors and the Executive Management as well as subsidiaries, associates and Boards of Directors and Executive Management in these companies.

There were no transactions in the financial year with the Board of Directors or the Executive Management besides remuneration, see note 1.

Transactions with subsidiaries and associates include the following:

(DKK thousand)	2022	2021
Grants	161,364	168,839
Purchase of goods and services	35,921	25,076
Total related party transactions	197,285	193,915

Receivables and liabilities related to subsidiaries and associates are specified in the balance sheet.

Transactions with related parties have been conducted at arm's length.

Appendix 1

Sustainability Report 2022

This report is an integrated part of our annual report for 2022 setting out the "Statutory report on corporate social responsibility", see section 99a and 99d of the Danish Financial Statement Act.



The Role We Play in the World

The LEGO Foundation is an independent Danish corporate foundation. Social responsibility and diversity are integral parts of our operations. We have three main objectives:

- 1. to secure and support the continued existence and development of the companies within the LEGO Group through our 25% ownership**
- 2. to support research and educational objectives and activities benefiting children**
- 3. to carry out business activities through investments**

You can read more about our investment activities on page three of the annual report.

We have adopted several social responsibility policies, including the areas of human rights, children’s rights, diversity, equity, and inclusion, employees’ safety, travel, anti-bribery and corruption, and the principles for avoiding conflicts of interests.

Our policies refer to international standards and agreements and we are committed to the UN Convention on the Rights of the Child and the Sustainable Development Goals (SDGs).

As a co-owner of the LEGO Group, the LEGO Foundation shares the vision to become a global force for learning through play and the mission to inspire and develop the builders of tomorrow with the other LEGO entities. We also share the LEGO Group’s framework of promises:



Play Promise

JOY OF BUILDING, PRIDE OF CREATION

Partner Promise

MUTUAL VALUE CREATION

People Promise

SUCCEED TOGETHER

Planet Promise

POSITIVE IMPACT

THE ROLE WE PLAY IN THE WORLD

Play Promise

The LEGO Foundation’s Play Promise is delivered through our focus on learning through play. In all we do the child is at the centre. We strive to use the unique possibilities we have as a Danish corporate foundation to champion the power of learning through play to help give children across the world the opportunity to develop the skills they need to thrive.

The SDGs guide our work. There are two SDGs, 4 and 17, where we see our contribution making the greatest impact on the lives of children.



SDG4 Quality education: Ensure inclusive and equitable access to quality education and promote lifelong learning for all.



SDG17 Partnerships: Revitalise the global partnerships for sustainable development.

Through play, children explore and find their way. Instead of noting down rigid facts and figures, they hone ways of thinking, creating, working together and testing ideas. These are all skills they will need to thrive throughout their lives.

The sooner we bring learning through play into every home and classroom, the sooner we help our children get set for tomorrow. Like most of our partners, we advocate and invest a significant part of our donations in the transformative power of learning through play to be adopted in education and early childhood development. We are also advocates and advisors on using learning through play to achieve quality education and meaningful lifelong learning opportunities. Our partners’ work plays a key part in shaping what we do and with them we co-design programmes and campaigns, training, toolkits, and games that tackle specific challenges in education and child development. We also influence education policy and support behaviour-change programmes to truly change the way the world learns by making play inclusive and accessible to all.



THE ROLE WE PLAY IN THE WORLD

Partner Promise (Human Rights)

The LEGO Foundation works with strong, diverse and inspiring partners to make the greatest positive impact on children's development and the global community. Our valued partnerships provide a mutual source of constant guidance, expertise, and inspiration.

Impact Assessment and vetting frameworks

At the end of 2022, the LEGO Foundation worked with 117 partner organisations across 199 grants in over 65 countries. We create shared value by collaborating to achieve the intended impact of a project, product, or activity. Together with our partners we map, visualise, and optimise the impact for children through co-creating and regularly adapting our joint initiatives. We strive to make sure that the activities we fund are suited for the local contexts.

The LEGO Foundation operates in various countries and cultures where human rights

might not be protected to the standards stated in our principles and policies. We do not tolerate any infringements of our principles, policies or international standards concerning children's rights.

Only potential partners meeting the high standards of the LEGO Foundation are considered for funding. Before we engage with a potential partner, the LEGO Foundation conducts a thorough vetting of the partner and proposed project:

1. A partner-focused due diligence is carried out with assessments of legal status, governance, risk- and financial management, programmatic capacity and policies on the safeguarding of children and diversity, equity, and inclusion.
2. With due diligence completed, the potential partner submits an application where any

recommendations from the due diligence are considered.

3. The proposed project and its intended location undergo a risk assessment where matters such as health and safety of employees, respect for human rights, corruption and the political environment are considered and assessed.

4. After a successful vetting of partner and project, a legal contract is signed. The contract is designed to mitigate any risk-findings from the vetting and incorporates the LEGO Foundation Code of Conduct and child safeguarding policy.

Release of subsequent funding is subject to both demonstrated progress of the project and continued compliance with the principles and policies of the LEGO Foundation, as well as the contractual obligations.

Progress and compliance are confirmed through the partner's reporting and the on-ground follow-up conducted by LEGO Foundation staff.

Further, the LEGO Foundation can initiate external audits of partners.

Policies

The LEGO Foundation has a zero-tolerance policy for child abuse in any form, and everyone working for, or affiliated with us must always treat children decently and respectfully.

Our child safeguarding policy takes all necessary actions to support child safeguarding. The policy is our commitment to safeguard children from fundamental abuse of their rights or dignity.

The LEGO Foundation Code of Conduct is primarily based on the Universal Declaration of Human Rights. The LEGO Foundation Code of Conduct establishes a set of minimum standards and applies the principle that organisations have a responsibility to respect human rights. This means they must avoid infringing the rights of individuals and therefore must exercise appropriate diligence in their operations. Partners are responsible for ensuring that their services, sub-grantees, and subcontractors comply with the LEGO Foundation Code of Conduct and the child safeguarding policy adopted by the LEGO Foundation.

Actions and results

Last year we committed 97 grants to 64 partner (of which 39 were new partners) with a record high total value of DKK 3,181 million, including a commitment of DKK 874 million to new partners from the Build a World of Play Challenge open call.

In 2022 we increased our focus on diversity, equity, and inclusion in our grant making, including our Build a World of Play Challenge.

During 2022, the LEGO Foundation received notifications with allegations of incidents conflicting with our child safeguarding policy and The LEGO Foundation Code of Conduct involving some of our partners. The LEGO Foundation took action to ensure that the allegations are investigated and, if substantiated, mitigated by the partners and that measures are taken to make sure that further incidents will not occur. The partners responded with adequate actions, and we continue to monitor to ensure that the partners continue to work on improving the working environment and educate their staff.

We conducted two external audits and one is ongoing in 2022 that lead to our external auditor making several recommendations. During the year, we made changes in our procedures that addressed the audit findings.

Target for 2023

We will continue to do our utmost to avoid any incidents of child abuse or violation of human rights by anyone working for, or affiliated with, the LEGO Foundation. We intend to further increase our focus on diversity, equity, and inclusion in our

grant making and as an organisation.

The LEGO Foundation intends to initiate a minimum of 2-4 external audits per year to be performed by an independent auditing company, either on-ground or as desktop audits.



THE ROLE WE PLAY IN THE WORLD

People Promise

The motivation and commitment of the LEGO Foundation employees are critical to our success, as is their ability to combine their talents to work towards our goals and objectives. The complexity of the social impact that the LEGO Foundation is looking to achieve requires a team that possesses a wide range of skills and competencies. These are some of the reasons, the LEGO Foundation is committed to diversity, equity, and inclusion.

Impact assessment

We celebrate differences and strive to have extensive diversity among employees. It is the right thing to do, and the smart thing – helping us forge strong partnerships and deliver positive impact for children across the world.

With diversity comes a responsibility to have an inclusive workplace culture. We are striving to build that sense of belonging.

Some of our people will work on projects all over the world, and in regions with security challenges.

We have identified the health and safety of the employees when travelling in regions of the world with security challenges as a people risk.

We want to make sure we are doing what we say to keep the team motivated and engaged. We use status surveys to check we are getting it right. We use the responses to look out for other areas where we can improve across the organisation.

Policies

Our diversity and inclusion policy helps us recruit, develop and lead the team in a fair and inclusive way. The policy celebrates differences and frames our commitment to create an inclusive culture; one in which people can come to work, be themselves and feel a strong sense of belonging.

We also have an anti-harassment policy to make sure all employees can work without bias, prejudice or harassment in a professional atmosphere that promotes equal employment opportunities and prohibits discrimination.

We do not tolerate any kind of harassment, bullying, victimisation or discrimination in the workplace or in any work-related setting outside the workplace.

Our travel security policy and protocol helps us keep our people safe when they are travelling and working abroad for us. We offer everyone travel security training as part of their induction – and anyone travelling abroad for us must complete it.

Actions and results

In 2022, we continued to have workshops and discussed diversity, a safe and inclusive environment, and a sense of belonging. It is an essential part of the organisation to have an understanding and acknowledge diversity, equity, and inclusion. The 125 employees at the LEGO Foundation on 31 December 2022 were spread across 27 nationalities and there were 90 women and 35 men. At the end of 2022 the LEGO Foundation Board of Directors comprised 3 women and 3 men. The LEGO Foundation's other management levels comprised 1 woman and 1 man, and Team Leads comprised 5 women and 4 men.

During 2022, the LEGO Foundation received reports through various channels, including the LEGO Foundation whistleblower line that after due diligence led to changes in internal

processes, organisational structure and management principles. We also saw a decrease in motivation, satisfaction, and engagement across the organisation.

Target for 2023

As an organisation the LEGO Foundation will continue the important journey towards establishing a workplace and culture characterised by diversity, equity and inclusion. We want to ensure that all employees can work without bias, prejudice or harassment in a professional atmosphere that promotes equal employment opportunities and prohibits discrimination. We have a strong ambition to improve motivation, satisfaction, and engagement across the organisation.

We aim to have no serious incidents in relation to the health and security in 2023. If the circumstances allow all current on-ground employees yet to complete the travel security training, as well as new colleagues, should complete the travel security training in 2023.

During 2023, we expect the Board of Directors to adopt a gender balance policy confirming our ambition to maintain a balanced gender composition in the Board of Directors and other management levels.

THE ROLE WE PLAY IN THE WORLD

Planet Promise

The LEGO Foundation strives to have a positive impact on the planet and drive behaviour change throughout the world in close collaboration with our partners on projects.

Impact assessment

In the LEGO Foundation we care about our planet and are committed to create a positive impact on the environment.

Within our investment activities all risks are managed through the approach to responsible investment and ownership. We are guided by environmental, social and governance (ESG) factors.

Our activities and the way we work with our partners require our presence on the ground to monitor progress of projects and compliance in respect of human rights, children's rights, and anti-corruption. We only travel when necessary to limit our negative impact on the environment.

We have five leased offices where energy

consumption and waste handling are focal areas.

Policies

In our investments, through our subsidiary Koldingvej 2, Billund A/S we require an active approach and ensure that the fund or external manager has an established responsibility/ESG policy and disclose their ESG performance and approach; makes available reliable information as to how ESG efforts are measured; processes how ESG evaluations are integrated into investment decisions and defines thresholds and metrics; and ensures an approach that takes advantage of ownership rights through engagement of the investments.

Actions and results

Throughout 2022, we invested responsibly in accordance with our investment approach and active ownership practices.

In 2022 we completed an Energy Audit, a systematic review where we mapped our energy consumption and identified and quantified cost-

effective energy saving options with a focus on real estate owned by the LEGO Foundation, including through our subsidiary Koldingvej 2, Billund A/S, and company cars.

Among the real estate owned directly or indirectly by the LEGO Foundation, the Energy Audit identified buildings where energy improvements could be made. The potential areas of improvements included conversion of heating source from natural gas to district heating, light sources, and circulation pumps.

Having seen a significant decline in emissions from air travel in 2020 and 2021 compared to 2019, which was largely due to our inability to carry out on-ground visits during the global pandemic, our emissions from air travel in 2022 were 78 % of the level in 2019.

Target for 2023

We will continue to invest responsibly for the benefit of the planet.

In 2023, we expect that the potential energy improvements of real estate identified as part of the Energy Audit will be completed.

During 2023, we relaunch our travel policy and during training and implementation we will aim to reduce the average emissions for on-ground visits.

Furthermore, we intend to review our partnership model with a view to assess if our presence on-ground is needed to the levels of today.

Anti-Corruption

Impact assessment

Corruption raises serious moral, economic and political concerns, damages trust, undermines good governance, hinders development and distorts competition. To combat corruption, most countries where the LEGO Foundation is operating have enacted anti-bribery and anti-corruption laws and regulations. These laws and regulations make it a crime to request, offer, give, or accept 'anything of value' directly or indirectly for the purpose of influencing a decision regarding the LEGO Foundation, or to secure an improper advantage of any kind. Yet the LEGO Foundation is also operating in countries and cultures where corruption and bribery on all levels is not uncommon, and in some cases is even socially accepted. Consequently, the LEGO Foundation has identified bribery and corruption as an inherent risk of operating in certain countries and cultures.

Policies

The LEGO Foundation is committed to doing its utmost to prevent bribery and corruption and

has adopted an anti-bribery and anti-corruption policy.

The policy applies to all employees of the LEGO Foundation including subsidiaries, representative offices and third parties acting on behalf of the LEGO Foundation, regardless of the country or jurisdiction where they are based.

The policy provides information and guidance on how to recognise and deal with bribery and corruption issues and sets out responsibilities in observing and upholding the LEGO Foundation's position on bribery and corruption. Pursuant to the policy, all employees or third parties acting on our behalf have an obligation to immediately report any knowledge of breaches or suspected breaches of the policy either to a manager or via the anonymous whistle-blower line.

Actions and results

In 2022, we were made aware of a few cases with allegations of incidents conflicting with our anti-bribery and anti-corruption policy involving

a few of our partners. In each case, a thorough investigation is carried out to assess whether the allegations can be substantiated and if they are, necessary actions are taken depending on the specific case. Such actions could be initiating awareness and education programmes, repayment of some or all the grant funds and involvement of relevant authorities.

Target for 2023

We aim to have no serious incidents in relation to bribery and corruption in 2023. Though we are satisfied with our current policies on the matter as well as our vetting process, we will continuously monitor and evaluate the adequacy of our policies, audits and other measures taken.



Data Ethics

The LEGO Foundation has implemented a data ethics policy outlining our data ethics principles and what we believe is an ethical way to conduct our day-to-day operation, and what our employees and business partners can expect from the LEGO Foundation when processing and procuring data.

The LEGO Foundation commits to only process personal data in a lawful manner and is committed to ensuring that decisions related to individuals always include a human evaluation of data. To ensure this, the LEGO Foundation promotes transparency towards its employees and partners and has an approval process for use of data and significant new technology.

The LEGO Foundation only wishes to use data from trustworthy business partners and will as part of the 'LEGO Foundation Code of Conduct' ensure that our business partners either have a data ethics policy or conduct their business in a way that is not detrimental to the LEGO Foundation data ethics policy.

To ensure a high level of ethical behaviour from the LEGO Foundation's employees when processing personal data or processing non identifiable data, all employees will receive compliance training, and the data ethics policy will be part of the mandatory induction procedure for new employees.

It is the LEGO Foundation executive leadership team that governs data ethics. Concerns about this area can be addressed via the LEGO Foundation whistle-blower line as well as directly to the leadership team.

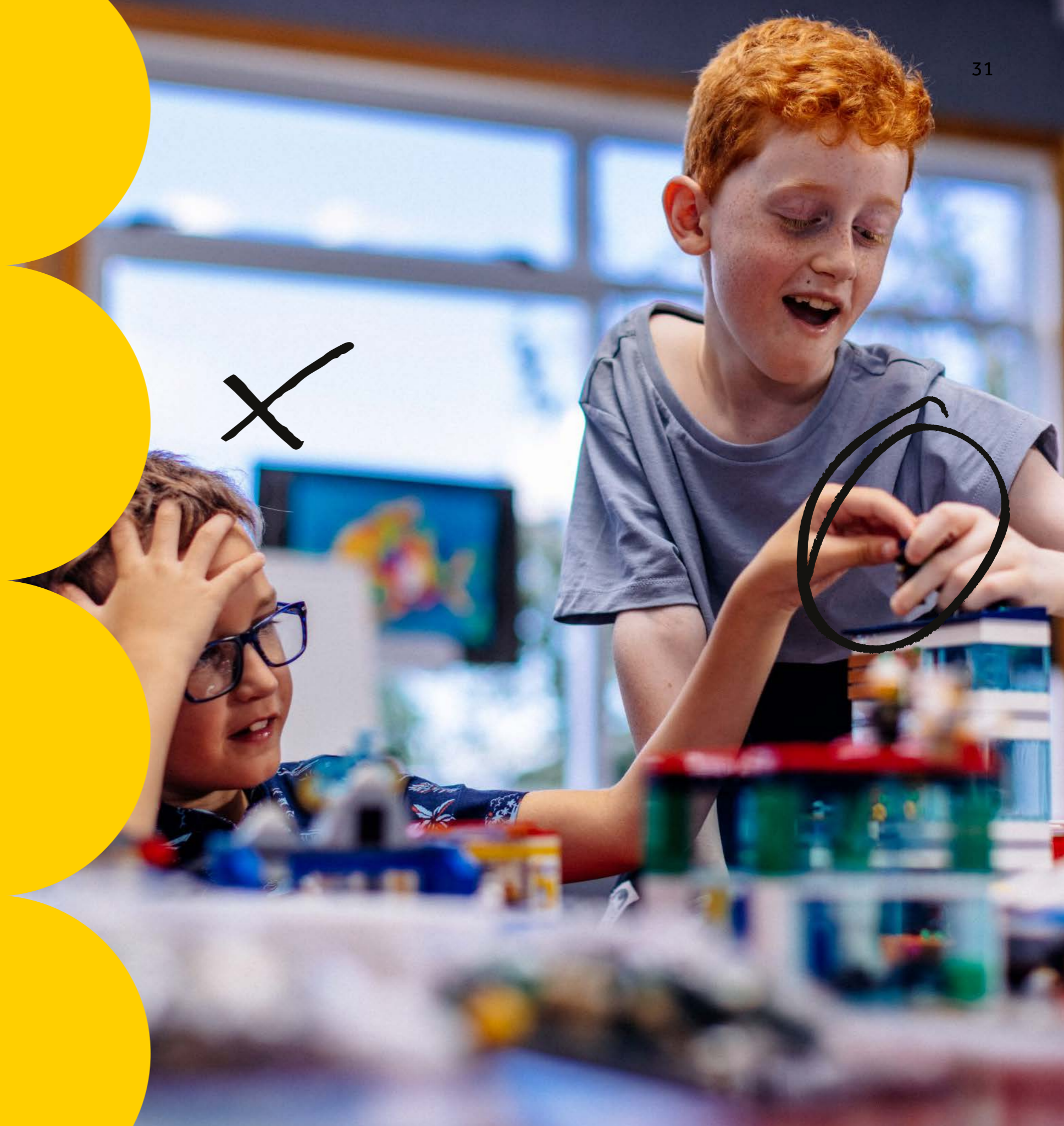
Our data ethics policy



Appendix 2

List of Grantees

This report is an integrated part of the LEGO Foundation Annual Report 2022, listing each individual approved grant for the financial period 1 January – 31 December 2022 and summarised in categories as per definition set out in the LEGO Foundation distribution policy, see. section 80 of the Danish Act on Commercial Foundations and section 77b of the Danish Financial Statements Act.



Report on distribution policy

The LEGO Foundation charter stipulates that the Foundation will provide support for children and their development along with support for general research and educational purposes. It also emphasises the close relationship between the LEGO Foundation and the LEGO Group through the stipulation of the purpose to ensure and support the ongoing existence and development of learning through play.

The aim is to build a future where learning through play empowers children to become creative, engaged, lifelong learners. Most of the grant funding will contribute to the completion of initiatives designed to systemically reach children with learning through play.

[Read more](#)

The LEGO Foundation grant commitments for 2022 can be summarised as follows:

(DKK thousand)	2022
Measurement Initiative	70,284
Playful Schools Initiative	138,383
Playful Learning in Crisis Settings Initiative	127,141
Play Movement Initiative	918
Tech and Play Initiative	44,992
Skills Gap Initiative	226,614
Refugee Playful Beginnings Initiative	242,469
Play Accelerator Initiative	54,194
Play our Part Initiative	28,639
Playful Parenting Initiative	105,349
Capital of Children Lifelong Learners	9,694
Ukraine Initiative	117,651
Denmark Initiative	119,383
Mexico Initiative	6,390
South Africa Initiative	70,662
Other	1,778,713*
Build a World of Play	874,000
LEGO Eco-System	660,964
Other	243,749
Net currency adjustment	39,852
Total	3,181,328

* The Build a World of Play grants celebrate the 90th anniversary of the LEGO® brand. The grant awardees will give substantial contributions to the lives of children within early childhood development.

Measurement

Aims to develop affordable and valid ways of measuring attainment of a broad range of skills to help understand and explain the contribution made by learning through play.

IN TOTAL: 70,284 DKK THOUSAND

Fundación Carulla - aeioTU (Colombia)
Embedding PLAY 2.0 in the system change approach in Colombia
Grant: 9,885 DKK thousand

BRAC Institute of Educational Development (Bangladesh)
Strengthening high-quality ECD programs through assessment
Grant: 25,209 DKK thousand

Education Development Center (United States)
Learning Partner and Quality Tool Testing in Bangladesh, Sierra Leone, and Uganda
Grant: 29,636 DKK thousand

JET Education Services NPO (South Africa)
Quality tool testing, learning and pathways to programme improvement by JET Education Services and The Unlimited Child
Grant: 5,554 DKK thousand

Playful Schools

Supports schools in incorporating learning through play into their learning, teaching and assessment activities.

IN TOTAL: 138,383 DKK THOUSAND

George Lucas Educational Foundation (United States)
Edutopia Amplifying Playful Schools
Grant: 1,994 DKK thousand

International School of Billund (Denmark)
International School of Billund
Grant: 136,389 DKK thousand

Playful Learning in Crisis Settings

Aims to ensure that children (3-12) in long-term refugee settings and the host communities in which they live in East Africa benefit from quality learning through play experiences.

IN TOTAL: 127,141 DKK THOUSAND

Save the Children Federation, Inc (United States)
Access to Quality Early Childhood Care and Education in Emergencies in Ethiopia Activity
Grant: 127,141 DKK thousand

Play Movement

Aims to build widespread public support and engagement to grow and sustain a movement which pushes politicians and those in power to recognise the role of learning through play in children's development.

IN TOTAL: 918 DKK THOUSAND

Bibliothèques Sans Frontières (France)
Ideas Box
Grant: 479 DKK thousand

Big Change Charitable Trust (United Kingdom)
Big Education Conversation: Phase 1
Grant: 439 DKK thousand

Technology and Play

Promotes hands-on learning through play using technology. It aims to improve opportunities for children to use technology playfully.

IN TOTAL: 44,992 DKK THOUSAND

Association for the Development of Education in Africa (Cote d'Ivoire)

Strengthening Play-Based STEM education at Basic Learning level in Africa

Grant: 4,252 DKK thousand

University of Johannesburg (South Africa)

Mentorship & Accelerator Grant for the University of Johannesburg Teacher Creative Coding Club Program

Grant: 887 DKK thousand

For Inspiration and Recognition of Science and Technology (United Kingdom)

FIRST LEGO League Cross-Division

Grant: 39,853 DKK thousand

Skills Gap

Aims to influence national governments to enhance and maintain political will towards increasing the breadth of skills, increase understanding of the importance of broad skills development, and ensure it is embedded in curricula and teaching approaches.

IN TOTAL: 226,614 DKK THOUSAND

Salzburg Global Seminar Inc (Austria)

Education Futures: Shaping A New Education Story

Grant: 374 DKK thousand

The Brookings Institution (United States)

The CUE Knowing-Doing Network: Building Evidence and Local Leadership to Advance Systems Transformation for Breadth of Skills

Grant: 169,848 DKK thousand

Innovations for Poverty Action (United States)

Catalyzing Embedded Evidence Labs in Education: Strengthening Evidence Capacity Across Contexts

Grant: 34,891 DKK thousand

Abdul Latif Jameel Poverty Action Lab (J-PAL), Massachusetts Institute of Technology (United States)

Learning for All Initiative

Grant: 21,501 DKK thousand

Refugee Playful Beginnings

Works to ensure that interventions with young children are prioritised in crisis settings.

IN TOTAL: 242,469 DKK THOUSAND

International Rescue Committee (United States)

Playful Beginnings (2.0)

Grant: 35,367 DKK thousand

International Rescue Committee (United States)

Moving Minds Alliance

Grant: 14,324 DKK thousand

Education Cannot Wait (United States)

Contribution to #222MillionDreams

Grant: 192,778 DKK thousand

Play Accelerator

To ensure that teachers have the skills and knowledge to deliver meaningful learning through play experiences and that relevant stakeholders support and enable learning through play in classrooms.

IN TOTAL: 54,194 DKK THOUSAND

VVOB (Belgium)

Catch Up Zambia! Sustaining and Scaling

Grant: 45,219 DKK thousand

UNICEF (United States)

UN Girls' Education Initiative (UNGEI) 2022

Grant: 8,975 DKK thousand

Play our Part

Offers play-based learning opportunities that empower children to become creative, engaged, lifelong learners.

IN TOTAL: 28,639 DKK THOUSAND

UNICEF (Denmark)

An Enabling Environment for the Institutionalization of Learning through Play in Pre-primary Education in Rwanda
Grant: 19,834 DKK thousand

UNESCO (France)

LEGO Foundation contribution to the WCECCE
Grant: 1,638 DKK thousand

Kidogo Early Years Inc. (United States)

Kidogo Scale Up & Strategy Development
Grant: 7,167 DKK thousand

Playful Parenting

Aims to increase the availability of high-quality parenting support which focuses on the use of play to promote children’s holistic development.

IN TOTAL: 105,349 DKK THOUSAND

Trustees of Boston College (United States)

PLAY Collaborative: Testing an Implementation Strategy for Scaling Out Evidence-Based ECD Home-Visiting in Rwanda
Grant: 2,170 DKK thousand

The University of the West Indies (Jamaica)

Reach Up and Learn 2.0: preparation for the scaling in the Jamaican health system & global knowledge sharing and capacity-sharing
Grant: 1,474 DKK thousand

Program for Appropriate Technology in Health (PATH) (United States)

Building the Global Initiative to Support Parents
Grant: 11,115 DKK thousand

UNICEF (Switzerland and Denmark)

Advocacy Partnership on Parenting
Grant: 51,459 DKK thousand

ChildFund International (United States)

Juega Conmigo Mexico phase 2
Grant: 3,584 DKK thousand

World Health Organization (Switzerland)

Supporting scale up of evidence-based parenting interventions through health and allied sectors
Grant: 35,547 DKK thousand

Capital of Children Lifelong Learners

The Capital of Children Lifelong Learner initiative is ensuring that learning through play is an integral part of early childhood and education for children living in Billund Municipality.

IN TOTAL: 9,694 DKK THOUSAND

Vorbasse School (Denmark)

Social-, emotional-, and academic wellbeing for all students
Grant: 250 DKK thousand

CoC office A/S (CoC Playful Minds A/S) (Denmark)

Children’s General Assembly 2022
Grant: 2,000 DKK thousand

Billund Municipality (Denmark)

The Playful Learning in Infancy Program: Implementation
Grant: 715 DKK thousand

University of Copenhagen (Denmark)

The Playful Learning in Infancy Program: Research and development
Grant: 6,729 DKK thousand

Ukraine Holistic Play Journey

To create a holistic play journey for the children aged 2 to 10 in the formal sector in Ukraine to equip them with breadth of skills using learning through play as the main tool to align kindergarten and primary school approach.

IN TOTAL: 117,651 DKK THOUSAND

Save the Children Denmark (Denmark)

Keeping well-being and playful safe learning for children affected by the conflict in Ukraine at the center

Grant: 25,000 DKK thousand

UNICEF (Switzerland and Denmark)

UNICEF emergency response in Ukraine

Grant: 25,000 DKK thousand

Ministry of Industry, Business and Financial Affairs (Denmark)

Humanitarian aid to Ukraine: re-establishing normal everyday life and children's access to schooling

Grant: 5,000 DKK thousand

UNICEF (Denmark)

LEGO PLAY BOXES - As a tool of Learning Through Play

Grant: 7,398 DKK thousand

UNICEF (Switzerland and Denmark)

Supporting Ukrainian young children and their families across host countries

Grant: 51,786 DKK thousand

300 educational institutions in Ukraine (Ukraine)

Laptops for educators in Ukraine

Grant: 3,467 DKK thousand

Capability Building for Playful Learning in Denmark

The aim is to see learning through play embedded in all Danish educational and childcare settings for children under the age of 16, allowing them to thrive and become motivated and engaged lifelong learners.

IN TOTAL: 119,383 DKK THOUSAND

Høje Taastrup Municipality (Denmark)

Creative Learning in Schools

Grant: 4,419 DKK thousand

Coding Pirates Denmark (Denmark)

Exploring Formal and Informal Waters

Grant: 4,939 DKK thousand

Danmarks Radio (Denmark)

DR & Folkemødet 2022

Grant: 625 DKK thousand

University College Copenhagen (Denmark)

Paths to Playful Learning

Grant: 100,000 DKK thousand

Danish Society for Education and Business, Tænk tanken DEA (Denmark)

Joint Action in Early Childhood

Grant: 9,400 DKK thousand

Comprehensive Learning through Play in Mexico

The goal is to ensure that learning through play is an integral part of both primary and pre-school education, in childcare settings, and in parenting programmes in Mexico.

IN TOTAL: 6,390 DKK THOUSAND

Asociación Mexicana para las Naciones Unidas de Jóvenes Jóvenes A.C. (Mexico)
Cooperative and Collaborative Learning for Mexican Teachers Accreditation
Grant: 5,190 DKK thousand

Fundación Carulla - aeioTU (Colombia)
Environments that enable Learning through Play in Mexican schools Accreditation
Grant: 5,083 DKK thousand

Fundación Televisa A.C. (Mexico)
Play This Summer
Grant: 12,147 DKK thousand

Centro de Investigación y Docencia (Mexico)
The State of play of current adoption and potential for learning through play in Mexican preschool
Grant: -14,518 DKK* thousand

Instituto Mexicano de Investigación de Familia y Población AC (Mexico)
PlayPrescriptions RollOut
Grant: -1,512 DKK* thousand

Play Journey in South Africa

Aims to create a play journey for South African children that supports them from birth to twelve years to ensure that children receive quality learning through play experiences from public services and at home.

IN TOTAL: 70,662 DKK THOUSAND

GW Foundation NPC (South Africa)
GROW Education Centres
Grant: 643 DKK thousand

Training and Resources in Early Education, TREE ECD (South Africa)
TREE emergency response: Kwa-Zulu Natal flooding
Grant: 6,579 DKK thousand

VVOB (Belgium)
ECD Practitioner professionalisation on Learning through Play
Grant: 63,440 DKK thousand

Other Grants

Grants within LEGO branded entities; Ole Kirk's Fond; play experiences; children with special needs and research.

IN TOTAL: 1,778,713 DKK THOUSAND

Build a World of Play

IN TOTAL: 874,000 DKK THOUSAND

Clinton Health Access Initiative, Inc (United States)
Capacity & Planning: Empowering disabled children to play via early assistive technology access
Grant: 7,400 DKK thousand

Cohere Charity (Kenya)
Capacity & Planning: Scalable Community-Led Learning through Play for Refugee Children
Grant: 7,400 DKK thousand

*Committed in prior years and partly reversed in 2022.

Build a World of Play (continued)

Impact and Innovations Development Centre (Uganda)

Capacity & Planning: Catalyzing REAL Fathers across Uganda for Early Learning and Play

Grant: 7,400 DKK thousand

Indus Action Initiatives (India)

Capacity & Planning: Care to Play

Grant: 7,400 DKK thousand

IRD Global Limited (Singapore)

Capacity & Planning: GogoPlay: Ecosystems of Play for Children in rural South Africa

Grant: 7,400 DKK thousand

Johns Hopkins Center for Indigenous Health (United States)

Capacity & Planning: Reclaiming Indigenous Children's Futures through Home-Visiting and Intergenerational Playspaces

Grant: 7,400 DKK thousand

Association for Solidarity with Asylum Seekers and Migrants (Turkey)

Capacity & Planning - Leverage Box: Game 4 All

Grant: 7,400 DKK thousand

Lively Minds (United Kingdom)

Capacity & Planning - Lively Minds: Empowering rural communities to help their children thrive

Grant: 7,400 DKK thousand

Motion Light Lab at Gallaudet University (United States)

Capacity & Planning: Play and Language Access for Your Family through Visual Learning

Grant: 7,400 DKK thousand

Ubongo International (Tanzania)

Capacity & Planning – Akili Family: Localized Play-Based Learning for African Families & Communities

Grant: 7,400 DKK thousand

IRD Global Limited (Singapore)

GogoPlay: Ecosystems of Play for Children in rural South Africa

Grant: 200,000 DKK thousand

Johns Hopkins Center for Indigenous Health (United States)

Reclaiming Indigenous Children's Futures through Home-Visiting and Intergenerational Playspaces

Grant: 200,000 DKK thousand

Ubongo International (Tanzania)

Akili Family: Localized Play-Based Learning for African Families & Communities

Grant: 200,000 DKK thousand

Clinton Health Access Initiative, Inc (United States)

Empowering disabled children to play via early assistive technology access

Grant: 100,000 DKK thousand

Impact and Innovations Development Centre (Uganda)

Catalyzing REAL Fathers across Uganda for Early Learning and Play

Grant: 100,000 DKK thousand

LEGO Eco-System

IN TOTAL: 660,964 DKK THOUSAND

Ole Kirk's Fond (Denmark)

Mary Elizabeth's Hospital

Grant: 100,000 DKK thousand

LEGO Systems A/S (Denmark)

LEGO Audio Instructions

Grant: 435 DKK thousand

LEGO Systems A/S (Denmark)

Design Award

Grant: 100 DKK thousand

The Danish National Committee for UNICEF (Denmark)

Piloting LEGO Braille Bricks for Inclusive Education in Africa

Grant: 1,243 DKK thousand

600 Hospitals from 43 Countries

LEGO MRI Scanner

Grant: 127 DKK thousand

LEGO System A/S (Denmark)

Responsible Innovation in Technology for Children (RITEC)

Grant: 9,557 DKK thousand

LEGO System A/S (Denmark)

Prescriptions for Play 2022-23

Grant: 42,665 DKK thousand

LEGO System A/S (Denmark)

Build the Change 2022-2025

Grant: 199,000 DKK thousand

LEGO System A/S (Denmark)

LEGO Idea House 2023

Grant: 11,500 DKK thousand

LEGO System A/S (Denmark)

LEGO Charity 2023

Grant: 8,000 DKK thousand

Ole Kirk's Fond (Denmark)

Ole Kirk's Fond 2023

Grant: 220,000 DKK thousand

LEGO System A/S (Denmark)

Local Community Engagement 2022

Grant: 93,881 DKK thousand

LEGO House (Denmark)

LEGO House 2023

Grant: 32,000 DKK thousand

*Committed in prior years and partly reversed in 2022.

LEGO Eco-System (continued)

LEGO Foundation Partners (Denmark)
LEGO Products 2023
Grant: 10,000 DKK thousand

LEGO System A/S (Denmark)
Build the Change 2021-22
Grant: -10,772 DKK* thousand

LEGO System A/S (Denmark)
LEGO Products 2022
Grant: -15,656 DKK* thousand

LEGO System A/S (Denmark)
Prescriptions for Play 2020-21
Grant: -6,614 DKK* thousand

LEGO System A/S (Denmark)
Build the Change 2020-21
Grant: -7,730 DKK* thousand

LEGO System A/S (Denmark)
Local Community Engagement 2022
Grant: -14,715 DKK* thousand

LEGO System A/S (Denmark)
Prescriptions for Play 2021-22
Grant: -12,057 DKK* thousand

Other

IN TOTAL: 243,749 DKK THOUSAND

Federation of American Scientists (USA)
Education R&D Impact Fellows
Grant: 34,431 DKK thousand

Fundacion Carulla - AeioTU/María Adelaida López (Colombia)
2022 LEGO Prize Award
Grant: 732 DKK thousand

Neighborhood Villages, Inc. (United States)
Neighborhood Villages
Grant: 4,090 DKK thousand

Unbongo International (United States)
Creating Inclusive, Learning through Play Edutainment for Neurodivergent Kids Across Africa
Grant: 6,782 DKK thousand

onebillion learners (United Kingdom)
onecourse
Grant: 3,903 DKK thousand

Kahoot! (Norway)
Kahoot! For All
Grant: 3,574 DKK thousand

The University Court of the University of Edinburgh (Scotland)
Understanding the Impact of LEGO Braille Bricks on Learners with Significant Visual Impairment: An International Study
Grant: 3,004 DKK thousand

Efterskolen PLAY (Denmark)
Efterskolen PLAY
Grant: 6,602 DKK thousand

Temple University (United States)
Learning through Play: Reimagining PreK to Grade 4 Education
Grant: 148,457 DKK thousand

Buffalo Fine Arts Academy (United States)
Creative Commons: Learning through Play in a Contemporary Art Museum
Grant: 3,211 DKK thousand

Livox International LLC (United States)
Play for All
Grant: 4,855 DKK thousand

Social Cipher, Inc. (United States)
Play for All
Grant: 4,715 DKK thousand

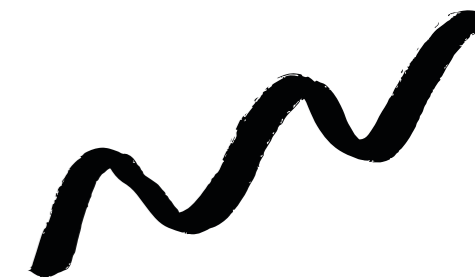
Carving Futures PTE LTD (Singapore)
Mom's Belief - Play at Home
Grant: 5.173 DKK thousand

Lernin Games S.L (Spain)
Kokoro Kids
Grant: 4,531 DKK thousand

Little Journey Ltd (United Kingdom)
Supporting ALL children to better health through play
Grant: 4,483 DKK thousand

WonderTree (Pakistan)
Play for All
Grant: 4,059 DKK thousand

EIR ORG (Denmark)
Empowering Change Through Playful Sports Programs
Grant: 1,147 DKK thousand



*Committed in prior years and partly reversed in 2022.

Appendix 3

Recommendations on Foundation Governance 2022

This report is an integrated part of the LEGO Foundation annual report for 2022 for the following accounting period 1 January 2022 - 31 December 2022. It sets out the 'Statutory report on foundation governance', see section 77a of the Danish Financial Statement Act.



Recommendations on Foundation Governance 2022

The LEGO Foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

Recommendation

The LEGO Foundation complies

1. Transparency and communication

1.1 It is **recommended** that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.

A communication policy is published on the LEGO Foundation's website. The policy lays out guidelines for the foundation's external communication and provides transparency to the public and relevant stakeholders. In addition, the LEGO Foundation's rules of procedure also determine that when communicating with the public the foundation must aim to address the need for transparency and provide stakeholders with the opportunity to obtain relevant information about matters relating to the foundation.

Recommendation

The LEGO Foundation complies

2. Tasks and responsibilities of the board of directors

2.1 Overall tasks and responsibilities

2.1.1 It is **recommended** that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.

According to the LEGO Foundation’s rules of procedure, the Board of Directors meets at least four times a year, including at least one meeting at which the Board of Directors actively considers the Foundation’s overall strategy and distribution policy. The Board of Directors has adopted overall principles for asset management, taking into consideration the purpose of the foundation’s long- and short-term needs. The Board of Directors regularly discuss the foundation’s strategy and distribution policy.

2.1.2 It is **recommended** that the board of directors regularly address whether the foundation’s asset management is in line with the purpose of the foundation and its long- and short-term needs.

The Board of Directors has adopted overall principles for asset management taking into consideration the purpose of the foundation’s long- and short-term needs. The Board of Directors regularly discuss the foundation’s strategy and distribution policy, including the expected return, distributions, liquidity requirement in general as well as the timing thereof, inter alia in relation to the foundation’s commercial activity, distribution policy, investments, and costs. Furthermore, the Board of Directors has addressed the objectives of the foundation’s investments, permitted asset types, risk profile, risk diversification and capital resources in relation to the foundation’s activities, as well as monitoring and reporting.

Recommendation

The LEGO Foundation complies

2.2 Chair and vice-chair of the board of directors

2.2.1 It is **recommended** that the chair of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.

The chair convenes and chair board meetings in accordance with the LEGO Foundation's rules of procedure and the annual wheel.

2.2.2 It is **recommended** that if the board of directors, in exceptional cases, asks the chair of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chair, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chair, the vice-chair, the other members of the board of directors and the executive board, if any.

The chair does not carry out specific operational tasks for the LEGO Foundation. However, the rules of procedure determine that if by exception the chair is asked to perform special tasks for the LEGO Foundation, a particular board decision must be made. The distribution of assignments between the Board of Directors, the chair, the 1st and 2nd deputy chair and the CEO is laid down in the LEGO Foundation's rules of procedure. It is noted, that the chair and a deputy chair until a new CEO was appointed were supervising the daily activities in the LEGO Foundation closer.

Recommendation

The LEGO Foundation complies

2.3 Composition and organisation of the board of directors

2.3.1 It is **recommended** that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.

The chair and the board conduct ongoing evaluations in accordance with the foundation's rules of procedure with regard to whether the Board of Directors possesses the knowledge and skills relevant and necessary to manage the foundation, and whether these are put to the best possible use for the benefit of the foundation.

During the process of electing new members of the board in May 2022, the board of directors assessed the competencies necessary for the board's optimal function.

2.3.2 It is **recommended** that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.

In accordance with the foundation's rules of procedure, the board of directors is to ensure a thorough and transparent process for selection and nomination of candidates to the board of directors, in order to comply with the rules regarding election of new board members in the foundation's articles of association.

In May 2022, two board members were appointed. The appointment followed the rules of procedure.

2.3.3 It is **recommended** that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and that when composing and nominating new members of the board, the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.

The composition of the board is described on the foundation's website and in the annual report - management commentary. The board is composed with diversity representing broad professional experience and gender balance. The board list includes a brief description and information about each board member.

When appointing new board members their personal qualities and competences are taken into consideration as well as the need for new talent and continuity.

Recommendation

2.3.4 It is **recommended** that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,
- any special competences possessed by the member,
- other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

2.3.5 It is **recommended** that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.

The LEGO Foundation complies

The composition of the Board of Directors, including its diversity, is described on the foundation's website and in the annual management commentary, along with the following brief details about each of the board members:

- Name, including gender, position and age,
- Date of joining the board, whether re-election of the member has taken place, and when the current term will expire ,
- The member's particular capabilities,
- The member's other executive functions,
- Whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- Which members have been appointed by relevant authorities/providers of funding, etc. and
- Whether the member is considered independent.

The majority of the board of directors, 4 out of 6 members, of the LEGO Foundation are not members of the board or executive board in subsidiaries of the LEGO Foundation.

Recommendation

The LEGO Foundation complies

2.4 Independence

2.4.1 It is **recommended** that an appropriate proportion of the board of directors be independent.

If the board of directors (excluding employee representatives) is composed of

- up to four members, at least one member should be independent,
- between five and eight members, at least two members should be independent, or
- nine to eleven members, at least three members should be independent, and so on.

To be considered independent, this person may not, for example:

- be or within the past three years have been members of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,
- within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation,
- be or within the past three years have been employed or partner at the external auditor,

Until May 2022, the board of the LEGO Foundation consisted of five members, one of whom were independent.

Since May 2022, the board of the LEGO Foundation consists of six members, three of whom were independent according to the recommendation, thus meeting the recommendation.

Recommendation

The LEGO Foundation complies

- have been a member of the board of directors or executive board of the foundation for more than 12 years,
- be a close relative of, or in some other way be especially close to, persons who are not considered independent,
- be the founder or a significant donor if the purpose of the foundation is to grant support to this person’s family or others who are especially close to this person, or
- be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation.

2.5 Appointment period

2.5.1 It is **recommended** that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.

All board members are appointed for two-year terms, in accordance with the LEGO Foundation’s articles of association.

2.5.2 It is **recommended** that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation’s website.

According to the LEGO Foundation’s rules of procedure, board members must resign from the board in conjunction with the board meeting convened to approve the foundation’s accounts for the year in which they turn 75 years of age. The currently applicable age limit is published on the foundation’s website and/or in the foundation’s annual management commentary.

Recommendation

The LEGO Foundation complies

2.6 Evaluation of the performance of the board of directors and executive board

2.6.1 It is **recommended** that the board of directors establish an evaluation procedure in which the board of directors, the chair and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.

In accordance with the foundation's rules of procedure, the organisation, the way of working and effectiveness of the board's work are to be discussed at a board meeting at least once a year.
The evaluation is based on information obtained by the chair through individual consultations with each member of the board. The evaluation is discussed among the board members.

2.6.2 It is **recommended** that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.

The board evaluates the work done by the LEGO Foundation's CEO on an ongoing basis, and at least once a year.

3. Remuneration of management

3.1.1 It is **recommended** that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.

The board members of the LEGO Foundation are either paid a fixed fee or receive no remuneration at all.

Members of the leadership team receive a fixed remuneration.

Recommendation

3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore, there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

The LEGO Foundation complies

The LEGO Foundation does publish the remuneration paid to each individual board member and to the executive management. The information is provided in the financial statement.

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The **LEGO** Foundation 

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