



# Annual Report 2021

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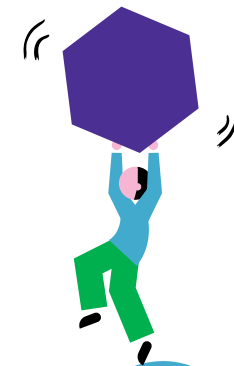
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# Letter from the CEO

Since joining the LEGO Foundation in September, I have played and learned like never before.

It has been an immense privilege to make the change from my previous position as a Member of the Board to the role of Chief Executive Officer for the LEGO Foundation, an organisation that is so full of passion for making a real and positive impact on children's lives across the world.

We bring learning through play to children, giving them the opportunity to develop skills, such as creative thinking, collaboration and social-emotional skills, that they need now and in the future. The continued COVID-19 pandemic, however, made it clear to us that we need to respond and adapt. This is why we in 2021 committed DKK 1 billion to support a safe return to school for children and communities around the world.

In 2021, the LEGO Foundation pledged to give grants totalling DKK 2.8 billion to programmes

around the world to help children and families, including those in need and crisis. This makes us one of the largest corporate foundations in Denmark, measured in level of grants, as well as a significant private funder in the field of global education. With our position comes a huge responsibility. We will continue to work to develop our voice and role in the world.

While we aim to reach an all time high grant commitment level of above DKK 3 billion in 2022, when it comes to putting children first, we also have other ambitious targets. 2022 is a transition year with three key priorities:

- We aim to reach more than 20 million children with learning through play by creating more and better partnerships across the world. We will also reconfigure the focus and approach to our work with other LEGO entities to maximise our combined impact on children's lives.
- We will champion positive change and further develop our voice and role in the world by contributing to make the world a playground

through a LEGO brand 90<sup>th</sup> anniversary campaign. This will see the launch of an open call and the selection of five organisations to scale innovative programmes to address one of the world's biggest challenges: the needs of its youngest citizens, those under the age of six.

- As an organisation we will work to define strategic direction. We will set our internal as well as external ambitions to shape our portfolio and ways of working through a strengthened focus on diversity, equity and inclusion.

The child is at the centre in all we do. We strive to use the unique opportunities we have as a Danish corporate foundation to continue to champion the power of learning through play to help give children across the world the opportunity to develop the skills they need to live their best lives. We do this because we believe in children and the future they will build.

**Anne-Birgitte Albrechtsen,**  
CEO, the LEGO Foundation



# Entity details

## Entity

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

## Auditors

Deloitte Statsautoriseret Revisionspartnerskab  
City Tower, Værkmestergade 2  
DK-8000 Aarhus C

## Executive Management

**Anne-Birgitte Albrechtsen**  
CEO from 01.09.2021

**John Goodwin**  
CEO until 31.08.2021

## Board of Directors

**Thomas Kirk Kristiansen**  
Chair of the Board

**Kjeld Kirk Kristiansen**  
1<sup>st</sup> deputy Chair of the Board

**Jørgen Vig Knudstorp**  
2<sup>nd</sup> deputy Chair of the Board

**Sidsel Marie Kristensen**  
Member of the Board

**Malou Aamund**  
Member of the Board

Detailed information on each member of the Board is given in the following section

## 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.

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 an outstanding place for children, play learning and creativity.

Koldingvej 2, Billund A/S also owns 94% of **Nordvej Vest P/S** and **Nordvej Vest 2018 ApS**, companies 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.

# Management's review

**2021 was an extraordinary year for the LEGO Foundation. It was a record year in terms of grant commitments to organisations across the world and more children were reached with learning through play than ever before.**

## The way we work

The LEGO Foundation champions learning through play to engage children in the best learning experience that develops holistic skills, including creativity, 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 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 in 2021

The LEGO Foundation annual result for 2021 amounted to DKK 4,212 million compared to DKK 2,318 million in 2020.

The main contributor to this result was the LEGO Group, where the 25% share of the result amounted to DKK 3,321 million (DKK 2,479 in 2020).

The LEGO Group continued its remarkable growth momentum from 2020 which led to an increased market share and revenue 27% above 2020. After significant investments in digital transformation and sustainability, the LEGO Group ended 2021 with its best annual result ever: a result before tax of DKK 17.0 billion, up 36% compared to 2020.

Another significant contribution to the result was the financial returns from investment activities in Koldingvej 2, Billund A/S, which increased from DKK 266 million in 2020 to DKK 1,308 million in 2021.

The investment portfolio had a return of 12.8%, compared to 3.5% in 2020.

Expenses related to programmes increased during the year from DKK 195 million to DKK 288 million due to increased activities, while expenses to administration were slightly lower at DKK 72 million compared to DKK 77 million in 2020.

The 2021 financial result for the LEGO Foundation outperformed expectations disclosed in the annual report 2020, and management is satisfied with the performance for the year.

## Balance sheet

At the end of 2021, the LEGO Foundation assets totalled DKK 20,766 million compared with DKK 18,178 million in 2020, while the LEGO

Foundation equity was DKK 16,800 million compared with DKK 15,304 million in 2020. The equity ratio was 81% compared with 84% in 2020.

The LEGO Foundation will in 2022 receive a dividend from its subsidiary Koldingvej 2, Billund A/S of DKK 1.3 billion, as proposed in the Koldingvej 2, Billund A/S annual report for 2021.

## Grants

2021 was a year with continued impact from COVID-19 causing disruptions to children's lives across the world.

For the LEGO Foundation the response to this was a record high grant level of DKK 2.8 billion, including DKK 1.0 billion specifically aimed at supporting children and families impacted by COVID-19.

During 2021, 102 single grants were approved compared to 77 in 2020, and the total amount of grant approvals came to DKK 2,792 million compared with DKK 1,154 million in 2020.

## Knowledge resources

People are the single most critical resource for the 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 2021, the total number of employees in Billund (DK), Johannesburg (SA), Kiev (UA), Mexico City (MX) and Boston (US) was 111 compared with 110 at the end of 2020.

## Research and development activities

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

The Foundation has standards and policies in place to ensure corporate responsibility during the Foundation's operations. These policies include a Child Protection Policy and an Anti-harassment Policy, among others.

A Data Ethics Policy was also implemented in 2021, outlining the Foundation's data ethics principles.

The LEGO Foundation Sustainability Report describes how the 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](http://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 composition of the Board of Directors and the Foundation's leadership team reflects a composed gender balance, with three men and two women in the Board of Directors and five men and four women in the leadership team at the end of the year.

The Foundation meets the requirements of section 99b of the Danish Financial Statements Act.

### Report on distribution policy

The 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 2021 and the accompanying Report on distribution policy is available in Appendix 2, and at [www.learningthroughplay.com/about-us/governance-and-policies](http://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 [www.learningthroughplay.com/about-us/governance-and-policies](http://www.learningthroughplay.com/about-us/governance-and-policies).

### Risks

The 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 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 2021.

### Expectations for 2022

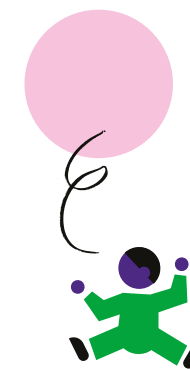
The overall financial result for the LEGO Foundation in 2022 is expected to be at a lower level than the result for 2021.

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 2022, ahead of the global toy market with further investments within product innovation, digitalisation, sustainability, and retail channels.

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 for 2022 are expected to be higher than in 2021.



# Financial highlights

(DKK million)	2021	2020	2019	2018	2017
<b>Income statement</b>					
Result from subsidiaries	4,610	2,549	3,116	1,835	2,023
Result of financial items, net	(37)	40	35	4	8
Result before tax	4,212	2,318	2,944	1,697	1,919
Result for the year	4,212	2,318	2,944	1,697	1,919
<b>Balance sheet at 31 December</b>					
Total assets	20,766	18,178	17,269	14,899	13,620
Committed grants	3,866	2,783	2,922	1,728	949
Equity	16,800	15,304	14,279	13,135	12,616
Available capital*	4,796	7,986	3,372	4,076	997
<b>Grant commitments and expenses</b>					
Grant commitments during the year	2,792	1,154	1,832	1,169	252
Expenses related to programmes	288	195	155	101	70
Expenses related to administration	72	77	52	40	42
Grant commitments and expenses during the year	3,153	1,426	2,039	1,310	364
<b>Employees</b>					
Number of employees at end of the year	111	110	84	68	51
<b>Financial ratios</b>					
Portfolio cost share**	97.7%	94.6%	97.4%	96.9%	88.5%
Administration cost share ***	2.3%	5.4%	2.6%	3.1%	11.5%

## 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:** 2022

**Short bio:** Shareholder of KIRKBI A/S and representing the fourth generation of the LEGO® owner family. Deputy Chair of the LEGO Brand Group

**Special competences:** Family-owned companies and board work

### Other management positions:

Chair of the Board of LEGO 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 four subsidiaries of Kirk og Kirk Holding ApS

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

**Appointed by authorities:** No  
**Independent member:** No  
**2021 board remuneration:** DKK 0

## Kjeld Kirk Kristiansen

1<sup>st</sup> deputy Chair of the Board

**Born:** 1947 | **Gender:** Male  
**Education:** MBA from IMD, Lausanne, CH

**Year elected:** 2000  
**Re-elected:** Yes  
**Term expires:** 2023

**Short bio:** Third generation of the LEGO® owner family and principal shareholder of the family-owned LEGO Group through KIRKBI A/S. President and CEO of the LEGO Group 1979 to 2004

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

### Other management positions:

Chair of the Board of KIRKBI A/S, Koldingvej 2, Billund A/S and Ole Kirk's Foundation. Board member of CoC Playful Minds A/S and four subsidiaries of KIRKBI A/S

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

**Appointed by authorities:** No  
**Independent member:** No  
**2021 board remuneration:** DKK 0

## Jørgen Vig Knudstorp

2<sup>nd</sup> 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

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

### Other management positions:

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 Foundation's subsidiary or associates:** No

**Appointed by authorities:** No  
**Independent member:** No  
**2021 board remuneration:** DKK 0

## Sidsel Marie Kristiansen

Member of the Board

**Born:** 1975 | **Gender:** Female  
**Education:** Master of Law from Aarhus University and Master of International and European Business Law from University of Leuven

**Year elected:** 2020  
**Re-elected:** Yes  
**Term expires:** 2023

**Short bio:** General Counsel at KIRKBI A/S

**Special competences:** Governance, compliance and board work

### Other management positions:

Chair of LEGO Juris A/S. Board member of Merlin Entertainment Ltd. and 3 affiliated companies, Koldingvej 2, Billund A/S, Eurocater Holding A/S and 11 subsidiaries of KIRKBI A/S

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

**Appointed by authorities:** No  
**Independent member:** No  
**2021 board remuneration:** DKK 0

## Malou 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:** No  
**Term expires:** 2022

**Short bio:** Managing Director of Google Denmark

**Special competences:** International management, tech leadership, ESG and policy education

### 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 Foundation's subsidiary or associates:** No

**Appointed by authorities:** No  
**Independent member:** Yes  
**2021 board remuneration:** DKK 100,000  
Malou Aamund has received Board fee from 01.09.2021

For the period up to 31.08.2021 a board fee of DKK 200,000 was paid to Anne-Birgitte Albrechtsen for her board work until her resignation from the Board of Directors. Also in 2021, a special fee of DKK 150,000 was paid to Mette Morsing for her sub-committee work, while on the Board of Directors.



# 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 2021.

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 Foundation's financial position on 31 December 2021, and of the Foundation's activities and cash flows for the financial year 1 January – 31 December 2021.

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

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

Billund, 7 March 2022

## Executive Management

**Anne-Birgitte Albrechtsen**  
CEO

## Board of Directors

**Thomas Kirk Kristiansen**  
Chair of the Board

**Kjeld Kirk Kristiansen**  
1<sup>st</sup> Deputy Chair of the Board

**Jørgen Vig Knudstorp**  
2<sup>nd</sup> Deputy Chair of the Board

**Sidse Marie Kristensen**  
Member of the Board

**Marie-Louise Aamund**  
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 2021–31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes presented on pages 12-19, 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 2021 and of its operations and cash flows for the financial year 1 January–31 December 2021 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.

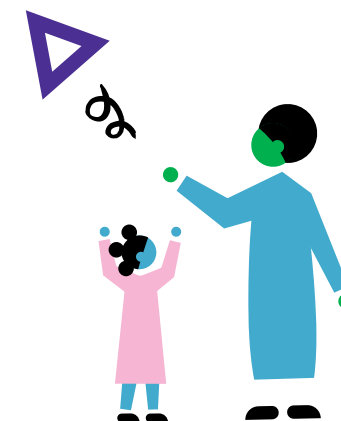
Aarhus, 7 March 2022

#### Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56

#### Thomas Rosquist Andersen

State-Authorised Public Accountant  
Identification No (MNE) mne31482



#### Martin Norin Faarborg

State-Authorised Public Accountant  
Identification No (NME) mne29395

# Accounting policies

The LEGO Foundation annual report for 2021 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 relating to programmes and administration consist of operating expenses and employment 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.

The income statement presents “expenses related to programmes” and “expenses related to administration” to give a fair and true view of the 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

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 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 and announced to the recipient. 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 is continuously reduced with distributed grants. Every year at the Annual Meeting the Board of Directors will re-evaluate the size of the provision.

### 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

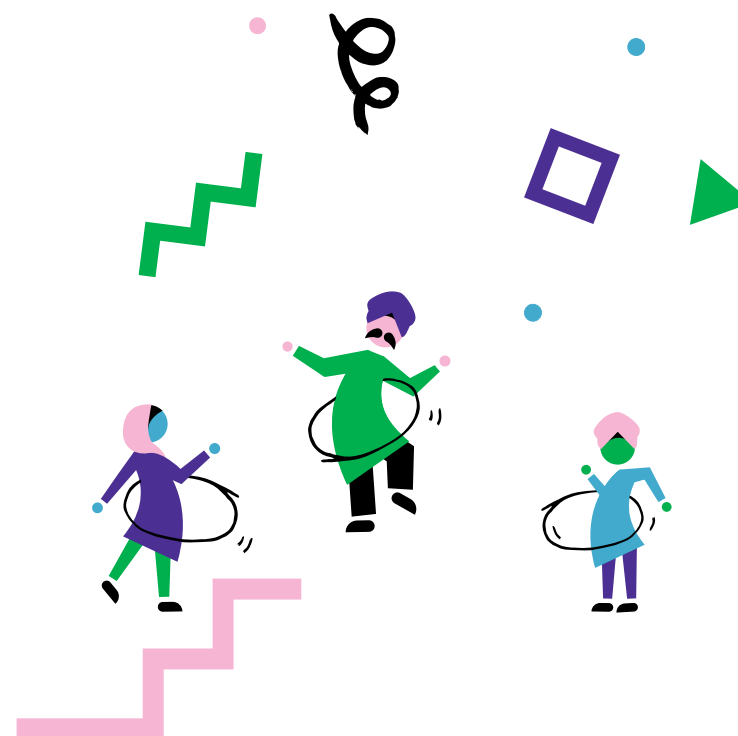
Cash flows from operating activities are calculated as the profit for the year adjusted for non-cash operating items, and changes in working capital.

### Cash flows from investing activities

Cash flows from investing activities comprise dividends received as well as net investments in securities etc.

### Cash flows from financing activities

Cash flows from financing activities comprise payments of committed grants.



# Income statement

1 January – 31 December

(DKK thousand)	Note	2021	2020
Net result from subsidiaries		4,609,517	2,549,273
Financial income		28,063	40,864
Financial expenses		(65,273)	(1,189)
<b>Total net income</b>		<b>4,572,307</b>	<b>2,588,948</b>
<b>Expenses related to programmes</b>			
Employee expenses	1	(87,345)	(70,045)
Operating expenses	2	(200,768)	(124,665)
<b>Total expenses related to programmes</b>		<b>(288,113)</b>	<b>(194,710)</b>
<b>Expenses related to administration</b>			
Employee expenses	1	(30,846)	(31,456)
Operating expenses	2, 3	(41,593)	(45,269)
<b>Total expenses related to administration</b>		<b>(72,439)</b>	<b>(76,725)</b>
<b>Total expenses</b>		<b>(360,551)</b>	<b>(271,435)</b>
<b>Result before tax</b>		<b>4,211,756</b>	<b>2,317,513</b>
Tax on result for the year		0	0
<b>Result for the year</b>	4	<b>4,211,756</b>	<b>2,317,513</b>



# Balance sheet

## at 31 December

(DKK thousand)	Note	2021	2020
<b>Assets</b>			
<b>Financial non-current assets</b>			
Investments in subsidiaries	5	12,400,447	13,714,430
<b>Financial non-current assets</b>		<b>12,400,447</b>	<b>13,714,430</b>
<b>Total non-current assets</b>		<b>12,400,447</b>	<b>13,714,430</b>
<b>Current assets</b>			
Receivables from subsidiaries		4,307,891	1,840,000
Other receivables		37,989	16,544
Securities etc.		3,738,742	2,428,925
Cash		281,175	177,623
<b>Total current assets</b>		<b>8,365,797</b>	<b>4,463,092</b>
<b>Total assets</b>		<b>20,766,244</b>	<b>18,177,522</b>

(DKK thousand)	Note	2021	2020
<b>Equity and liabilities</b>			
<b>Equity</b>			
Basic capital		262,453	262,453
Reserve from the use of the equity method		11,741,454	7,055,437
Reserved for future grants		4,378,360	4,170,630
Retained earnings		417,756	3,815,517
<b>Total equity</b>		<b>16,800,023</b>	<b>15,304,037</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Committed grants	6	1,951,707	1,641,935
<b>Total non-current liabilities</b>		<b>1,951,707</b>	<b>1,641,935</b>
<b>Current liabilities</b>			
Short-term part of committed grants	6	1,914,674	1,140,649
Trade payables		38,388	15,942
Payables to subsidiaries		3,071	1,765
Payables to associates		40,904	54,070
Other payables		17,477	19,125
<b>Total current liabilities</b>		<b>2,014,514</b>	<b>1,231,551</b>
<b>Total liabilities</b>		<b>3,966,221</b>	<b>2,873,486</b>
<b>Total equity and liabilities</b>		<b>20,766,244</b>	<b>18,177,523</b>

Contingent liabilities and other obligations 7

Related party transactions 8

## Statement of changes in equity

(DKK thousand)	2021	2020
<b>Basic capital</b>		
Balance at 1 January	262,453	262,453
<b>Basic capital at 31 December</b>	<b>262,453</b>	<b>262,453</b>
<b>Reserve from the use of the equity method</b>		
Balance at 1 January	7,055,437	10,644,164
Distribution of result	4,609,517	2,549,273
Other comprehensive income/(expenses)	76,500	(138,000)
Dividend	-	(6,000,000)
<b>Reserve from the use of the equity method at 31 December</b>	<b>11,741,454</b>	<b>7,055,437</b>
<b>Reserved for future grants</b>		
Balance at 1 January	4,170,630	3,324,938
Distribution of result	3,000,000	2,000,000
Commitments during the year	(2,792,269)	(1,154,309)
<b>Reserved for future grants at 31 December</b>	<b>4,378,360</b>	<b>4,170,630</b>
<b>Retained earnings</b>		
Balance at 1 January	3,815,517	47,277
Distribution of result	(3,397,761)	(2,231,760)
Dividend	-	6,000,000
<b>Retained earnings at 31 December</b>	<b>417,756</b>	<b>3,815,517</b>
<b>Total equity</b>	<b>16,800,023</b>	<b>15,304,037</b>

## Cash flow statement

1 January – 31 December

(DKK thousand)	2021	2020
Result for the year	4,211,756	2,317,513
Result from subsidiaries	(4,609,517)	(2,549,273)
Changes in receivables	(21,445)	(838)
Changes in payables	8,938	22,988
<b>Cash flows from operating activities</b>	<b>(410,268)</b>	<b>(209,610)</b>
Changes in receivables from subsidiaries	(2,467,891)	(5,000)
Dividend received	6,000,000	1,300,000
Investment in securities etc., net	(1,309,817)	282,695
<b>Cash flows from investment activities</b>	<b>2,222,292</b>	<b>1,577,695</b>
Grants paid	(1,837,928)	(1,132,291)
Other financing activities	129,456	(161,932)
<b>Cash flows from financing activities</b>	<b>(1,708,472)</b>	<b>(1,294,223)</b>
<b>Net cash flows for the year</b>	<b>103,552</b>	<b>73,862</b>
Cash and cash equivalents at 1 January	177,623	103,761
<b>Cash and cash equivalents at 31 December</b>	<b>281,175</b>	<b>177,623</b>



# Notes

## Note 1. Employee expenses

(DKK thousand)	2021	2020
Employee expenses related to programmes	87,345	70,045
Employee expenses related to administration	30,846	31,456
<b>Total employee expenses</b>	<b>118,191</b>	<b>101,501</b>
<b>Which can be split into:</b>		
Wages and salaries	98,905	91,501
Pension costs	4,327	3,437
Other staff and social security expenses	14,959	6,561
<b>Total employee expenses</b>	<b>118,191</b>	<b>101,501</b>
Salaries and remuneration for leadership team*	28,597	21,859
Remuneration board of directors	450	475
Average number of employees	111	98
Number of employees at 31 December	111	110
Average number of individuals in leadership team	10	10

\* Since the LEGO Foundation Executive Management consists of one person, the LEGO Foundation CEO, remuneration for management is disclosed as the total remuneration amount, including benefits etc. to the LEGO Foundation leadership team comprising in total ten persons.

## Note 2. Operating expenses

(DKK thousand)	2021	2020
Operating expenses related to programmes	(200,768)	(124,665)
Operating expenses related to administration	(41,593)	(45,269)
<b>Total operating expenses</b>	<b>(242,361)</b>	<b>(169,934)</b>

## Note 3. Auditors' fees

(DKK thousand)	2021	2020
Statutory audit of the financial statements	187	142
Other assistance	439	370
<b>Total auditors' fees</b>	<b>626</b>	<b>512</b>

## Note 4. Distribution of result

(DKK thousand)	2021	2020
Reserved for future grants	3,000,000	2,000,000
Reserve from the use of the equity method	4,609,517	2,549,273
Retained earnings	(3,397,761)	(2,231,760)
<b>Total distribution of result</b>	<b>4,211,756</b>	<b>2,317,513</b>

**Note 5. Investments in subsidiaries**

(DKK thousand)	2021	2020
<b>Cost</b>		
Cost at 1 January	658,992	658,992
<b>Cost at 31 December</b>	<b>658,992</b>	<b>658,992</b>
<b>Value adjustment</b>		
Value adjustment at 1 January	13,055,437	11,944,164
Share of result for the year	4,609,517	2,549,273
Dividend distributed	(6,000,000)	(1,300,000)
Other comprehensive income/(expenses)	76,500	(138,000)
<b>Value adjustment at 31 December</b>	<b>11,741,454</b>	<b>13,055,437</b>
<b>Carrying amount at 31 December</b>	<b>12,400,447</b>	<b>13,714,430</b>

**Information about subsidiaries**

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

**Note 6. Committed grants**

(DKK thousand)	2021	2020
Committed grants at 1 January	2,782,584	2,922,498
Commitments during the year	2,792,269	1,154,309
Grant payments during the year	(1,837,928)	(1,132,291)
Currency adjustments	129,456	(161,932)
<b>Committed grants at 31 December</b>	<b>3,866,381</b>	<b>2,782,584</b>
Committed grants, due within one year (current liabilities)	1,914,674	1,140,649
Committed grants, due after one year (non-current liabilities)	1,951,707	1,641,935
<b>Total committed grants</b>	<b>3,866,381</b>	<b>2,782,584</b>

**Note 7. Contingent liabilities and other obligations**

The Foundation has lease obligations of DKK 7.5 million (2020: DKK 5.0 million)

The Foundation's rental and professional service obligations have increased due to a growth in programme activities and an increased use of service agreements with its partners. Total contingent liabilities and obligations for 2021 amount to DKK 60 million (2020: DKK 35 million), of which DKK 2 million are obligations to related parties (2020: DKK 5 million).

### Note 8. Related party transactions

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

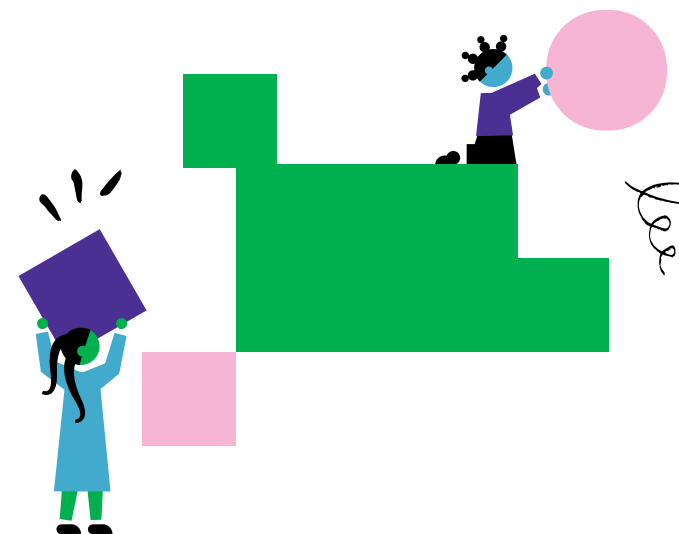
There were no transactions in the financial year with the Board of Directors or the Executive Management besides remuneration; see note 1.

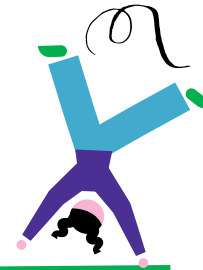
Transactions with subsidiaries and associates include the following:

(DKK thousand)	2021	2020
Grants	168,839	140,016
Purchase of goods and services	25,076	14,454
<b>Total related party transactions</b>	<b>193,915</b>	<b>154,470</b>

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

Transactions with related parties are conducted at arm's length.





## Appendix 1

# Sustainability Report 2021

This report is an integrated part of the LEGO Foundation's Annual Report for 2021 setting out the "Statutory report on corporate social responsibility", cf 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: to secure and support the continued existence and development of the companies within the LEGO Group through our 25% ownership; to support research and educational objects and activities benefiting children, and to carry out business activities through investments. Please see page four of the annual report for further details on our investment activities.

The LEGO Foundation has adopted several policies in relation to social responsibility

including human rights, children's rights, diversity and inclusion, employees' safety, 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. Operating as a social impact organisation, the LEGO Foundation also shares the LEGO Group's framework of promises:



## Our promises

### Play Promise

Joy of building, pride of creation

### Partner Promise

Mutual value creation

### People Promise

Succeed together

### Planet Promise

Positive impact

# 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 provide guidance for our work. We are committed to making a positive impact for children and are particularly inspired by SDGs 4 and 17. In those goals we see our contribution making the greatest impact on the lives of children.



## Quality education:

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



## 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. When our partners suggest projects to make learning through play more accessible or inclusive, we are there to fund them. 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 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.

# Partner Promise (Human Rights)

**The LEGO Foundation works with strong and inspiring partners to make the greatest positive impact on children's development and the global community. We know that our most powerful asset is collaboration with a diverse range of partners. Our valued partnerships provide a mutual source of constant guidance, expertise, and inspiration.**

## Impact Assessment and Vetting Frameworks

The LEGO Foundation works with over 100 partner organisations in over 60 countries. Together with our partners we map, visualise, and optimise the social impact of initiatives. Respect for local contexts is key to successful impact. We strive to make sure that the activities we fund are suited for the circumstances. Through co-creation with partners and by regularly adapting our programmes we strive to achieve the intended impact of a project, product, or activity. We create a shared value by stimulating the social impact along with the community, while also optimising our partners' project outcomes.

The LEGO Foundation conducts a thorough vetting of each potential partner and of each project. The vast majority of potential partners meet our requirements in every aspect, including human rights. Only potential partners meeting the high standards of the LEGO

Foundation with respect to human rights qualify to be considered for funding. We believe that the procedures work efficiently and that we can support and promote the safeguarding of human rights and children's rights. 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 care especially for the well-being of children and do not tolerate any infringements of our principles, policies or international standards concerning children's rights. Accordingly, the LEGO Foundation is very cautious in the due diligence process of partners and throughout the lifespan of every project. The LEGO Foundation has adopted policies to make sure it only engages with partners capable of meeting the high standards of the LEGO Foundation with respect to human rights in general, and children's rights in particular.

Before engaging with a potential partner, the LEGO Foundation carries out a thorough vetting of the partner and the proposed project. First, partner-focused due diligence is carried out where legal status, governance, risk- and financial management, programmatic capacity and policies concerning the safeguarding of children and business are assessed. With due diligence completed, the potential partner submits an application considering any recommendations from the due diligence. Subsequently, the proposed project and its

intended location undergoes 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.

After a successful vetting of a 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 as well as our Child Safeguarding Policy.

Pursuant to the contract, the partner is obliged to submit progress report(s) to the LEGO Foundation. Moreover, LEGO Foundation staff regularly conduct on-the-ground follow-up to ensure compliance with the principles and policies of the LEGO Foundation, as well as the contractual obligations.

The LEGO Foundation can initiate external audits of partners, selected based on objective and subjective criteria. The LEGO Foundation intends to initiate a minimum of 2-3 external audits per year to be performed by an independent auditing company, either on-ground or as desktop audits.

## Actions and Results

Last year we committed grants with a record high total value of DKK 2,792 million to our partners, a significant increase of 142% from

DKK 1,154 million in 2020. Further, our grant payments increased from DKK 1,132 million in 2020 to DKK 1,838 million in 2021, an increase of 62%. We saw our total number of partners increase during 2021 from 55 to 57 partners at the end of the year, entering partnerships with 17 new partners during the year.

In 2021 the LEGO Foundation encountered four cases concerning sexual harassment and/or sexual exploitation involving some of our partners. The LEGO Foundation took action to ensure that the incidents were mitigated in every way by the partners and that measures were taken to make sure that further incidents would 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.

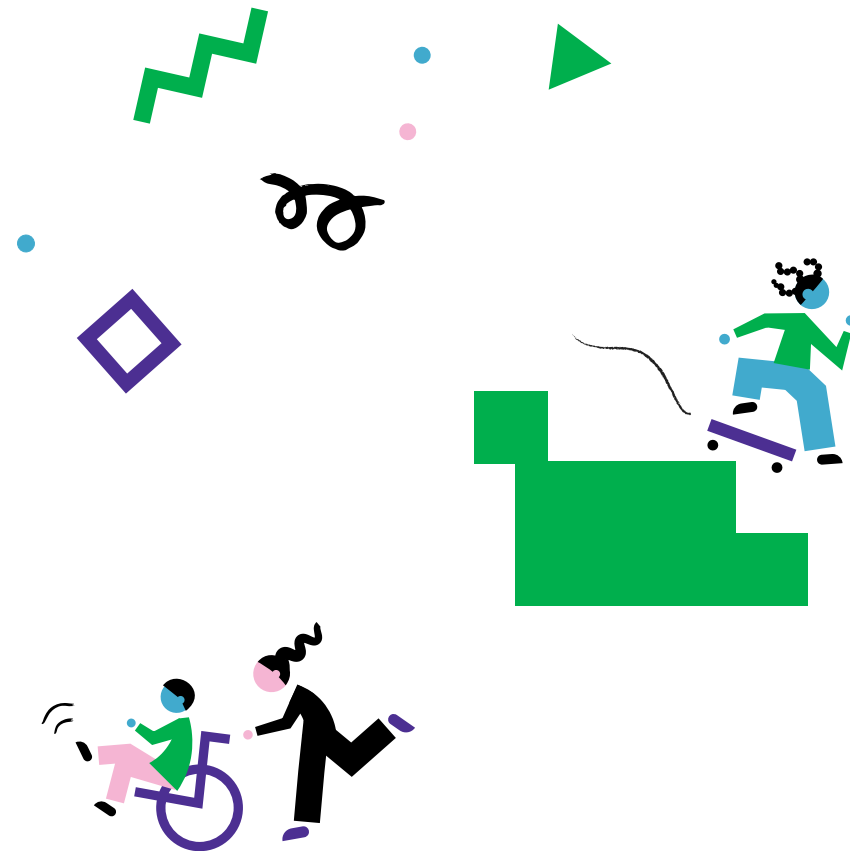
## Policies

The LEGO Foundation has adopted a child safeguarding policy and is committed to taking 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 has a zero-tolerance policy for child abuse in any form, and everyone working for, or affiliated with, the LEGO Foundation must always treat children decently and respectfully. To ensure this, the LEGO Foundation has laid out a set of specific guidelines to be followed.

Further, the LEGO Foundation Code of Conduct is based on the Universal Declaration of Human Rights, among other documents. The LEGO Foundation Code of Conduct establishes a set of minimum standards. It 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 shall be 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.

### Target for 2022

We will continue to use dialogue with partners to make a positive impact where we operate, for the benefit of adults and children alike. 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.





# 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 Foundation is looking to achieve requires a team that possesses a wide range of skills and competencies. The LEGO Foundation is committed to diversity, equity and inclusion.**

## Impact Assessment

At the LEGO Foundation, we celebrate differences and strive to have extensive diversity among employees. We believe that when we ensure a diverse workforce and an inclusive culture, we will amplify our effectiveness in forging strong partnerships and delivering positive impact for children across the world. We acknowledge that with diversity comes a responsibility to ensure an inclusive workplace culture, and we strive to ensure that all employees feel a strong sense of belonging. Our projects all over the world require our employees to work away from home and in regions with security challenges. The LEGO Foundation has identified the health and safety of the employees when travelling in regions of the world with security challenges as a people risk.

As we strive to ensure the well-being of our employees and that the LEGO Foundation

continues to be a motivating workplace, we measure motivation, satisfaction and engagement across the organisation in status surveys. The responses are used to identify possible areas of improvement at an organisational level.

## Policies

The LEGO Foundation has adopted a Diversity and Inclusion Policy. This frames our commitment to ensure that diversity, equity, and inclusion are incorporated effectively into decision-making and are considered when recruiting, developing and leading staff. While the policy celebrates differences, it also frames the LEGO Foundation's commitment to create an inclusive culture; one in which people can come to work, be themselves and feel a strong sense of belonging.

The LEGO Foundation values positive working relationships consistent with the LEGO Foundation values and does not tolerate any kind of harassment, bullying, victimisation or discrimination in the workplace or in any work-related setting outside the workplace. To accomplish this, the LEGO Foundation has adopted an Anti-Harassment Policy to ensure that all employees can work without bias, prejudice or harassment in a professional atmosphere that promotes equal employment opportunities and prohibits discrimination.

Planning for and dealing with the risks of travelling and working abroad are key to

ensuring the health and safety of employees working outside their usual workplace. The Travel Security Policy and Protocol adopted by the LEGO Foundation aims to provide a framework to control those risks. It does so by ensuring the health and safety of our employees travelling on LEGO Foundation business. All employees working on the ground should attend travel security training and are offered training as part of their induction when they start work for the LEGO Foundation or start a new role.

## Actions and results

Diversity, a safe and inclusive environment, and a sense of belonging were key factors in 2021. We carried out Diversity, Inclusion and Belonging workshops across the organisation, hosted key-note speeches from experts within the field, a learning lab and continuous access to e-learning, relevant materials, recorded learning-sessions etc. Further, the leadership team and people leaders received additional training to achieve our objectives. The 111 employees at the LEGO Foundation on 31 December 2021 were spread across 23 nationalities and there were 82 women and 27 men. At the end of 2021 the LEGO Foundation leadership team comprised 4 women and 5 men, and the Board of Directors comprised 2 women and 3 men.

Throughout the year 2021, it was a top priority to support all colleagues and ensure their well-being, even more so due to the extraordinary and

difficult circumstances everyone faced due to COVID-19. Despite the challenges, our survey showed high motivation and satisfaction across the organisation, with a score of 78 out of 100.

In 2021, 16 employees completed our travel security training. Though the ambition was for all on-ground employees to complete the travel security training, the impact of COVID-19 during the past two years has made it impossible to fulfil that ambition and several colleagues have yet to complete the training.

## Target for 2022

As a workplace, 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 an ambition to maintain the high level of motivation and satisfaction in the organisation.

We aim to have no serious incidents in relation to the health and security of our on-ground employees in 2022. If the circumstances allow, all current on-ground employees yet to complete the travel security training, as well as new hires, should complete the travel security training in 2022.

# 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

The LEGO Foundation's activities require our presence on the ground, and this involves air travel and commuting as we monitor compliance in respect of human rights, children's rights and anti-corruption, when on the ground. We have five leased offices where energy consumption and waste handling are focal areas.

## Policies

The Foundation has adopted a travel policy with the main purpose being to ensure efficient travel for employees, and to ensure that only necessary travel is approved to limit travel-related emissions.

We apply responsibility in our investments and ownership of companies and real estate to act as good citizens. This is because we believe that responsible behaviour of companies is a prerequisite for long-term value creation. We execute responsible investing by integrating environmental, social and governance (ESG) factors into our investment approach and

active ownership practices. Consequently, 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

In 2021 as in 2020, the travel restrictions imposed by the COVID-19 pandemic caused a significant reduction in business travel compared to pre-COVID-19. Furthermore, we learned that even when we had the option to travel to physical meetings, we chose to conduct meetings online instead. This reduced our 2021 carbon footprint from business travel. Throughout 2021 our employees had the opportunity to work from home up to three days a week. At certain times during the year, they were encouraged to work from home due to the COVID-19 pandemic, resulting in reduced commutes to work and savings in carbon emissions from travel.

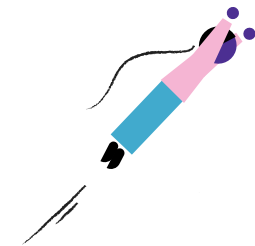
Throughout 2021, we invested responsibly in accordance with our investment approach and active ownership practices.

In 2021 we initiated an Energy Audit, a systematic review where we will map our energy consumption and identify and quantify cost-effective energy saving options. The review focuses on real estate owned by the LEGO Foundation, including subsidiaries, and company cars. The audit is expected to be finalised in 2022.

## Target for 2022

With the option to work from home up to three days a week and our learnings in relation to business travel, we expect to see some of the reductions in emissions from travel continue in 2022.

We will actively introduce measures into our grant making and operations to advance the global sustainability agenda. We will continue to invest responsibly for the benefit of the planet.



# 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 operating in countries and cultures where corruption and bribery on all levels is not uncommon, and in some cases is even socially accepted.

## 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

We did not encounter any issues in relation to bribery and corruption in our projects in 2021 and assess that this is largely due to our thorough vetting process.

In 2021, we replaced the existing compliance line and introduced an enhanced whistle-blower line, where LEGO Foundation employees as well as third parties affiliated with LEGO Foundation activities can report suspected misconduct securely and confidentially using a platform operated by a third party.

## Target for 2022

We aim to have no serious incidents in relation to bribery and corruption in 2022. 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

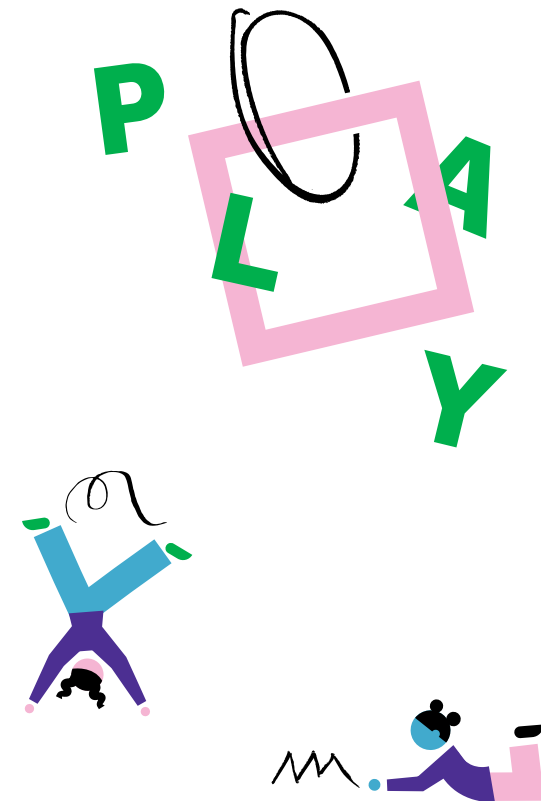
In 2021, a Data Ethics Policy was implemented outlining our data ethics principles and what we believe is an ethical way to conduct our day-to-day operation, and what our employees and business partners can expect from the LEGO Foundation when processing and procuring data.

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 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 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. The Data Ethics Policy can be found on our website [www.learningthroughplay.com/about-us/governance-and-policies/](http://www.learningthroughplay.com/about-us/governance-and-policies/).





## Appendix 2

# List of grantees

This report is an integrated part of the LEGO Foundation Annual Report 2021, listing each individual approved grant for the financial period 1.1. - 31.12.2021, and summarised in categories as per definition set out in the LEGO Foundation distribution policy for 2021, cf. section 80 of the Danish Act on Commercial Foundations and section 77b of the Danish Financial Statements Act.

# Report on distribution policy 2021

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. The majority of grant funding will contribute to the completion of initiatives designed to systemically reach children with learning through play.

The LEGO Foundation distribution policy can be found at the website: [www.learningthroughplay.com/about-us/governance-and-policies](http://www.learningthroughplay.com/about-us/governance-and-policies).

## The LEGO Foundation grant commitments for 2021 can be summarised as follows:

(DKK thousand)	2021
Playful Learning in Crisis Settings	20,512
Playful Parenting	195,208
Technology and Play	56,113
Play Journey in South Africa	64,785
Playful Schools	31,084
Measurement	96,605
Refugee Playful Beginning	42,138
Play Accelerator	54,870
Play Movement	56,154
Comprehensive Learning through Play in Mexico	17,091
Play our Part	286,080
Capability Building for Playful Learning in Denmark	59,248
Skills Gap	59,327
Capital of Children Lifelong Learners	217
COVID-19 Response	1,029,455
Other grants	709,881
Currency adjustments, net	13,502
<b>Total</b>	<b>2,792,269</b>

## 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: 20,512 DKK thousand

Grant: 3,142 DKK thousand

### Finn Church Aid

FINLAND

Play to Learn - rethinking learning in crisis settings

Grant: 3,106 DKK thousand

### Foundation for Learning Equality

USA

Flying Colors

Grant: 3,093 DKK thousand

### Luminos Fund

USA

Second Chance

Grant: 3,001 DKK thousand

### Street Child

UNITED KINGDOM

Ladder to Learning

Grant: 5,196 DKK thousand

### VVOB – education for development

BELGIUM

TaRL(+) @ PLAY

Grant: 2,975 DKK thousand

### War Child Holland

NETHERLANDS

Enfolded Education

## 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: 195,208 DKK thousand

Grant: 3,172 DKK thousand

### Trustees of Boston College

USA

Promote early childhood development and prevent violence in Rwanda

Grant: 939 DKK thousand

### ChildFund International

USA

ChildFund COVID-19 scale in Mexico

Grant: 19,029 DKK thousand

### President and Fellows of Harvard

USA

Translating evidence to generate buy-in for LTP in Early Childhood

Grant: 4,849 DKK thousand

### Save the Children Denmark

DENMARK

A Framework to Integrate, Scale-up and Sustain Playful Parenting in Health Systems

Grant: 58,903 DKK thousand

### The World Bank

USA

Strengthening Learning through Play in Early Childhood Development Systems

Grant: 108,317 DKK thousand

### University of Oxford

UNITED KINGDOM

Global Parenting Initiative

## Technology and Play

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

In total: 56,113 DKK thousand

Grant: 30,687 DKK thousand

### FIRST – For Inspiration and Recognition of Science and Technology

USA

FIRST Digital Engagement Strategy Project

Grant: 3,754 DKK thousand

### FIRST – For Inspiration and Recognition of Science and Technology

USA

FIRST LEGO League Discover Bridging Grant

Grant: 21,672 DKK thousand

### MIT Media Lab

USA

Expanding the global impact of Learning through Play with digital technologies

## 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: 64,785 DKK thousand

Grant: 28,871 DKK thousand

### CIDE

SOUTH AFRICA

Building Playful learning environments and systems in South Africa

Grant: 35,914 DKK thousand

### Hope Worldwide South Africa

SOUTH AFRICA

Learning through Play with Caregivers in the Home

## Playful Schools

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

In total: 31,084 DKK thousand

Grant: 14,874 DKK thousand

### Organisation for Economic Cooperation and Development

FRANCE

OECD Global Schools - Network of Networks

Grant: 16,210 DKK thousand

### Right to Play

CANADA

MOOC First Development Cycle

## 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: 96,605 DKK thousand

Grant: 63,881 DKK thousand

### The World Bank

USA

Strengthening holistic teaching and learning

Grant: 32,724 DKK thousand

### Zizi Afrique

KENYA

Young ALiVE



## Refugee Playful Beginning

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

In total: 42,138 DKK thousand

Grant: 9,817 DKK thousand

### Arab Resource Collective

LEBANON

A Playful Start for Children in Crisis

Grant: 12,686 DKK thousand

### President and Fellows of Harvard

USA

Translating evidence to generate buy-in for LTP in Early Childhood

Grant: 19,634 DKK thousand

### The World Bank

USA

Strengthening Learning through Play in Early Childhood Development Systems

## 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: 54,870 DKK thousand

Grant: 32,724 DKK thousand

### The Global Fund for Children

USA

Partnership to Educate All Kids

Grant: 9,515 DKK thousand

### The World Bank

USA

Global Partnership for Education

Grant: 12,631 DKK thousand

### VVOB – education for development

BELGIUM

Strengthening Learning through Play via scaling in Zambia

## 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: 56,154 DKK thousand

Grant: 51,049 DKK thousand

### ChangeX

IRELAND

Scaling Community Engagement opportunities during Global Play Moment campaigns and beyond

Grant: 5,105 DKK thousand

### ChangeX

IRELAND

Scaling ChangeX in Brazil & Colombia

## 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: 17,091 DKK thousand

Grant: 12,538 DKK thousand

### Centro de Investigación y Docencia

MEXICO

The State of play of current adoption and potential for learning through play in Mexican preschools

Grant: 4,553 DKK thousand

### Robotix Foundation

MEXICO

Project Based Learning trainings for Mexican teachers

## Play our Part

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

**In total: 286,080 DKK thousand**

**Grant: 100,790 DKK thousand**

### Education Outcomes Fund

USA

Development of an Outcomes Fund for Early Childhood Education

**Grant: 9,515 DKK thousand**

### The World Bank

USA

Global Partnership for Education – Knowledge and Innovation Exchange Program

**Grant: (105) DKK thousand\***

### Fundación Carulla - aeioTU

COLOMBIA

Sharing the aeioTU educational model at scale in Colombia and Mexico

**Grant: 24,210 DKK thousand**

### PlanBørnefonden

DENMARK

Playful Futures

**Grant: 25,455 DKK thousand**

### VSO International

UNITED KINGDOM

Let's Learn Through Play

**Grant: 101,444 DKK thousand**

### The World Bank

USA

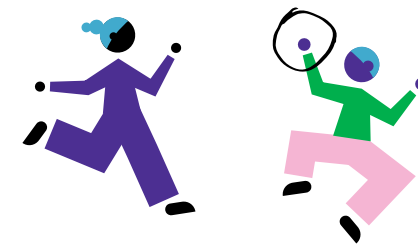
Strengthening Learning through Play in Early Childhood Development Systems

**Grant: 24,772 DKK thousand**

### VVOB - education for development

BELGIUM

ITS PLAY – Improving Teaching Skills on Playful Learning for Africa's Youngest



\*) Committed in prior years and partly reversed in 2021.

# 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: 59,248 DKK thousand

Grant: 4,813 DKK thousand

## Dansk Center For Undervisningsmiljø

DENMARK

Co-creating learning through play environments with children

Grant: 4,927 DKK thousand

## University College Copenhagen

DENMARK

Digital Learning through Play

Grant: (186) DKK thousand\*

## University College Lillebælt

DENMARK

Relate to Facilitate

Grant: 900 DKK thousand

## Kommunernes Landsforening

DENMARK

Collaborate for Continuity

Grant: 6,495 DKK thousand

## University College Copenhagen

DENMARK

Play@Heart in School

Grant: 25,000 DKK thousand

## University College Copenhagen

DENMARK

Playful Learning TransitionDevelopment Systems

Grant: 17,300 DKK thousand

## University College Copenhagen

DENMARK

Play Time



\*) Committed in prior years and partly reversed in 2021.

## 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: 59,327 DKK thousand

Grant: 9,073 DKK thousand

### The Brookings Institution

USA

Brookings 2.5 – Big Push

Grant: 5,352 DKK thousand

### Organisation for Economic Cooperation and Development

FRANCE

PISA Creative Thinking Project

Grant: 4,776 DKK thousand

### World Economic Forum

SWITZERLAND

Accelerating Education 4.0

Grant: 4,691 DKK thousand

### Rockefeller Philanthropy Advisors

USA

Education Commission 2: inclusive, engaging, adaptive

Grant: 35,435 DKK thousand

### Save the Children UK

UNITED KINGDOM

National Systems Campaigns

## 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 & education for children living in Billund Municipality.

In total: 217 DKK thousand

Grant: 3,929 DKK thousand

### Billund Kommune

DENMARK

CoC Playful Daycare

Grant: (3,712) DKK thousand\*

### Billund Kommune

DENMARK

CoC Playful Learning & Play Lab - Scale-up

\*) Committed in prior years and partly reversed in 2021.

## COVID-19 Response

Emergency response to COVID-19's impact on children's well-being and education.

In total: 1,029,455 DKK thousand

Grant: 18,111 DKK thousand

### Aga Khan Foundation

KENYA

Strengthening children's resilience and learning continuity amid COVID disruptions

Grant: 9,601 DKK thousand

### Big Picture Company

USA

Big Picture Learning

Grant: 34,702 DKK thousand

### BRAC

USA

Stepping Up BRAC's Remote Learning through Play Response

Grant: 31,941 DKK thousand

### BRAC

BANGLADESH

BEP Accelerated Learning Program for vulnerable and out of school children in Bangladesh.

Grant: 11,406 DKK thousand

### Care for Education

SOUTH AFRICA

Essential Support to ECD services in South Africa

Grant: 14,020 DKK thousand

### Chenine, University of Ottawa

CANADA

Building a Post COVID national movement for LtP in Canada focused on student wellbeing with a focus on marginalized populations.

Grant: 19,634 DKK thousand

### ChildFund International

USA

Playful Parenting during COVID-19: Expanding playful learning strategies in Brazil, Ethiopia, Honduras, and Uganda

Grant: 11,597 DKK thousand

### City Year Inc

USA

Accelerating Holistic Supports for the Most Vulnerable US Students

Grant: 44,320 DKK thousand

### UNICEF for Education Cannot Wait

USA

ECW continued response to COVID-19

Grant: 16,623 DKK thousand

### International Rescue Committee

USA

Play Well 2022

Grant: 31,273 DKK thousand

### International Rescue Committee

USA

East and Central Africa COVID response

Grant: 13,699 DKK thousand

### MIT Media Lab

USA

Learning Through Play with PicoPlay

## COVID-19 Response (continued)

Grant: 29,782 DKK thousand

### PlanBørnefonden

DENMARK

Let's keep playing

Grant: 9,817 DKK thousand

### PowerMyLearning

USA

Power Children's Learning Through Play

Grant: 31,025 DKK thousand

### Right To Play

CANADA

Building Back Better: COVID-19 response and recovery for children's education and well-being

Grant: 24,950 DKK thousand

### Save the Children Denmark

DENMARK

Accelerating children's learning through play amidst the pandemic

Grant: 31,255 DKK thousand

### Scratch Foundation

USA

COVID Recovery and LTP through Scratch

Grant: 16,928 DKK thousand

### Sesame Workshop

USA

Teaching Smarter: Pre-Primary Teacher Professional Development for Sustainable Recovery during COVID-19

Grant: 1,288 DKK thousand

### TREE (Training and Resources in Early Education)

SOUTH AFRICA

Essential Support to ECD training centre and ECD services in South Africa

Grant: 17,874 DKK thousand

### Tufts University

USA

Supporting and Amplifying Local Organizations engaged in Playful Engineering-Based Learning Post-COVID

Grant: 4,735 DKK thousand

### UNICEF

DENMARK

Essential Support to ECD centres and services in South Africa

Grant: 22,313 DKK thousand

### VVOB - education for development

BELGIUM

Strengthening blended learning approaches with teachers and school leaders

Grant: 96,144 DKK thousand

### The World Bank

USA

Global Partnership for Education - COVID-19 funding

Grant: 26,271 DKK thousand

### World Vision

USA

Playful Foundations

Grant: 439,852 DKK thousand

### UNICEF

DENMARK

Supporting children's access to the COVID-19 Tools Accelerator

Grant: 1,877 DKK thousand

### The Chancellor, Masters & Scholars of the University of Oxford

UNITED KINGDOM

COVID-19 Playful Parenting Response

Grant: 18,416 DKK thousand

### World Vision

USA

Inclusive Playful Parenting for a Brighter Childhood

## Other grants

Grants within LEGO Collaboration, Ole Kirk's Fond, play experiences, social ventures and research.

**In total: 709,881 DKK thousand**

**Grant: 3,369 DKK thousand**

### LEGO System A/S

DENMARK  
LEGO Braille Bricks China

**Grant: 37,682 DKK thousand**

### LEGO System A/S

DENMARK  
Build the Change 2021/22

**Grant: 23,656 DKK thousand**

### LEGO System A/S

DENMARK  
LEGO Charity 2022

**Grant: 20,000 DKK thousand**

### LEGO System A/S

DENMARK  
Emergency Relief Fund

**Grant: 11,000 DKK thousand**

### LEGO System A/S

DENMARK  
LEGO Idea House 2022

**Grant: 99,600 DKK thousand**

### LEGO System A/S

DENMARK  
Local Community Engagement 2022

**Grant: 2,219 DKK thousand**

### LEGO System A/S

DENMARK  
Employee Play Engagement 2021

**Grant: 30,790 DKK thousand**

### LEGO System A/S

DENMARK  
Employee Play Engagement 2022

**Grant: 28,507 DKK thousand**

### LEGO System A/S

DENMARK  
Prescriptions for Play 2021-22

**Grant: 15,699 DKK thousand**

### LEGO System A/S

DENMARK  
Responsible Innovation in Technology for Children

**Grant: (26,326) DKK thousand\***

### LEGO System A/S

DENMARK  
LEGO Charity 2021

**Grant: (7,988) DKK thousand\***

### LEGO System A/S

DENMARK  
Local Community Engagement 2021

\*) Committed in prior years and partly reversed in 2021.

## Other grants (continued)

Grant: (79) DKK thousand\*

### LEGO House

DENMARK

LEGO House 2021

Grant: 35,000 DKK thousand

### Education Cannot Wait, a UNICEF Hosted Pooled Fund

USA

Children and Adolescents continue learning in times of crisis in Haiti, Afghanistan and beyond

Grant: 36,558 DKK thousand

### UN Global Compact

USA

The Impactful Five (i5): Learning in Leadership Education

Grant: 8,288 DKK thousand

### Montessori Stiftung Berlin

GERMANY

We learn when we play and play when we learn!

Grant: (148) DKK thousand\*

### LEGO System A/S

DENMARK

LEGO Idea House 2021

Grant: 19,892 DKK thousand

### UNICEF

DENMARK

Supporting children in Afghanistan and Haiti in times of crisis

Grant: 15,793 DKK thousand

### University of Notre Dame

USA

Leveraging the home, school, and church to address early childhood development in Haiti

Grant: 626 DKK thousand

### Mitchel Resnick

USA

LEGO Prize 2021

Grant: 200,000 DKK thousand

### Ole Kirk's Fond

DENMARK

Grant Activities 2022

Grant: 36,571 DKK thousand

### Design School Kolding

DENMARK

Designing for Learning through Play

Grant: 9,932 DKK thousand

### Ecole polytechnique fédérale (EPFL)

SWITZERLAND

Playful Learning of Management

Grant: 22,000 DKK thousand

### LEGO House

DENMARK

LEGO House 2022

Grant: 69,997 DKK thousand

### The Scratch Foundation

USA

Scratch Accelerator by Scratch Foundation

Grant: 17,244 DKK thousand

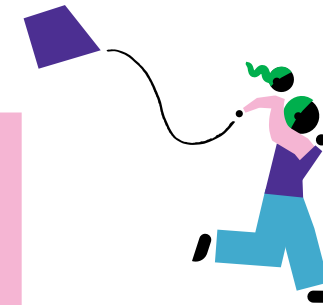
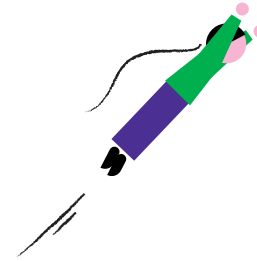
### Play Included C.I.C.

UNITED KINGDOM

Developing technical students' management skills through playful learning

\*) Committed in prior years and partly reversed in 2021.





## Appendix 3

# Recommendations on foundation governance 2021

This report is an integrated part of the LEGO Foundation Annual Report for 2021 setting out the "Statutory report on foundation governance", cf. section 77a of the Danish Financial Statements Act.

# Recommendations on foundation governance 2021

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](http://www.godfondsledelse.dk).

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>1. Transparency and communication</b>			
<p><b>1.1</b> It is <b>recommended</b> 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.</p>	<p>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.</p> <p>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.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>2. Tasks and responsibilities of the board of directors</b>			
<b>2.1 Overall tasks and responsibilities</b>			
<p><b>2.1.1</b> It is <b>recommended</b> 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.</p>	<p>According to the Foundation's rules of procedure, the board meets at least four times a year, including at least one meeting at which the board actively considers the Foundation's overall strategy and distribution policy.</p> <p>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.</p>		
<p><b>2.1.2</b> It is <b>recommended</b> 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.</p>	<p>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.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>2.2 Chair and vice-chair of the board of directors</b>			
<p><b>2.2.1</b> It is <b>recommended</b> 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.</p>	<p>The chair convenes and chairs board meetings in accordance with the Foundation's rules of procedure and the annual wheel.</p>		
<p><b>2.2.2</b> It is <b>recommended</b> 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.</p>	<p>The chair does not carry out specific operational tasks for the Foundation. However, the rules of procedure determine that if by exception the chair is asked to perform special tasks for the Foundation, a particular board decision must be made. The distribution of assignments between the board, the chair, the 1<sup>st</sup> and 2<sup>nd</sup> deputy chair and the CEO is laid down in the Foundation's rules of procedure.</p>		
<b>2.3 Composition and organisation of the board of directors</b>			
<p><b>2.3.1</b> It is <b>recommended</b> 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.</p>	<p>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.</p> <p>At a board meeting in 2020, the Board carried out a general evaluation of the Board and its members. On an ongoing basis throughout 2021 the board of directors assessed the competencies necessary for the board's optimal functioning.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<p><b>2.3.2</b> It is <b>recommended</b> 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.</p>	<p>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.</p> <p>In 2021, two board members resigned (August and September) and one new board member was appointed (September). The appointment followed the rules of procedure.</p>		
<p><b>2.3.3</b> It is <b>recommended</b> 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.</p>	<p>The composition of the board is described on the Foundation's website and in the annual report. 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.</p> <p>When appointing new board members their personal qualities and competences are taken into consideration as well as the need for new talent and continuity.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<p><b>2.3.4</b> It is <b>recommended</b> 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:</p> <ul style="list-style-type: none"> <li>• the name and position of the member,</li> <li>• the age and gender of the member,</li> <li>• date of original appointment to the board, whether the member has been re-elected, and expiry of the current election period,</li> <li>• any special competences possessed by the member,</li> <li>• 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,</li> <li>• whether the member owns shares, options, warrants and similar in the Foundation's subsidiaries and/or associated companies,</li> <li>• whether the member has been appointed by authorities/ providers of grants etc., and</li> <li>• whether the member is considered independent.</li> </ul>	<p>The composition of the board, including its diversity, is described on the Foundation's website and in the annual report along with the following brief details about each of the board members:</p> <ul style="list-style-type: none"> <li>• Name, including gender, position and age,</li> <li>• Date of joining the board, whether re-election of the member has taken place, and when the current term will expire,</li> <li>• The member's particular capabilities,</li> <li>• The member's other executive functions,</li> <li>• Whether the member owns shares, options, warrants and similar in the Foundation's subsidiaries and/or associated companies,</li> <li>• Which members have been appointed by relevant authorities/ providers of funding, etc., and</li> <li>• Whether the member is considered independent.</li> </ul>		
<p><b>2.3.5</b> It is <b>recommended</b> 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.</p>	<p>The majority of the board of directors, 3 out of 5 members, are not members of the board or executive board in subsidiaries of the Foundation.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>2.4 Independence</b>			
<p><b>2.4.1</b> It is <b>recommended</b> that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of</p> <ul style="list-style-type: none"> <li>• up to four members, at least one member should be independent,</li> <li>• between five and eight members, at least two members should be independent, or</li> <li>• nine to eleven members, at least three members should be independent, and so on.</li> </ul> <p>To be considered independent, this person may not, for example:</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been a member of the executive board, or senior employee in the Foundation, or an essential subsidiary or associated company to the Foundation,</li> <li>• 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,</li> <li>• 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,</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> </ul>		<p>In the first half of 2021, the board of the Foundation consisted of six members, two of which were independent.</p> <p>For the second half of 2021, the board of the Foundation has consisted of five members, one of which was independent.</p>	<p>A new independent board member will be appointed in 2022.</p> <p>Considering the requirements governing the appointment of members, it is a priority for the Foundation to conduct a thorough selection process taking into consideration the Foundation's need for continuity and the need for diversity by identifying board candidates with relevant skills, competences, and experience under consideration of the overall composition of the board.</p>

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<ul style="list-style-type: none"> <li>• have been a member of the board of directors or executive board of the Foundation for more than 12 years,</li> <li>• be a close relative of, or in some other way be especially close to, persons who are not considered independent,</li> <li>• 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</li> <li>• 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.</li> </ul>			
<b>2.5 Appointment period</b>			
<p><b>2.5.1</b> It is <b>recommended</b> that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p>	<p>All board members are appointed for two-year terms, in accordance with the Foundation's articles of association.</p>		
<p><b>2.5.2</b> It is <b>recommended</b> 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.</p>	<p>According to the 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.</p> <p>The currently applicable age limit is published on the Foundation's website and/or in the Foundation's annual report.</p>		



Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>2.6 Evaluation of the performance of the board of directors and executive board</b>			
<p><b>2.6.1</b> It is <b>recommended</b> 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.</p>	<p>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.</p> <p>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.</p>		
<p><b>2.6.2</b> It is <b>recommended</b> 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.</p>	<p>The board evaluates the work done by the Foundation's CEO on an ongoing basis, and at least once a year.</p>		

Recommendation	The Foundation complies	The Foundation explains	
		Why	How
<b>3. Remuneration of management</b>			
<p><b>3.1.1</b> It is <b>recommended</b> 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.</p>	<p>The board members of the Foundation are either paid a fixed fee or receive no remuneration at all.</p> <p>Members of the leadership team receive a fixed remuneration.</p>		
<p><b>3.1.2</b> It is <b>recommended</b> 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.</p>		<p>In order not to disclose the actual remuneration of any individual member of the Executive Management this information is not specified in the annual report.</p> <p>In 2021, the remuneration to Executive Management included overlapping periods due to the change of CEO. The remuneration to the new CEO will be reported in the annual report as from 2022.</p>	<p>The Foundation discloses the remuneration paid to each individual board member.</p> <p>Further, remuneration paid to the Foundation's leadership team is disclosed as an amount for the leadership team as a whole.</p>



## The LEGO Foundation

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