



Public Affairs Council

The LEGO Group

March 19, 2019

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Topics Covered – 1st Half



- LEGO Group Government and Public Affairs Structure
- Priorities of Importance
- Issues management process
- Seeking, mapping and tracking issues



How Many Unique Combinations?



10
100
100,000
1,000,000

915,103,765

Who is the #1 Tire Producer?



730 Million Annually



To inspire and develop
the builders of tomorrow



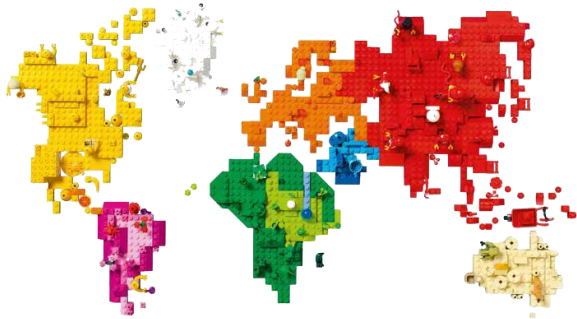
Family owned
Danish



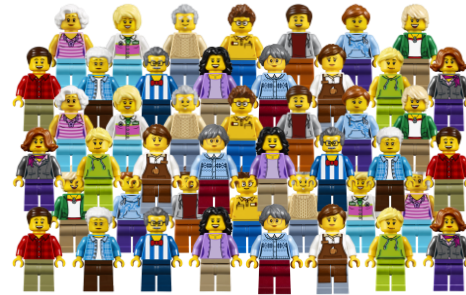
Founded



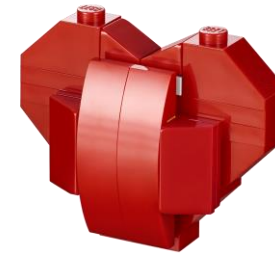
#1
Toy company



140
countries



18,000
colleagues



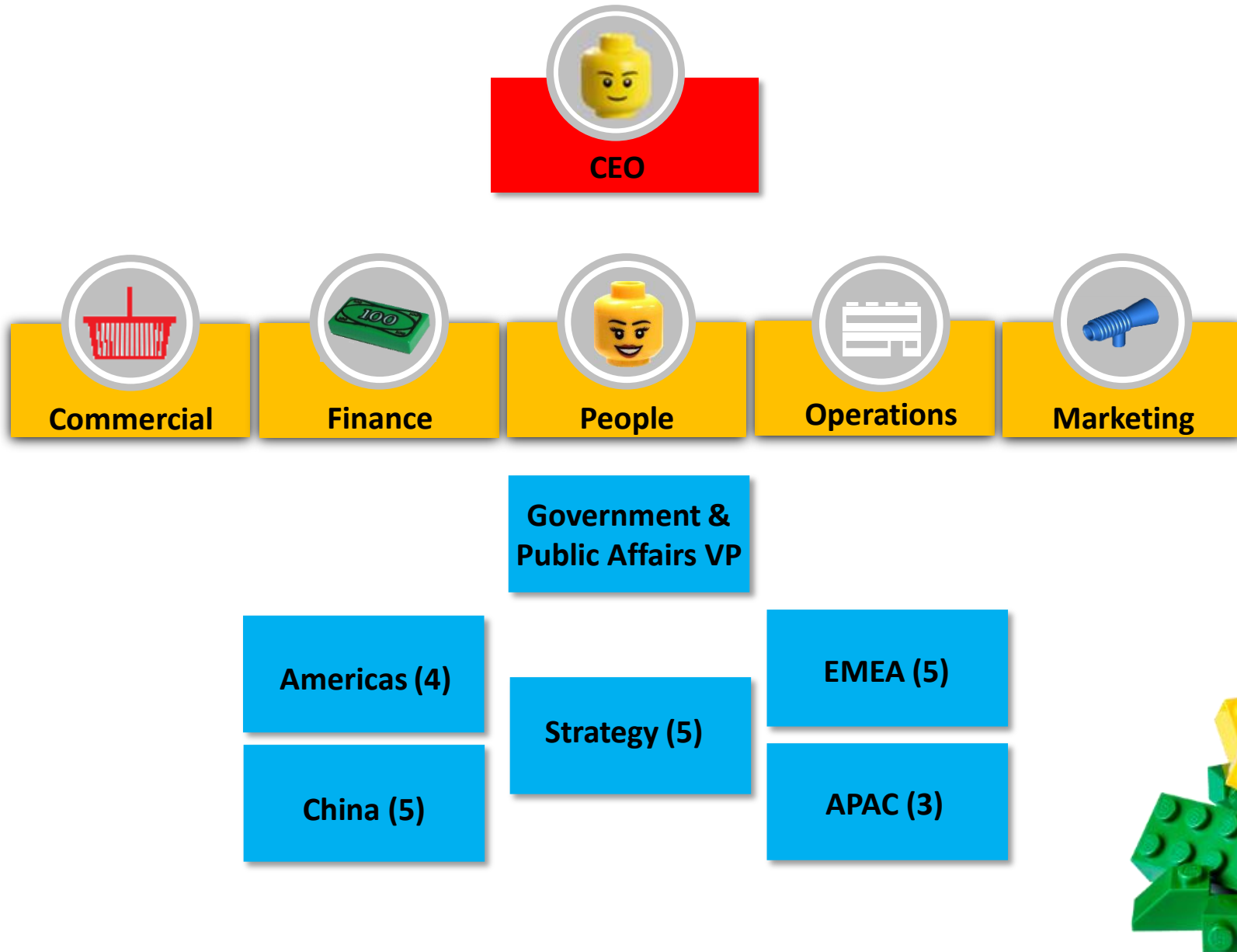
#1
reputable brand

The LEGO Group Government & Public Affairs Mission

Our mission is to inspire and develop the builders of tomorrow. We do this by enabling The LEGO Group and LEGO branded entities to thrive and grow through strategic engagement with governments and related stakeholders; expanding market opportunities, protecting our business from political and legislative risk, and enhancing our reputation



The LEGO Group Structure





Why is LEGO here?

What could possibly be wrong?

What issues do you have?



A trend, condition or change in process or policy, either internally or externally generated, that may evolve into a threat or opportunity that could impact the LEGO Groups operations and or reputation.



CORONAVIRUS (COVID-19)

GPA Priorities



**Responsible
Digital
Engagement**

**Learning
Through
Play**

Sustainability

**Brand
Protection**

**Commercial
Impact**

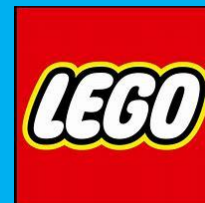


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The **LEGO** Foundation

LEGO
ventures



LEGO Issues Management Framework



Monitoring



**Identification &
Risk
Prioritization**



Analysis



**Strategic
Approach**



Implementation



Evaluation



Monitoring

What am I even looking for?

- Review corporate, market and functional business strategy and investment plans and 1:1 with senior leadership
- Engage with Commercial lead to identify top 5 most important areas
- Create an issues map aligned to your companies strategic goals
- Identify Issue Driver, Internal Contacts, External Partners/Resources
- Other areas will emerge, revisit every 1-2 years for relevance

Issue Area	Responsible Internal Contact	Business Contacts	External Partner or Resource	Notes
Strategic Priority Area 1				
Customs/Trade	General Counsel	Logistics, Import/Export	Law Firm, Brokers	Utilize FTZ
xxx				
xxx				
Strategic Priority Area 2				
xxx				
xxx				
Strategic Priority Area 3				
xxx				
xxx				

COVID – 19 Spotlight

- Federal, Priority States, Counties, International (Provinces and States), health agencies, embassies, associations, law firms contacts, internal networks, media alerts
- Trackers, so many trackers...

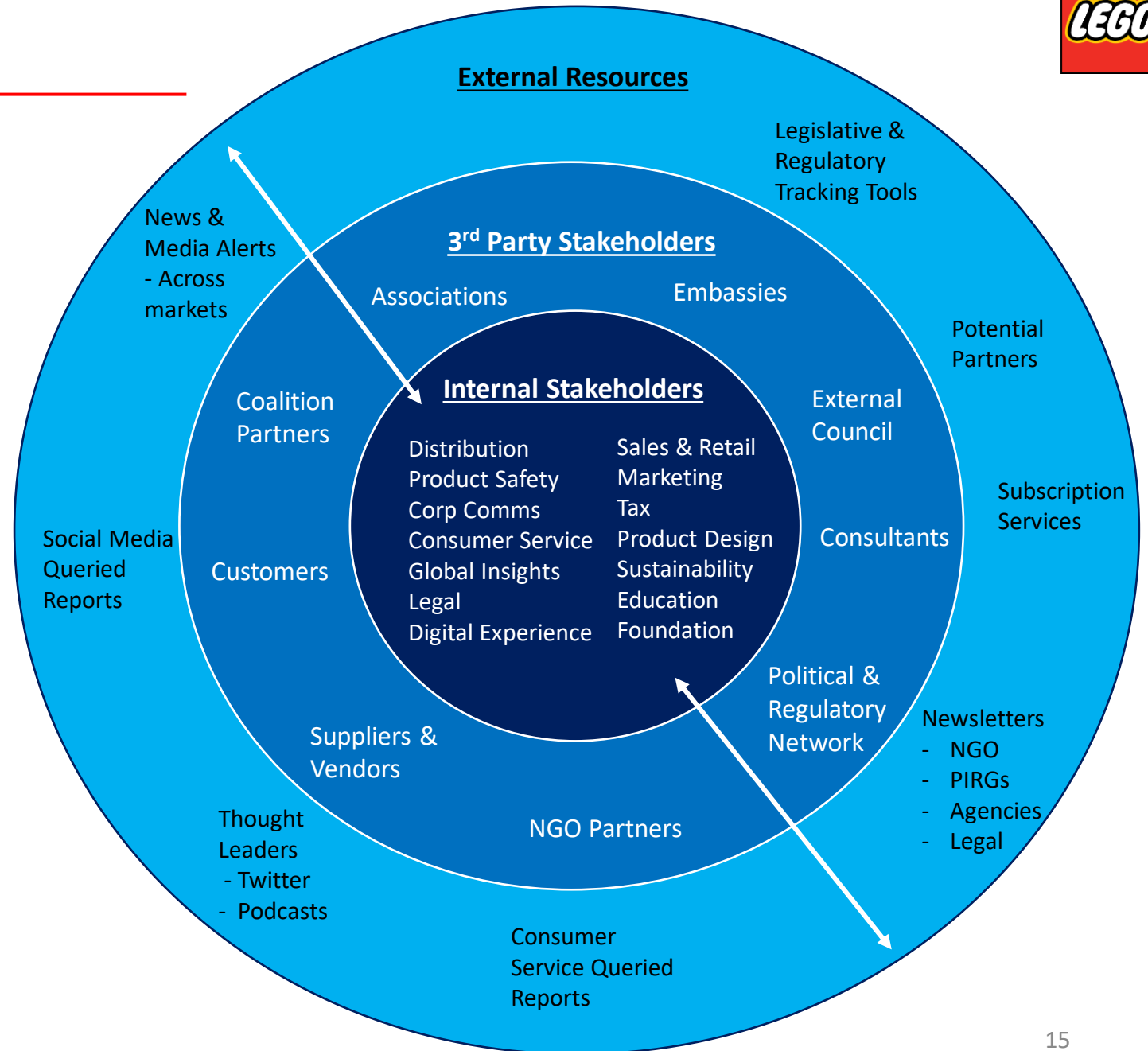


Monitoring

- **Map and meet** with your internal stakeholder
 - Goals and challenges
 - Available Information, resources and assets
- **Identify & engage** external stakeholders
 - Find your counterparts
 - Know your relationship capital
- **Information is king**
 - Automate as much as possible
 - Organize insights by topic

Key Takeaways

- Monitoring needs to be **manageable**
- Scope should **inform the known** issues and **capture the potential** issues
- Monitoring is a **constant exercise** in business materiality and filtering
- **Know your business**





Identification & Risk – Where to Focus



Location	Bill Name	Description	Bill/Reg Status/Updates	Financial	Operational	Technical	Reputation
				Green	Green	Green	Green
				Red	Red	Red	Red
				Green	Green	Green	Yellow
				Red	Red	Red	Red
				Red	Red	Red	Red
				Red	Red	Red	Red
				Green	Green	Yellow	Yellow
				Yellow	Yellow	Yellow	Yellow
				Green	Green	Green	Green

COVID – 19 Spotlight

- What are the issues that COVID will impact for the business
- Supply chain, tax, brand protection, product compliance, HR, Corporate Responsibility...

- List issues and evaluate the impact on the business
- Suggested Risk Categories:
 - Financial
 - Operational
 - Technical
 - Reputational
- Update as needed

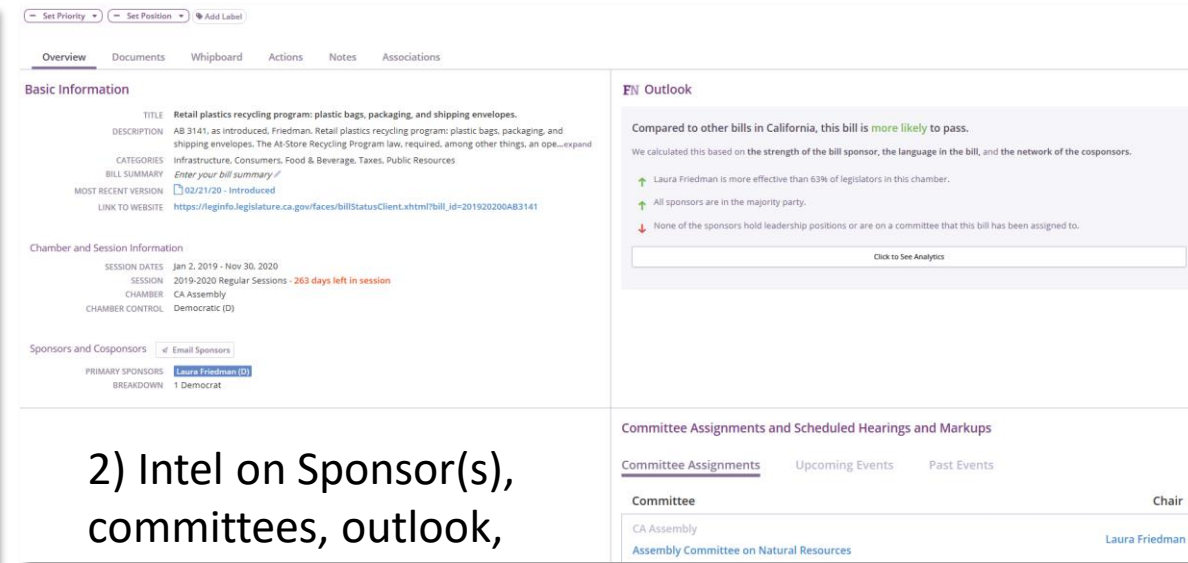
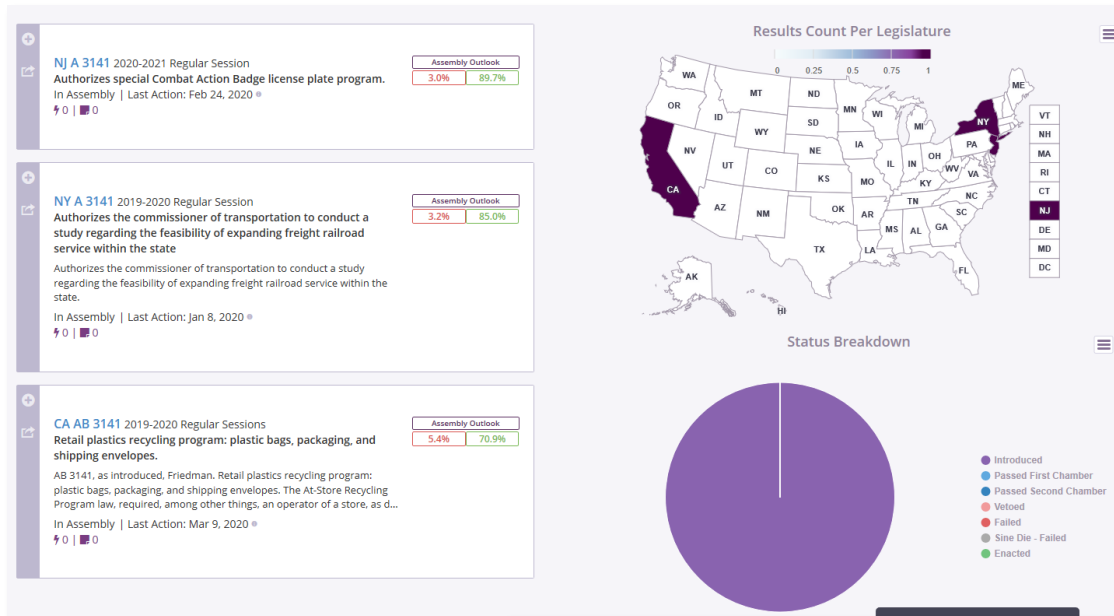
Key Takeaways

- Technology solutions are great, but sometimes a **simple traffic light** will get the job done
- Identification & Priorization tool should be **replicable, manageable** and **easy to share**
- **Assess first and then prioritize in Legislative tracking tool**



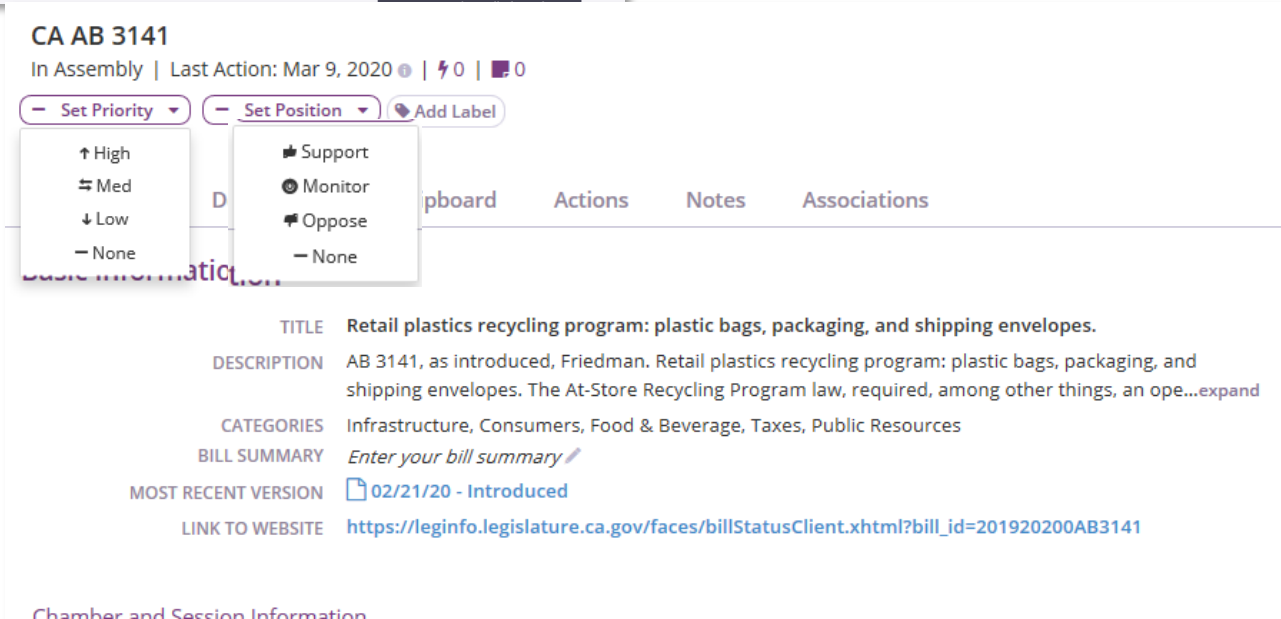
Issues Tracking

1) Locate Bill



2) Intel on Sponsor(s), committees, outlook, timeline

3) Set priority & position
Priority: H, M, L, none
Position: Support, Monitor, Oppose, None





Analysis – What's the Impact



COVID – 19 Spotlight

- Explore the issue: who owns it and who knows it
- Connector for the business, external input advisor and engaging with governments

Issue: Brazil labeling regulation

Association

Embassy

Department of Commerce

Local PA firm

Regulatory Ministry/Agency

Product Safety & Compliance

Distribution

Import/Export

LATAM Planning

3rd Party Distributor

Legal

Cost/ Benefit

- \$\$
- Time
- Labor
- # SKUs
- Certification

Degree of impact from Issue

Association

Embassy

Brazil Desk – Dept. of Commerce

Local PA firm

Key Takeaways

- Leverage 3rd parties before & after
- Have your questions prepared
- Be organized and **get your F“ACTS” together**

Confirm understanding of Issue
& timing with 3rd Parties

Assess impact to the business
with internal SME's

Identify tactics to impact &
influence outcome with 3rd Parties



Questions?

Topics Covered – 2nd Half



- Strategic Approach to Issues and Case Studies
- Measuring the ROI
- The role of a strategy function
- Tips, Tricks and Learnings





Strategic Approach

COVID – 19 Spotlight



- Many issues associated with COVID and the strategic approach will vary

Government and Public Affairs
Issue Summary and Strategy Recommendation



A. Information & Decision Rights	
Date	
Issue	
Brief Issue Description	
Decision type needed	
Driver	
Decision Making Accountability (RAID)	
Recommend	Approve
Input	Decide



B. The decision in a nutshell: Situation, Complication & Resolution
Issue Background (legislation/regulation, policy environment, stakeholders)
Risk Overview
Strategic Recommendation
Communication (internal / external)

C. Questions / issues to be resolved / resources needs
1. State question / issue to be addressed
Actions to be taken
2. State question / issue to be addressed
Actions to be taken

D. Appendix – analysis /data /input providing some deep insights into the subject consider to place these in Section D.
Analysis / Input for Questions

- Compile your learnings on the issue
- Select Strategic Approach
 - Monitor** – intel and sources
 - Passive Engagement** – comments and supporting facts via associations and coalitions
 - Active Engagement** – company comments, Fly-ins, 1:1 meetings, SME's engaged, coalition building, developing support materials
- Strategic approach depends on level of impact and influence

Key Takeaways

- Know your audience
- Not all issues will require summary document, know when an email will suffice
- Be clear and concise:** what it is, why it matters to the business and how to move forward



Implementation

Talking Points focused on understanding the risk and the benefits that technology can provide to support the developmental well being of children

Active
Engagement
Tactics



Issue: Childrens
Advance Media &
Research Act

Key Takeaways

- Supporting bills can open doors to policymakers and NGO's
- Ensure messaging is balanced
- Level of activation can depend on comfort of company

LEGO GPA Quarterly Newsletters



Check out our latest updates below:

- [Replay launch: Give previously-loved bricks to children in need!](#)
- [Build to Give in Congress](#)
- [New LEGO Foundation \\$100 million grant](#)
- [COPPA Comments and support for CAMRA](#)
- [Sustainable Chemistry Research & Development bill passes the House](#)
- [Play Tips for the Holidays](#)

Coalition Engagement & Recruiting Members



December 10, 2019

Dear Senator / Member of Congress (*one letter to Senate, another letter to House*)

We are writing to encourage you to co-sponsor the bi-partisan Children and Media Research Advancement Act, S. 558 and H.R. 1367, known as CAMRA, to authorize funding through the National Institutes of Health (NIH) to study the impact that digital media and technology use has on the health and well-being of children. CAMRA will help to identify evidence-based risks and opportunities to inform needed changes in technology and media and how it is used by kids. As the largest public funder of biomedical research in the world, the NIH has the unparalleled ability to support long-term, independent, and rigorous research in this critical but largely unexplored area.

Better understanding of the developmental impact of digital media and technology on infants, children, and adolescents is the first step to ensuring that families are able to harness the power of technology while limiting potential negative effects. One thing we know about kids today is that nearly all of them use digital devices. An estimated 98 percent of American children under eight have access to a mobile device at home. And numerous studies show that children are spending increasing amounts of time on devices. What we don't know enough about, however, is what impact the type of technology used, the media consumed, and the amount of time spent consuming it is having on children's health. From a child development perspective, there is evidence that technology can help foster inclusiveness for the differently abled, provide more personalized learning experiences, and cultivate children's ability to think creatively, reason systematically and work collaboratively. Still, more in-depth research studies on technology's impact on children's health and well-being are needed.

As leading industry, media, and advocacy organizations committed to the healthy development of all children, we strongly applaud this effort to bring scientific findings to better help families navigate the rapidly shifting media and technology landscape. Thank you for your consideration of this legislation and please feel free to draw on us as a resource on issues related to children and technology.

Sincerely,
American Association of Child and Adolescent Psychiatry
American School Counselor Association
Apple

Tristan Harris, Co-Founder and Executive Director, Center for Humane Technology
Harold Koplewicz, MD, President and Founder, Child Mind Institute
Sandra L. Calvert, Professor of Psychology & Director, Children's Digital Media Center
Georgetown University
Jim Steyer, CEO and Founder, Common Sense
Katie McInnis, Policy Counsel, Consumer Reports
Rachel Barr, Professor of Psychology and Director, Early Learning Project Georgetown University

LEGO Group Letter of Support and Media Support for Sponsor

Momentum Builds for Bipartisan, Bicameral Markey Legislation to Study Impact of Technology and Media on Children

Tuesday, July 30, 2019

Increasing number of industry leaders voice support for the Children and Media Research Advancement (CAMRA) Act

Washington (July 30, 2019) – Senator Edward J. Markey (D-Mass.) today announced four new endorsements for the Children and Media Research Advancement (CAMRA) Act, legislation that authorizes the National Institutes of Health (NIH) to lead a research program on technology and media's effects on infants, children, and adolescents in core areas of cognitive, physical, and socio-emotional development.

Microsoft, Lego Group, Ion Media, and Litton Entertainment recently endorsed this legislation, building momentum for the bill, which Ben Sasse (R-Neb.), Roy Blunt (R-Mo.), Brian Schatz (D-Hawaii), Michael Bennet (D-Colo.), and Susan Collins (R-Maine) have cosponsored. The bill authorizes \$15 million for fiscal years 2020-2022, and \$25 million for each of fiscal years 2023 and 2024. Lego, Ion Media, and Litton Entertainment join the coalition of supporters as the first toy company, broadcaster, and television content producer to endorse the legislation.

"The lack of understanding around kids' tech use and media consumption has reached a crisis point," said Senator Markey, a member of the Commerce, Science and Transportation Committee. "I commend and thank Microsoft, Ion Media, Lego, and Litton Entertainment for joining the diverse chorus of support for the CAMRA Act, which will help parents and policymakers alike understand the cognitive, physical, and socio-emotional impacts of technology on kids. From broadcasters, to toy makers, to content producers to technology companies, entities of all kinds are telling Congress with one voice that it is time to

Congressional Briefings and Conferences



In person meetings
with Sponsors and
congressional
offices to secure co-
sponsors

"At the LEGO Group, our mission is to inspire and develop the builders of tomorrow through play. And as digital and physical play become more integrated, we need independent scientific research to understand the impacts of technology and digital engagement on children's cognitive, physical and socio-emotional development" said Jennifer DuBuisson, Senior Director of Government & Public Affairs at the LEGO Group. "We fully endorse this bill in support of the safety and wellbeing of our children when engaging online and with technology."



Implementation



COVID – 19 Spotlight

- Develop a plan of multiple levers
- Direct Govmt, int'l interventions, coalitions, comms, CSR, tactical
- Reporting: economic, civil, reopening, why it matters, what's next

Active Engagement Tactics

Issue: Labeling requirement in Brazil



Key Takeaways

- Prepare your **in-market stakeholders**
- Cultural awareness is critical
- Level of activation will depend on risk level

Talking Points

563 Talking Points for INMETRO Meeting		
<p>Background</p> <p>The U.S. toy industry has been engaged with INMETRO on Ordinance 489 and Ordinance 510 since initially proposed in 2014. The Toy Industry Association (TIA) and member companies have provided extensive comments detailing concerns with the proposed Ordinances including lack of clarity, contradictions with the Mensur toy standard NM300 and overly burdensome requirements. Most significantly, proposed Ordinance 489 included the requirement that all toys be categorized and certified using a "family registration" system. While some of these concerns were addressed in the final regulation, Ordinance 563 (combines the requirements from proposed 510 and 489), many concerns remain.</p>		
<p>Primary Concerns about Certification Requirements</p> <ul style="list-style-type: none"> Family Registration System and Impact on Toy Industry <ul style="list-style-type: none"> Many products are already subject to Brazil's certification mandate that includes a "family registration system." However, toy manufacturers typically produce a much greater number of products at lower price points, and with a much higher rate of turnover on a seasonal basis. The combination of these factors results in disproportionately high costs and burdens on the toy industry resulting from the family registration certification requirement. Package Labeling Prior to Market Entry <ul style="list-style-type: none"> The Ordinance maintains the requirement that toy companies label packaging with a Conformity Identification Tag, that includes a product family specific registration number obtained through the new Object Registration system, after the toy has been tested and certified by an official certifying party (OCP). This requirement not only results in significant inefficiencies in the supply chain, but will also force some importers to resell their entire supply chain as that the product can be tested then sit in the warehouse and wait for INMETRO to provide a registration number. Time delays related to waiting for the label authorization. A means of allowing registration (but not domestic distribution) pending registration and labeling would significantly ease these burdens. Administrative Burden of Feasibility Information <ul style="list-style-type: none"> The process requires that a company that submits lengthy documentation including information outlining the feasibility procedure adopted by the supplier for the product (5.1.1.4) and a descriptive toy manual (5.1.1.4), which includes extensive information including a list of raw materials used for the manufacturing of the toy (5.1.1.1.5). 	<p>Relevant Recommendations/Changes from TIA</p> <ul style="list-style-type: none"> Remove the family registration mandate for the toy industry Define "family" as all products produced by a manufacturer <p>INMETRO should explore other options that would allow importers to label products with Conformity Identification Tags after the product has been imported into the country. For example, labeling at importers/distributors/ Distribution centers, INMETRO could allow "conditional releases" of imported goods that have been tested and certified compliant but may not be labeled with the registration number. INMETRO could also consider establishing "trusted trader" like programs for importers that have demonstrated continued compliance allowing the product to be transferred directly to a trusted importer's possession prior to labeling the product. Or alternatively remove the requirement from the RSGP Ordinance 118.</p> <p>We want to have the ability for the product to be labeled prior to import.</p> <p>INMETRO should align with international transparency, import surveillance and representative sampling and testing norms. These standards that exist achieve the Ordinance's stated purpose of ensuring safe toys are sold in Brazil without adding unnecessary requirements.</p>	<p>TIA Member Discussion</p> <p>Comments have raised primary concerns related to the certification requirements and its labeling?</p> <p>Are we concerned about concentrating our messaging on eliminating the family registration number, as according to INMETRO, the family registration is a requirement with INMETRO and has been rolled out across multiple commodities/importers?</p> <p>How or should we further prioritize these messages/increase on certification requirements?</p> <p>Do members have any recommendations/changes that could be proposed?</p>

The LEGO Group – Comments Brazil Ordinance 563		
Ordinance Reference	Proposed by INMETRO	Reason
5.3.35 The maximum permissible optical power laser radiation sources in toys having lasers, light emitting diodes or any other type of radiation present is 1mW.	Asking for clarification of the test method	No test method described
5.3.36 Toys for children up to 08 (eight) years of age may not contain sharp edges.	5.3.6 Edges on toys must be according NM 300-1 item 4.6 and 5.1.1	The way is written allows misinterpretation
5.3.46 Flexible plastic films or flexible plastic bags larger than 100 mm x 100 mm used in toys must:	5.3.46 Flexible plastic films or flexible plastic bags larger than 100 mm x 100 mm used in toys must either:	It is written in a way where all requirements need to be attended. It is missing an or in front of each item.
A) Have a nominal thickness ≥ 0.038 mm;	A) have an average thickness of 0.038 mm and individual thickness of 0.032 mm; or	
Note: In case of plastic balloons, the thickness requirements apply to double layers of plastic sheeting.	Note: In case of plastic balloons, the thickness requirements apply to double layers of plastic sheeting.	
B) Have perforations with well-defined holes (where material has been removed) of 1 % minimum area on any maximum area of dimensions 30 mm x 30 mm	B) Have perforations with well-defined holes (where material has been removed) of 1 % minimum area on any maximum area of dimensions 30 mm x 30 mm or	
C) Have a warning in accordance with item 5.5.18 of RTO.	C) Have a warning in accordance with item 5.5.18 of RTO.	
5.3.49 Cords and elastics on toys shall have a minimum thickness of 1.5 mm.	5.3.49 Cords and elastics on toys for children under 18 months shall have a mean thickness (smallest dimension) of 1.5 mm.	To keep the same text from NM300-1 and ISO 8124-1, kites for example, cannot be sold anymore?
5.4 Flammability Requirements	5.4.1 Toys shall not constitute a dangerous flammable element in the child's environment, therefore, should be constructed in such way that either:	It is physically impossible that a material attends all these requirements at the same time
5.4.1 Toys shall not constitute a dangerous flammable element in the child's environment, therefore, should be constructed in such way that:	A) Do not burn when exposed to a flame or spark or other potential source of fire; or	
A) Do not burn when exposed to a flame or spark or other potential source of fire;	B) The flame goes out as soon as the toy is removed from the fire; or	
B) The flame goes out as soon as the toy is removed from the fire;	C) Burn slowly with the speed of flame propagation.	
C) Burn slowly with the speed of flame propagation.		
5.9.1.2 Every toy must contain statements in Portuguese, with commercial information of the product, age grade and operating	5.9.1.2 Every toy must contain statements in Portuguese if applicable, with commercial information of the product,	Toys for children under 18 months do not need to

Alignment with Domestic Industry



Fundada em: 02/07/83

Association letter and Support Documentation

U.S. Toy Industry Comments on Ordinance 563 – April 2017	
<p>Comments provided on behalf of the Toy Industry Association (TIA), representing more than 300 businesses involved in bringing safe and fun toys and games for children to market.</p> <p>INMETRO Ordinance 563 Primary Concerns</p> <p>The Ordinance's family registration number system will have a disproportionately severe impact on the toy sector for reasons we have detailed previously, leading to significant administrative burdens and delays. The following would mitigate some of that adverse impact.</p> <p>Conformity Identification Tag Labeling Prior to Market Import</p> <ul style="list-style-type: none"> The Ordinance maintains the requirement that toy companies label packaging with a Conformity Identification Tag, that includes a product family-specific registration number obtained through the new Object Registration system, after the toy has been tested and certified by an official certifying party (OCP). This requirement not only results in significant supply chain inefficiencies, but will also force some importers to resell their supply chains so that the product can be tested then sit in the warehouse and wait for INMETRO to provide a registration number. This additional wait time will severely impact articles that use licensed movie properties which is already constrained due to confidentiality. <p>Toy Industry Association Recommendation</p> <ul style="list-style-type: none"> Establishing a means of allowing importation (but not domestic distribution) pending registration and labeling would significantly ease these burdens. This could include but is not limited to: allowing for labeling at importers/distributors/ Distribution centers; allowing "conditional releases" of imported goods that have been tested and certified compliant, but may not be labeled with the registration number; developing a virtual registration using the bar code; consider establishing "trusted trader" program for compliant importers allowing the product to be transferred directly to a trusted importer's possession prior to labeling the product and/or INMETRO could remove this requirement from the RSGP Ordinance 118. <p>INMETRO Ordinance 563 Additional Concerns</p> <p>The following identifies other opportunities to lessen the Ordinance's burden on the toy sector through improved alignment with international standards. Also, the NM300 toy standard should be updated to align with the most recent publication of ISO 8124.</p> <ul style="list-style-type: none"> Annex D 6: No other internationally recognized toy safety standard requires age grading be labeled in months and relabeling products for the Brazilian market would result in significant costs and increase consumer confusion 5.3.46 Flexible Plastics: Insert an "or" for each statement to avoid misunderstandings 5.3.49 Cords and Elastic Toys: Align to Ordinance 310 and focus on children 18m+ not all ages 5.9.1.2 Warning: Clarify that warnings and instructions should be applied "if applicable to a product" 5.5.18 Flexible Plastic Packaging: Specify thickness "lower than 0.038mm" to align with previous ordinance 5.5.1.10 Size of Warning: Based on international norms, 2mm minimum height would be required to achieve visibility goal and provide allowance for smaller packaging. 5.3.8 Teething Toys: No reference in NM300-1 to determine how a toy can be resistant to chewing/sucking 5.3.18.2 Projectiles: Align to NM300 14.1.2, where projectiles deemed small part only for stored energy 5.4.1 & 5.4.1.1 Flammability: Insert an "or" for each statement as it is physically impossible for a material to meet all the requirements concurrently and align to NM300-2.4.4, allowing for consideration of materials that are not self-extinguishing 5.5.9 Cadmium in Metal Parts: There is no reference to cadmium in NM300-3, only the 75ppm soluble limit 	

Engage DoC and present at WTO TBT Meeting



Local Engagement and Intel





Evaluation – What's the ROI



Financial Metrics

- Impact on sales

Operational Metrics

- Labor
- Logistics
- Reporting

Technical

- Product and Packaging design and material changes
- Testing and certificates
- Reporting

Reputation

- Reputation Index
- Being a thought partner

Time is money

Reputation KPI

2020 GPA Report Card

Delivering Value to the Business

Commercial Impact

Brand Protection

Responsible Digital Engagement

Learning Through Play

Sustainability

Report Card or Dashboard

Description	GPA Output	Business Outcomes	Annual Impact
Tax Subsidy	Drive negotiation with authorities	Subsidy secured through 2023	DKK savings
Copycat seizure	Customs training and platform engagement	x thousands seizure and takedown	DKK potential sales loss
Prescriptive Reg	Input on reg and Govmt engagement	Minimized business disruption	DKK saving & Reputation
Launch of Play Program	Relationship	Market uplift	% sales increase
Packaging Fees	Stopped bill	No financial & operational exposure	DKK savings



Evaluation



Results

Outputs & Outcomes

Output: Ordinance implementation delayed 1 year

Outcome: continued flow of goods, more time for planning, avoided costs (labor, labels, testing)

Next Steps

Business and GPA

GPA:

- Monitor ordinance
- Check ins with INMETRO to offer support

Business:

- Fine-tune proposed label process
- Negotiations with 3PL

Learnings

Issue, business and market

Issue - understand import and certification process

Business - how to keep pressure on longer term horizon while mitigating risk

Market – represent yourself and prepare for uncertainty and delays

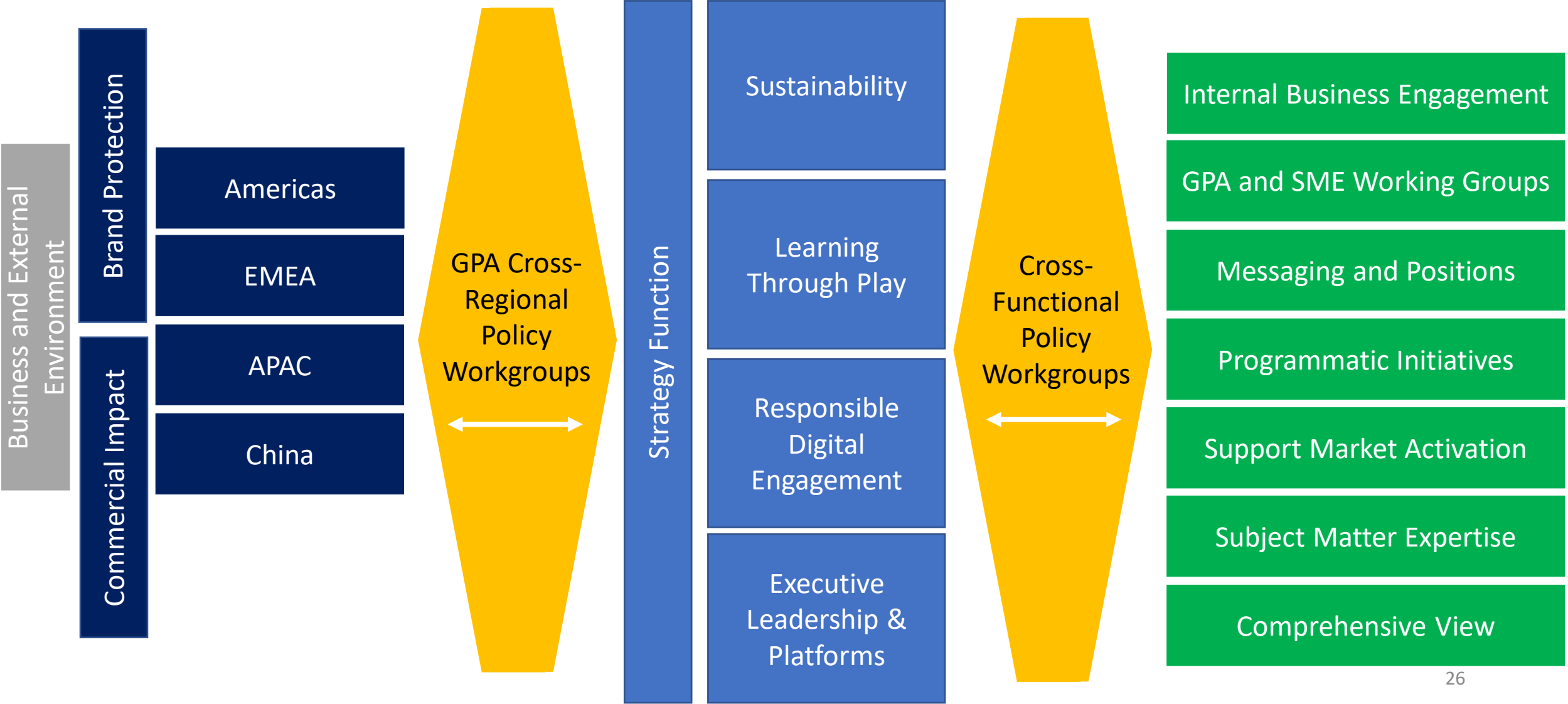
COVID – 19 Spotlight

- In times of crisis its tough to capture learnings
- Jot them down, because you learn the most during a crisis

Key Takeaways

- **Outcomes get attention**
- Communicate
Communicate
Communicate
- This won't be the last time, capture your learnings

Building Expertise and Agility



Tips, Tricks & Learnings

1. Issues Management system needs to be manageable
2. Escalate and build awareness – External to Internal Process and report cards
3. Know what you know, ask what you don't, share what you learn
4. Time is money too
5. Know your audience when communicating
6. Implementation tactics vary by market and severity of issue
7. Strategy function eases burden on the business and GPA and can respond to priorities,
8. Close the loop with learnings



Questions?

