



Communication  
on Progress 2013

HL Display's corporate responsibility programme is established and decided by the Board of Directors. The work is headed by the Company's Product Development Director with the support of other members of Group management. The Group's local entities have a high level of responsibility for day-to-day sustainability work, particularly with regard to environmental issues at the production facilities. HL Display has been a participant in the UN Global Compact since 2010.

### Policy documents

HL Display has developed clear guidelines for corporate responsibility work. The two most important documents are HL Display's CR policy and the Company's Code of Conduct, which are reviewed by the Board each year. The Code of Conduct is one of the Company's key policy documents in the

area of corporate responsibility and a culture carrier that HL Display wants to permeate the Company. It is linked to other principles, including those enshrined in the UN Global Compact. The Code of Conduct clarifies the fundamental principles that HL Display expects every employee to follow. It contains information about how the Company views its responsibility in terms of social and ethical, as well as environmental issues. The areas of responsibility described include human rights, employee rights, environment, anti-corruption, conflicts of interest and competition.

These overall documents also interact with other policies governing the Company's corporate responsibility work. These include HL Display's external and internal environmental policy, purchasing policy and common operational policy for the production facilities.

**"At HL Display, we are engaged in continuous improvement work in the area of corporate responsibility. Through our membership in the UN Global Compact, we demonstrate that we support the UN's fundamental values and that we integrate their ten principles on human rights, labour, environment and anti-corruption into our strategy, culture and day-to-day business."**

Gérard Dubuy  
President and CEO  
HL Display

# Corporate responsibility programme



## Human rights

### UN Global Compact principles

#### Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

#### Principle 2

make sure they are not complicit in human rights abuses.

HL Display's Code of Conduct expresses clear statements of position ensuring that the Company supports and respects the protection of human rights and that the Company is not complicit in human rights abuses.

In 2013, HL Display strengthened the implementation of the Code of Conduct in the organisation. Today, all employees within the Group have the Code of Conduct explained to them and then sign it. Previously, only individuals in particularly vulnerable roles (managers, sales and purchasing staff) were required to sign the Code of Conduct. A reminder of the Code is provided each year in the annual performance review between employee and manager.

Suppliers that HL Display engages must sign the Company's purchasing policy, thereby undertaking to comply with areas such as respect for human rights. See also the purchasing policy section on page 3.

Historically, HL Display has a very low risk related to human rights. No incidents related to human rights were reported during 2013 (2012: 0).

# Labour

## UN Global Compact principles

### Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

### Principle 4

the elimination of all forms of forced and compulsory labour;

### Principle 5

the effective abolition of child labour; and

### Principle 6

the elimination of discrimination in respect of employment and occupation.

HL Display is a multicultural company. It therefore goes without saying that the Company will endeavour to give all its employees equal opportunities for professional development, promotion and pay growth, regardless of background, gender, ethnicity or age.

## Working conditions and standards

The working conditions and standards that HL Display follows are clearly defined in the Code of Conduct. In brief, these include a clear statement of position in favour of freedom of association and the right to collective bargaining, and an equally clear position against forced labour, child labour and all forms of discrimination. In addition, HL Display will offer a working environment that is healthy, safe and in accordance with international standards and local laws for all employees.

HL Display is keen to follow collective agreements in countries where such agreements are in place. In general, the terms of employment that HL Display applies are in accordance with local laws and applicable collective agreements, whether the employees choose to be unionised or not.

There is a further emphasis on the working environment in HL Display's working environment policy. The policy states, for example, that HL Display will respect European health and safety standards in its factories, respect employees' freedom of association at all workplaces in accordance with the principles of the ILO and UN, and work systematically to ensure compliance with legal requirements. HL Display also expects its suppliers to adhere to the same high standards in these areas. Suppliers are required to

## Purchasing policy

HL Display has clear requirements for its suppliers. A central component of work in this area is that all suppliers must sign HL Display's purchasing policy. Suppliers are expected to meet defined requirements in several areas. These ensure that suppliers comply with ILO (International Labour Organization) conventions and other principles related to human rights and labour. In addition, there are clear guidelines on business ethics (corruption) and environment. HL Display also reserves the right to make unannounced site visits to its suppliers' premises to ensure that the purchasing policy is being followed.

sign the Company's purchasing policy, thereby undertaking compliance with ILO conventions and similar principles on working conditions. See also the purchasing policy section above.

## Employee development

The basis of HL Display's efforts to develop employees and create a talent base in the Company consists of two processes – *HL Plus* and *the Annual Employee Review*. All HL Display employees are covered by these processes.

Within these processes, performance appraisals are conducted, in which employees are given clear targets for their work. During the appraisals, employees also receive clear guidance through discussion of the work priorities for the coming year. A long-term development plan is also produced. More information about HL Display's employees can be found on page 6-7.

## Whistleblower function

HL Display established a whistleblower function during 2013. The function enables employees to report malpractice to a central unit. This will complement the natural dialogue that takes place between employees and managers about malpractice at the Company.

Examples of malpractice that HL Display wants to pick up by introducing this function include non-compliance with local laws or breaches of HL Display's Code of Conduct in areas such as human rights, labour and anti-corruption.

Information that comes through the whistleblower channel will be investigated centrally. If the malpractice proves to be well founded and correct, it will result in disciplinary or legal action.

## Health and safety in the workplace

Health and safety is monitored continuously at HL Display's facilities. Health risks at the Company are mainly associated with production. By carrying out preventive work, HL Display aims to ensure safe workplaces with a good working environment. The Company regularly updates its safety procedures and examines different risk factors. HL Display has established processes which are designed to provide local managers, mainly at the production facilities, with methods for optimal management of sickness absence. The number of workplace accidents leading to absence or sick leave in 2013 was 45 (2012: 33). No fatal accidents occurred.

## Employee facts

		2013	2012
Number of employees as of December 31		1,155	1,175
Gender structure, %	Male	60	61
	Female	40	39
Education level, %	University	37	40
	Upper secondary school	37	40
	Compulsory school	26	20
Investment in staff training	Total, MSEK	1	2
	Per employee, KSEK	1	2
Costs related to health promotion activities	Per employee, KSEK	1	1
Number of workplace accidents leading to absence or sick leave		45	33

# Environment

## UN Global Compact principles

### Principle 7

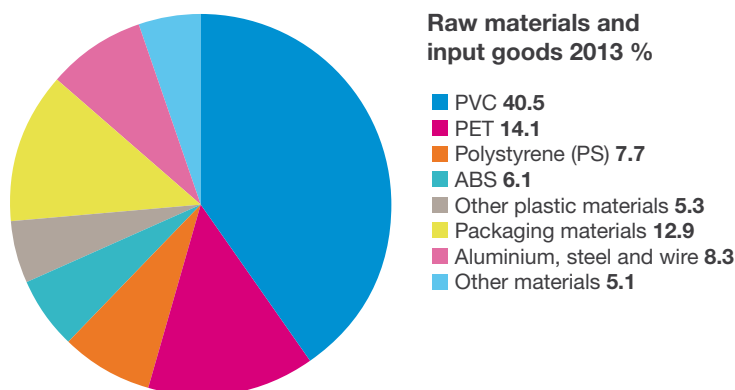
Businesses should support a precautionary approach to environmental challenges;

### Principle 8

undertake initiatives to promote greater environmental responsibility; and

### Principle 9

encourage the development and diffusion of environmentally friendly technologies.



HL Display's Corporate Responsibility Policy and Code of Conduct define the fundamental guidelines that the Company follows with regard to environmental impacts.

HL Display has four production facilities, which are located in Sweden, Poland, the UK and China. The main environmental impacts of HL Display's production are related to plastic waste, use of plastic raw materials and energy consumption.

The Company has a presence in 47 markets, which means that shipments of products represent a source of environmental impacts.

HL Display also defines environmental requirements for its suppliers in the Company's purchasing policy. Suppliers must guarantee that they comply with all applicable environmental laws and regulations in the country where they operate. They must also sign a written undertaking with regard to REACH (the EU's chemicals legislation). HL Display's major suppliers are large international producers of plastic raw materials which have their own comprehensive environmental programmes in place.

## ISO 14001 Certification

Certification under the ISO 14001 environmental management standard has been an important part of HL Display's environmental work. The majority of

HL Display's factories were certified under the standard as long ago as the late 1990s. Changes in the production structure in recent years mean that the proportion of factories with ISO 14001 certification has fallen to 50 percent. The factories in Sweden and China have ISO 14001 certification. This is a temporary decline and it is HL Display's aim that its factories in Poland and the UK will be certified as soon as this is practicable.

## Raw materials

HL Display's main raw material is plastic, notably PVC. See the table above for more details about raw materials use.

HL Display complies with REACH, the EU's chemicals legislation, and this is taken into account in the Company's approval of new materials. No substances classified as SVHC (Substances of Very High Concern) may be used, and the presence of phase-out substances is also checked.

## Waste management

The waste generated at HL Display's factories consists largely of plastic. HL Display addresses the problem of waste in production in two ways. The first is to reduce plastic waste generated in production by streamlining

production processes where possible. The second is to recycle plastic and other waste as far as possible.

HL Display's goal is that all waste from production will eventually be recyclable. Total waste at the Company's production facilities in 2013 was 2,551 tonnes (2012: 2,778 tonnes), and 94.9 percent of this was recycled (2012: 91.7 percent).

## Energy consumption

HL Display's direct electricity consumption in production was 26.6 GWh in 2013 (2012: 26.6 GWh). Various measures for reducing electricity consumption are being implemented at all the factories. These range from heating the premises using waste heat from machinery to installing time-controlled lighting.

### Energy consumption

	2013
Electricity "green" (MWh)*	11,954
Electricity (MWh)	8,512
Gas (MWh)	6,167
Water (m³)	347,346

\* Electricity from renewable sources.

## Waste management, metric ton

Total	Plastic	Metal	Packaging material	Mixed material	Other safe waste	Total safe waste	Hazardous waste
Re-use own production	118	–	–	–	–	118	–
Recycled externally	1,186	371	172	305	1	2,035	3
Recycled for heating	–	–	–	266	–	266	–
Deposit	–	–	–	–	123	123	6



Under an energy agreement signed with the electricity supplier Vattenfall in 2010, HL Display's Sundsvall factory and logistics centre in Falkenberg run entirely on hydrogenerated electricity. This is a conscious choice on HL Display's part and the Company pays a somewhat higher electricity fee for using renewable energy.

Water is used primarily for cooling in certain of HL Display's production processes, in particular the cooling of extruded plastic products, such as data-strips, in waterbaths. In 2013, 347,346 cubic metres of water were used at the Group's production facilities (2012: 313,334 m<sup>3</sup>).

Several of HL Display's factories use closed cooling water systems in order to minimise water consumption.

## Transport

HL Display has sales companies and distributors in Western and Eastern Europe, Asia, the Middle East, South Africa and Brazil. This means that transport is a major part of HL Display's environmental impacts. HL Display engages third-party suppliers for its transport and requires these suppliers to have environmental programmes in place.

The majority of shipments are by truck. HL Display works with its logistics suppliers to route inward and outward transport flows from road transport to sea and rail transport wherever possible.

HL Display's efforts to reduce carbon dioxide emissions also include strategies to improve transport efficiency. The Company constantly endeavours to increase the number of products per package and reduce package size.

## The Company's fleet of vehicles

It is HL Display's aim to gradually reduce CO<sub>2</sub> emissions from its fleet of vehicles. The Company has four different categories of vehicles and there are limits on CO<sub>2</sub> emissions for each category. These limits are reviewed every 12-18 months to see if they can be lowered.

## Respect for the environment in all our operations

HL Display endeavours to promote a high level of environmental awareness in everyday activities at its offices around the world. This means collecting and sorting paper, packaging material and old electronic equipment and ensuring



they are sent for recycling. HL Display has been using telephone and video conferences as an alternative to travel between offices for many years now. With technological development and the launch of services such as Google Hangout, the use of video conferencing at HL Display has increased further. This means lower travel costs for the Company and a reduction in the environmental impacts of business travel.

## Anti-Corruption

### UN Global Compact principles

#### Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

HL Display's Code of Conduct demonstrates the Company's strong position against corruption. HL Display will maintain a good reputation for honesty, integrity and taking responsibility. This means that HL Display will not tolerate involvement in bribery, extortion or corruption in any form.

The risk analyses that HL Display has conducted have identified corruption as the area where the Company has the greatest risks. Risks are mainly associated with purchases made in local markets. The risk is lower for large purchases of raw materials for production, for example. This is because the counterparties are large international suppliers which share HL Display's high

standards in the area of anti-corruption. The risk of corruption also exists in customer relationships. HL Display operates in some risk markets, where some parties try to facilitate deals by making direct payments to individuals in the client company.

To combat corruption, all employees must sign HL Display's Code of Conduct, which contains clear rules of practice with regard to corruption. This is also followed up each year in the annual performance review. The newly established whistleblower function has given HL Display an additional tool for detecting possible corruption in the Group.

Increased centralisation and control of purchasing activities also plays an important part in the Company's anti-corruption efforts. Any local suppliers that HL Display wishes to engage in the regions must be validated centrally. This ensures that the prices and other terms are in line with the Company's other collaborations. Under the local purchasing procedures, the individual placing a purchase order is not the one who identifies and selects a supplier.

In the selling activity, agreed prices are entered into HL Display's ERP system. Invoicing and customer payments relating to each order are controlled by the Company's back-office function and are completely separate from field sales.

HL Display had one (1) corruption-related incidents that led to disciplinary action in 2013 (2012: 1 incident).

# HL Display's employees

**The process of creating growth starts with employees. HL Display strives for a result-oriented culture where employees feel both challenged and supported in their professional development.**

HL Display's human resources work is governed by a number of overall strategies designed to enhance the Company's ability to achieve its goals. This is fundamentally about HL Display establishing a result-oriented culture where employees receive constructive feedback enabling them to grow in their role at the Company. HL Display will develop employees' capabilities and give them incentives to meet the demands of increased efficiency and change, and will also nurture and develop high potentials so that they can take key positions in the Company. The Company will also have balanced staffing, which gives a good cost structure.

## **Developing employees**

HL Display has two processes – *HL Plus* and *Annual Employee Review* – which form the basis of efforts to develop

employees and create a talent base at the Company. All HL Display employees are covered by these efforts.

*HL Plus* is a performance review process where employees are given clear work targets, which are followed up twice a year. For employees with a variable salary – typically those in the sales organisation – the *HL Plus* targets are linked to key ratios that show their performance against the targets and are used as a basis for determining the size of the variable salary.

During the review, employees also receive clear guidance in the form of discussion of work priorities for the coming year. A long-term development plan is also produced.

## **Assessment of performance and results**

Within the framework of the *Annual Employee Review*, the immediate supervisor makes an overall assessment of the employee's performance and results. The assessment is validated in turn by the manager's immediate supervisor to ensure that it is fair and correct. Employees are also assessed on parameters such as motivation and potential to take on new challenges and positions.

Work associated with the *Annual Employee Review* is important for several reasons. It makes it possible to establish relevant activities and training to strengthen the employees in their professional roles. It is also an important tool for identifying and creating a talent base of individuals with the potential to make a career at HL Display.



**HL Display will develop employees' capabilities and give them incentives to meet the demands of increased efficiency and change, and will also nurture and develop high potentials so that they can take key positions in the Company.**

## Strong talent base

HL Display has placed increasing emphasis on the area of *Talent Management* in recent years. This is primarily concerned with developing and strengthening the high potentials identified through the *Annual Employee Review* process. From the Company's perspective, it is also important that talent development initiatives are linked to the way the Company is organised. HL Display endeavours to ensure that key positions within the Company are mainly held by its premier talent, which should strengthen the Company's development in the long term.

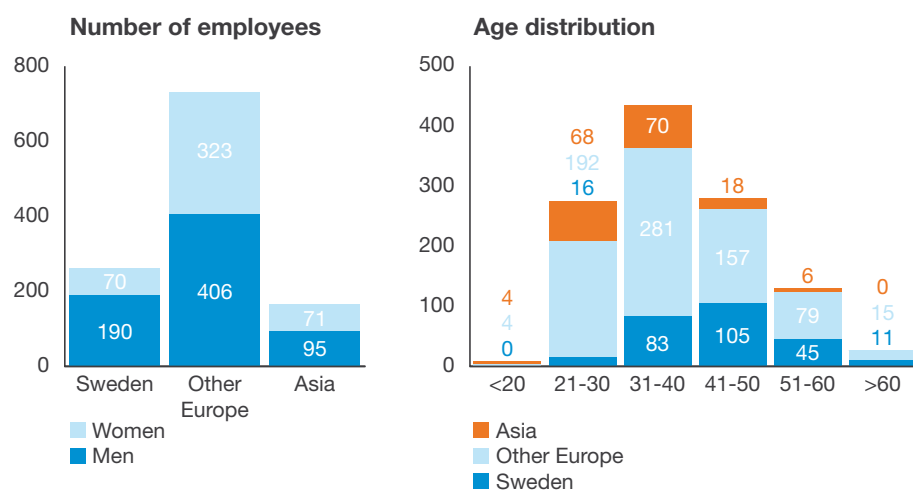
## Training support growth initiatives

During 2013, HL Display initiated a broad programme aimed at creating sales growth. In connection with this work, the emphasis of the training provided during the year was on developing and strengthening the sales organisation, particularly in the area of concept selling. It is about making this knowledge and sales process a natural tool for sales personnel in their daily work.

In another training programme during the year, HL Display's country managers received training in how they support and give feedback to sales personnel in concept selling. The training has provided the managers with new methods of monitoring and developing both the sales personnel and the sales model to be used by HL Display.

## Strengthening the recruitment base

HL Display aims to be an attractive employer, providing its employees with challenges and development opportunities, which in turn facilitates the process of recruiting and retaining the most competent staff. By increasingly making internal recruitment the preferred recruitment channel, HL Display demonstrates that there are great



opportunities for career advancement at the Company.

During the year, HL Display has highlighted the unique opportunities and challenges that it offers, especially in comparison with companies in the FMCG sector, in order to strengthen the sales organisation's recruitment base. Opportunities for salespersons at HL Display include developing their concept selling

skills and building contacts at many different levels within the customers' organisations. This creates the conditions for varied and challenging sales work. These opportunities have been used in recruitment activities in 2013 and will be communicated even more in 2014. The aim is to attract potential employees who have the attributes and motivation to engage in concept selling.

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