



Communication  
on Progress 2014

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.

### Participant in UN Global Compact

HL Display has been a participant in the UN Global Compact since 2010.

“ 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

### Policy documents

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

The Code of Conduct is a key policy document 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. The Corporate Responsibility Policy and the Code of Conduct 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.



# 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.

Making sure all employees are aware of the contents of the Code of Conduct and that they agree to comply with it is an important part of the work to secure that HL Display is not complicit in human rights abuses. All employees within the Group have the Code of Conduct explained to them and then sign it. 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 Cooperation with suppliers 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 2014 (2013: 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 standards in these areas. Suppliers are required to sign the Company's purchasing policy, thereby undertaking compliance with ILO conventions and similar principles on working conditions. See also the Cooperation with suppliers section to the right.

## 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.

## Cooperation with suppliers

HL Display has clear requirements for its suppliers of production inputs and products. A central component of work in this area is that all suppliers must sign HL Display's purchasing policy. By signing the document suppliers agree to meet defined requirements in several areas. These include compliance 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. Failure to comply with the purchasing policy can lead to the contract being cancelled.

HL Display regularly makes site visits and audits of the company's most important suppliers. These will be audited at least once every other year, but the majority gets a visit from HL Display every year.

The audit is made up of two parts. The first part concern if suppliers fully understand and apply HL Display's requirements in accordance with the purchasing policy. The second part relates to the production organisation. Representatives from HL Display perform a review of the workshop based on a number of predefined criteria, basically making sure that the workshop is at the level required to produce for HL Display.

The result of the audit is a rating from A, which is the rating of a top supplier, to D, which is the worst rating leading to an immediate cancellation of the cooperation. The B and C ratings imply that improvements are needed in various degrees.

## Whistleblower function

A whistleblowing function has been in operation at HL Display since 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.

During 2014 an additional whistleblowing channel was added. It is a global and secure whistleblowing service called Whistleblowing Centre, which is part of TripleB, a Swedish sustainability consultancy. By using the site the employee is guaranteed anonymity when reporting malpractice.

Examples of malpractice that HL Display wants to pick up by introducing whistleblowing channels 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 whistleblowing channels will be investigated centrally. If the malpractice proves to be well founded and correct, it will result in disciplinary and, where applicable, legal action.

## Employee facts

		2014	2013
Number of employees as of December 31		970	1,155
Gender structure, %	Male	62	60
	Female	38	40
Education level, %	University	37	37
	Upper secondary school	34	37
	Compulsory school	28	26
Investment in staff training	Total, MSEK	0.6	1
	Per employee, KSEK	1	1
Costs related to health promotion activities	Per employee, KSEK	1	1
Number of workplace accidents leading to absence or sick leave		38	45

## 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 2014 was 38 (2013: 45). No fatal accidents occurred.

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.

# 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 approximately 40 markets, which means that shipments of products also represent a source of environmental impacts.

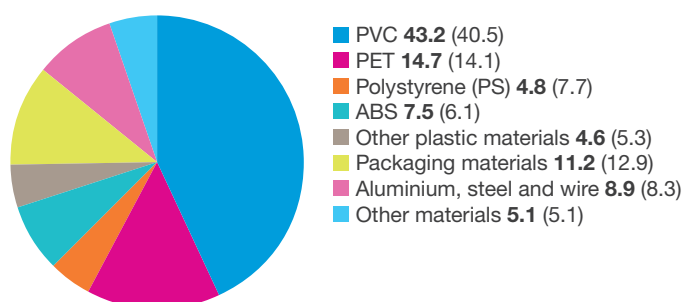
HL Display also defines environmental requirements for its suppliers in the Company's purchasing policy. Suppliers must

## Raw materials

HL Display's main raw material is plastic, notably PVC. See the table below 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.

## Raw materials and input goods 2014 % (2013)





**Waste management, metric ton**

Total	Plastic	Metal	Packaging material	Mixed material	Other safe waste	Total safe waste	Hazardous waste
Re-use own production	133	–	–	–	–	133	–
Recycled externally	1,286	325	131	148	2	1,892	1
Recycled for heating	–	–	–	273	–	273	–
Deposit	–	–	–	–	102	102	7

**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 2014 was 2,408 tonnes (2013: 2,551 tonnes), and 95.5 percent of this was recycled (2013: 94.9 percent).

**Energy consumption**

HL Display's direct electricity consumption in production was 25.5 GWh in 2014 (2013: 26.6 GWh). Various measures for reducing electricity consumption are being implemented at the factories. These range from heating the premises using waste heat from machinery to installing time-controlled lighting.

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 and injection moulded plastic products in waterbaths. In 2014, 344,163 m<sup>3</sup> of water were used at the Group's production facilities (2013: 347,346 m<sup>3</sup>). Several of HL Display's factories use closed cooling water systems for injection moulding in order to reduce water consumption.

**Energy consumption**

	2014
Electricity "green" (MWh) <sup>*</sup>	15,773
Electricity (MWh)	4,566
Gas (MWh)	5,157
Water (m <sup>3</sup> )	344,163

<sup>\*</sup> Electricity from renewable sources.

**Transport**

HL Display has sales companies and distributors in Western and Eastern Europe, Asia, the Middle East and South Africa. 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, for example from the European factories to the European hubs, and from the hubs to the customers. Sea transport is the primary shipping method for ready-made goods from Asia as well as tools bought in Asia for use in the European factories.

HL Display constantly endeavours to improve transport efficiency by increasing the number of products per package and reducing package size. The ability for a product to be efficiently packaged is taken into consideration already in the product development phase.

**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 Skype, Google Hangout and others, 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.

### Corruption identified as a risk area

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.

### Several measures in place against corruption

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 whistleblowing 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 incident that led to disciplinary action in 2014 (2013: 1 incident).

# HL Display's HR work

HL Display is an international company that strives to occupy a market-leading position in its areas of operation. This in turn places great demands on employees' skills and abilities, as it is ultimately their expertise, motivation and drive that enables HL Display to continuously strengthen its market position.

### Employee development

HL Display has two processes – HL Plus and the Annual Employee Review – which form the basis of efforts to develop employees. All HL Display employees are covered by these efforts.

HL Plus is a performance review process, with associated online tools, where employees are given clear work targets that 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 performance against the targets and are used to determine the size of the variable salary.

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

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 by the manager's own immediate supervisor. Employees are also assessed on parameters such as motivation and potential to take on new challenges and positions.

The Annual Employee Review work is important for several reasons. It makes it possible to establish relevant activities to strengthen 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.

### Employee survey conducted

Towards the end of 2014, work began on a global employee survey; Organisational Health Index, which was conducted across the organisation at the beginning of 2015.

The aim was to determine how the organisation is performing in nine defined areas that affect how HL Display performs as a company, and to identify and implement improvements based on the results.

HL Display has achieved good results in areas related to *Accountability* and *Control and coordination*. This indicates that employees know what is expected of them and how their performance is monitored and measured. HL Display sees this as evidence that the Company's efforts on performance management have had a positive impact on the organisation. The survey also shows a generally high level of motivation and commitment to the company success, among employees.

On the other hand, HL Display's result regarding the *Direction* of the company was not so good, indicating that employees do not have a sufficiently clear picture of the Company's overall strategies and direction. To act on the result, HL Display has implemented a number of measures. These include a road show, at which HL Display's goals and strategies, new vision, mission and core values have been presented to all employees of the



Company. At the same time, the Company has started work to develop a new global intranet that will support improved internal communications.

### Learning at work

A natural part of efforts to develop employees involves strengthening their skills, and in doing so supporting their professional development. It is HL Display's aim for this development to be achieved through learning at work. This involves employees being given positive challenges, such as through new tasks and coaching from their manager, which continuously increase their skills.

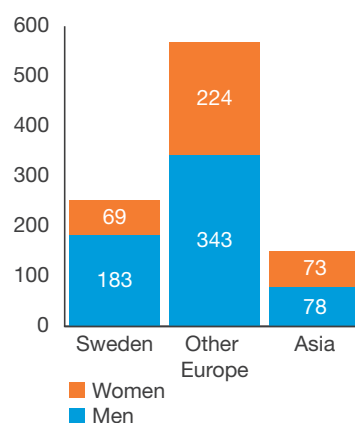
This is complemented by targeted training for different employee groups. Training in 2014 included concept selling for parts of the sales organisation. Other examples are product training, language and technical training.

### Quality-assured recruitment

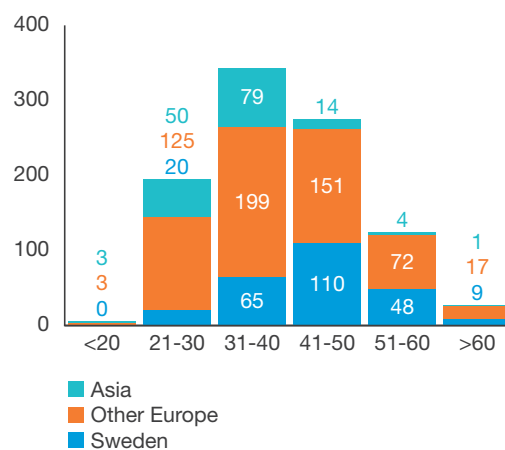
During 2014, HL Display developed the recruitment process in all markets, adding several assessment criteria to the process. All HR representatives around the world have been licensed in the use of test methods for testing and evaluating candidates' aptitude and personality. This provides extra support to ensure that the candidates selected have the right skills and qualities for the position. The tests are used in all recruitment for senior positions and the role of key account manager.

It is HL Display's aim (for 2015) to increase the proportion of the recruitment needs filled through internal recruitment. HL Display has therefore started efforts to further encourage internal mobility and strengthen internal recruitment. Maintaining a high proportion of internal recruitment would reduce both costs and risks associated with recruitment. A high proportion of internal recruitment also means that the corporate culture is maintained.

Number of employees



Age distribution



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