



Communication
on Progress 2015

HL Display's corporate responsibility programme is established and decided by the Board of Directors. The work is headed by the Company's R&D Manager with the support of 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, and health and safety 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. ”

Nina Jönsson,
President and CEO HL Display

Policy documents

HL Display has developed clear guidelines for the corporate responsibility work. The important governing policy documents are HL Display's Corporate Responsibility policy, the Company's Code of Conduct, policy for equal opportunities, policy for external and internal working environmental, policy for whistleblowing and purchasing policy. The Board reviews these policies 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 among others human rights, labour standards, environment, anti-corruption, consumer interests, competition and conflicts of interest.



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 2015 (2014: 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. 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. This is clearly emphasized in HL Display's policy for equal opportunities.

Working conditions and standards

The working conditions and standards that HL Display follows are 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 external and internal 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

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.

accordance with the principles of the ILO (International Labour Organization) 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 on above.

Employee facts

		2015	2014
Number of employees as of December 31		1,026	970
Gender structure, %	Male	57	62
	Female	43	38
Education level, %	University	36	37
	Upper secondary school	42	34
	Compulsory school	21	28
Investment in staff training	Total, MSEK	1.6	0.6
	Per employee, KSEK	2	1
Costs related to health promotion activities	Per employee, KSEK	1	1
Number of workplace accidents leading to absence or sick leave		20	38

Employee development

The basis of HL Display's efforts to develop employees and create a talent base in the Company consists of a well-established performance review process, which is followed up every 6 months. More information about HL Display's Human Resources work can be found on page 6-7.

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. During 2015, 100 percent of the factory employees at all HL Display production facilities (Sweden, China, Poland and UK) have undergone health and safety training.

The production facilities in Harlow, UK, and Sundsvall, Sweden have its work environment management systems certified according to the OHSAS 18001 standard. It is HL Display's ambition to eventually have the work environment management systems certified according to the OHSAS 18001 standard for all production facilities.

The number of workplace accidents leading to absence or sick leave in 2015 was 20 (2014: 38). No fatal accidents occurred.

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.

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.

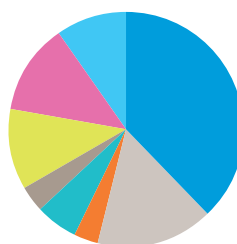
HL Display has four production facilities, which are located in Sweden, Poland, the UK and China. The main environmental impacts of HL Display's production are related to plastic waste, use of plastic raw materials and energy consumption. The Company has a presence in approximately 40 markets, which 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 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.

Raw materials and input goods 2015 % (2014)



- PVC **37.9** (43.2)
- PET **16.2** (14.7)
- Polystyrene (PS) **3.3** (4.8)
- ABS **5.8** (7.5)
- Other plastic materials **3.5** (4.6)
- Packaging materials **11.2** (11.2)
- Aluminium, steel and wire **12.6** (8.9)
- Other materials **9.5** (5.1)

Waste management, metric ton

Total	Plastic	Metal	Packaging material	Mixed material	Other safe waste	Total safe waste	Hazardous waste
Re-use own production	218	–	–	–	–	218	–
Recycled externally	1,165	204	144	93	1	1,607	1
Deposit	–	–	–	–	108	108	7

In 2015, the production facility in Gliwice, Poland, received its certification, which meant that the proportion of factories with ISO 14001 certification was 75 percent at the end of 2015. The factories in Sweden and China also have ISO 14001 certification. It is HL Display's aim that its factory in 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 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.

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 2015 was 1,941 tonnes (2014: 2,408 tonnes), and 94.1 percent of this was recycled (2014: 95.5 percent).

Energy consumption

HL Display's direct electricity consumption in production was 25.5 GWh in 2015 (2014: 25.5 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.

Energy consumption

	2015
Electricity "green" (MWh) [*]	14,778
Electricity (MWh)	5,534
Gas (MWh)	5,164
Water (m ³)	347,120

^{*} Electricity from renewable sources.

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 water baths. In 2015, 347,120 m³ of water were used at the Group's production facilities (2014: 344,163 m³). Several of HL Display's factories use closed cooling water systems for injection moulding in order to reduce water consumption.

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 CO₂ emissions from its fleet of vehicles. The Company has four different categories of vehicles and there are limits on CO₂ emissions for each category. These limits are reviewed every 12-18 months to see if they can be lowered. During 2015, the CO₂ limits have been decreased by between 10-20 gr CO₂/km, depending on category.

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 did not have any corruption-related incidents that led to disciplinary action in 2015 (2014: 1 incident).

HL Display's HR work

HL Display's employees are important to the Company's competitiveness. The combination of a local presence, knowledge of the sector and innovation capacity is the key to delivering products and solutions that meet customers' needs. It is therefore a key task for HL Display to create the right conditions for employees to grow and feel committed to the Company.

Performance Management

HL Display has a well-established process for supporting employees in their development. The annual performance review process is where employees are given clear work targets, performance feedback, development and career planning. This is followed up every 6 months.

Major development work

HL Display pursued major development work in 2015 based on a new global organisational health survey, which all employees were invited to participate in at the beginning of the year. The results of the survey identified clearly what was perceived as good in the business and where there was a need for improvement. In addition to the results for the entire Company, HL Display has broken down the results for each subsidiary. The survey results generated many constructive workshops locally and there was a high level of employee engagement for improving the business and implementing actions which are aimed at developing the Company.

A clear signal from the survey was that clarification of the strategy for the future, the Company's values and where the Company stands today was needed. In response, a *roadshow* was organised, *Essential We Are*, which involved Company management explaining the future vision to all of the operations around the world. This was followed up with local *workshops* in all countries to discuss how the strategies and values can be integrated into the daily work of the local operations.

Leadership and learning at work

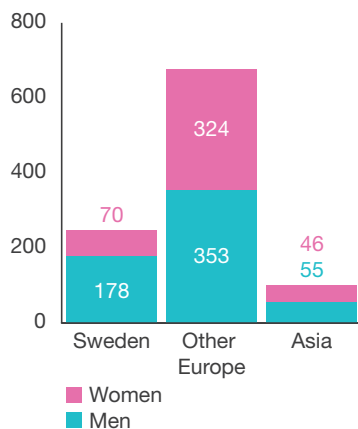
Leadership is perhaps the single most important component of how employees perceive their work situation and what results are achieved. In 2015, HL Display developed a new leadership profile that defines what is expected of a manager at HL Display and what qualities and skills are called for. The profile will be an important parameter in annual performance reviews to identify development areas, and in the recruitment of new leaders to HL Display.

HL Display was also active in the training and education of employees in 2015. Sales training was provided for all new sales personnel at the Company as well as global product training aimed at the sales force.

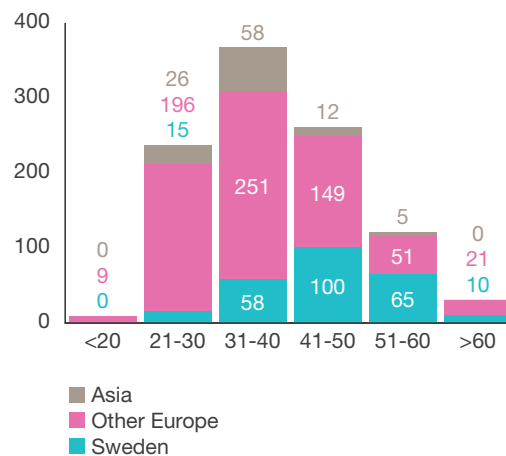
Other examples of training initiatives during the year included English language training for employees in France and Poland, and ongoing health and safety training for all factory staff at HL Display's production facilities.



Number of employees



Age distribution



Analysing and improving compensation conditions

During the year, HL Display conducted a comparative survey of the compensation conditions offered to employees in different countries for the main groups of professionals. The analysis was done by an external partner. Factors such as employee benefits, bonus plans and pension provisions were compared, both internally within HL Display and with market conditions in each country. The aim was to ensure that HL Display has attractive and fair conditions throughout the Group, and to plan for alignment actions if needed.

Late in 2015, the Company developed a new incentive model for the entire commercial organisation. The model is common for all HL Display markets, and aim to drive sales performance and target transparency across the group.

Be Bold Award

During 2015, the Company initiated a new form of employee recognition, the *Be Bold Award*, which aims to recognise employees who have in some way shown boldness in their work. Being bold – taking new steps and daring to do the unexpected – was identified as a particular key success factor for HL Display in the *workshops* arranged during the year. All employees can nominate any colleague for the prize, and so far, two employees won the award for their bold efforts in 2015.

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