



Communication  
on Progress 2016





**“ In 2016, HL Display formulated a new vision that will be the guiding principle for the Company’s future development: *To lead the development in creating innovative and sustainable solutions for a better shopping experience around the world.* The new vision will bring an increased focus on sustainability and responsibility issues, particularly as one of the six key strategies for achieving the vision is to be first choice for sustainable merchandising solutions.**

**While creating the new vision, we have also established an updated Corporate Responsibility policy and an initial road map with associated measures for the development of sustainability work in the coming years. All in all, this will be of great importance to our increased efforts in the area of sustainability beginning in 2017.**

**In 2010, HL Display signed the UN Global Compact, confirming that we support the UN’s fundamental values and the ten principles on human rights, labour, environment and anti-corruption, and that we are committed to make them part of our strategy, culture and day-to-day business. I am pleased to confirm our continued support for the Global Compact and renew our ongoing commitment to the initiative and its ten principles.”**

Nina Jönsson, President and CEO, HL Display

## **Management of the corporate responsibility work**

HL Display’s corporate responsibility programme is established and decided by the Board of Directors. The work during 2016 was headed by the Company’s Purchasing 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, and health and safety issues at the production facilities. From 2017, HL Display’s Group Marketing Director has overall responsibility for the Group’s sustainability efforts.

## **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 reviewed these policies during 2016.

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. In the global annual employee survey, the staff was asked if they knew where to turn to if they want to report a concern about something that is not in line with the Code of Conduct or business ethics. 83 percent said yes. ■

# 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. HL Display is also actively working to ensure that employees are treated fairly, equally and with respect (please see section on Labour for information about the working conditions and standards, health and safety at work and equal opportunities at HL Display).

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 new employees in the Group in 2016 had the Code of Conduct explained to them and all employees in HL Display have signed the Code of Conduct, thereby agreeing to comply with it.

In 2017, HL Display will introduce a new way of working to ensure that all employees are continuously kept up to date with the latest version of the Company's Code of Conduct. In the new Human Resources system, all employees will be able to read and must confirm their continued commitment to the company's Code of Conduct every year.

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 to the right.)

HL Display had no reports of violations of the Code of Conduct or the Purchasing Policy regarding human rights in 2016. ■

## 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. During 2016, HL Display conducted 35 audits of important suppliers.

The audit is made up of two parts. The first part concerns 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 ranging 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.



## Employee facts

		2016	2015
Number of employees as of December 31		1,020	1,026
Gender structure all employees, %	Male	56	57
	Female	44	43
Gender structure Group management, %	Male	67	67
	Female	33	33
Education level, %	University	39	36
	Upper secondary education	41	42
	Nine-year compulsory school	20	21
Investment in staff training	Total, SEK million	1.4	1.6
	Per employee, SEK thousand	1.4	1.6
Costs related to health promotion activities	Per employee, SEK thousand	1	1
Number of workplace accidents leading to absence or sick leave		26	20

# 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.

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 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 page 3.)

## Equal opportunities

HL Display is a multicultural company with operations in many countries around the world. 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. Zero tolerance applies to all forms of discrimination. This is clearly emphasized in HL Display's Code of Conduct and Policy for equal opportunities.

HL Display is working in a long-term perspective on initiatives to increase gender equality in recruitment and career development. When there is a recruitment need, for example, the Company's HR staff support the managers by reviewing existing groups in order to identify and correct any imbalances in areas such as gender distribution.

In the global annual employee survey, employees were asked whether they felt they were given equal opportunities for new roles/job advancement as others in the workplace, if applicable. 85 percent responded positive.

The aim of the question is to identify areas of improvement and to work proactively.

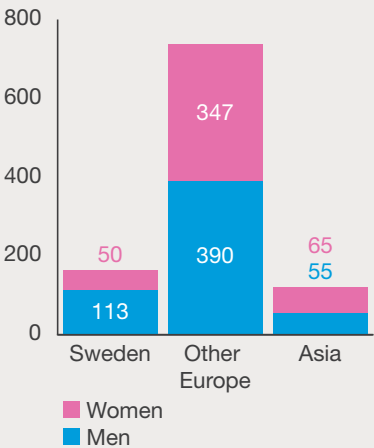
## Employee development

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

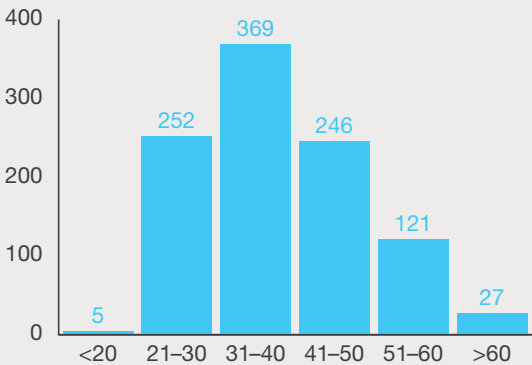
## OHSAS 18001 certification

In 2016, HL Display completed a certification of the production plant in Suzhou, China, in accordance with the work environment management systems standard OHSAS 18001. ▶

Number of employees



Age distribution Group





This means that 75 percent of production facilities are now certified (Sundsvall in Sweden, Suzhou in China, and Harlow in the UK). 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.

In 2016, the Logistics Centre in Tours, France, also carried out work aimed at obtaining OHSAS 18001 certification. The application was submitted in 2016 and the logistics centre received its certification in April 2017.

### Health and safety in the workplace

Health risks at HL Display are mainly associated with production. HL Display aims to ensure safe workplaces with a good working environment by carrying out preventive work, including regular updates of safety procedures and examination of different risk factors.

In 2016, HL Display further developed its efforts to increase safety and improve the working environment at its production facilities. At the factory in Sundsvall, the thresholds for reporting incidents have been lowered. This means that incidents even if they did not result in injury are included in the reporting and that measures to prevent any recurrence are taken. This will further reduce potential risk factors in the factory.

At the factory in Gliwice in Poland, there was a temporary increase in workplace accidents in 2016. This was because production was expanded and new production processes were added, while the proportion of temporary staff increased. This resulted in a series of measures, which improved the situation at the end of the year. Among other things, a major focus was placed on increasing the proportion of permanent employees in the workforce to 80 percent in the first half of 2017. At the same time, induction training for new employees has been enhanced. A new, more comprehensive training package related to workplace health and safety has also been prepared for 2017.

In 2016, all factory employees at HL Display's production facilities have undergone health and safety training. The number of workplace accidents leading to absence or sick leave in 2016 was 26 (2015: 20). 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.

The whistleblowing channel in use at HL Display is called Whistleblowing Centre, which is part of TripleB, a Swedish sustainability consultancy. By using the site the employee is guaranteed anonymity when reporting malpractice. Reports made through the system go directly to the Group Marketing Director who is responsible for HL Display's sustainability work, and simultaneously to the principal owner Ratos' representative on the Board of Directors.

Examples of malpractice that HL Display wants to pick up by having implemented a whistleblowing channel 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. No reports were made through the whistleblowing system in 2016.



# HL Display's HR work

**In 2016, HL Display began work on digitisation of processes in the area of human resources. Both performance appraisals and employee surveys are now using online tools. The aim is to improve efficiency and create benefits for both the Company and employees.**

HL Display is an international company that strives to occupy a leading position in its areas of operation. This in turn places 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. It is therefore a key task for HL Display to create the right conditions for employees to develop and feel committed to the Company.

## Established process for performance appraisals

HL Display has had an established process for helping employees to develop for many years. The process consists of annual performance appraisals, in which employees receive constructive feedback on their work, together with clear goals defined jointly by the employee and their immediate supervisor. This also includes a development plan, including training needs, with future development steps to be taken, and career planning. A mid-year review takes place after six months, in which the individual goals and development plan are followed up.

## New digital system for Human Resources

In 2016, the process for performance appraisals was digitised and integrated into a new Human Resources system that was developed during the year, creating many advantages. The system facilitates performance appraisal implementation both for employees and managers. The new system also ensures that documentation, which may contain sensitive data, can be handled in a safe and correct manner. Employees also have constant access to their own information through the system and can go back and follow up on agreed goals and the development steps to be taken. The fact that the process is fully digital also facilitates monitoring for the HR function, which, for example, can easily check that all employees have completed the annual performance appraisal. As a further check, all employees were asked whether they had undergone a scheduled performance appraisal in the annual employee survey that the Company conducts, and 90 percent scored positive.

## Continuing development

Another important part of the Human Resources system has been to create a complete global register of all employees at HL Display, with photos, contact information and details of where in the organisation they are based. The information is available to all employees and has been a valued source of information, given the fact that the organisation operates in over 20 markets. Easy access to who is who facilitates cooperation between employees in different departments and in different countries. Development of the tool will continue and

further processes will be digitised, including salary reviews and future learning or talent management processes.

## New employee survey introduced

In 2016, HL Display introduced a new employee survey with a clearer, simplified process. The survey is fully digital and also employees who do not use computers in their daily work were for the first time in 2016 able to access tablets to participate in the survey. The simplified process has resulted in the response rate increasing to 93 percent, compared with 60 percent for the traditional survey conducted in the previous year.

The new survey is more closely linked to the company strategy than before, and covers four areas: *Efficiency, Leadership, Engagement* and *Sustainable work life*. Based on the results, HL Display will prioritise and implement improvements that strengthen the Company's position as an employer and support efforts to achieve the Company's goals. In addition to the results at Company level, HL Display also reports results by department and about 100 managers have received their own results for their teams. On the basis of the results, they take local measures – which are monitored – aimed at developing their business. The survey generated group-wide actions, such as internal communications and training.

## Learning at work

HL Display is working continuously on further training of employees in order to ensure they are well-equipped for success in their work. This year's employee survey identified a need for sales and product training for sales personnel at the Company, which was also provided. Particular focus has been placed on product training and the Company's product managers have organised local training for the sales force as well as operations teams around the world.

HL Display conducted local management training in selected topics for Asia and Sweden. Also safety training was carried out for all factory staff at the Company's production facilities in 2016. The training was arranged locally and is provided as a combination of classroom instruction and practical demonstrations in the factory environment. Further examples of training initiatives during the year included IT training, on boarding training for new staff, and English language training for selected employees in France and Poland. ■

# 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. These include that HL Display has a precautionary approach to environmental challenges and will work systematically to reduce the environmental impact of its operations.

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 50 markets, either direct or through distributors, which means that shipments of products also represent a source of environmental impacts.

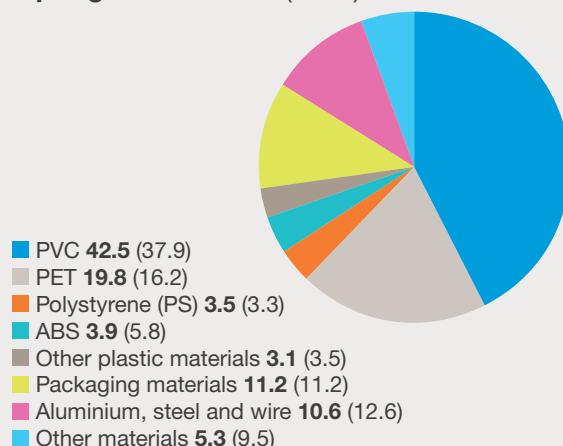
HL Display also defines environmental requirements for its suppliers in the Company's purchasing policy. Suppliers must guarantee that they comply with all applicable environmental laws and regulations in the country where they operate. They must also sign a written undertaking with regard to REACH (the 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

An on-going process in compliance with the ISO 14001 environmental management standard is an important part of HL Display's efforts to continuously improve its environmental performance. Within the framework of working with ISO 14001, a number of important parameters that have an effect on the Company's environmental performance are monitored annually.

As of 2016, the production facilities in Sundsvall in Sweden, Gliwice in Poland, and Suzhou in China have ISO 14001 certifications, meaning that 75 percent of HL Display's production facilities are certified. The facility in Harlow, UK

Raw materials and input goods 2016 % (2015)



remains to be certified and it is HL Display's aim that this will be done as soon as it 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.

Several projects related to raw materials will be launched in 2017. One of these is being run together with IVL Swedish Environmental Research Institute, its purpose being to conduct a lifecycle analysis of HL Display's products from cradle to grave. By clearly establishing the current situation, it will be easier for HL Display to ensure that the Company's development choices, such as the use of recycled materials or the development of brand new materials, will result in the desired improvements from a sustainability perspective.

In parallel, HL Display will collaborate with KTH Royal Institute of Technology, Stockholm, in another project to develop new materials with less environmental impacts for use in the Company's products.

HL Display complies with REACH, the EU's chemicals legislation, and this is taken into account in the Company's approval of new materials.

## 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 ►

## Waste management, metric ton

Total	Plastic	Metal	Packaging material	Mixed material	Other safe waste	Total safe waste	Hazardous waste
Re-use own production	24	–	–	–	–	24	–
Recycled externally	1,203	338	168	61	3	1,774	13
Recycled for heating	–	–	–	134	–	134	–
Deposit	–	–	–	–	112	112	–

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

HL Display has worked continuously during 2016 to reduce the number of production interruptions at the factories in Gliwice, Poland, and Sundsvall, Sweden. This is important, as interruptions in the production process for extrusion and injection moulding are major sources of plastic waste. By regularly monitoring interruptions and understanding why they happen, the aim is to reduce the frequency and length of interruptions. This work has been quick to produce results in Gliwice, where the number of production interruptions showed a decline at the end of 2016, resulting in less waste.

It is also HL Display's aim to use plastic waste directly in its own production – both its own waste and waste material from external sources. HL Display began production trials based on third-party supplier waste material during the year. The trials proved promising and the work will be further developed.

HL Display's goal is that all waste from production will eventually be recyclable. Total waste at the Company's production facilities in 2016 was 2,057 tonnes (2015: 1,941 tonnes), and 94.5 percent of this was recycled (2015: 94.1 percent).

## Energy consumption

HL Display's direct electricity consumption in production was 25.5 GWh in 2016 (2015: 25.5 GWh). 45 percent of HL Display's energy consumption comes from renewable sources and, as an example, HL Display's Sundsvall factory runs entirely on hydrogenerated electricity. 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.

Water usage in production is primarily related to the cooling of extruded and injection moulded plastic products in water baths. HL Display's factory in Gliwice uses a closed cooling water system for injection moulding in order to reduce water consumption.



## Energy consumption

	2016
Electricity "green" (MWh)*	11,375
Electricity (MWh)	8,455
Gas (MWh)	5,728
Water (m³)	367,482

\* Electricity from renewable sources.

In Sundsvall, water use for the cooling of extruded plastic sections increased in 2016. The main reasons are that the production volume at the factory increased at the same time and that the production of more complex profiles require more water. The current project on reducing waste in production (described under the heading Waste Management) is also positive from a water consumption perspective. The waste material also has to be cooled down, which means that less waste results in lower water consumption.

In 2016, 367,482 m³ of water were used at the Group's production facilities (2015: 347,120 m³).

## Transport

HL Display has sales companies and distributors in Europe, Asia, North America, the Middle East and Southern 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.

Credibility, sound ethical values and regulatory compliance are essential for HL Display in order to be a preferred partner to its customers and continue to develop successfully.

HL Display's Code of Conduct demonstrates the Company's strong position against corruption. The Company 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.

### Measures to counter corruption

HL Display has well-developed management systems and structures for financial monitoring and reporting. These are key tools to, in daily work, minimise the risk of irregularities and corruption in the business.

In 2016 HL Display conducted a significant revision of its regulatory framework "Instructions for Authorities, Decisions and Approvals". The aim of the revision was to simplify and increase clarity in the framework, which represents an important tool for combating irregularities in the business. It contains clearly documented rules that govern the authority of employees at different levels in the Company and how decisions are to be made and approvals given in the Group.

Measures also include that all new employees in 2016 had the Code of Conduct, which contains clear rules of practice with regard to corruption, explained to them. All employees in HL Display have signed the Code of Conduct, thereby agreeing to comply with it. Clear guidelines on business ethics are also included in the purchasing policy that all suppliers must sign.

## Corruption a risk area

The risk analyses that HL Display has conducted previously have identified corruption as a risk area for the Company. Risks are mainly associated with purchases made in local markets. The risk of corruption also exists in customer relationships. HL Display operates in some risk markets, where some parties may try to facilitate deals by making direct payments to individuals in the client company.

Increased centralisation and control of purchasing activities 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 2016 (2015: 0). ■



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