



The better shopping experience

Corporate Responsibility
Report 2019

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About HL Display

HL is an international supplier of store solutions for improved customer experience, profitability and sustainability. Our offer includes products within store communication and merchandising solutions as well as lighting systems, secondary displays and bespoke store solutions and services.

HL solutions are installed in over 295,000 stores around the world.

Headquartered in Stockholm, Sweden, the Group serves more than 70 markets via a mix of HL sales companies covering 26 of these, and the remainder via distributor partners located across the globe.

Our biggest markets are the UK, Sweden and France, and we cater to customers mainly in retail food, retail non-food, as well as branded goods

suppliers. Our four production facilities are located in Sweden, Poland, the UK and China and handle a variety of industrial processes, including plastics and metal fabrication, printing and assembly.

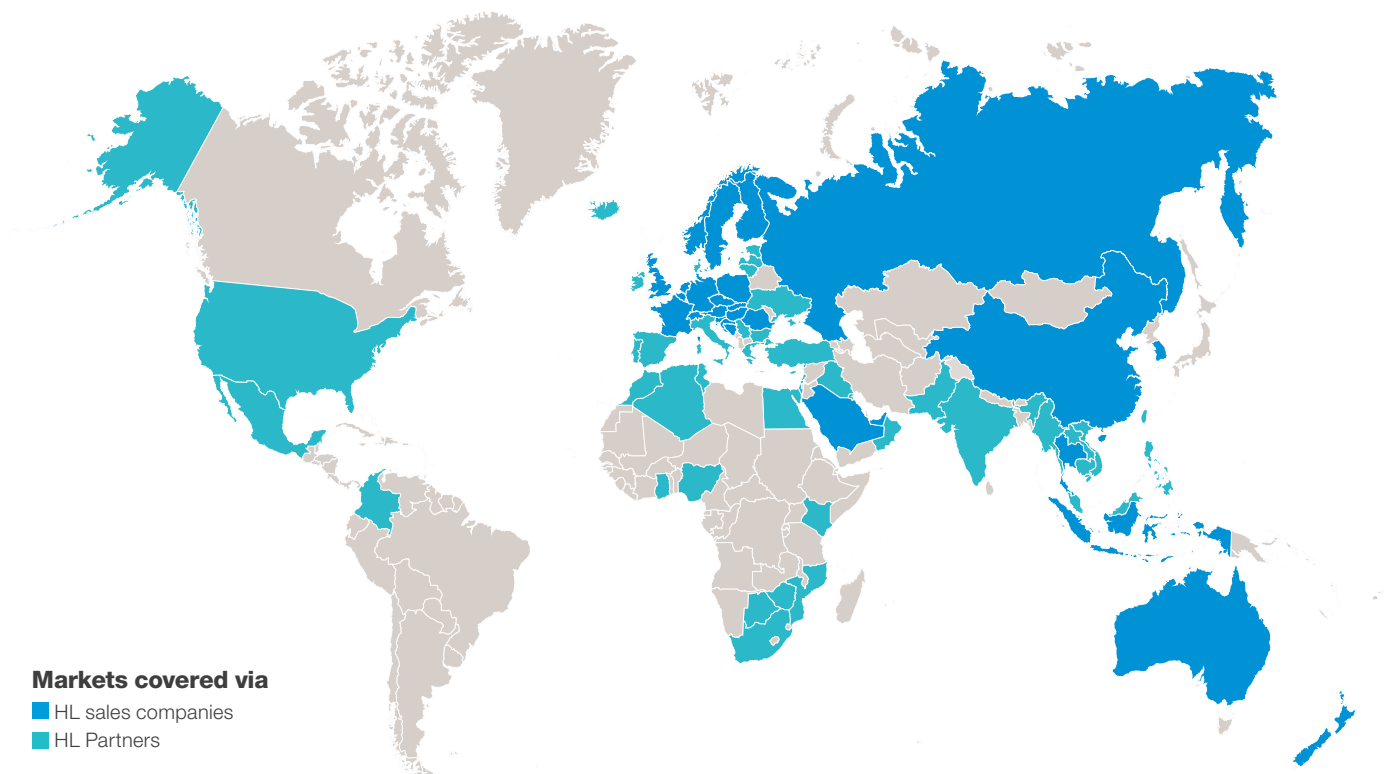
HL has 1,045 employees and net sales of 1,594 MSEK. HL is a wholly owned subsidiary of the listed Swedish investment company Ratos.

2019 key figures

Stores	Markets	Employees	MSEK
295,000	70+	1,045	1,594

Creating the better shopping experience

HL helps customers around the world to create attractive, profitable and more sustainable in-store environments that strengthen the consumer's shopping experience.



What kind of company we want to be

- / We strive to be European leaders with global reach
- / Staying close to customers we build market leadership organically, and through acquisitions, and continue to drive profitable growth
- / An industry-leading portfolio of retail proof solutions that solve our customers' challenges
- / De-centralised ownership of commercial results combined with group scale in purchasing, development, design and manufacturing
- / A company that professionals are proud to be a part of

Our customer promise

With passion for retail development and pride in execution, we partner with our customers to:



/ Grow sales

Over 70% of shopping decisions are made in stores. Improving product presentation and reducing real or perceived out-of-stock increases sales.

/ Inspire shoppers

With experience from working with the world's leading retailers and brands HL has learned how to create solutions that drive differentiation, inspire shoppers and make the shopping trip worthwhile.

/ Drive automation

HL merchandising solutions help to automate repetitive tasks, freeing up store employees to spend time where it really matters - engaging with shoppers.

/ Reduce waste

Waste is both costly and, to a large degree, avoidable. Efforts to reduce food and packaging waste as well as to reduce the usage of virgin plastic all carry great societal and financial benefits.



Message from the CEO

Since HL was founded in 1954 the company has developed, grown and expanded thanks to our team being in tune with the ever-changing world around them and the evolving needs of our customers. As we look back upon 2019 it has been a great year for the business, and an inspiring year in terms of setting direction for the future.

Our focus to build an engaged HL team across the world continues. Trainings in health and safety, diligent focus on our Code of Conduct and Corporate Policies, expansion of tools for coaching and career development, and active efforts to drive equal opportunities continue to drive cohesion and foster collaboration. The result, when combined with implementing our other strategic business priorities, is strong improvement in profitable growth and at the same time increased employee satisfaction and engagement for the third year running.

As we entered 2020 this momentum served as an important foundation to manage the impact of COVID-19. Health and safety of our team members being our #1 priority, our Crisis Policy has helped us to navigate as one team the obstacles and challenges posed by the pandemic thus far. While we are still in the midst of this at the time of writing, we maintain our customer promise to continue safely serving our customers in retail so they can remain in operation and service shoppers, in a safe way.

Striving towards our vision of delivering a better shopping experience across the world leads us towards opportunities, and also constantly requires raising the bar on efficiency in operations and finding new ways to do more, while wasting less. This year we conducted a climate footprint assessment together with IVL (Swedish Environmental Research Institute) and this assessment will be the jump-off point for our forward-looking priority to ensure that a better shopping experience is also a more sustainable one. We have also advanced our efforts to find alternatives to virgin plastics. Working alongside KTH Royal School of Technology in Stockholm we now offer 37% of our assortment in recycled or bio-based plastics, a range aptly named HL Sustainable Choice. In 2020 we aim to sell 200 MSEK worth of HL Sustainable



Choice, helping retailers and brands on their way to a more sustainable store. We are also adding a circular offer, helping customers to return worn-out solutions and allow HL to give these a second life through recycling materials and bring new products back into their stores. We are also growing our sales and expanding our offer in products designed to reduce food and packaging waste. Making sustainability a way of operating is one of our key corporate priorities and a source of pride for our team.

To further drive this agenda, we have in April 2020 submitted our commitment to the Science Based Targets initiative. With a clear roadmap to decrease our climate footprint in line with our commitment, we take responsibility for our development, and also support our customers on their journey to create a more sustainable store.

It is with pride and determination that we look forward to meeting our commitments as part of the Science Based Targets initiative. And I am pleased to confirm our continued support for the UN Global Compact and renew our ongoing commitment to the initiative and its ten principles.

Stockholm, May 5, 2020

Nina Jönsson,
President and CEO, HL Display



The changing face of grocery retail

Megatrends shaping the retail landscape

Megatrends are changing shoppers' expectations around convenience, experience, service and sustainability. Shifts within demographics and lifestyle, such as urbanisation, an increasing number of single households and a growing but aging population lead consumers to re-prioritise their time. Furthermore, concerns regarding sustainability and climate change are urging them to reduce their environmental footprint.

Catering to evolving expectations

Retailers and brand suppliers are expected to play a key role in the quest for more convenient, inspiring and sustainable experiences. The merging of online and offline channels allows consumers to shop whenever and wherever they want and puts increasing pressure on physical stores to make the shopping trip worthwhile. To address these shifts, retailers are strengthening their investments in brick-and-mortar stores; in-store cafés and restaurants increasingly blur the lines between grocery retail and restaurants, and categories such as fruit & vegetables

gain importance in driving traffic to stores as well as basket size. Furthermore, advanced data analytics allow for personalised offers and overall more customised shopping experiences.

To offset these investments, many retailers look to automate repetitive tasks related to merchandising and stock-keeping, enabled by technological advancements. This not only leads to more optimised store operations but also has implications on the required qualifications and competencies of store staff.

Improving sustainability

With sustainability concerns top of mind, retailers and brand suppliers are focusing on a number of areas to improve their environmental footprint and help shoppers to live more sustainably. A key concern is the reduction of food and packaging waste, which retailers are addressing by offering an increasing assortment of loose merchandising products and taking steps to reduce the use of virgin plastic in the packaging of their products. Organic, natural and locally sourced items are

highlighted in more stores, and retailers are investing in tools to improve traceability of products to respond to shoppers' growing need for information and transparency. Some retailers and brands go a step further, informing shoppers of the carbon emissions of their purchases and providing lower-impact alternatives to help shoppers to make more sustainable choices.

Impact on HL's operations

The evolving retail landscape presents HL with several opportunities. HL offers a number of solutions to make stores a joy to shop but also easier to manage for store staff. A key initiative to help create more sustainable stores has been the replacement of virgin plastic with alternative materials. This presents a major opportunity, but supply shortages, especially for recycled plastic, might pose a considerable risk in the future.

HL Mission

Make retail an experience, not just a transaction

HL Vision

To be the preferred partner in the industry leading the development of innovative & sustainable solutions for a better shopping experience around the world.

HL Strategy

/ Leaders in innovation & sustainability

Our passion for grocery retail translates into an industry-leading portfolio of retail proof solutions that solve our customers' challenges. HL innovates to create shopping experiences that are truly better. Inspiring shoppers, growing sales and reducing cost, and helping make stores more sustainable (... and our own operations too).

/ Easy to do business with

We partner with customers to grow their businesses. Our unrivalled market presence and differentiated service offering makes the entire process from finding information and ordering, to design, delivery and installation, followed by after-sales-service a source of pride for us and true value for our customers.

/ Best in class cost efficiency

As European leader HL drives scale that benefits us and our customers. Continuous improvements in production, sourcing and logistics make cost a competitive advantage. We strike a healthy balance between standardisation and uniqueness, and driving digitisation to reduce cost and increase speed.

/ Capabilities to drive growth

By continuously developing our people, organisation and processes we are able to drive scalability. This means HL's entities are able to grow sales with cost efficient commercial market coverage, the innovations we launch are adding on top of existing sales, and businesses we integrate allow us to accelerate profitable growth.

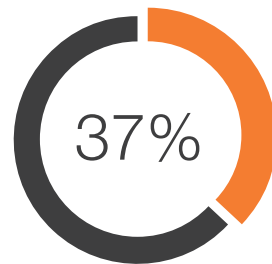
Highlights 2019

Our vision is to be the leader in innovative and sustainable solutions for a better shopping experience around the world. In 2019, our commitment to make sustainability a part of our daily operations grew stronger.

Helping customers to reduce waste

Clients achieving significant waste reduction with our solutions

HL solutions offer our customers the ability to significantly reduce their waste as seen in, for example, UK supermarket Thornton's Budgens. Food waste was reduced by 15% when merchandising solution Sigma™ was installed in the fresh produce section.



Ahead of target in offering bio and recycled alternatives

By the end of 2019, 37% of HL's assortment was offered as a Sustainable Choice, i.e. solutions made from bio-based or recycled plastics. This was 4 percentage points ahead of the target HL set for 2019.

200
MSEK

Sustainable Choice continuously growing

During 2019, we have set an ambitious target for Sustainable Choice solutions to reach 200 MSEK in sales.

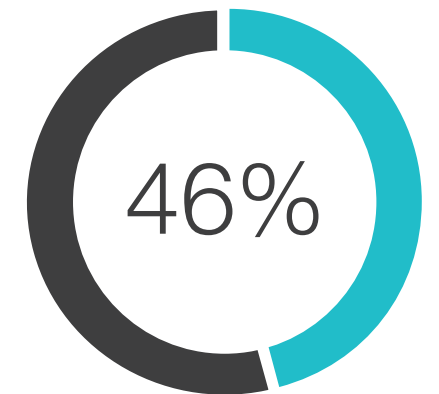
Continuous development in operations

Environmental footprint study to form a baseline for improvement

In 2019, HL carried out an extensive carbon footprint study to gain knowledge on our environmental impact. This study will set the baseline and guide our actions to reduce our environmental impact in 2020 and beyond.

Improved capacity for using sustainable materials

To meet the demands of our evolving market, HL is continuously investing significant resources in equipment and innovations to enable production of high-quality products made of bio-based or recycled plastic.



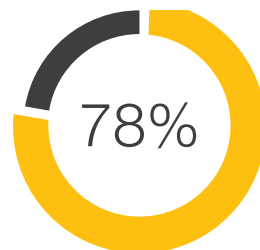
Increasing renewable energy usage in factories

In 2019, 45.5 percent (2018: 43.7 percent) of all energy used in HL's operations came from renewable sources.

Creating the best workplace

New policy strengthening diversity

In 2019, we updated our Corporate Responsibility Policy, with particular focus on strengthening diversity and non-discrimination.



Focus on equal opportunities

An increasing share of employees, 78 percent, experience that they are given the same opportunities for competence development and career advancement as others in the workplace (2018: 76 percent).

New e-learning system to provide trainings

In 2019, HL increased availability of trainings by launching a new e-learning system. Seven trainings were made available as e-learnings, and the tool will be developed further during 2020.

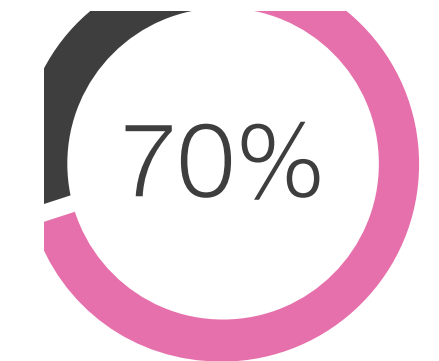
Ensuring responsibility throughout the supply chain

More effective supplier management

A new and more systematic way of screening our suppliers was introduced in 2019. It will help us to both identify risks in the supply chain, but also to engage with our suppliers and find better ways of doing business.

Deepening employees' understanding of the Code of Conduct

In 2019, we launched an e-learning module to deepen our employees understanding of our Code of Conduct through practical exercises on ethical dilemmas. All employees are to carry out the training in 2020.



Purchasing Policy setting the baseline for supplier expectations

70% of important suppliers have signed the Purchasing Policy. Our target is to increase this number to 90 percent by the end of 2020.

Managing corporate responsibility at HL

Our commitment to creating better shopping experiences is also a commitment to sustainability. We aspire to be the leader in our industry.

Corporate Responsibility Policy and HL's commitments

HL's operations are built upon the company's values, vision and mission. We outline our approach to corporate responsibility in our [Corporate Responsibility Policy \(Link\)](#), Code of Conduct and Purchasing Policy. The Corporate Responsibility Policy is discussed and approved annually by HL's Board of Directors and it lays out the company's corporate responsibility ambitions. The Corporate Responsibility Policy was renewed and re-launched in 2019.

Since 2010, HL has been a member of the United Nations Global Compact. The principle of the Global Compact on human

rights, labour, environment and anti-corruption have been an integral part of our strategy, culture and day-to-day operations.

Management of corporate responsibility

HL's Group Marketing Director has the overall responsibility for the Group's stakeholder engagement. The Group Management Team has the overall responsibility for HL's sustainability efforts, while local entities have a high degree of responsibility for sustainability work on a daily basis, particularly in regard to the environment and health and safety at the production facilities. Corporate responsibility performance is evaluated and reported to the Group Management Team following a defined reporting frequency.

"To be a leader is the result of being **in tune with, and learning from, our stakeholders**. This dialogue is on-going and illustrates the **core of our development**."

Peder Clason, HL Group Marketing Director

Stakeholder engagement

Employees:

HL's 1,045 employees are located across 26 countries and are fundamental in everything we do. We therefore continue to invest in developing the best possible workplace, and in having an ongoing and transparent dialogue around opportunities, challenges and expectations – a key prerequisite for creating a motivational work environment where all employees feel encouraged to develop.

We engage through:

- / Performance appraisals
- / HighLight employee engagement survey
- / CEO awards
- / Day-to-day coaching and dialogue

Some of the topics raised:

- / Health & safety
- / Diversity & equal opportunities
- / Learning & development
- / Work-life balance

Customers:

HL caters to customers within food and non-food retail, as well as branded goods suppliers. As retail is evolving fast, driven by shopper expectations and technological progress, HL is helping customers create inspiring in-store environments that are both profitable and sustainable.

We engage through:

- / Net Promoter Survey in selected markets
- / Regular meetings
- / Trade fairs
- / Social selling and advertising

Some of the topics raised:

- / Responsibility throughout the supply chain
- / Reduction of food, plastic and packaging waste
- / Long-lasting quality products

Shoppers:

As shopper lifestyles are evolving, so are their needs and expectations. Understanding and adapting to those changes by delivering convenient, inspiring and more sustainable shopping experiences is vital to our customers' success and therefore, to HL.

We engage through:

- / Feedback via our customers
- / Shopper insight research

Some of the topics raised:

- / More sustainable stores
- / Better shopping experiences

Suppliers:

HL's suppliers play a key role in our ability to deliver innovative and sustainable solutions for better shopping experiences around the world. Development and availability of quality materials – including alternatives to virgin plastic – or finished goods are at the core of HL's offer to our customers.

We engage through:

- / Regular meetings and dialogue
- / Supplier audits

Some of the topics raised:

- / Development and sufficient availability of more sustainable materials
- / Ethics and ways of doing business
- / Value creation

Academia:

It is HL's ambition to continuously expand our assortment of more sustainable merchandising solutions made from recycled or renewable materials. We are collaborating with academia to develop our design and production capabilities in this area and to ensure that we offer the broadest assortment of more sustainable solutions in the industry.

We engage through:

- / Active cooperation and partnerships in research projects

Some of the topics raised:

- / Alternatives to virgin plastic
- / Ways of reducing our environmental footprint

Materiality review and focus areas

To identify the areas HL should focus on in our sustainability efforts, we regularly review our materiality analysis.

In 2017, HL categorised and prioritised our impact on sustainable development following a materiality review. The following year, the analysis was updated reflecting changes in our vision and strategy. Further updates have been made to reflect our ambitions in 2019. Stakeholder interest has been considered throughout the analysis.



Based in the analysis, HL focuses its corporate responsibility efforts on four areas:

- / Helping customers to reduce waste
- / Creating the best workplace
- / Driving continuous improvement in operations
- / Ensuring responsibility throughout the supply chain

In 2019, HL reviewed the **UN Sustainable Development Goals** and identified the ones on which we have the biggest impact throughout our business and sustainability efforts. Three development goals were selected as the most important ones to address:

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

How do we impact this goal?

- / Efficient production processes including waste management and use of recycled and biomaterials
- / Our Code of Conduct and Purchasing Policy set the standard for doing business, for ourselves and our suppliers
- / Health & safety of our employees

Read more about our efforts under "Driving continuous improvement in operations" and "Ensuring responsibility throughout the supply chain"

10 REDUCED INEQUALITIES

Goal 10.
Reduced inequality within and among countries

How do we impact this goal?

- / Recruitment and HR practices including gender split, diversity, promotions, salary, and more
- / Renewed Corporate Responsibility Policy with increased focus on diversity

Read more about our efforts under "Creating the best workplace" and "Ensuring responsibility throughout the supply chain"

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12.
Ensure sustainable consumption and production patterns

How do we impact this goal?

- / Our solutions enable our customers to reduce waste and their environmental footprint
- / We have launched HL Sustainable Choice to offer alternatives to virgin plastic

Read more about our efforts under "Helping customers to reduce waste" and "Driving continuous improvement in operations"



Helping customers to reduce waste

- / We offer products that are resource efficient in terms of manufacturing, transportation, installation and usage in stores
- / We increasingly focus on end-of-life treatment of products
- / We commit to providing our customers with information about our products' environmental impact
- / We aim to continuously expand our Sustainable Choice offer

Target 2020: To grow our HL Sustainable Choice offer to deliver 200 MSEK in sales during 2020.

Creating the best workplace

- / We create a workplace where people live our values
- / We ensure the same quality of employee experience to all employees
- / We develop and strive to maximise employee engagement
- / We give our employees equal opportunities
- / We ensure safe work environments for our employees
- / We attract and retain talent

Target 2020: An engagement score above 4 in HL's annual Employee engagement survey (on a scale 0-5).

Driving continuous improvement in operations

- / We aim to recycle 100 percent of our production waste and use recycled plastics when quality and supply chain so permit
- / We strive to use electricity from renewable sources
- / We decrease our water consumption year by year
- / We aim to have all our factories certified according to ISO 14001 and ISO 9001 standards
- / We are actively working to reduce the carbon footprint of our operations

Target 2020: In March 2020, we submitted our commitment to the Science Based Targets initiative to guide our future work in reducing HL's carbon footprint. During 2020, we will define a clear action plan on how to reach our reduction targets.

Ensuring responsibility throughout the supply chain

- / We aim for all important suppliers serving HL to sign our Purchasing Policy
- / We secure freedom of association, anti-discrimination, anti-corruption and workplace safety through a continuous pursuit of the objectives set out in our policies
- / We ensure that all our employees sign and adhere to our Code of Conduct

Target 2020: For 90 percent of our important suppliers to have signed our Purchasing Policy.



Our ambitions

- / We offer products that are resource efficient in terms of manufacturing, transportation, installation and usage in stores
- / We increasingly focus on end-of-life treatment of products
- / We commit to providing our customers with information about our products' environmental impact
- / We aim to continuously expand our Sustainable Choice offer

Target 2020:
To grow our HL Sustainable Choice offer to deliver 200 MSEK in sales during 2020.



“By using dispensers, customers could fill a container with 2kg of product which would **otherwise equate to multiple plastic packets** of products from a regular supermarket. **Customers are reacting really well to the concept** and love the interactive nature of pulling levers to dispense their food into their own reusable containers.”

Tom Pell, Co-founder, The Clean Kilo, UK

Helping customers to reduce waste

HL provides solutions to retailers and branded goods suppliers to create shopping experiences that are better for profit and planet.

Our solutions support clients to develop more sustainable stores

A better shopping experience is also a more sustainable shopping experience. Helping customers to develop long-term sustainable businesses is a priority and to provide them with innovative ways of reducing their environmental footprint we execute on several fronts. This includes for example solutions that showcase abundance while reducing food waste. HL is also saving materials in a myriad of ways; from bulk bin solutions encouraging shoppers to bring their own containers to stores thereby reducing packaging waste, to changing the materials HL products are made from through the increased use of bio-based or recycled materials. As this work evolves, the aim is to encourage and enable a more circular flow of materials and solutions and to reduce the dependency on virgin fossil-based materials.

Helping customers to reduce food waste

Sigma™ is a modular merchandising system tailored to create stunning visual displays and abundant presentations to showcase a greater variety of

“**The shelf life and quality of the products** are much greater because of better air circulation. **Sigma™ has also created this lovely wow factor** among customers. As a result, we've **increased sales by 30 percent and reduced waste to zero.**”

Luke Coathup, store owner, The Green Grocers, UK.

produce without the need for large on-shelf inventory. The shelving and racking units are made of anodised aluminium that will never rust, peel, chip or flake. Aluminium is one of the best conductors of temperature, drawing out and dissipating heat quicker than steel, which ensures effective cooler circulation and maximises refrigeration air flow. As a result of installing Sigma™ our customers are not only seeing a reduction of food waste but also an increase in sales. An example is UK supermarket Thornton's Budgens which has called out waste reduction as one of their key priorities. After installing Sigma™ in the fresh produce section,

Thornton's Budgens reported a rise in sales of 9 percent while food waste has been reduced by 15 percent.

Packaging-free merchandising

Across multiple markets and categories, the bulk merchandising trend continues to grow rapidly. Through the display and dispensing of loose products, bulk solutions give retailers an opportunity to create differentiation, reduce waste, and drive higher margins. Simultaneously, they provide shoppers with a more authentic experience and greater options; they can pick their favourites and buy exactly the amount they need, all while avoiding unnecessary packaging.

Helping customers to reduce waste



Zero waste stores, where all products are merchandised in bulk, is a massive trend in countries such as the UK. HL provides one of the biggest zero waste stores in the UK, the multiple award-winning The Clean Kilo, with dispensers for various foods. It is difficult to calculate the exact reduction of plastic use as a consequence of bulk merchandising, but if one item sold is attributed to one piece of plastic, The Clean Kilo has saved 123,632 pieces of plastic in one store only.

Growing demand for sustainable materials

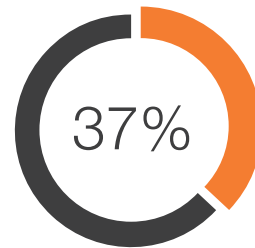
As people become more aware of the environmental impact of their consumption, the shift towards more sustainable materials is largely a consumer-driven trend. Therefore, reducing plastic usage and waste is a top priority for a growing number of retailers and brands. Alternative materials, such as bio-based and recycled plastics, play an important role in developing a more sustainable business; recycled plastics cut the environmental footprint by reducing the usage of virgin plastic significantly. Bio-based plastics made from

renewable resources, such as sugarcane and corn, mean avoiding fossil-based plastic altogether.

One challenge associated with recycled materials is securing the supply of recycled plastics, as the demand is greater than the currently available supply. Furthermore, for HL solutions that require transparency, such as bins for packaging-free merchandising, only limited volume of recycled materials can be used to maintain the same level of quality. Quality can also be a challenge when replacing virgin plastic with bio-based material as it often requires the development of new tools to ensure product quality.

HL taking a leap with Sustainable Choice

In 2018, HL launched Sustainable Choice - a range of merchandising solutions made from bio-based or recycled materials developed in collaboration with academic research institutions. IVL (Swedish Environmental Research Institute) provided in-depth insights on environmental impact throughout the entire life-cycle of certain products and KTH



A **Sustainable Choice** was available for 37% of the assortment. This is 4 percentage points ahead of target.

Royal Institute of Technology conducted research to find the right bioplastic to produce high-quality products.

Starting with datastrips and shelf talkers, HL's aim in 2019 was to offer customers a Sustainable Choice for one third of the assortment. HL has been able to exceed this target, offering a Sustainable Choice for 37 percent of the assortment by the end of 2019. For 2020, the target is to grow our HL Sustainable Choice offer to deliver 200 MSEK in sales. To further support the move towards alternative materials, HL is now producing selected products exclusively from recycled plastic, such as certain dividers and bulk bins.

Case:

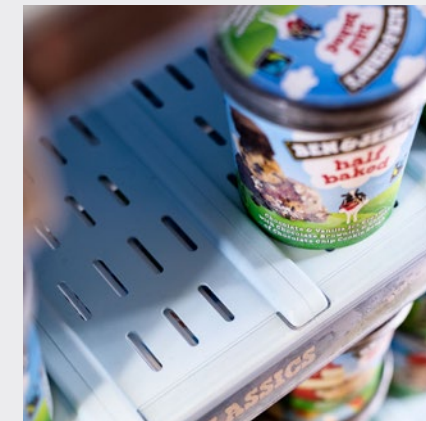
Ben & Jerry's choice: HL Sustainable Choice

To help reduce their environmental impact whilst boosting sales, Ben & Jerry's commissioned HL to design a sustainable shelving solution for their much-loved ice cream.

A tidy, well-merchandised shelf helps shoppers choose and, thus, helps drive sales. But to achieve this in freezers can be a challenge. This is why Ben & Jerry's approached HL to develop a solution that not only helps to maintain attractively merchandised shelves but also would reduce their environmental impact. A specially designed freezer tray made from bioplastic was the solution.

Bio-based plastics play a vital role in a sustainable circular economy since they use renewable raw materials.

During concept development, the HL design team considered all factors such as the need to withstand freezer temperatures. Product stacking and re-merchandising was also required to be as efficient as possible in minimising manual labour and keeping the display looking neat. The final solution needed to be presented with the same aesthet-



ics that reflect the look and feel of this popular brand. Made of bioplastic material from renewable sources, the new trays help shoppers find and pick out their favourite ice cream flavour while keeping shelves organised. Across Sweden alone, 1,000 stores have been equipped, with more countries in scope for the future.

“We need to stop our dependency on fossil-based resources. By making the new bioplastic trays from renewable resources, we are taking steps in that direction.”

Charlotta Milleding, Ben & Jerry's Category & Channel Development Manager.

Increasing the focus on end-of-life treatment

To stay at the forefront requires long-term solutions to drive sustainable business. Improving the end-of-life treatment of sold products is an area HL is focusing on increasingly. Based on the carbon footprint study conducted in 2019, products' end-of-life treatment is a

major source of HL's climate impact and is the second largest source of greenhouse emissions during a product's life cycle, the first being the use of raw materials (to read more, please see page 24). To drive development toward more circularity, and to close the loop of materials, we

need to focus on the end-of-life treatment of our products. This means providing our customers information on end-of-life treatment but also, in the long-term, creating innovative business models and involving external partners in piloting new ways of operating in order to close the loop.

Creating the best workplace

We aim to provide an inclusive and safe workplace where employees value their work, perform well and are given equal opportunities to develop. HL continuously invests in developing the best workplace.

Our most important asset

HL has 1,045 employees operating in 26 countries in Europe, the Middle East, and Asia. Many different professional groups work at HL, such as sales representatives, factory workers, designers, procurement specialists, factory managers, warehouse employees and more, and they all play different but equally important roles. Our employees are our most important asset and their competence, performance and wellbeing are fundamental for HL to continuously develop and improve our business. HL is committed to providing an inclusive workplace that attracts new talent and has a high retention rate.

Diversity is key

As HL is a multicultural company with world-wide operations, a diverse organisation is necessary for a successful and innovative business. Therefore, it is essential for HL to provide equal opportunities to all employees regardless of gender, religion, ethnic background, sexual orientation, family situation or age group. We are committed to maintain and are actively working to develop, an inclusive workplace where zero-tolerance applies to all forms of

discrimination and harassment. This is clearly outlined in our Corporate Responsibility Policy, which was updated in 2019 with a widened diversity perspective. Moving away from being mainly focusing on gender diversity, the HL Code of Conduct now stresses the complexity of diversity issues and the importance of creating an inclusive workplace where everyone can thrive.

Equal opportunities in career development

We strive to give all employees equal opportunities for professional development, trainings and promotions. All employees with comparable qualifications and work tasks should have the same working conditions. Salary is to be based upon the level of difficulty and achievement. In order to provide equal opportunities in career development, HL has a systematic approach in decision making for employee development and promotion. For example:

In 2019, we initiated an internal talent review process where management teams evaluate their team members' career potential and performance according to set criteria. This process reduces the risk of

subjective decision making regarding individual career opportunities and development.

HL's Compensation & Benefits Policy helps managers to make neutral decisions about pay raises, based on qualifications and performance.

We conduct an annual measurement on employees' perception of being treated equally in the workplace. Should the results indicate that a particular department, country or area has an unacceptably low score, we act accordingly.

According to HL's annual employee survey, 78 percent of employees experience that they are given the same opportunities for competence development and career advancement as others in the workplace (2018: 76 percent). In 2020, HL will continue to work towards improving this share.



Our ambitions

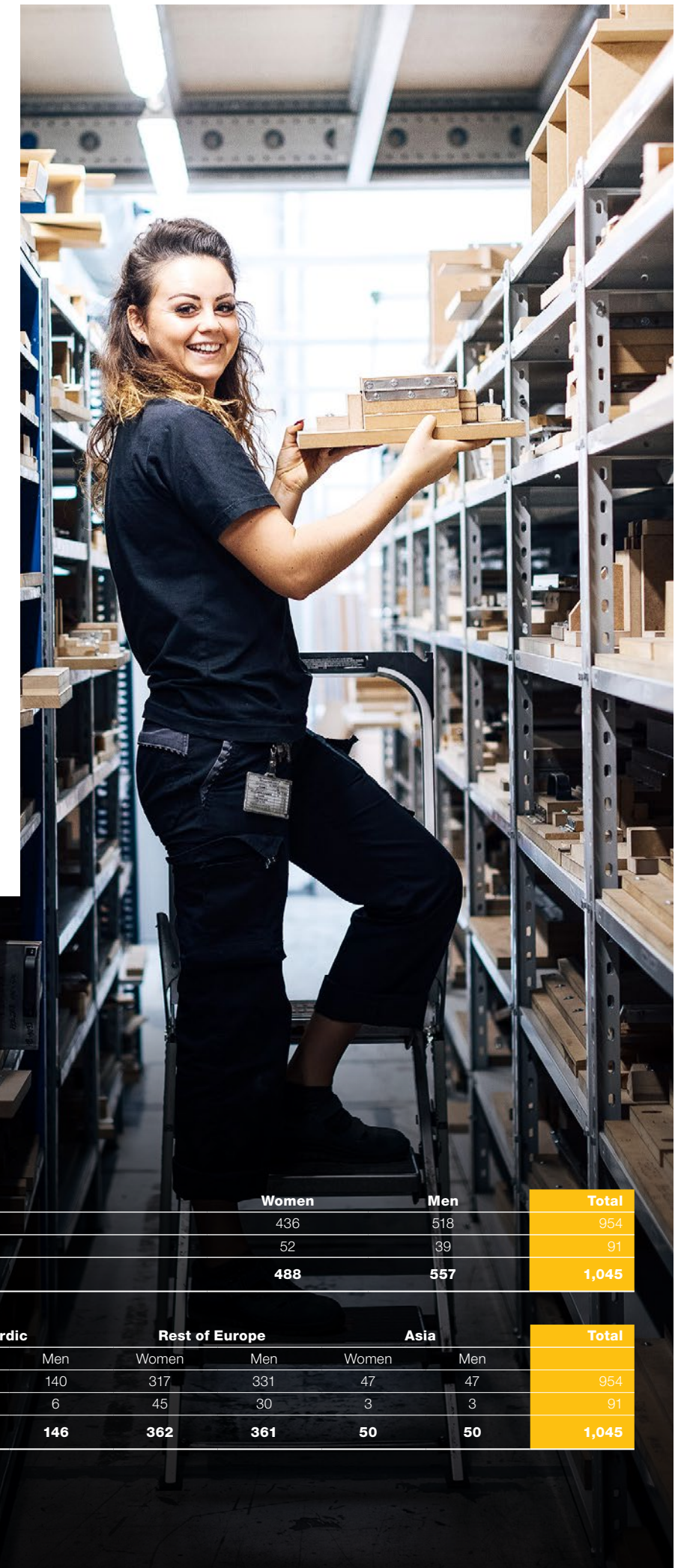
- / We create a workplace where people live our values
- / We ensure the same quality of employee experience to all employees
- / We develop and strive to maximise employee engagement
- / We give our employees equal opportunities
- / We ensure safe work environments for our employees
- / We attract and retain talent

Target 2020:
To have an engagement score above 4 in HL's annual Employee engagement survey (on a scale 0-5).

Employees by employment contract

	Women		Men		Total
Permanent employees	436	518			954
Temporary employees	52	39			91
Total	488	557			1,045

	Nordic		Rest of Europe		Asia		Total
	Women	Men	Women	Men	Women	Men	
Permanent employees	72	140	317	331	47	47	954
Temporary employees	4	6	45	30	3	3	91
Total	76	146	362	361	50	50	1,045



**Creating
the best
workplace**

78%

of employees believe they are given the equal opportunities

100%

of employees had at least one performance review

86%

of employees find their work engaging

“By **streamlining our trainings and offering them digitally**, we ensure that all employees are given access to quality trainings. At the same time, we save time and cost, and **reduce environmental impact** by limiting travel.”

Annika Haaker, HL Group HR Director



Systematic work to increase gender balance

HL's overall gender distribution is 46 percent women and 54 percent men (2018: 45 percent women, 55 percent men, based on permanent employees). There are areas where this split is not as balanced; looking at people managers for example, the gender distribution is 30 percent women and 70 percent men. In other areas, such as procurement specialists and factory managers, the gender distribution is fairly even between women and men. Additionally, HL is proud to have a relatively even gender balance among production operators, a profession normally dominated by men.

HL is actively working to increase gender equality in recruitment, with the goal of seeking the best candidates for the job and bringing diversity to the team. To ensure an unbiased and well-founded decision based on merits, HL HR business partners are qualified in using tests to evaluate candidates' abilities, behaviour and personality. Furthermore, recruitment ads aim to be inclusive and encourage applicants of both genders.

Attracting and developing talent

As part of the process, annual performance appraisals are conducted at the end of each year. During the appraisals, employees receive constructive feedback on their work, and clear goals are jointly defined by the employee and their immediate supervisor. Employees are also encouraged to provide feedback to their managers. Furthermore, appraisals include an employee development plan, specifying training needs, future development steps to be taken, and career planning. After six months, a mid-year review takes place where the individual goals and development plans are followed up on.

In 2019, HL invested in a digital solution to support the manager-employee exchange and to simplify the annual performance review process. HL's aim is for all employees to have undergone an annual performance review process and have a workplan in place. All HL employees had at least one performance appraisal in 2019 according to HL's data tracking.

New e-learning increases availability of trainings

HL works continuously on additional training for employees to ensure they are well-equipped to be successful at their jobs. For example, product managers organise local trainings for sales force as well as operations teams. Furthermore, global sales trainings for key account managers and account executives are held biannually.

In 2019, HL developed an e-learning system that increases the employees' access to training. Seven trainings on topics such as GDPR and Diversity and Inclusion are available for all employees. During the coming years, HL will continuously develop the e-learning system with several more trainings.

Furthermore, HL has set up the Group Leadership Forum, a cross-function meeting held twice a year. The forum gathers primarily the company's managers, such as regional and factory managers, with the purpose of securing alignment and commitment to the company strategy, as well as developing leadership.

Measuring employee engagement

HL conducts an annual employee engagement survey of all our employees, called HighLight Engagement Survey. HL employees show a high level of engagement; in 2019 the response rate was 95 percent, the same level as the previous year's record-setting high score.

The survey covers four areas: Efficiency, Leadership, Engagement and Sustainable Work Life. A key part of the HighLight Engagement Survey has been to see how sustainable HL's working culture is. There has been steady increase in this area since the survey's launch in 2016, according to the results.

There are no significant differences between how men and women responded to the survey, and while the results can differ across functions and/or locations, the overall results show that employees are satisfied. For example, 79 percent of the employees felt they had a good work-life balance in 2019, compared to 76 percent in 2018. Furthermore, 86 percent find their work engaging which corresponds to a score of 4.1 on a scale of 0-5 (2018: 82 percent). While the survey showed that employees' lowest level of satisfaction is related to workload, 70 percent of all employees consider their workload to be on an acceptable level (2018: 67 percent).

The HighLight survey is closely linked to the company's strategy, and the feedback obtained is used to prioritise improvements that strengthen HL's position as an employer. Results are aggregated on a company-wide level, as well as shared with, and owned by, each local manager. The results that around 100 managers receive from their teams allow them to take measures to improve their business.

Streamlining processes to ensure best employee experience

Our streamlined HR procedures for recruitment, salary processes and performance management ensure that all employees are treated with the same quality standards. The same applies to exit interviews that are conducted if an employee decides to leave HL.

Creating the best workplace

Exit interviews are important for HL, as they give us an opportunity to gain important feedback and to convey the message that people are truly valued and respected. In 2019, HL started conducting parts of the exit interviews through digital surveys, along with more in-depth personal interviews. This has resulted in broader reach, higher participation rates and increased transparency. Furthermore, the systematic way of collecting feedback has improved the possibilities to pinpoint possible underlying trends.

Ensuring health and safety of employees

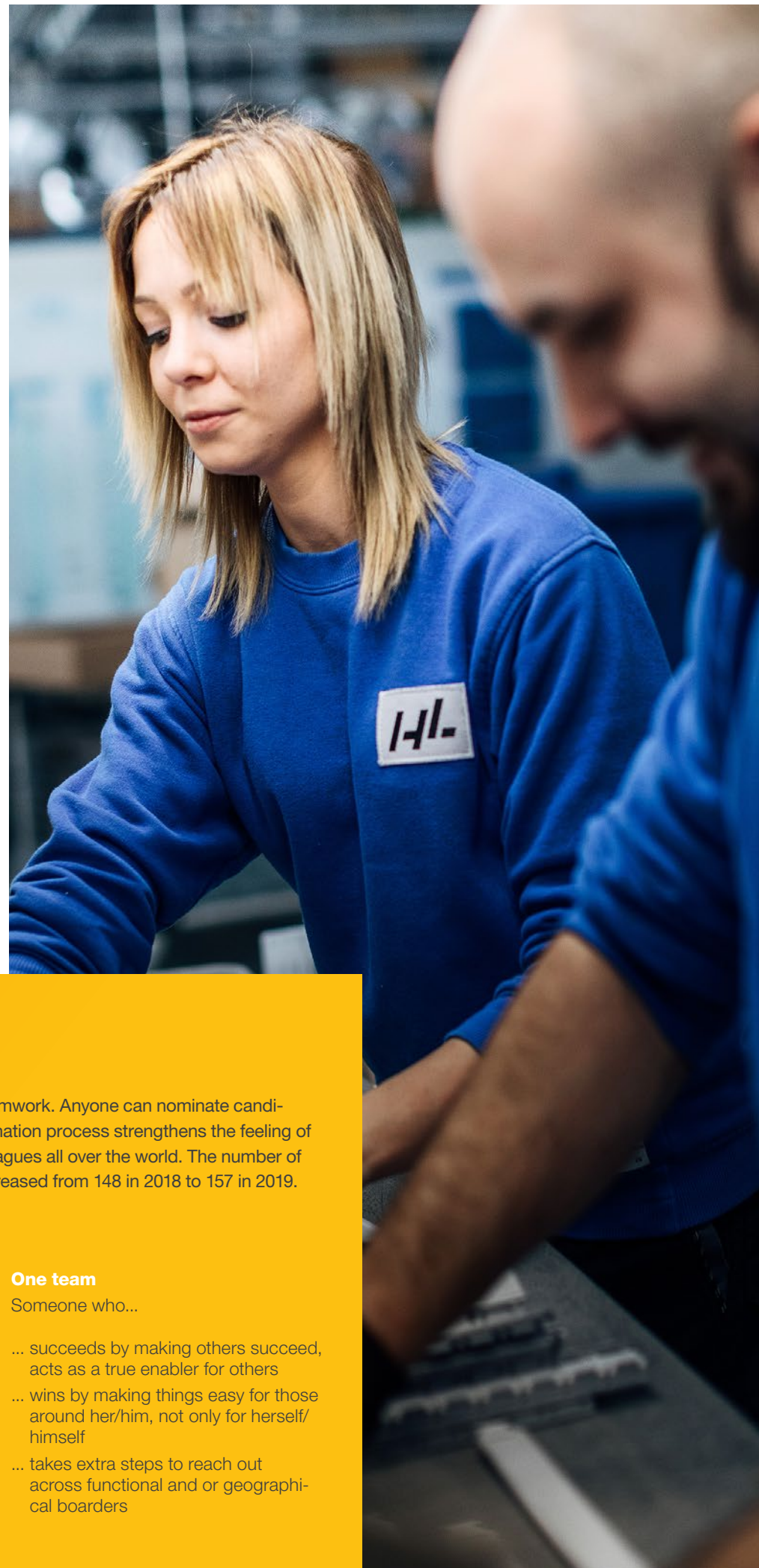
At HL, health and safety risks are mainly associated with production. Ensuring safe workplaces with a good working environment is key in securing the delivery of high-quality products and solutions. HL works in a preventive and systematic way with workplace safety, by regularly updating safety

procedures and examining risk factors. Factories in Sundsvall, Gliwice and Suzhou comply with the health and safety standard OHSAS 18001, and the Harlow factory is under certification.

90 percent of all employees have their workplace controlled by a formal joint management-worker health and safety committee. All employees at HL's production facilities undergo health and safety training, and additional trainings are conducted as required. HR team and facility managers of the respective production facilities are responsible for carrying out the health and safety work.

HL aims to provide a safe workplace without any workplace accidents leading to absence or sick leave. In 2019, nine such cases were reported (2018: 9), making this an area of improvement. In 2020, we will start conducting two internal audits per year to increase our systematic health and safety work. In 2019, no fatal accidents occurred (2018: 0).

HL is keen to follow collective agreements in countries where such agreements are in place. 30 percent (2018: 29 percent) of HL's employees are covered by formal collective agreements.



Creating a culture where people live HL's values

To further promote the HL values – Ownership, Speed and One HL team – a CEO award is given out every quarter to an individual or a team that embodies HL's values and contributes to a positive company culture, be it through innovation

or by excelling in teamwork. Anyone can nominate candidates, and the nomination process strengthens the feeling of belonging with colleagues all over the world. The number of nominations has increased from 148 in 2018 to 157 in 2019.

CEO award – Who should be awarded?

Ownership

Someone who...

- ... is proactive, constantly working to deliver a better way of operating
- ... sees something that is broken, and fixes it, not just walks by
- ... makes innovation happen

Speed

Someone who...

- ... is customer-focused in her/his way of working
- ... is eager to deliver and displays a clear sense of urgency
- ... contributes to taking informed decisions
- ... carries out implementation and does not stop half way through

One team

Someone who...

- ... succeeds by making others succeed, acts as a true enabler for others
- ... wins by making things easy for those around her/him, not only for herself/himself
- ... takes extra steps to reach out across functional and or geographical borders

Case:

HL's Harlow factory working with improving safety - every accident is an accident too many

HL'S HARLOW FACTORY is actively working with improving safety. At this site 125 employees work with multi-materials and technologies from sheet metal, injection moulding, wood, vacuum forming, heat bending and printing to plastic fabrication and assembly. The factory produces various items for HL, from bespoke projects like secondary displays and store signage solutions to standard products such as Facer™. The production processes can create safety risks, and therefore, industry and technology specific measures are taken to provide a safe workplace for all employees.

“Our objective is **zero accidents**. We continue to make good progress in reducing the number and severity of accidents, but there is still work to be done.”

Adrian Edwards,
Production Director HL Harlow

Adrian Edwards is Production Director at Harlow and has worked in the factory for almost 10 years. During this period there has been a continuous effort to improve the safety culture at the factory – an effort that has made significant difference, as accidents have been reduced by 84 percent. During 2019, there were 2 accidents leading to absence at the Harlow production site.

Preventive measures are important, such as inspections from health and safety committee members that are conducted at the production site, as well as near miss reporting and investigations. To enhance learning furthermore, all employees participate in health and safety training annually.

In order to provide a safe workplace, it is key to identify risks and raise awareness among employees, as well as systematically working with incident and accident reporting. Should an accident happen, a robust, structured procedure to handle the incident is followed:

- / All incidents are recorded
- / Immediate containment actions are implemented as applicable
- / Accidents are investigated
- / Root cause is established
- / Corrective and preventive actions are implemented as applicable
- / Safety alerts are issued to relevant departments if applicable with the purpose to share learnings
- / Accident statistical analysis is conducted to highlight action areas
- / Monitoring is put into place to measure effectiveness of actions

“In reporting, investigation is a fundamental part to improve safety. We use the process as a learning opportunity to target resources to prevent future accidents”, says Adrian Edwards.

Making sure to learn from experiences at the factory, as well as from HL's other production sites, is highly important to continue reducing the numbers of accidents – which is also Adrian Edwards' biggest challenge:

“It is important that people are at the centre of safety work. During the year, we have for example introduced independent peer reviews of risk assessments and upgraded our Health and Safety induction manual to support learning,” says Adrian Edwards. He continues: “We aim at creating a strong safety awareness and a culture where safety comes first. Every accident is simply an accident too many. Everybody has to have a right to go home healthy”.

Continuous improvement in operations

HL strives to improve environmental performance by making continuous efforts to reduce the environmental impact of production and by complying with policies and standards.

Sustainable operations are essential

As part of HL's ambition to provide a better shopping experience, taking responsibility for the environment through the way we operate, to develop and innovate, is central. Our ambition is to minimise our environmental impact and make sustainability an integral way of operating. HL's own environmental impact is mainly related to the raw material

that is used in the production process. Water consumption and energy use are other important sources of environmental impact linked to our production. The majority of the products in HL's portfolio are produced at the company's own factories. Running our factories in an efficient and environmentally responsible way is therefore key in reducing the environmental impact of our operations.

HL has production in four factories:

- / Sundsvall in Sweden for extrusion of plastics
- / Gliwice in Poland for injection moulding, heat bending and printing
- / Harlow in the UK for metal, injection moulding, heat bending and printing
- / Suzhou in China for extrusion and injection moulding of plastics

HL's impact on climate change - an extensive carbon footprint study conducted

In 2019, HL has with support from IVL (Swedish Environmental Research Institute) carried out a carbon footprint study to understand our operations' impact on climate change. The study is done in accordance with the GHG Protocol and, based on data from 2018, shows which of HL's direct and indirect activities are the main contributors to our emission of greenhouse gases. Our main impact on climate change emanates from the use of raw material (purchased goods and services) at 73.3 percent. Of the materials HL uses in production, plastics have the largest adverse impact on climate change (43.5 percent) followed by metal (42.2 percent).

Other major contributors to HL's impact on climate change are related to use of energy in our production, end-of-life treatment of sold products and outbound transport of goods.

Impact on climate change 2018, results from Scope 1, 2 and 3 divided by activity

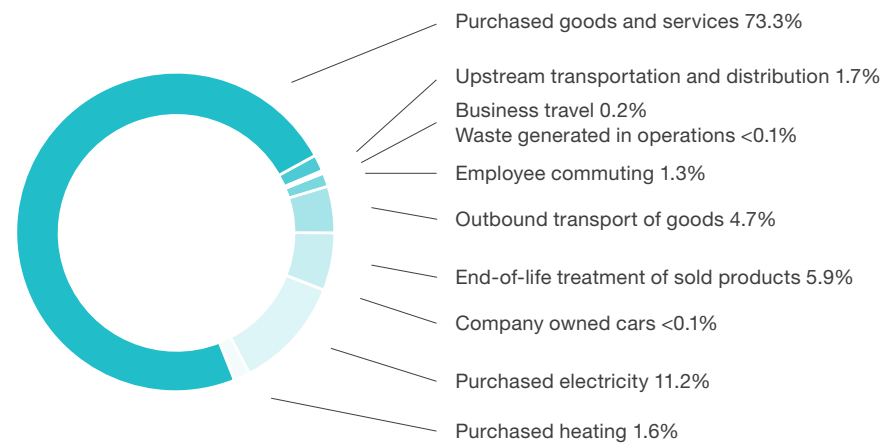


Illustration: Based on data from 2018, the total contribution to climate change via emissions from HL's organisation was 92,257 tonnes CO₂-equivalents in total. Of that, scope 3 emissions amounted to 80,460 tonnes CO₂-equivalents and scope 2 emissions to 11,785 tonnes CO₂-equivalents.

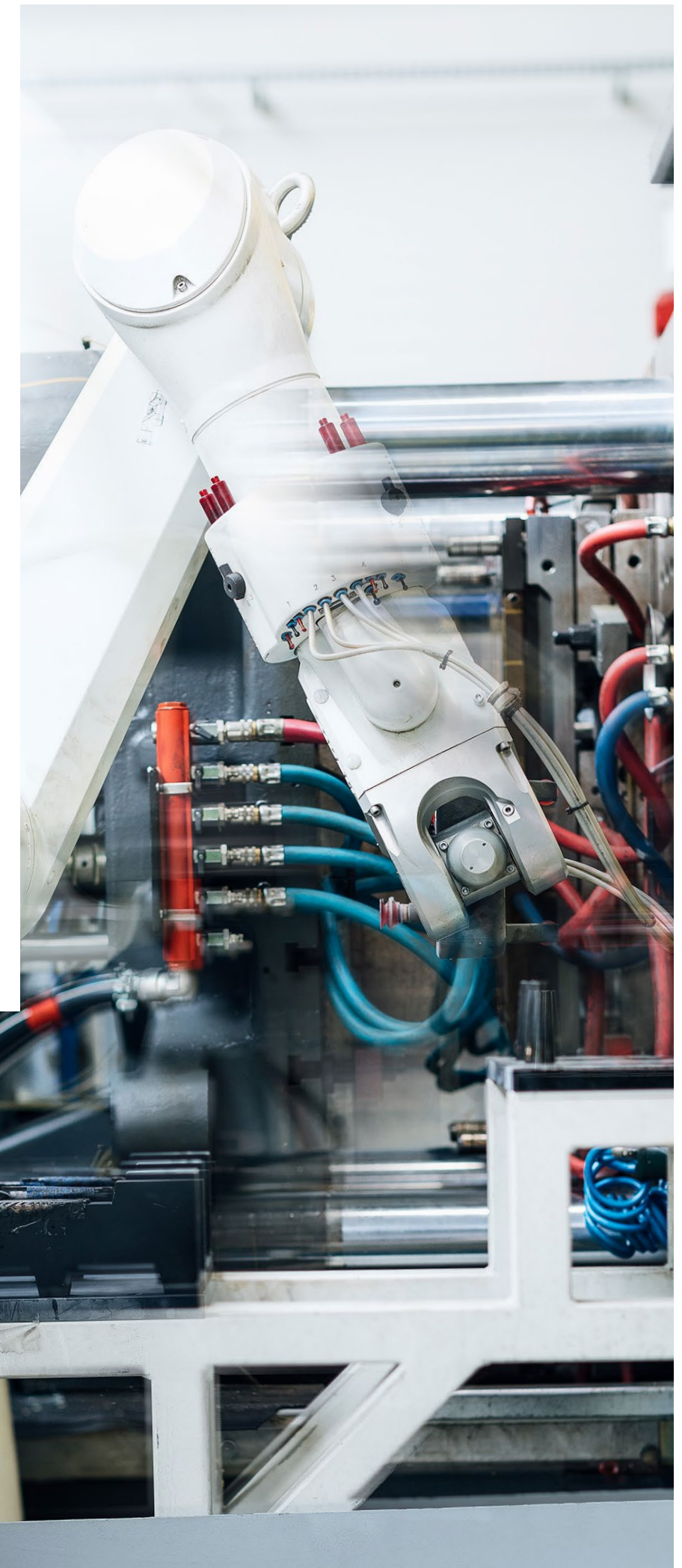


Our ambitions

- / We aim to recycle 100 percent of our production waste and use recycled plastics when quality and supply chain so permit
- / We strive to use electricity from renewable sources
- / We decrease our water consumption year by year
- / We aim to have all our factories certified according to ISO 14001 and ISO 9001 standards
- / We are actively working to reduce the carbon footprint of our operations

Target 2020:

In March 2020, we submitted our commitment to the Science Based Targets initiative to guide our future work in reducing HL's carbon footprint. During 2020, we will define a clear action plan on how to reach our reduction targets.



Continuous improvement in operations

96.6%
of all safe production waste was recycled

“The carbon footprint study is an important milestone for us in our efforts to transform our company to a more sustainable one. **Through the study we have gained important insights into setting the baseline for our climate work** and outlining options for our way forward.”

Peder Clason, HL Group Marketing Director

Moving forward

For HL, the carbon footprint study is central in setting the baseline for improving our operations, as well as helping to guide our efforts to reduce our environmental impact. Therefore, the report includes an analysis of which actions will have most effect on reducing our impact on climate change.

87.2 percent of HL’s contribution to climate change emanates from activities in scope 3 (upstream and downstream indirect emissions). The study gives HL insights into actions that would be most impactful when fighting climate change and reducing emissions from its operations.

The rest of the carbon footprint, 12.8 percent of HL’s impact on climate change, is in scope 2 (indirect emissions from purchased energy) where the major contributor is purchased electricity for HL’s factory in Gliwice, Poland. This is explained both by the fossil-based electricity mix in Poland as well as the quantity consumed. The footprint study shows that if operations in Poland would use solar energy, instead of Polish electricity mix, the potential climate impact could be decreased by almost 92 percent. This would reduce HL’s total impact on climate change by 7.1 percent.

Our approach: Reduce and re-use

HL’s main raw material is plastic, notably PVC. To cut our carbon footprint, our focus is to decrease the use of virgin fossil-based materials by efficient design and production processes, reducing and reusing our production waste and strengthening our sourcing of recycled materials. Furthermore, we explore solutions to use alternative materials, like bio-based plastic, and invest in innovations to develop our production. In the coming years, we will also prioritise managing the end-of-life treatment of our products and closing the loop of materials.

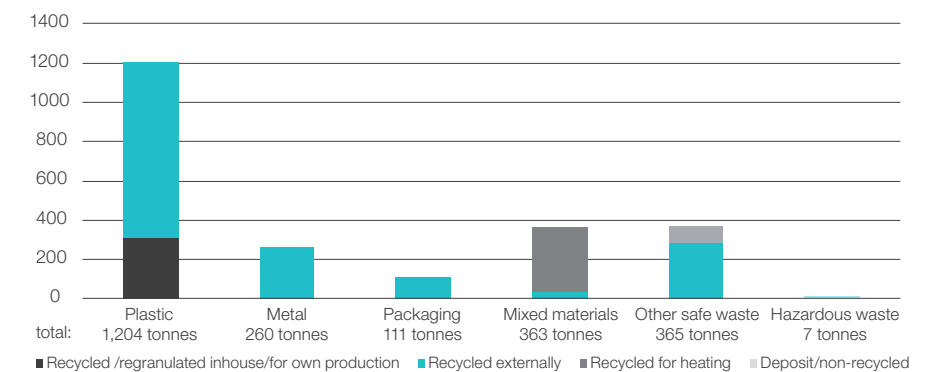
The biggest impact with regards to reducing raw material consumption is linked to our work in enhancing production processes. By continuously streamlining production processes, we strive to minimise the plastic waste generated. In 2019, the production in our factories created 1,204 tonnes of plastic waste (2018: 1,390 tonnes). HL aims to reduce scrap and increase capacity for using recycled materials. The main challenges related to recycled materials are securing sufficient supply of materials, having the right equipment in place to process new types of raw materials, and to ensure product quality, for example transparency of products when using recycled raw materials. In order to increase our capacity for using recycled materials, we invested in equipment to be able to grind and mix virgin and recycled granulates in a controlled process. Furthermore, we aim to recycle 100 percent of our production waste.

In 2019, 96.6 percent of our total safe production waste was recycled (2018: 97.1 percent), while we were able to recycle 100 percent of our plastic, metal and packaging waste.

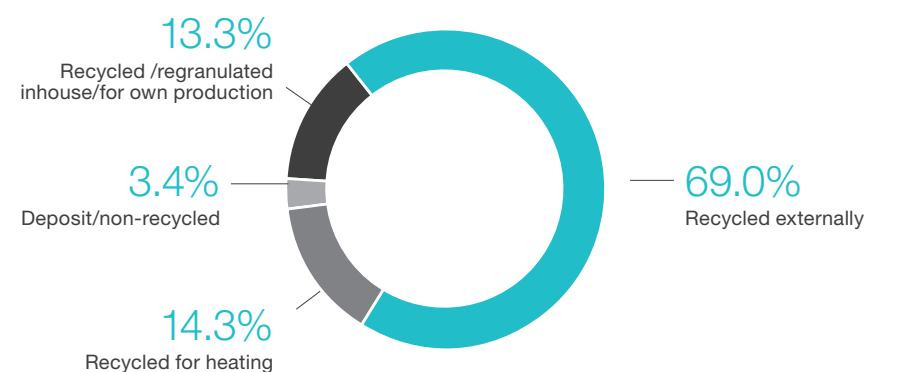
HL has started looking into solutions to close the loop for materials used in our production. Continuing with this development will be one of our priorities in the coming years. Furthermore, a number of measures have been introduced to improve waste management:

- / Introduction of fully recycled carton boxes
- / Replace tape made from plastic with tape made of paper
- / Improved waste management by better segregation
- / Training of production and warehouse operators in waste management

Production waste management 2019 (metric tonnes)



Total safe waste (tonnes)



Moving away from fossil-based materials

HL aims to be the leader in our industry with regards to alternative materials and solutions, in order to support our customers in their transition to more sustainable stores. HL started to use PLA based materials in 2018. PLA is a plastic made from renewable materials, such as plant starch coming from corn or sugarcane. In 2019, HL took further steps to enable increased use of these materials, for example by developing a new injection moulding tool adapted to PLA-materials. In 2019, 14,736 tonnes of material were used in HL's production, whereof 70 percent were plastics. Almost 4% of all plastic used in production was recycled or bio-based.

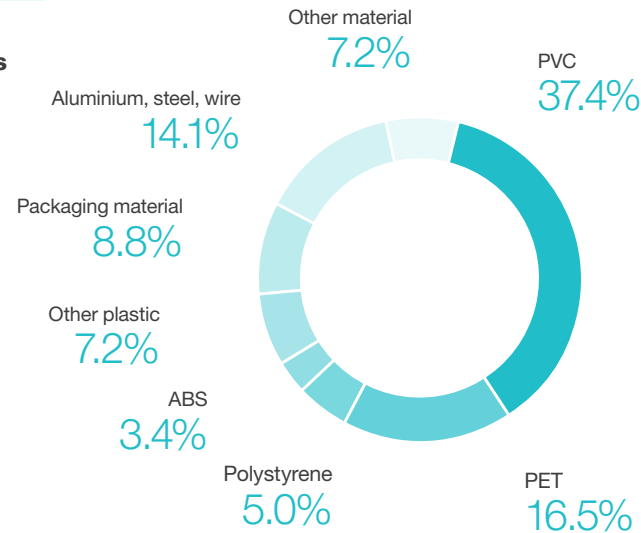
Improvements in energy consumption

In 2019, HL's direct electricity consumption in production was 25.4 MWh (2018: 25.6 MWh) and 45.5 percent of HL's energy consumption came from renewable sources (2018: 43.7 percent). While HL's Sundsvall factory runs entirely on hydro-generated electricity, the factory in Gliwice is a major contributor to HL's impact on climate change. This is explained by the fossil-based electricity used, as well as the quantity consumed.

Various measures for reducing electricity consumption are being implemented at our factories. These range from heating the premises by using waste heat from machinery to installing time-controlled lighting:

- / Investment in new energy efficient injection moulding and assembly technology
- / Investment in a new energy efficient coating line with less scrap
- / Continuous improvement and process improvement in factories in order to reduce number of production lines
- / Digitalise workflows and reduce paper consumption
- / Prolong usage of hydraulic oil by introducing filtering

Raw material and input goods



Water usage

Water usage is part of the production process when cooling extruded and injection-moulded plastic products. In 2019, 377,759 m³ of water from municipal water supplies was used at the company's production facilities (2018: 365,631 m³). In 2020, the Sundsvall factory in Sweden will have their own well for process water consumption, meaning so-called drinkable water will no longer be used in the production process.

Re-structuring logistics to save emissions

The majority of HL shipments are made by truck. These shipments include, for example, those from our European factories to our European distribution centres and from these to customers. Ready-made goods from Asia and the US, as well as tools bought in Asia for use in the European factories are primarily shipped using sea transport.

Some shipping is still air bound and, in 2019, HL prioritised the shift to sea transportation. This reduced HL's air shipping by approximately 20 percent. As part of a bigger structural change, the distribution centre for the Nordic countries was moved from Poland to Sweden during 2018. From the end of 2018, all transports to Sweden, Norway and Denmark are sent from this new distribution centre. The reduced transport distances have resulted in a reduction in CO₂ transport emission by approximately 10 percent.

In order to further reduce the carbon footprint of both inbound and outbound transport, HL actively collaborates with partners to continuously identify more efficient ways to distribute products and to increase filling rate. HL requires all of its transport suppliers to have environmental programmes in place. Since 2018, EuroVI – Environmental class – is required for all new freight forward suppliers.

The company's fleet of vehicles

HL aims to gradually reduce the emissions from our own vehicle fleet of company cars. We have four different categories of vehicles in our fleet, with CO₂ emission limits for each category. These limits are reviewed every 12-18 months to see if they can be lowered. The upper limit for CO₂ emissions is currently 125 g/km.

Certified management systems for continuous improvement

The company's management systems and policies for quality, work and conduct ensure minimal waste and the highest standards of safety during production. Continuous improvement of operations and environmental and quality management in HL's factories are based on internationally recognised standards. All four factories are compliant with the ISO 9001 quality standard, and three out of four are ISO 14001 certified. HL also complies with REACH, the EU's chemicals legislation, and suppliers must sign a written undertaking regarding REACH.

Continuous improvement in operations



Share of green energy increased by

+ 1.7%

Gas consumption decreased by

- 6.0%

Water consumption increased by

+ 3.3%

Ensuring responsibility throughout the supply chain

HL's Code of Conduct demonstrates the company's strong position against corruption, ensuring employees and stakeholders practice honesty, integrity and responsibility.

Code of Conduct – strong commitment to anti-corruption and safeguarding human rights

HL supports and respects internationally proclaimed human rights. Our Code of Conduct clearly defines the fundamental principles that every company representative and partner should follow. It is based on the ten principles of the Global Compact and defines HL's zero-tolerance stance on bribery, extortion or corruption and demands strict adherence to regulatory requirements. All HL employees sign the Code of Conduct upon joining.

In 2019, HL launched a digital competence development tool, including a training on our Code of Conduct. The e-learning course is intended to deepen our employees' understanding of our Code of Conduct through practical exercises on ethical dilemmas. Furthermore, it simplifies the process of reviewing the Code of Conduct annually. All employees are to carry out the training in 2020.

In 2019, three violations of the Code of Conduct were reported (2018: 0). All three incidents were related to corruption and led to disciplinary action (2018: 0). No violations of the Purchasing Policy were reported in 2019 (2018: 0).

Purchasing Policy ensuring same standards from suppliers

For HL, it is important to ensure that all suppliers adhere to the same standards. Our Purchasing Policy outlines HL's requirements for our suppliers. It covers several areas including compliance with ILO (International Labour Organisation) conventions and other international guidelines related to human rights and labour. In addition, there are clear guidelines for business ethics (corruption) and environment.

Main Requirements Policy of HL's Purchasing Policy

- / Human and Labour Rights
- / Business Ethics
- / Sustainable Growth
- / Environmental Care
- / Supply Chain Responsibility

Should non-compliances with the Purchasing Policy be detected, corrective action and cooperation with the supplier is always prioritised. Ultimately, however, failure to comply with the policy can lead to the contract being terminated.

HL's supply chain

HL has approximately 1,700 suppliers in total, out of which approximately 1,200 suppliers are supplying our factories and 500 are supplying our distribution centres. 230 of our suppliers are defined as important suppliers, which stand for about 85 percent of spending.

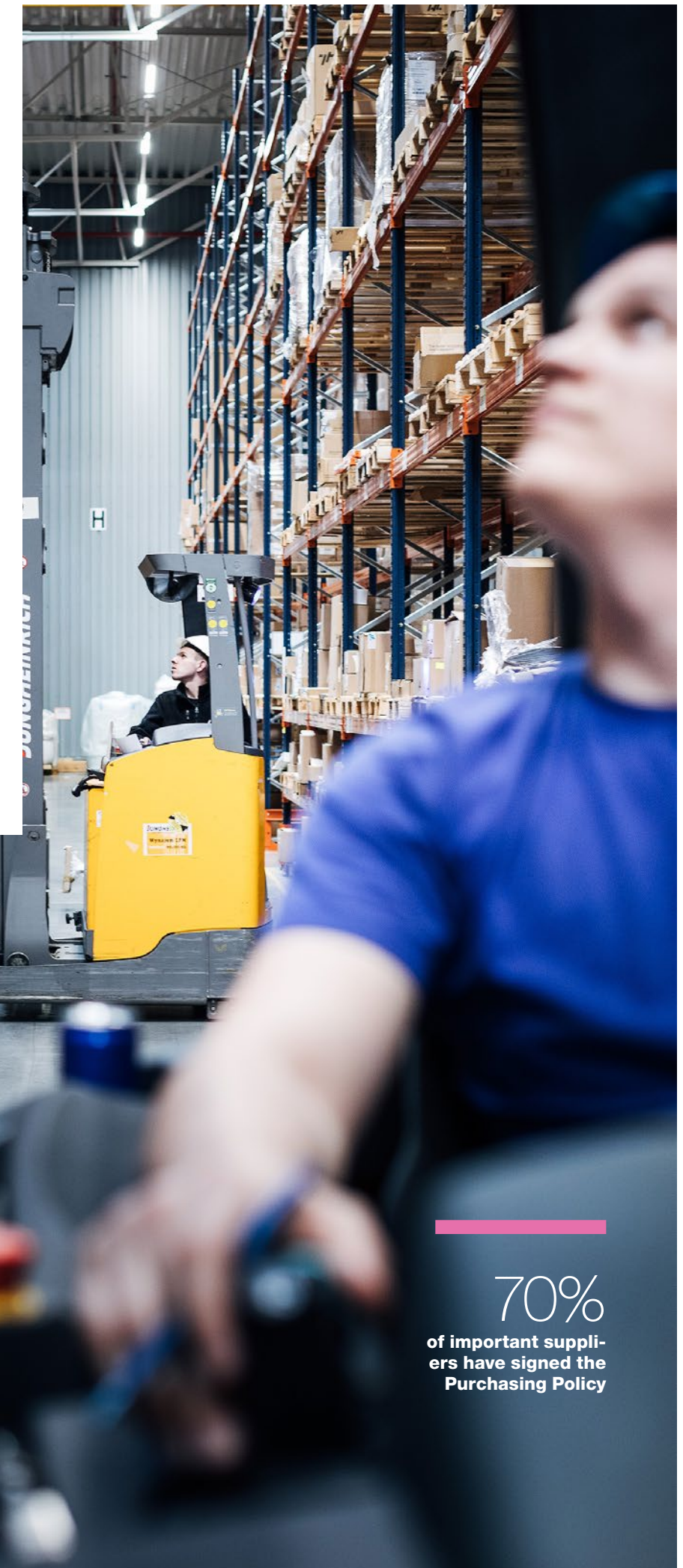
HL has the biggest impact in managing sustainability issues in our supply chain by working strategically with the 230 suppliers defined as important. In 2019, 70 percent of HL's important suppliers had signed the Purchasing Policy and thereby agreed to meet the defined requirements. To reach our 2020-target of having 90 percent of the important suppliers sign the policy, our purchasing team works systematically to increase the share of suppliers signing the policy and review the progress quarterly.



Our ambitions

- / We aim for all important suppliers serving HL to sign our Purchasing Policy
- / We secure freedom of association, anti-discrimination, anti-corruption and workplace safety through a continuous pursuit of the objectives set out in our policies
- / We ensure that all our employees sign and adhere to our Code of Conduct

Target 2020:
In 2020, 90 percent of our important suppliers will have signed our Purchasing Policy.



70%
of important suppliers have signed the Purchasing Policy

“We screen our important suppliers to identify risks, but also to engage and **find better ways of doing business**. It is not only about finding non-conformities but also about **building long-term cooperation**.”

Lennart Johansson, HL Group Supply Chain Director

More systematic screening and engagement with suppliers

In 2019, HL introduced a more systematic process to monitor the sustainability related risks in our supply chain, with a focus on our important suppliers. When a new supplier is entering into a relationship with HL and has signed the Purchasing Policy, HL's purchasing team conducts a screening. In 2019, 100% of new suppliers were screened in-line with the purchasing policy. As a first step in the screening process, the supplier conducts a self-rating based on criteria in our policy. The HL team reviews the self-rating, conducts a risk assessment and gives the supplier a score ranging from low to high risk. If a supplier falls in the medium- or high-risk category, various actions are taken depending on the severity of the deviations. Systematic work with a supplier to achieve improvements includes, for example, CSR-audits, re-audits and supplier communication. As part of the more systematic efforts in screening suppliers, HL has set an ambition to audit important suppliers once every other year.

Audits and site visits

To ensure that suppliers comply with the Purchasing Policy and to engage with important suppliers, HL regularly conducts visits and audits. Such visits and audits are conducted by HL's purchasing team and are split into two parts. First, HL ensures that our suppliers have a complete understanding of the Purchasing Policy and apply our requirements in accordance with the policy. The second part of the audit relates to the production organisation. Representatives from HL perform a review of the site based on several predefined criteria in order to make sure that the production site is aligned with HL's production requirements. 33 such formal audits were conducted in 2019 (2018: 17) and many more visits at suppliers' premises were conducted.

Whistleblowing

HL has had an operating whistleblowing function since 2013. Whistleblowing Centre, the whistleblowing channel in use, is part of TripleB, an external Swedish sustainability consultancy. The whistleblowing site guarantees employees, external partners and other

stakeholders anonymity when reporting malpractice. The Group Marketing Director, who is responsible for HL's sustainability work, and the Group HR Director receive the reports made through the whistleblowing system directly, and the principal owner Ratos' representative on the Board of Directors receives them simultaneously. The malpractices that HL wants to bring attention to include possible non-compliance with local laws or breaches of HL's Code of Conduct in areas such as human rights, labour and anti-corruption. Reports that come through the whistleblowing channel are centrally investigated. If the malpractice report proves to be well-founded and correct, it will result in disciplinary and, where applicable, legal action. In 2019, no reports were made through the whistleblowing system (2018: 0).



About the report

This report has been prepared in accordance with GRI Standards Core option. It constitutes HL's Communication on Progress as part of the company's commitment to the UN Global Compact. The report covers the global activities of the

HL Display Group, i.e. HL Display Holding AB and all its subordinate legal entities. Operations beyond HL's direct control, such as suppliers, are not included in the report. The presented information has not been assured by an external party.

General Disclosures

	Disclosure	Page reference/URL	Comment
Organisational Profile	102-1 Name of the Organization	2	
	102-2 Activities, brands, products and services	2, hl-display.com	
	102-3 Location of headquarters	2	
	102-4 Location of operations	2-3	
	102-5 Ownership and legal form	2	
	102-6 Markets served	2-3, hl-display.com	
	102-7 Scale of the organization	2	
	102-8 Information on employees and other workers	18-22	
	102-9 Supply chain	30-32	
	102-10 Significant changes to the organization and its supply chain	-	No significant change
	102-11 Precautionary Principle or approach	-	HL Display works to prevent and minimize risk of sustainability topics. The company's decisions shall, as far as possible, be supported by established facts.
	102-12 External initiatives	-	UN Global Compact
	102-13 Membership of associations	-	UN Global Compact, various trade organisations in the markets where HL Display operates
Strategy	102-14 Statement from senior decision-maker	5	
Ethics and Integrity	102-16 Values, principles, standards, and norms of behaviour	3, 5, 10, 11, 22, 30, 32	
Governance	102-18 Governance structure	hl-display.com	
Stakeholder engagement	102-40 List of stakeholder groups	11	
	102-41 Collective bargaining agreements	22	
	102-42 Identifying and selecting stakeholders	11	
	102-43 Approach to stakeholder engagement	11	
	102-44 Key topics and concerns raised	12-13	
Reporting practice	102-45 Entities included in the consolidated financial statements	-	HL Display Holding AB and all subordinate legal entities
	102-46 Defining report content and topic Boundaries	-	GRI's reporting principles have been taken into consideration
	102-47 List of material topics	12	
	102-48 Restatements of information	-	None
	102-49 Changes in reporting	-	No significant changes in the reporting
	102-50 Reporting period	-	2019
	102-51 Date of most recent report	-	June 2019
	102-52 Reporting cycle	-	Annual
	102-53 Contact point for questions regarding the report	-	Peder Clason, Group Marketing Director, HL Display
	102-54 Claims of reporting in accordance with the GRI Standards	34	
	102-55 GRI content index	34-35	
	102-56 External assurance	-	The report has not been externally assured.

Material Topics

	Disclosure	Page reference/URL	Comment
Economic			
Anti-corruption 2016	103-1/2/3 Management approach	30-31	
	205-3 Confirmed incidents of corruption and actions taken	32	
Environmental			
Materials 2016	103-1/2/3 Management approach	24, 27	
	301-1 Materials used by weight or volume	27, 28	
Energy 2016	103-1/2/3 Management approach	24, 25, 28	
	302-4 Reduction of energy consumption	28	
Water 2018	103-1/2/3 Management approach	24, 25, 28	
	303-3 Water withdrawal	28	
Emissions 2016	103-1/2/3 Management approach	24, 25, 26	
	305-1 Direct (Scope 1) GHG emissions	24, 28	All the carbon footprint emissions are based on 2018 data
	305-2 Energy indirect (Scope 2) GHG emissions	24, 28	All the carbon footprint emissions are based on 2018 data
	305-3 Other indirect (Scope 3) GHG emissions	24, 28	All the carbon footprint emissions are based on 2018 data
Effluents and Waste 2016	103-1/2/3 Management approach	25, 27	
	306-2 Waste by type and disposal method	27	
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Occupational Health and Safety 2016	103-1/2/3 Management approach	18, 19, 22	
	403-1 Workers representation in formal joint management-worker health and safety committees	22	
	Own disclosure: Number of workplace accidents leading to absence or sick leave	22	
Supplier Social Assessment 2018	103-1/2/3 Management approach	30, 31	
	414-1 New suppliers that were screened using social criteria	32	



The better shopping experience

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