



HL supports retailers and brand suppliers in their sustainability goals

As pressure mounts on retailers and brand suppliers to operate sustainably, HL makes dedicated efforts to deliver more sustainable solutions, to help create more sustainable stores.

The subject of sustainability in the retail environment is rapidly becoming unavoidable. It is no longer a choice but an expectation with rising pressure from shoppers, investors, authorities, and competitors. Addressing environmental concerns presents an opportunity to win shoppers and gain advantage over competitors. The lack of action would make retailers and brand suppliers less competitive in the long run.

Consumers are increasingly conscious of the environmental issues related to retail and are choosing a more sustainable approach to shopping. A survey* shows that 55% of consumers have chosen brands that have environmentally sustainable practises and values. Therefore, earning shoppers' loyalty as they make more sustainable choices is essential, not just for future profitability, but also for brand positioning in the marketplace.

Governments are also taking more measures and passing legislations in the retail sector. In France, 20% of grocery stores' sales area** is to be dedicated to packaging-free merchandising by 2030. They have also banned the use of plastic packaging for most fruit and vegetable products by 2026. Moving forward, fulfilling sustainability requirements will become necessary for commercial success.

Long term commitment

Establishing key priorities for a sustainable business operation is a commitment. "HL has a long track record of sustainable development, and continuously placed emphasis on operating sustainably and delivering more sustainable solutions to support retailers build more sustainable stores. It is a long-term commitment, to ensure the health of our environment, our people, and our businesses", says Björn Borgman, Chief Executive Officer.

As a global supplier of retail products and solutions to create a better shopping experience, HL offers a range of innovative and more sustainable solutions, to help retailers step closer to their sustainability objectives. Some merchandising solutions and projects that help address sustainability concerns:

- *Reduce food waste:*
Sigma™ is a flagship solution for retailers that beautifully presents fresh produce to drives sales and reduce shrink. Effective cooler circulation with aluminium shelving prolongs freshness. Fruit and vegetables of every kind can be abundantly displayed in modular pods without the need for large inventory. Food waste is noticeably reduced, and sales have shown to increase by 10% or more in test stores.
- *Reducing packaging waste:*
Popular amongst most zero waste stores, Europe has in the last couple of years seen the popularity of bulk bins. **Scoop bins and gravity bins** can be installed as a stand-alone display section or integrated with other categories in the stores. Bulk merchandising cuts down on packaging waste, allow shoppers the freedom to 'pick and mix' and often carries a higher profit margin for retailers.

FreshGrid table displays in different modules can be customised to fit store size and secure optimal layout. A variety of options can be created for bulk and mixed inventories, with

adjustable table inclination for maximum visibility. It is Ideal for packaging-free produce.

FreshCase, is an attractive modular display system for ambient shelves, tables, and walls. Made partially from recycled plastic and part of the Sustainable Choice range of merchandising solutions, FreshCase is available in various sizes and formats – an ideal solution for loose produce, requiring less inventory for an abundant display, and helps reduce shrink.

- **Recycling & Circular economy:**
HL has successfully closed the loop on plastic, by recycling old datastrips to avoid end-of-life incineration. Such projects are ongoing with Tesco in the UK, and Kesko in Finland with the aim to create more sustainable stores. By incorporating the circular economy principles into operational strategies, HL has been able to establish a value chain that is effectively possible and economically viable. The ambition is to extend the value chain to include more retailers. In addition, HL has also set-up in place, to close the loop on dividers.
- **Reduce virgin fossil-based plastic or increase recycling:**
In a sustainable approach to production, HL actively commits to replacing virgin plastic with recycled plastic, sourced externally or from HL's waste stream. The ambition is to grow the usage of recycled plastic by 10% year-on-year. HL has successfully doubled the use of recycled plastic in 2020. The HL Sustainable Choice is a growing range of sustainable merchandising solutions made of renewable or recycled materials.
- **Merchandising more sustainable equipment and packaging:**
More retailers are switching to chillers and freezers with doors for sustainability reasons. This would likely cause re-evaluation of merchandising solutions to make inventory more visible and requiring less maintenance.

Furthermore, merchandising challenges might arise as retailers and brand suppliers are changing packaging in an effort to reduce plastic usage and increase recyclability. HL's proven shelf automation solutions like Next™, Multivo™ Max and Roller Track™ work in cool or sub-zero environments, solve merchandising issues, free-up staff, and drive sales.

Sustainability is a matter to be confronted now. Ignoring it puts retailers and brand suppliers at a competitive disadvantage. By incorporating sustainability into business practices and values, it will help retailers and brand suppliers meet stakeholders' expectations. HL merchandising solutions assist retailers in strengthening sustainability credentials, create differentiation, and gain shopper loyalty.

Sources:

*Source: YouGov for Deloitte, survey of more than 2,000 UK adults aged 18+ between 5 and 8 March 2021

**Grocery stores larger than 400sqm. IGD 2022. European Factsheet.

About HL

HL is a global leader in in-store merchandising and communication solutions, helping customers to create a better shopping experience around the world. Founded in 1954, HL today is present in more than 70 countries and solutions can be found in 295,000 stores, helping customers to grow sales, inspire shoppers, drive automation, and reduce waste. The three customer segments are retail food, branded good suppliers and retail non-food.

The HL Display Group has its headquarters in Stockholm, Sweden and sales companies covering 27 markets as well as distributor partners covering the remaining markets globally. There are five production facilities located in Sweden, Poland, the UK, and China, that handle a variety of industrial processes, including plastics and metal fabrication, printing, and assembly.

The company has 1,100 employees and net sales of 1,700 MSEK. HL is a wholly owned subsidiary of the listed Swedish Ratos Group.

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