

# Helping Create Sustainable Indoor Environments

SUSTAINABILITY PERFORMANCE REPORT 2019

**Halton Group**  
**SUSTAINABILITY PERFORMANCE REPORT 2019**

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## Chairman's Foreword

Halton was founded in the small town of Kausala in Finland 51 years ago, in 1969. The founder, Seppo Halttunen, envisioned an international company that would be built on its customer focus, knowledge, technological competence, and strong values. Right from the start, the company wanted to operate on an ethically sound basis.

Human wellbeing in demanding indoor environments became the core of the company's mission. This is also the basis for Halton's new growth strategy, completed at the end of 2018, as the company bolsters its international position further as a leading supplier of advanced indoor air solutions and related technologies.

As Halton is constantly increasing its' global market reach, corporate responsibility issues and addressing them consistently has become ever more important. Global climate change is the biggest threat for humankind which we are facing. All responsible people and organizations have to act on issues mitigating the climate change. Halton is not an exception, and we want to be among the pioneers in our field.



At Halton we have raised sustainable operations as one of our strategic cornerstones and will now publish our second corporate responsibility report. The development of sustainable practices, systematic documentation and communication will boost Halton's competitiveness and enhance our financial performance. This will enable us to offer our people responsible and competitive terms of employment.

Halton had a successful 50th anniversary year in 2019. The landmark was celebrated in various ways throughout the company with our customers and our personnel. The mood was upbeat, and the situation was solid as we entered the new decade.

A virus outbreak changed the mood and the business environment very quickly in the first months of 2020. COVID-19 spread around the world and practically froze the business environment globally. As I am writing this, the world has started to open up, gradually and slowly, in various areas. How the recovery will develop still remains to be seen.

Halton's mission and operating idea—to enable human wellbeing in demanding indoor environments—has stood the test of time. It is now more relevant than ever. Indoor environments have to be safe and secure in order to let people continue with their daily work and other activities.

Amid the COVID-19 crisis and global climate change, the wellbeing of people in indoor environments will ultimately depend on us being able to successfully create sustainable solutions in all our operating environments. As we strive for wellbeing, we must ensure that everyone wins.

Mika Halttunen  
Chairman of Halton Group



## Business and Strategy Overview

### Positive business momentum in 2019

Halton had a very positive and active 50th anniversary year in 2019. The markets were strong and provided good opportunities for growth. The building industry developed favorably in most of our markets. The markets in the food service, marine cruise, ferry and healthcare sectors experienced very positive growth. Group sales reached their highest ever level of EUR 237.2 million. Our sales grew by 9% compared to 2018. This is a good continuation of the growth that during the past 5 years has been 4.6% (CAGR) on average per year.

Within our strategic business areas (SBAs) growth was strongest in the Buildings (+16%) and Health businesses (+12%) compared to 2018. Additionally, the Foodservice business grew well at +8%. The Marine business had moderate growth at 5%. Geographically, Europe underwent the strongest growth and remained the largest region (59%), followed by the Americas (23%) and the Asia-Pacific (18%). To support our future growth, we continued to invest in people, innovations, and operations. We continued our Empowering Engagement program that was launched in June 2018. This aims to provide people and teams with practical ways to develop their own levels of engagement with the company and its mission. In June we engaged a large group of customers and stakeholders in Helsinki in the second Breathe In! event focusing this year on the theme "Leading the Innovation". To drive innovation in our offerings, we invested approximately EUR 5.4 million in research and development (2.3% of our net sales). We continued the development of our manufacturing facilities, processes, and tools. We opened two new factory and office facilities, one in Kentucky, in the USA and another in Lingang, in the Shanghai area in China. In Europe, we acquired MIWO Luchtbehandelingsstechniek B.V. in the Netherlands to accelerate our entry into turnkey indoor air solutions especially for chain restaurants. Our CAPEX was EUR 7.4 million. In spite of several future growth-related investments, Halton Group's relative profitability remained at a solid level of 6.5% (EBIT).

These results were enabled by strong engagement from Halton employees. At the end of 2019 there were 1,614 Halton employees in 37 countries. Our latest country additions were Kenya and Kazakhstan, where we started local operations in 2019.

### Good Progress in Strategy Implementation

We released a new growth strategy towards the year 2025, called Mission 500, at the end of 2018. Last year we were busy implementing the first steps of the mission. Overall the progress was good. Leveraging

our mission, enabling people's wellbeing in demanding indoor environments, we were able to find several exciting new growth opportunities.

Succeeding in Mission 500 requires expanding the scope of our offering and entering into new markets, both geographically as well as targeting new customer segments. Examples of scope expansions include our turnkey business model offered by the Foodservice SBA to chain customers and our modular operating rooms for health customers. We are also addressing interesting aspects of indoor wellbeing beyond only indoor air solutions. Examples of these are our Halton Culinary Lights for professional kitchens and our Halton Workplaces offering for offices.

Mission 500 also focuses on common enablers for growth. We are continuing work on three main areas in this respect. These are: strengthening the customer experience; enhancing our offering and operations through digitalization; and developing our employee engagement. A good example of the progress made in digitalization is the release of our next-generation remote management Halton Connect system to be utilized by all businesses.

### **Navigating Through the Storm**

The operative and business landscape changed radically during the first months of 2020. The Covid-19 virus created a pandemic influencing all aspects of society and business globally. Halton Group established the required crisis management plans to secure the safety of people, provide support to customers and to ensure the continuity of Halton operations. We also started scenario work to identify opportunities and threats related to the economic landscape and impacts on the Mission 500 strategy. At the time of writing in May 2020, the situation is still fast evolving, and our strategy work continues. However, it is clear that our Mission, enabling people's wellbeing in demanding indoor environments, is more relevant than ever. This situation will require adjustments to our Mission 500 plans, but, at the same time, it will also provide new opportunities to address with our core competencies.

Kai Konola  
CEO  
Halton Group

# Sustainability Performance

Our sustainability reporting is based on the Global Reporting Initiative (GRI) standard. In 2017, our CR Steering Group carried out a materiality assessment of the CR performance indicators and selected 21 indicators as material for Halton's CR work. The list is not very long yet, but it is already quite comprehensive for Halton's purposes and will probably not be expanded very much in the years to come. Customer satisfaction and initiatives to produce energy-efficient products are at top of the list, as well as data on materials, purchased energy, GHG emissions, job satisfaction, employee turnover and screening of suppliers using environmental and social criteria.

The 2017 Materiality Assessment is still valid and can be found in Halton's Sustainability Report 2018. View and download the report [here](#) (pdf).

## Key Responsibility Indicators at a Glance

### HALTON'S NON-FINANCIAL PERFORMANCE IN 2017-2019

	2017	2018	2019
Turnover EUR million	205.3	217.5	237.1
• per employee EUR thousand	136	139	148
Profit before taxes EUR million	14.8	15.3	15.4
• per employee EUR thousand	9.8	9.7	9.6
Employees			
• number	1,513	1,569	1,614
• sick days %	3.5	4.1	4.2
Use of materials in tons	7,304	8,162	8,131
• stainless steel in tons	3,226	3,644	3,597
• galvanized steel in tons	3,017	3,149	2,935
• total use in tons per EUR 1 million of turnover	35.6	37.0	34.3
Waste in tons	2,522	2,763	2,641
Recovery rate %	93.3	95.1	92.5
Purchased energy MWh	18,029	17,601 <sup>(3)</sup>	18,239
• electricity MWh	9,894	9,581	9,673
• heat MWh	4,363	4,850	4,911
• fuels MWh	3,772	3,170 <sup>(3)</sup>	3,656
• total energy MWh per EUR 1 million of turnover	87.8 <sup>(3)</sup>	80.9 <sup>(3)</sup>	76.9 <sup>(3)</sup>
CO <sub>2</sub> emissions <sup>(1)</sup>	n/a	2,000	3,900 <sup>(2)</sup>
• tons per EUR 1 million of turnover	n/a	9.2	16.5 <sup>(2)</sup>

1) Rough estimation 2) The data is more accurate than in 2018 concerning purchased electricity 3) revised in 2020

# Economic Responsibility

## ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS

The economic benefits divided between stakeholders in 2017-2019 were the following:

Economic value distributed to stakeholders 2017 - 2019	2017 M€	2017 %	2018 M€	2018 %	2019 M€	2019 %
Purchases from suppliers	80.7	39.3	87.9	40.4	100.6	42.4
Other goods and services	30.7	15.0	31.8	14.6	33.3	14.0
Salaries and other benefits	59.7	29.1	62.6	28.8	67.1	28.3
Social security payments	14.9	7.3	15.4	7.1	17.0	7.2
Interest paid	0.4	0.2	0.2	0.1	0.4	0.2
Dividends paid	2.3	1.1	1.9	0.9	2.3	1.0
Investments	6.0	2.9	10.9	5.0	6.9	2.9
Taxes paid	5.8	2.8	4.1	1.9	3.7	1.6
Left in company for further development	4.8	2.3	2.9	1.3	6.0	2.5
Turnover	205.3		217.5		237.2	

As the turnover increased by 9 per cent, the changes in purchases from suppliers were +14.6 per cent and salaries changed by +7.2 per cent. Investments fell by 36.7 per cent, but on the other hand, the money left in the company for further development increased by 106.7 per cent.

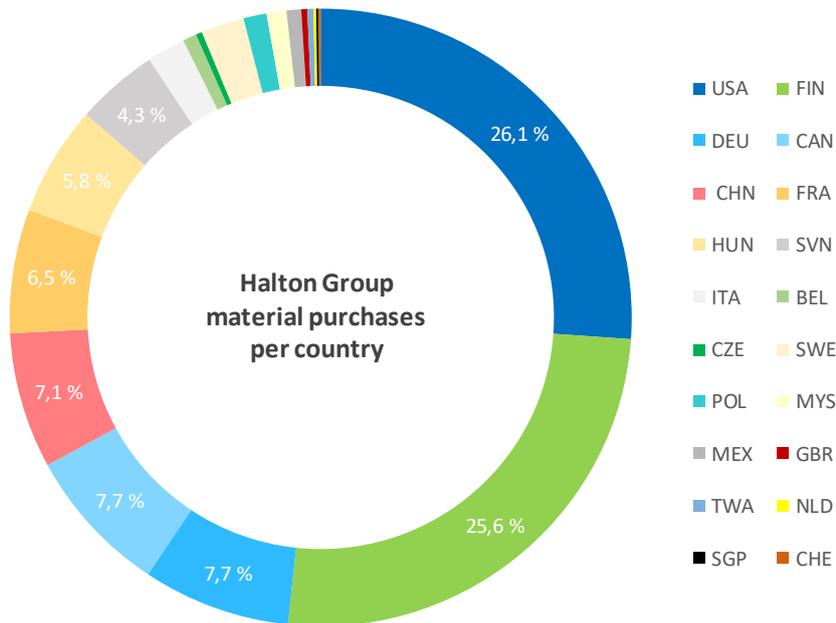
## Purchases from Suppliers

Among Halton's suppliers, about 990 companies represent 80 per cent of Halton's purchases, and the rest supply small quantities or have irregular relationship with Halton. The value of overall purchases (materials and other goods and services) amounted to EUR 133.9 million in 2019. Our statistics on the geographical division of the purchases are not highly accurate at this point in time. Usually each manufacturing unit buys raw materials and components locally if such suppliers exist close-by, and the following analysis supports that approach.

## Halton Group material purchases per country

We have analyzed the purchases in Finland, France, Canada, and the U.S.A. by including in our calculations all those suppliers from which we have purchased over 100,000 Euros worth of materials or supplies. The share of these suppliers is usually close to 80 per cent of the total. In our Finnish units, the share of Finnish suppliers was 64.3 per cent, of Hungarian suppliers 13.8 per cent, of Swedish suppliers 6.2 per cent and of Slovenian suppliers 5.4 per cent. In France, the share of French suppliers was 62.8 per cent, of Italian 16.0 per cent and of Belgian 8.3 per cent. In the U.S.A. the U.S. suppliers' share was 85.8 per cent and the Canadian suppliers' share was 10.2 per cent. In Canada, all purchases exceeding 100,000 Euros were from Canada.

Data on purchases from the German and Malaysian units is missing, which affects the results, especially for the countries concerned.



## Labour Productivity

We report our labour productivity – in terms of sales and profit per person – on the Group level, because wages, currencies, cost of living etc. differ very much from country to country, and the country-specific figures would therefore not be comparable.

As we now have data from three consecutive years, we can see that our labour productivity has been quite stable during this period (see table Key Responsibility Indicators at a Glance). The sales per person have increased by 6.5 % but the profit per person has decreased by 1.7 %. This reflects increased opex to support future growth as well as competitive market situation.

## Training in Anti-Corruption Policies and Procedures

As Halton has employees in 37 countries and customers and suppliers all over the world, possibility for corruption and bribery has to be considered in our risk management.

One starting point in assessing corruption risks is the annual Corruption Perception Index by Transparency International (TI) and TI's corruption assessments by country. In the following table the global index rankings are shown for the countries where Halton has its own manufacturing and licensed manufacturing units.

Our anti-corruption policy is written both in our Code of Conduct and our Supplier Code of Conduct, and our employees have been provided with more detailed instructions and advice in the “Halton Way” leaflet. We have a very clear zero tolerance approach on these issues.

Our employees have been familiarized with the codes of conduct and other instructions by their supervisors. E-learning material on the subject is part of the induction process for new employees, and the material is always available on the Halton intranet.

Any Halton employee who becomes aware of or suspects a violation of our codes of conduct is required to report their concerns to the unit management or through internal communication channels. By using this channel, employees can report actions that they have observed that contravene Halton’s Code of Conduct or a related suspicion. The notification can be sent completely anonymously. No identifying information will be stored about the notifying person with regard to the computer, browser or IP address used, for example. The notification will only be sent to the member of the management group who is responsible for the company’s Code of Conduct.

Country	Score (max. 100)	Rank
<i>Own production</i>		
Finland	86	3
Germany	80	9
Canada	77	12
UK	77	12
USA	69	23
France	69	23
Malaysia	53	51
China	41	80
Brazil	35	106
<i>Licensed production</i>		
New Zealand	87	1
Australia	77	12
South Africa	44	70
Mexico	29	130

## Social Responsibility (Own Labour)

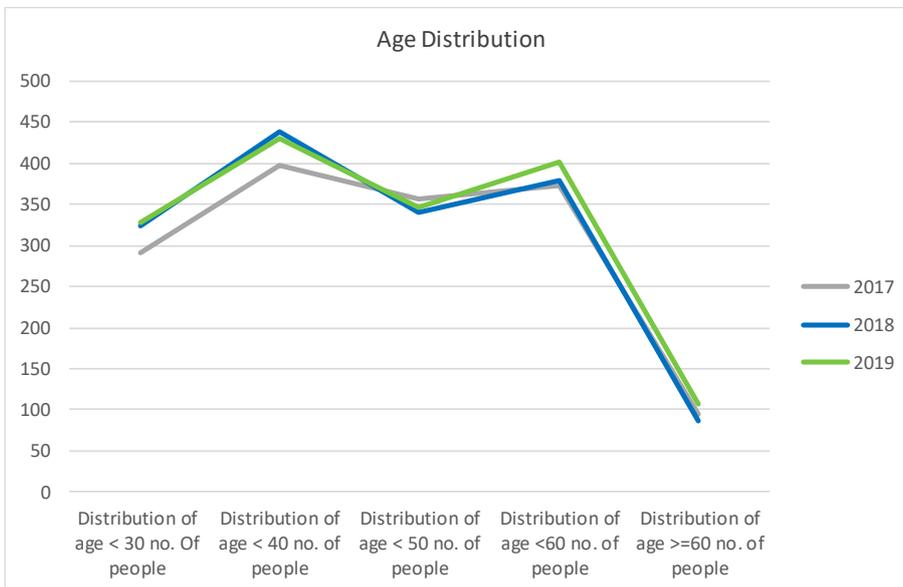
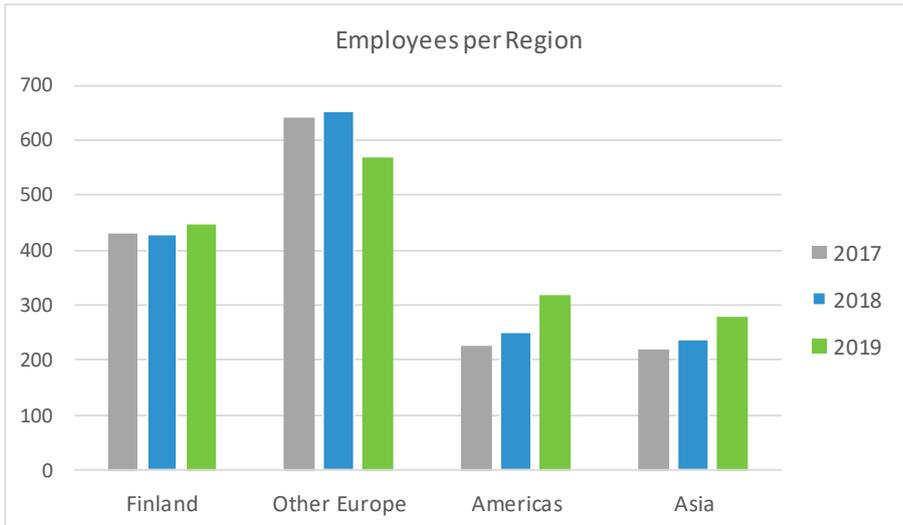
Social responsibility concerning our own labour is managed through our People Policy and our Health and Safety Policy. Halton’s success in business is based on competent, motivated, and engaged employees. Therefore, we invest a lot in promoting health, safety, and wellbeing at work.

### Workforce by Employment Type and Contract

At the end of 2019, we had 1,614 employees (1,569 at the end of 2018). Of these, 46 per cent were so-called blue-collar and 54 per cent white-collar employees. The women’s share was 21 per cent (22 per cent in 2018). The share of employees over 60 years of age was 6 per cent and of those under 30 years it was 17 per cent.

In this type of industry, temporary and part-time work is quite rare, as very high skills are required from most of the workers. From 2019, we have for the first-time data on permanent and temporary contracts, although not yet concerning the full-time/part-time distribution. Of our employees, 87.6 per cent were on permanent contract and 12.4 per cent on temporary contracts. In the temporary contract group, 4.6 per cent of the total employees were leased and 0.9 per cent were trainees.

Number of Employees	2017	2018	2019
Finland	429	427	448
Other Europe	641	653	567
Americas	225	251	319
Asia	218	238	280
Halton Group	1,513	1,569	1,614



## Job Satisfaction, Employees' Engagement and Employee Turnover

### Job Satisfaction

Job satisfaction and employee turnover are closely linked. Halton's strategic initiative on the theme: *Increasing Employee Engagement* is high on our materiality assessment list

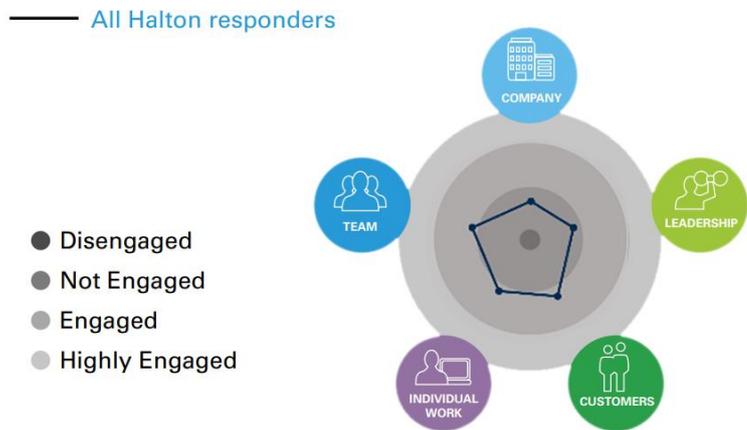
We have carried out a survey and workshops titled *Empowering Engagement* in the Halton Group. In the workshops teams analyzed and discussed the key factors of engagement. Actions plans were made in these workshops on the individual, team, and organizational level. Over time follow up surveys have been carried out in many units. The results of the follow-up surveys have again been analyzed and acted upon, again on different levels: for individuals, teams, and the organization.

Our survey measures engagement on four levels: Disengaged, Not Engaged, Engaged and Highly Engaged. We naturally strive to have most our people on the "positive side"—on the levels Engaged and Highly Engaged. Surveys show that some 56% of Halton employees fall into these two categories. High scores of above 60% were found in Asia (for example Malaysia and China) and Europe (UK, Finland Lahti, Germany) and many of our sales organizations (Foodservice and SBA Halton). Low engagement numbers have been in

the Americas (Canada), Europe (Finland Kausala, France Ivry) and Asia (Japan). There is a lot of variation in the different units between the teams, too.

Halton employees are most strongly engaged with customers and their own teams, which is in line with our company values. Our debrief sessions have shown that Halton employees want to be engaged. A key area of improvement that has come up in various sessions has been communication, both across the hierarchy in the organization and especially between the teams within units.

Employee satisfaction is also measured by using Net Promoter Score (NPS) measurement. NPS measures the loyalty of respondents. Typically, this is used in customer satisfaction surveys, but it is also used in employee satisfaction surveys. This is measured by one question: "How likely is it that you would recommend Halton as an employee to a friend or colleague?" The scoring for this answer is based on a 0 to 10 scale. To calculate NPS, the percentages of respondents are calculated in three categories: a) Promoters, answering 9 or 10, b) Passives, answering 7 or 8 and c) Detractors, answering 6 or less.



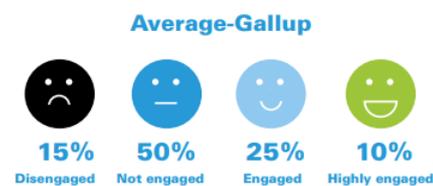
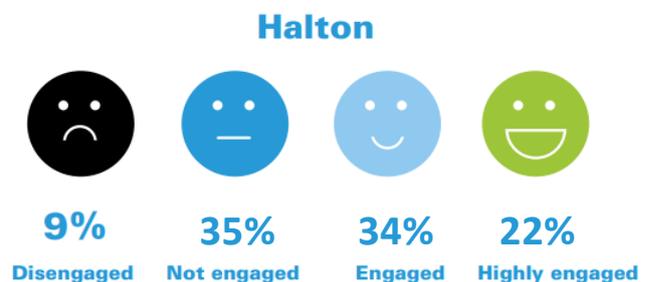
**Overall Engagement Level in Halton in 2019**

More than half of Halton Employees are engaged or highly engaged.

The NPS score is the Promoter-% minus the Detractor-% and can thus range between -100% and +100%. Halton's Employee NPS result in 2019 was +20.

**Employee Turnover**

The average number of employees in Halton during year 2019 was 1592. The number of leavers, which includes permanent and temporary employees, was 200. Our employee turnover was 12.6 per cent. The number of leavers who had a permanent agreement were 83. Our employee turnover of permanent employees was 5.2 per cent. This was the first year we were able to calculate the employee turnover and we do not yet have benchmark information to be able to compare it to the industry average.



**Sick Days and Injuries**

The data on sick days covers all other countries except the U.S.A. In the units from which we have received information, the average number of sick days was 4.2 per cent of the theoretical working hours (4.1 per cent in 2018). In Canada and France, the number was above the average, in Finland about average, and in Germany, China and the UK it was lower than the average. In the UK it was as low as 0.5 per cent. The Canadian data contains only production employees.

Sick Days, Share of Total Working Days			
	2017	2018	2019
Finland	4.8 %	4.9 %	5.1 %
Other Europe	3.9 %	5.0 %	5.1 %
Americas <sup>1)</sup>	1.2 %	2.9 %	4.2 % <sup>1)</sup>
Asia	2.0 %	1.5 %	2.3 %
Halton Group	3.5%	4.1 %	4.2 %

The total number of sick days caused by injuries at work amounted to 750. The number of injuries came to 7. As the total number of working hours was 2.57 million, the injury rate was around 31 accidents per million working hours.

1) The figure only includes production employees in Canada. No data available from the USA.

## Performance and Career Development Reviews

We have used performance reviews at Halton Group for many years. In 2018, they were carried out in all units and 52 per cent of the employees participated. In 2019, fewer reviews were carried out—the total number in the Group came to 650, which included 40 per cent of the employees. The highest share of employees participating was in China and the U.S.A. (100 per cent), while in Finland (in Lahti) it was (89 per cent), Malaysia (88 per cent) and in the UK (72 per cent). In France and Canada there were no reviews in 2019.

## Ratio of Basic Salary of Men to Women

At the moment we have statistics only for Finland, but we are working on building our compensation equality information to be based on job classifications from all countries where we have production. The main principle is that we will pay the same compensation for the same job regardless of gender. The only thing which creates a difference in compensation levels is individual performance, which is evaluated regularly.

## Training

### Corporate Responsibility training

In the last quarter of the year in 2019, training on our corporate responsibility program was arranged in five Halton units in Finland, Malaysia, and China. The subject was sustainable business and its meaning to Halton as a company and to each employee. In Malaysia and Finland, all employees participated and in China, because of the language barrier, the managers were trained, and they arranged training sessions to those employees who weren't able to follow the session which was held in English.

### Halton Future Leadership Development program

The goal of the program is to develop potential future leaders, promote cross-organization networking and try out new ideas for Halton. The term "leaders" is used in a broad sense here—it may refer to leading projects, knowledge, and people. Participation is no guarantee of any leadership position, but it does develop the participants' skills and capabilities, thus making them better candidates for such opportunities.

The last module of third Halton Future Leadership training, with titled Customer Intimacy, and was held in Finland in May. All 19 participants from nine different countries graduated. The feedback concerning the training in total was excellent. Another three modules focused on leadership and innovation and were held in the United Kingdom, China, and France. We have decided to continue with the same kind of concept, and

the application period for the next Halton Future Leadership Development program has been opened at the beginning of 2020.

### **Halton Breathe in! seminar 2019**

Halton invited customers and partners to discuss innovation in the area of indoor air at the Breathe in! 2019 event. Some 200 people participated in the event. The keynotes of the seminar were captured on video and seminar notes with a workshop facilitation guide were published. These were used by Breathe in! participants to run internal training sessions in various Halton locations ranging from Asia, starting from Japan, through Europe to the Americas.

## Environmental Performance

### **Environmental management**

Halton's environmental management is guided by our [environmental policy](#) and the ISO 14001 environmental management standard. At the end of 2019, four of our manufacturing units had ISO 14001 certifications. The list of our ISO 14001 certifications as well as ISO 9001 and OHSAS 18001 certifications are:

#### **France: Halton Foodservice SAS**

- ISO 14001 Environmental Management

#### **Finland, Halton Oy**

- ISO 9001 Quality Management, date 30.10.2017
- ISO 14001 Environmental Management, date 30.10.2017

#### **Finland, Halton Marine Oy**

- ISO 9001 Quality Management, date 9.10.2017
- ISO 14001 Environmental Management, date 9.10.2017
- OHSAS 18001 Occupational Health and Safety Management, date 21.9.2016

#### **China: Halton Ventilation Ltd.**

- ISO 9001 Quality Management, date 15.9.2018
- ISO 14001 Environmental Management, date 24.2.2018

ISO 9001 certifications cover about 31 per cent of our turnover and ISO 14001 certifications about 37 per cent of our turnover. The figures are slightly lower than in 2018, as the Hungary factory which had both certificates was sold in January 2019.

The environmental impacts and risks of those units that do not have certification are viewed to be very limited. We will perform similar environmental management activities even if not having formal ISO 14001 certification in place. Requirements for further formal certification are being evaluated annually.

### **Topical issues in 2019**

Halton's major environmental impacts arise from the materials we use; from the energy we consume in our production, and from the energy our products consume in use. Greenhouse gas emissions caused by the

production of purchased energy are important, though the amount is relatively small, and waste statistics are of course part of our reporting.

An investment decision has been made that Halton will switch from natural gas to geothermal heating at its Lahti plant. The new solution will reduce emissions from heating the factory premises by 90 per cent and the related heating bill by 35 per cent. The new heating solution is being designed and will be implemented during the year 2020.

At the beginning of 2019 our Kausala plant switched to 100 per cent renewable electricity and carried out an energy audit together with a third party. Investment decisions according to the audit will be made during 2020.

## Materials used

Halton provides solutions for commercial and public premises, healthcare institutions and laboratories, professional kitchens, and restaurants, as well as energy production environments and marine vessels. The major materials we use are stainless and galvanized steel, aluminium and wood. Galvanized steel is typical for SBA Halton's products, whereas SBA Foodservice and SBA Marine mainly use stainless steel. Wood is used for packing in all Halton factories. The largest quantities of aluminium are used at SBA Halton's factory in France for exhaust grilles.

### MATERIALS USED (TONS)

MAIN MATERIAL GROUPS	Finland 2017	Finland 2018	Finland 2019	Other Europe 2017	Other Europe 2018	Other Europe 2019
Stainless steel	476	630	634	923	958	974
Galvanized steel	1,912	1,954	2,075	1,007	1,035	668
Aluminized stainless steel	0	0	0	0	0	0
Copper	13	1	0	0	0	0
Aluminium	4	18	59	204	224	248
Wood	80	102	115	35	48	35
Fibers	0	0	0	24	0	0
Plastic	4	3	0	3	5	5
Insulation material	0	0	0	3	25	20
Other materials	0	0	0	0	0	0
<b>Materials used</b>	<b>2,490</b>	<b>2,707</b>	<b>2,883</b>	<b>2,199</b>	<b>2,295</b>	<b>1,950</b>

The proportion of recycled material in the steel and aluminium that we buy depends on the suppliers' production processes. We will increase the recycling information and guidance given to end-users on how to recycle our products at the end of the product life cycles. The statistics concerning the material used are shown in the table on the left. The data covers all our production units.

MAIN MATERIAL GROUPS	Americas 2017	Americas 2018	Americas 2019	Asia 2017	Asia 2018	Asia 2019	Halton Group 2017	Halton Group 2018	Halton Group 2019
Stainless steel	1,037	1,105	1,107	798	952	882	3,234	3,644	3,597
Galvanized steel	1	1	37	97	159	155	3,017	3,149	2,935
Aluminized stainless steel	238	420	479	0	0	0	238	420	479
Copper	2	3	2	0	0	0	16	4	2
Aluminium	16	0	0	4	0	10	228	242	319
Wood	360	438	479	70	81	143	545	669	1367
Fibers	0	0	0	0	0	0	24	0	0
Plastic	0	0	0	1	1	2	8	9	21
Insulation material	0	0	0	0	0	0	3	25	21
Other materials	0	27	0	0	0	0	0	27	0
<b>Materials used</b>	<b>1,655</b>	<b>1,994</b>	<b>2,104</b>	<b>970</b>	<b>1,193</b>	<b>1,192</b>	<b>7,314</b>	<b>8,189</b>	<b>8,760</b>

The decrease in figures for Other Europe is due to the fact that the factory in Hungary has been sold and is no longer included in the 2019 figures.

## Purchased Energy

In 2019, our production units purchased 9,672 MWhs of electricity, 4,911 MWhs of heat and 3,656 MWhs of fuel. The data covers all our production units. The largest electricity consumers are SBA Halton's Kausala unit, SBA Foodservice's U.S. unit and SBA Marine's Lahti unit.

Of the electricity purchased, 49 per cent was renewable, 31 per cent was non-renewable and 20 per cent was based on nuclear power. The electricity consumption was 7.7 MWh per EUR 1 million of Group turnover. The heat purchased was 93 per cent non-renewable and the fuels were 100 per cent non-renewable.

Kausala and Lahti are the main users of purchased heat, while Canada, the U.S. and the Malaysia Foodservice units and the China Marine unit do not buy any external heat.

## ENERGY

	Finland 2017	Finland 2018	Finland 2019	Other Europe 2017	Other Europe 2018	Other Europe 2019
<b>Electricity purchased (MWh)</b>	<b>5,499</b>	<b>4,946</b>	<b>4,602</b>	<b>1,724</b>	<b>1,706</b>	<b>1,513</b>
renewable %	28.3	28.6	74.7	24.2	24.8	24.6
non-renewable %	34.1	34.0	12.6	15.3	14.6	6.8
nuclear power %	37.6	37.4	12.7	60.6	60.6	68.5
<b>Heat Purchased (MWh)</b>	<b>3,591</b>	<b>3,890</b>	<b>3,907</b>	<b>772</b>	<b>960</b>	<b>1,004</b>
renewable %	-	-	-	4.3	39.0	81.1
non-renewable %	100.0	100.0	100.0	95.7	61.0	18.9
<b>Fuels Purchased (MWh)</b>	-	-	-	<b>3,590</b>	<b>2,367</b>	<b>2,825</b>
renewable %	-	-	-	-	-	-
non-renewable %	-	-	-	100.0	100.0	100.0

	Americas 2017	Americas 2018	Americas 2019	Asia 2017	Asia 2018	Asia 2019	Halton Group 2017	Halton Group 2018	Halton Group 2019
<b>Electricity purchased (MWh)</b>	<b>2,175</b>	<b>2,199</b>	<b>2,672</b>	<b>546</b>	<b>731</b>	<b>885</b>	<b>9,944</b>	<b>9,582</b>	<b>9,672</b>
renewable %	26.7	26.7	26.5	16.1	22.0	23.7	26.0	27.0	48.9
non-renewable %	57.4	57.0	60.3	83.9	78.0	76.1	39.0	39.0	30.7
nuclear power %	15.9	16.3	13.2	-	-	-	35.0	34.0	20.4
<b>Heat Purchased (MWh)</b>	-	-	-	-	-	-	<b>4,363</b>	<b>4,850</b>	<b>4,911</b>
renewable %	-	-	-	-	-	-	8.0	8.0	7.0
non-renewable %	-	-	-	-	-	-	92.0	92.0	93.0
<b>Fuels Purchased (MWh)</b>	-	-	-	-	-	-	<b>3,771</b>	<b>3,170</b>	<b>3,656</b>
renewable %	-	-	-	-	-	-	-	-	-
non-renewable %	100.0	100.0	100.0	-	-	100.0	100.0	100.0	100.0

The largest changes in purchased energy have been in Finland, where the share of renewable electricity rose from 28.6 to 74.7 per cent. This meant on the Group level that the share of renewable electricity rose from 27.0 to 48.9 per cent.

The energy use of the Group was 7.7 MWh per EUR 1 million of turnover. In 2017, it was 8.8 MWh.

## Indirect Energy GHG Emissions

We do not have accurate data on the GHG emissions of the electricity and heat that each of our business units have purchased in 2019. In order to calculate the emissions of purchased electricity, we have now used the national average emission coefficients published by the European Environment Agency (EEA) for European countries and national information sources for other countries. As the U.S.A. and Canada are

huge areas where the emissions differ very much between areas, we have used data from the area where our business units are located.

Such rough calculations give the following CO<sub>2</sub> emissions from the purchased electricity:

The rough CO<sub>2</sub> estimates from heat are 700 tons and from fuels 900 tons, which makes the total of our CO<sub>2</sub> emissions approximately 3,900 tons. This would mean about 16.5 tons per EUR 1 million of turnover. In 2018, our estimate was only 2,000 tons, but in our calculations then we did not use the national coefficients.

CO <sub>2</sub> emissions from the purchased electricity	
	Tons of CO <sub>2</sub> ekv
Finland	520
Other Europe	194
Americas	988
Asia	556
<b>Halton Group</b>	<b>2,258</b>

## Waste

Practically all the waste produced by Halton is process waste. Most of our products are made of steel sheets and the shapes of the products and the holes in them result in cutting waste. In 2017, the amount of cutting waste was as high as 34.5 per cent of the total material used. We have been able to make the process a bit more efficient—in 2018 the cutting waste was 33.7 per cent and in 2019 it was again lower at 32.5 per cent. The lowest waste percentages are in China (11.1 per cent) and Malaysia (19.0 per cent)

The steel waste is sold to recycling companies who sort it and forward it to steel mills to make new material. Most of our units use wood for packing and wooden pallets for transporting our products. We do not normally get the pallets back for reuse, but customers can take packaging material and pallets for recovery. We have very little hazardous waste—mainly paint and hydraulic oil—which is taken to toxic waste disposal plants.

All production units have submitted their total waste amounts since 2017. In 2019, the total amount was 2,641 tons (2,763 tons in 2018), of which 91.6 per cent was recovered (95.1 per cent in 2018), 0.7 per cent reused (0.6 per cent in 2018) and 6.9 per cent taken to landfills (4.3 per cent in 2018). The U.S. factory in Scottsville, Kentucky has the largest landfill amount (33 per cent), as there are no good recovery possibilities within a reasonable distance.

## WASTE BY THE GROUP AND ITS REGIONS

	Finland 2017	Finland 2018	Finland 2019	Other Europe 2017	Other Europe 2018	Other Europe 2019
<b>Total tons</b>	<b>974</b>	<b>1143</b>	<b>1246</b>	<b>798</b>	<b>761</b>	<b>639</b>
Recovery tons	974	1141	1246	745	744	636
Recovery %	100.0	99.8	100.0	93.4	97.7	99.5
Reuse tons	0	0	0	0	7	3
Reuse %	0	0	0	0	0.9	0.5
Landfill tons	0	0	0	53	10	0
Landfill %	0	0	0	6.6	1.3	0
Other waste tons	0	2	0	0	0	0
Other waste %	0	0.2	0	0	0	0

	Americas 2017	Americas 2018	Americas 2019	Asia 2017	Asia 2018	Asia 2019	Halton Group 2017	Halton Group 2018	Halton Group 2019
<b>Total tons</b>	<b>603</b>	<b>660</b>	<b>584</b>	<b>148</b>	<b>199</b>	<b>172</b>	<b>2,520</b>	<b>2,763</b>	<b>2,641</b>
Recovery tons	509	558	403	123	184	156	2,352	2,626	2,441
Recovery %	84.4	84.5	69.0	84.7	92.3	90.7	93.3	95.9	91.6
Reuse tons	0	0	0	9	10	16	9	17	19
Reuse %	0	0	0	5.9	5.2	9.3	0.3	0.6	0.7
Landfill tons	95	103	181	14	5	0	161	118	181
Landfill %	15.7	15.6	31.0	9.4	2.4	0	6.4	4.3	7.0
Other waste tons	0	0	0	0	0	0	0	0	0
Other waste %	0	0	0	0	0	0	0	0.1	0

The decrease in the waste amounts in Other Europe was due to the selling of the factory in Hungary. The increase in Finland was in fact 5 per cent as there were mistakes in the reported waste statistics for 2017 and 2018—the figures are shown here as they were in last year' report.

## Suppliers' Auditing

We are auditing our suppliers according to the ISO 9001 quality system, and environmental topics as well as social criteria have been added to our monitoring. We want to be sure that our suppliers follow our Supplier Code of Conduct and comply with all applicable labour laws and international labour conventions. We prefer suppliers who apply the ISO 14001 environmental management standard.

At the end of 2019, we had 990 major suppliers (which represent 80 per cent of our purchases). The number has decreased considerably from 2017, when there were 1,351 suppliers. Of the current suppliers, 14.5 per cent are ISO 14001 certified and 5.0 per cent have undergone Halton's own supplier auditing. In the next few years, we will analyze more deeply, which of our suppliers can be considered risk suppliers according to labour and environmental standards and decide whether more internal- and third-party audits are required.

# Action Plan 2019-2021

The action plan for 2018-2020 consisted of 11 issues. Some actions have been completed, such as training our personnel on our Code of Conduct and our suppliers on our Supplier Code of Conduct. Some are still in the process. We have updated the action plan in the spring of 2020 to cover the years 2020-2021.

## HALTON'S ACTION PLAN FOR 2019-2021

Subject	Actions	Indicators	Targets	Schedule	In charge
Customer Satisfaction	SBA specific action plans. Customer First value communication	NPS (Net Promoter Score), or equivalent	Improvement vs. previous year	2020	SBA Directors
Risk management	Development of risk management processes	Risk management audits in Board business audits	Risk management is part of Halton's management system in all levels of organization	Aug-20	CEO
Development of energy saving technologies	Development programs with customers	Improved energy efficiency	New solutions are more energy efficient compared to the earlier generation	2020	SBA Director
Reduction of emissions	Development programs with customers	Number of innovations and application areas	One new application area 2020	2020	SBA Director
Energy efficiency of our operations	Energy audit of selected sites	Energy consumption in production sites	Reducing 10% of energy consumption	2020	CR Director
Decreasing the amount of waste	Training employees to minimize waste and increase recycling. Finding possibilities to change materials for more sustainable ones.	Material statistics Amount of waste	Reduce the amount of waste 5%	2021	SBU Director
Suppliers' environmental performance and social risks	Screening of ISO14001 compliance	ISO14001 compliance % in the Marine business unit	100% of top 10 suppliers	2020	SBU Director
Engaged employees	Empowering Engagement roll-out	Employee satisfaction / engagement	75% engagement or better for all employees	2025	CPO
Define Compensate approach to Halton operations.	Define how Halton could compensate for CO2 emissions of certain operations	Decisions have been made and compensation calculations are ready	We will be able to implement compensation.	Aug-20	CR Director

Raising awareness of the CSR framework within an organization.	Training of Responsibility Ambassadors and making e-learning module.	Training in all SBUs done and e-learning material published.	All employees have been trained	Jun-21	CR Director
Supplier CSR audit concept and related training established	Development of training program for supplier auditing	Number of trained auditors / SBU	Two auditors / SBU have been trained	Dec-21	CR Director, Quality org.
Corporate Social Responsibility updated Report	Setting up e-version of CR report 2019 and communication	Report published and communicated	Updated e-version is published every second year.	Jun-20	CEO
Halton's operations net impact.	The net impact of Halton operations has been defined, and proposal on development actions is ready.	Net impact	Improvement vs. previous year	Aug-20	CR Director

The Action Plan is presented in the table. The table shows the areas of responsibility and the actions to be taken along with the indicators we will use to assess whether we have achieved our results. The results of the listed actions are reviewed annually in the CR Report and new targets and actions will be set whenever needed.

## GRI Index

According to the GRI standard, a CR report ends with a GRI Index, in which the reporter discloses how the GRI reporting requirements have been followed. There are two options for claiming that the report is in accordance with the GRI—either the “core option” or the “comprehensive option”. If neither of these options are appropriate, the reporter can choose a partial approach, using some specific GRI standards and explaining how they are used.

We do not yet claim to report in full accordance with the GRI standard, not even with the core option, but GRI has been the basis for all our reporting since the year 2018.

As we endorse the United Nations Global Compact initiative, we also include in our GRI Index information on how our performance relates to the Global Compact's principles and the United Nations' Millennium Goals.

You can find the detailed GRI Index on our website [www.halton.com/sustainability](http://www.halton.com/sustainability).