SUSTAINABILITY PERFORMANCE REPORT 2024

Enabling Sustainable Wellbeing

Halton

CONTENTS

MESSAGE FROM THE BOARD

Halton's commitment to sustainability in 2024 and beyond

In 2024, the effects of global warming were painfully evident across the globe. Unprecedented heatwaves scorched Europe, leading to severe droughts and wildfires impacting agriculture, among other things. In Asia, rising sea levels resulted in devastating floods, displacing millions of people and causing significant damage to infrastructure. The Americas faced the wrath of intensified hurricanes, causing widespread destruction and loss of life. These events underscore the urgent need for immediate and decisive action to combat climate change.

As we navigate through these challenges, it is crucial that both businesses and individuals commit to reducing waste, conserving resources and minimising our environmental footprint. The significant impact of human activities on the planet requires all of us to adopt sustainable practices that promote environmental awareness and contribute to the well-being of communities and organisations worldwide.

> **"Innovation and teamwork are key to developing solutions that enhance operational efficiency and sustainability."**

Innovation and teamwork are key to developing solutions that enhance operational efficiency and sustainability. High-efficiency systems, intelligent climate solutions and advanced technologies can play a huge role in reducing energy consumption and emissions while maintaining optimal conditions for health, comfort and productivity. Halton's core mission has been enabling sustainable well-being in demanding indoor environments for decades. As the world changes, we aim to lead in making sustainable products, solutions and practices. We recognise the significant impact that our activities have on the environment and the communities we serve, and we are confident that through our efforts, we can make a meaningful impact and contribute positively to the world.

Halton's annual sustainability report records and presents our efforts each year, showcasing how our comprehensive approach to sustainability and safety helps clients minimise their ecological footprint, enhance safety in healthcare, restaurants, industry and buildings, and improve their business results.

Even though individual actions may seem small and insignificant, collectively they are like thousands of tiny seeds that, over time, grow into a vast forest, bringing us closer to our shared sustainability goals.

We look forward to continuing this journey with our stakeholders and customers, working together towards a sustainable and prosperous future.

Carola Puusteli
Member of the Board
Halton Group

BUSINESS AND STRATEGY OVERVIEW

Navigating successfully through a complex business environment

Despite the persistent geoeconomic and geopolitical uncertainties, Halton Group demonstrated adaptability and resilience in 2024. Material and component availability improved, cost inflation moderated, and interest rates started to decline. This also meant a more favourable business environment for Halton's customers globally.

Halton Group's business performance improved well during 2024. Our sales grew by 5.8% to €315.8 million, driven especially by positive progress in North America, the Middle East and China. Profitability improved with sales increases, pricing management, and improved operational efficiency. The balance sheet stayed strong. CAPEX investments (including leases) remained at an all-time high, driven primarily by expansions into manufacturing capacity and service operations in the USA. Total CAPEX was €15.2 million.

Employee engagement at Halton stayed above the manufacturing industry average. We saw great commitment from Haltonians serving customers in a fast-changing environment. In summary, we took good steps in implementing our strategic plan.

Care for indoor air and sustainability

Indoor air quality and safety have become more critical since the COVID-19 pandemic challenged the world. Simultaneously, the fight against climate change requires more actions to reduce carbon footprints in the built environment. Achieving both goals together is a great challenge for the design and operation of ventilation systems.

Our strategy and innovations continue to focus on our mission: 'Enable sustainable well-being in demanding indoor environments'. All our strategic business areas provide these benefits to their customers.

We have set ambitious targets to enhance the sustainability of our operations and offerings, aiming to be visible differentiators in the eyes of our customers. Our development prioritises supporting customers' sustainability efforts and participation in green transition business opportunities. A good example is our demand-based ventilation control system for commercial kitchens, galleys, offices and clean rooms. Adjusting ventilation rates based on actual needs – whether controlled by cooking activity in kitchens or the number of people in meeting rooms – provides major energy savings and ensures good quality indoor air. In the broader context of ESG development, we continue to steer our work in line with the UN's Sustainable Development Goals, participate in the UN's Global Compact initiative, and, at the time of writing in early 2025, have committed to the Science Based Targets Initiative.

> **"Looking forward, we see great long-term opportunities to benefit customers, people and the planet from our knowledge and offerings."**

In 2024, we observed emerging and increasing customer requirements for sustainability-related offerings and reporting transparency. We plan to stay fit and agile and take the initiative to support those customer needs, grow our sustainability handprint, and systematically improve our own operations' sustainability.

Kai Konola
President & CEO
Halton Group

THIS IS HALTON

Halton Group is a family-owned, global technology leader in indoor air solutions for demanding spaces. At Halton, the mission is to enable people's well-being in these environments:

- Commercial and public buildings
- Healthcare institutions and laboratories
- Professional kitchens and restaurants
- Energy production and heavy industry environments
- Marine vessels and offshore industry

Halton collaborates with customers and partners to fulfill expectations, providing safe, comfortable and productive indoor environments designed with energy efficiency and sustainability in mind.

Halton's solutions include public and commercial buildings, healthcare and laboratory facilities, commercial kitchen and restaurants and marine and offshore applications. The expertise includes various applications, including air diffusion, airflow management, replacement air, fire safety, kitchen ventilation, air purification and indoor environmental management, ensuring tailored solutions that cater to the specific needs of each sector.

Halton's journey began in 1969, when Seppo Halttunen, the father of the current chairman, founded the company in Finland. Since its inception, Halton has remained a family-owned enterprise and is headquartered in Helsinki, the Finnish capital. Over the decades, Halton has expanded its presence, now operating in more than 35 countries around the globe and employing over 1900 people.

Halton has manufacturing units located in nine countries: Finland, France, Germany, the UK, the USA, Canada, China, Malaysia and Brazil. Additionally, Halton invests in research and development, maintaining R&D units in eight of these countries to drive innovation. Production is also licensed in South Africa, Mexico, New Zealand and Australia.

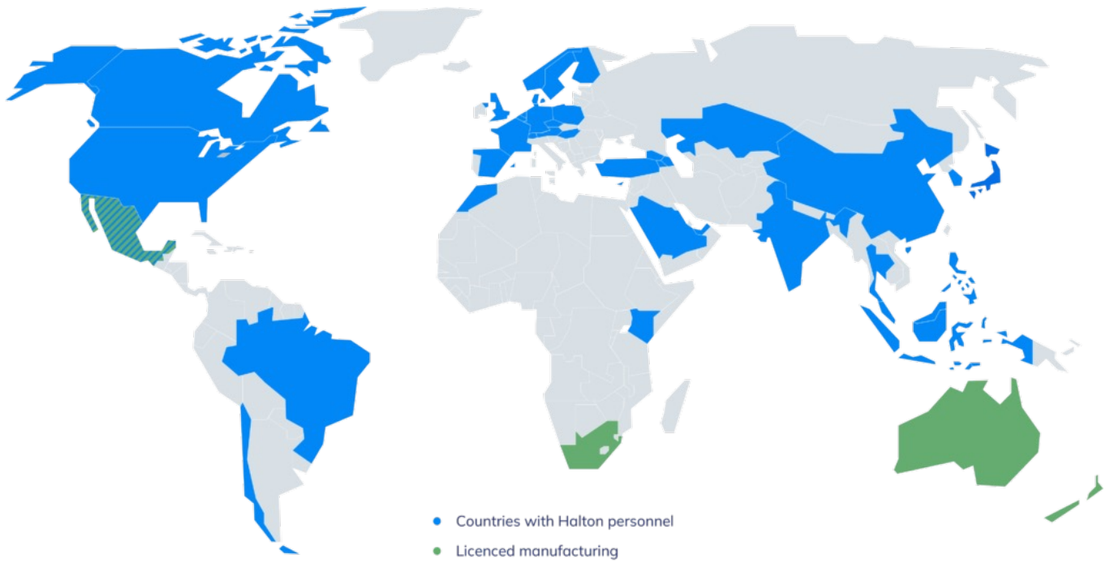
Halton provides customers with a blend of indoor environment expertise and cutting-edge technology. The solutions are crafted to create indoor spaces that prioritise health, comfort, productivity and energy efficiency throughout their entire life cycle. Halton's vision is to be among the top two providers globally in its selected segments, continually striving to enhance the quality of indoor environments for people everywhere.

Halton products

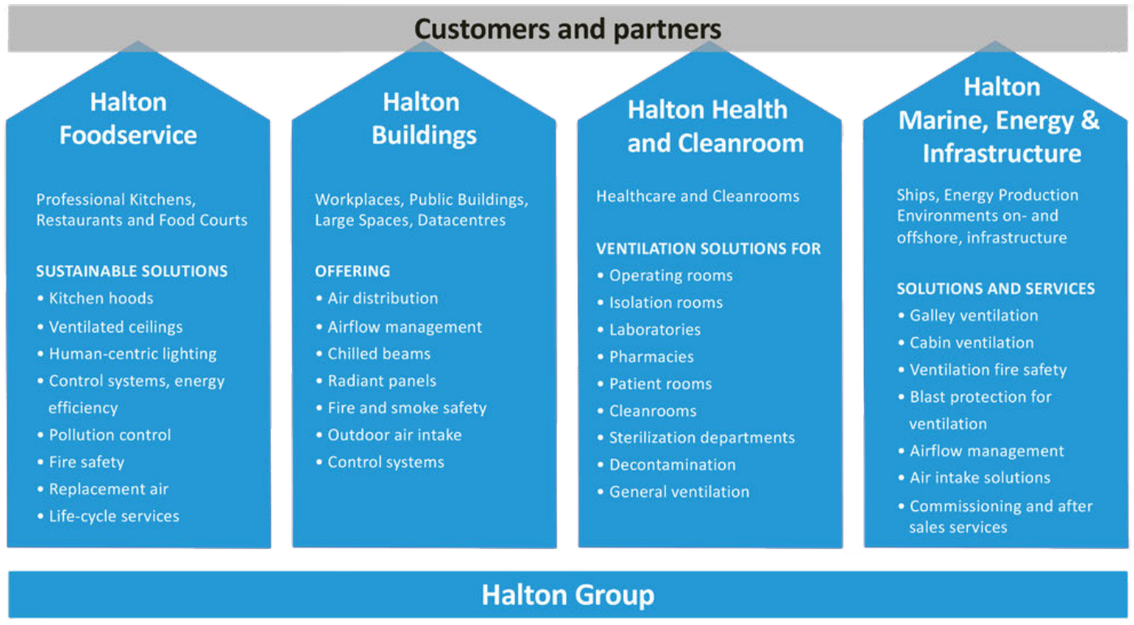
Halton manufactures and supplies sustainable products, systems, and solutions for demanding indoor environments. The mission revolves around creating comfortable and safe spaces that prioritise energy efficiency and sustainability throughout their life cycles.

Each solution is tailored to meet the unique challenges and requirements of different environments. For instance, in professional kitchens, Halton offers the MARVEL demand control system. In healthcare settings, the VITA solutions are specifically developed for critical environments like hospitals and cleanrooms, ensuring air quality and safety standards are met. Additionally, Halton produces high-integrity HVAC dampers suited for high-stakes applications, such as tunnels and industries that include nuclear power plants and offshore operations.

HALTON LOCATIONS



Halton organsation, took effect 1/1/2025



SUSTAINABILITY PERFORMANCE

The general basis for preparation of sustainability report

Halton's Sustainability Report is prepared and published annually. The reporting cycle spans the entire year, capturing essential information from 1 January to 31 December 2024, aligning with Halton's financial year.

As Halton continues the journey of sustainable practices, the 2024 Halton Sustainability Performance Report serves as a transition document, paving the way for compliance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). This report incorporates structural elements and requirements that are adopted from the ESRS. The information within this report is a consolidated basis for the Halton Group and follows the same principles that guide the financial statements. Reporting is limited to those areas in which the company exercises complete control over the collection of data, unless otherwise indicated. The report is not externally assured by a third party.

The sustainability information included in this report is based on the Double materiality assessment (DMA), conducted under the CSRD framework, complemented by annual sustainability highlights. Following the Double materiality principle, this report contains relevant upstream and downstream value chain information to understand the Group's material impacts, risks, and opportunities.

Halton's new locations

In 2024, Halton Wales acknowledged that it has surpassed the capacity of its current premises. As a result, plans were set in motion for an expansion to new facilities in 2025. Throughout the year, the team focused on planning, making decisions, and acquiring the location for its new operations. Sustainability played a role in these choices, with particular emphasis on the energy efficiency of the building and the adoption of low-emission energy solutions.

Especially the latter part of 2024 was defined by the dual effort of preparing the new factory for operation, preparing logistics for the move, and simultaneously carefully winding down operations at the current premises while continuing daily operations and providing customer service. By proper preparation, Halton sought to ensure a smooth transition and steady start for operations in a new location in 2025.

Halton has significant growth potential across the Americas segment. As a strategic move, Halton established a new manufacturing facility in Anderson, South Carolina in 2024. The facility supports customers' needs for local supplies and local content. It also represents a key element of Halton's growth strategy, particularly aimed at supporting green transitions. The new facility was designed to cater to customers' evolving needs in sectors such as Marine, Energy, and Infrastructure throughout North America.

By setting up this local manufacturing hub, Halton enhances customer service capabilities, streamlines supply chains and ensures a more efficient and sustainable supply chain.

Halton Group non-financial performance in 2023 - 2024

	2024	2023
Turnover EUR million	315.8	298.5
- per employee EUR thousand	163	159
Employees		
- number of employees	1 942	1 834
- sickdays %	2.0	2.5
Use of materials in tons	7 587	7 243
- stainless steel in tons	3 250	3 228
- galvanised steel in tons	2 031	2 069
- aluminised stainless steel	299	378
- aluminium	245	343
- other materials	1 763	1 225
- total use in tons per EUR 1 million of turnover	24	24
Waste in tons	2 251	2 043
Consumed energy MWh	32 339	28 564
- electricity MWh	9 362	9 104*
- heat MWh	2 987	2 744*
- fuels MWh	19 900	16 716*
- total energy MWh per EUR 1 million of turnover	102	96*
CO_2 emissions tons (Scope 1 and 2 market based)	4 587	4 060*
- tons per EUR 1 million of turnover	14,5	13,6*

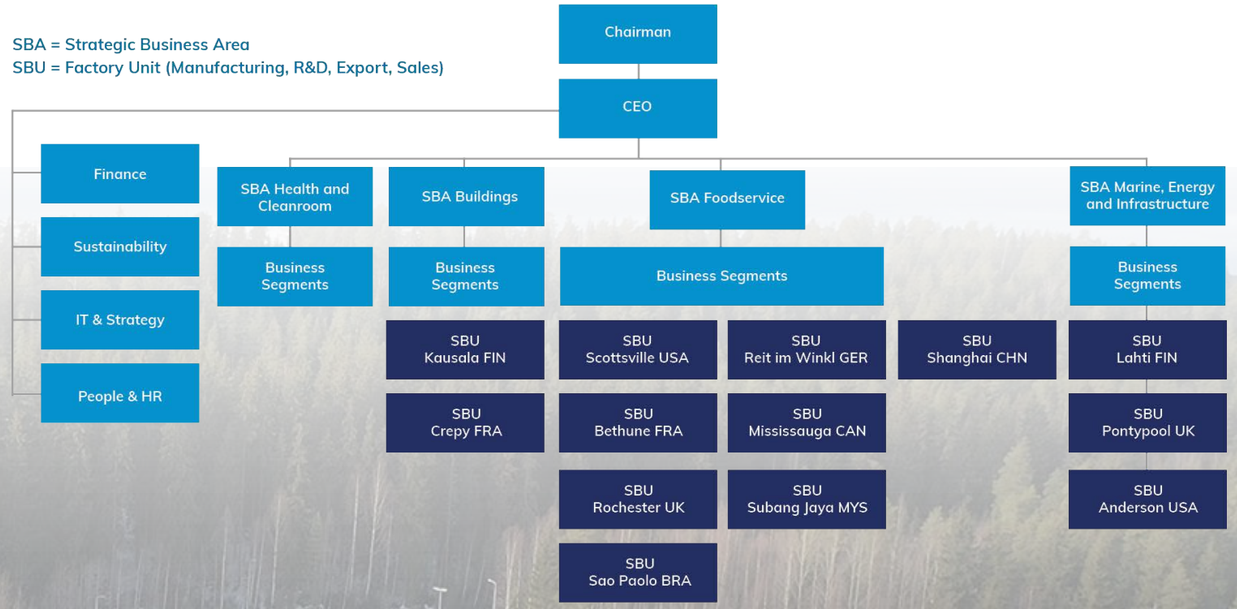
*Figures are restated

Governance structure

Halton Group is a family-owned company with Halton Ventures as a parent company. Halton Ventures has an active role as both owner and investor. With a focus on the green transition and the built environment, Halton Ventures has a mission to practice and support innovative entrepreneurship that benefits society and nurtures the environment. The activities of Halton Ventures range from the strategic support and ownership of Halton Group to various other investment and innovation endeavours that align with the mission. Halton Ventures and Halton Group is owned by the Halttunen family.

In 2024 Halton Group was organised within the three key strategic business areas: SBA Halton, SBA Foodservice, and SBA Marine, Energy & Infrastructure (SBA MEI). SBA Halton is dedicated to serving commercial and public buildings, healthcare institutions and laboratories. SBA Foodservice is committed to fulfilling the unique needs of professional kitchens and restaurants. SBA MEI specialises in catering to heavy industry environments and marine vessels. As the new year arrived in 2025, Halton Group established a new organisational structure and SBA Halton was divided into Health and Cleanroom and Buildings.

Halton organsation structure 2025



Strategy, business model and value chain

Halton's mission is to enable sustainable wellbeing in demanding indoor environments. The team at Halton is committed to providing solutions that prioritise safety, comfort and productivity, all while being energy-efficient and aligned with sustainable practices. This is done by combining Halton products with expertise in specialised indoor environments. Halton supports customers from the initial design phase all the way through to implementation and use. Adaptability and customer focus are key elements of Halton's customer service.

Strategically, Halton aims to be the preferred choice for customers and partners within their selected sectors and to grow globally. To reach these targets, Halton has created a growth strategy. This strategy focuses on premium customer experiences, innovative digital capabilities, a deep commitment from the employees, and sustainability.

Halton continuously seeks to enhance the positive impact on the environment and society, developing innovative solutions that support customers to make a meaningful positive difference in the world.

Halton's core values – customer focus, trust and ethics, teamwork, continuous learning and a positive attitude – guide every decision and action, shaping a future where well-being and sustainability go hand in hand.

GLOBAL CHANGE DRIVERS

Climate Change
Minimising the environmental impact of production and products thoughout their life cycle.

Global Economy
Navigating the increasing complexity of the geopolitical context by a glocal presence.

Urbanisation
Contributing to healthy buildings with safe and comfortable indoor environments.

Air Pollution
Providing clean and safe indoor air and extracting effectively cleaned exhaust air.

Technology and AI
Providing human-centred, demand-based and fail-safe indoor environment solutions.

STRATEGIC TARGETS

NUMBER #1 CHOICE IN SELECTED CUSTOMER SEGMENTS
Premium customer experience
Strong employee engagement

EXPANDING GLOBALLY
Innovative digital capabilities

INPUT

Full-scale modelling

Final design

Solution development

OPERATION:

Customer-driven selling

Manufacture

Life-cycle Services

Logistics

Comissioning & verification

OUTPUT & IMPACT

Customer-Driven Solutions · Sustainable and Effective Operations · Responsible Growth · Engaged people

INDOOR ENVIRONMENT
We create human wellbeing and economic value through enabling sustainable, high-quality indoor environments.

VALUES :

CUSTOMER FOCUS · TRUST & ETHICS · TEAMWORK · CONTINUOUS LEARNING · POSITIVE ATTITUDE

Interests and views of stakeholders

A continuous dialogue with both internal and external stakeholders is central to Halton's operational philosophy. Halton is committed to sustainable and ethical business practices, shaping the approach to stakeholder engagement. Halton examines the requirements and expectations of each stakeholder group. This includes understanding their needs, concerns, and the impact of Halton's operations on them. Moreover, Halton takes into account their own expectations regarding these stakeholders. The ongoing dialogue informs Halton in strategic decisions and daily operations, support to understand internal and external developments, market expectations, potential opportunities and risks. As a family-owned business Halton values long-term business relationships and high trust.

Halton identifies key stakeholders such as customers, partners, employees, end-users, owners, suppliers and contractors, all of whom play a vital role in the Halton ecosystem. Halton aligns actions to respond to stakeholder requirements according to sustainability goals. Halton focuses on delivering reliable, value-added solutions that enhance the well-being, safety, productivity and environmental performance of customers' operations.

The interests and views of key stakeholders play an essential role in Halton's DMA assessment. Over fifty internal and external interviews have been conducted and especially the views of Halton's customers and suppliers were considered thoroughly. The employee engagement survey results were included in the assessment to consider the internal stakeholders. The DMA outcome and the stakeholders' views were presented to the Halton executive team and the boards of Halton Group and Halton Ventures. The DMA process is set to be conducted annually.

The DMA process is an integral part of Halton's strategy and preparation work. The process began in the autumn of 2024 and the DMA was finalised by the end of 2024, when the strategy process will continue through the spring of 2025. This approach ensures that sustainability is integrated and aligned with the business's strategic direction.

STAKEHOLDER	INTEREST	WAYS OF ENGAGEMENT	HALTON CONSIDERATION OF THE OUTCOME
CUSTOMERS & PARTNERS	• Premium quality and long lifespan • Energy efficient & safe products • Reliable sustainability data • Circularity	• Trade fairs • Co-creation with customers • Customer satisfaction surveys • One-to-one dialogue with customers	• Customer needs are considered in everything at Halton, as Halton's growth strategy focuses on premium customer experience • Product design aims for meeting & exceeding customer needs
EMPLOYEES	• Permanent employment • Fair and equal treatment • Safe working environment • Opportunities for training and personal development	• Engagement survey • Development dialogue	• High employee commitment is a crucial part of Halton's growth strategy. Receiving feedback from employees helps understand and address employee concerns • Training • Health & safety improvements
END-USERS	• Safe and easy to use, sustainable indoor air quality solutions	• Direct customer contacts • Feedback from customers	• Feedback from end-users helps Halton continuously improve the products and solutions • Sustainable product development • Usability of products
OWNERS	• Long-term strategy and value creation	• Board meetings • Halton events including owner-family members	• As a family-owned business, the owner-family is steering the company
SUPPLIERS & CONTRACTORS	• Long-term business relationship • Clearly communicated expectations • Partnering for net zero	• One-to-one dialogue with suppliers • Trade fairs • Audits	• Sourcing sustainable raw materials

Double materiality assessment

Halton has begun the implementation of the CSRD by completing the Double Materiality Assessment (DMA) to determine the sustainability topics that are material for Halton. The DMA was conducted by assessing sustainability impacts, risks and opportunities (IROs) in accordance with EFRAG's CSRD guidance. The assessment addressed all sustainability matters outlined in the topical ESRS (ESRS1 Appendix A and AR16). The analysis encompassed the entire value chain, including Halton's operations as well as activities in both the upstream and downstream segments. Each topic was evaluated from the perspectives of impact materiality and financial materiality, covering both actual and potential negative and positive impacts as well as actual and potential risks and opportunities. While the assessment was conducted for Halton Ventures – an entity that falls under the CSRD reporting obligations – this report is still compiled for the Halton Group. The material topics apply to both Halton Ventures and the Halton Group.

The findings of the DMA validated Halton's previous direction; Halton remains committed to solutions and operations focused on Climate and Energy, Circularity, and Safety and Well-being. Additionally, Halton recognised that the path toward sustainable business practices is facilitated by its dedication to Innovation and Competence, a sustainable and transparent value chain, and business ethics.

Double materiality assessment process

Halton's DMA process began by engaging a diverse group of stakeholders, including customers, partners, and Haltonians. The company conducted numerous internal and external interviews to identify and compile a list of IROs. These lengthy IRO lists were gathered based on the interviews and desktop work to determine topics relevant and current to Halton's industry.

The IRO assessment was carried out through desktop analysis, preparatory work, and workshops. The process began with a preliminary DMA workshop involving Halton's executive team. Following that, DMA workshops to assess IROs were conducted for each of Halton's Strategic Business Areas, along with an extra workshop for Halton's Group Leadership Team that concentrated on climate issues.

Each IRO was assessed on the applicable scales according to the matrixes below, and the materiality value was calculated using a formula. Materiality scoring was linked to Halton's risk management scale.

Impact materiality

	SCALE	SCOPE	IRREMEDIABILITY	LIKELIHOOD
Actual positive impacts	●	●		●
Actual negative impacts	●	●	●	●
Potential positive impacts	●	●		●
Potential negative impacts	●	●	●	●

Financial materiality

	MAGNITUDE	LIKELIHOOD
Potential risk	●	●
Actual risk	●	
Potential opportunity	●	●
Actual opportunity	●	

A materiality matrix was used to determine materiality thresholds. A topic was defined as material if it had significance from either a negative or positive viewpoint in terms of impact or presented financial risks or opportunities. The results of this DMA assessment were approved by the boards of Halton Group and Halton Ventures in December 2024.

Halton's material sustainability topics

ESRS STANDARD	SUSTAINABILITY TOPIC
ENVIRONMENTAL INFORMATION	
E1 Climate change	• Climate change adaptation • Climate change mitigation • Energy
E5 Circular economy	• Resources inflows, including resource use • Resource outflows related to products and services
SOCIAL INFORMATION	
S1 Own workforce	• Secure employment • Adequate wages • Social dialogue • Health and safety • Training and skills development • Measures against violence and harassment in the workplace • Diversity
S2 Workers in the value chain	• Health and safety • Transparency of supply chain
S4 Consumers and end-users	• Access to (quality) information • Health and safety • Responsible marketing practices
GOVERNANCE INFORMATION	
G1 Business conduct	• Corporate culture • Protection of whistle-blowers • Management of relationships with suppliers including payment practices • Prevention and detection including training • Incidents • Sustainable standard setting
Halton own topic Halton own topic	• Pollution control • Impact on local communities

Policies and actions

Halton Group is committed to sustainable business practices. These practices consist of adhering to Halton's common policies regarding quality, health and safety, environmental considerations and privacy. More information on Halton's policies and approach to responsible business practices can be found at https://www.halton.com/governance/.

Code of conduct

Halton's Code of Conduct serves as the foundation for all of Halton's actions and outlines how the organisation conducts its daily business. The Code addresses compliance with laws and regulations, prevention of corruption, fair competition, responsible use of assets and property, and operating procedures related to personnel, human rights, and the environment. It also encompasses the implementation and monitoring of the Code of Conduct.

All goods and service suppliers are expected to adhere to the Supplier Code of Conduct. In addition to suppliers, any representative of Halton is expected to follow the Code of Conduct. The senior management and the Board of the Halton Group approve each Code of Conduct.

Quality policy

Halton delivers safe, comfortable and productive indoor environments for end-users that are energy-efficient and adhere to sustainability principles. Quality is a shared priority and a crucial factor in Halton's success, ensuring customer satisfaction. Halton's quality policy reflects a commitment to customers and other stakeholders.

Health and safety policy

Halton is dedicated to providing a safe and healthy workplace – this is not just a policy but a fundamental right for every employee. Halton's products, systems, and services create comfortable, healthy, and safe indoor environments for customers who prioritise people's well-being.

Environmental policy

Halton is passionate about creating comfortable indoor environments. Halton offers a range of products, systems and services designed for sustainability and safety, catering to customers who prioritise the well-being of individuals. Halton's passion for the external environment is equally strong, and it does the utmost to minimise the negative environmental impact of its operations and products. With a presence in over thirty countries, Halton is dedicated to integrating environmental sustainability into every aspect of its business, regardless of location.

People policy

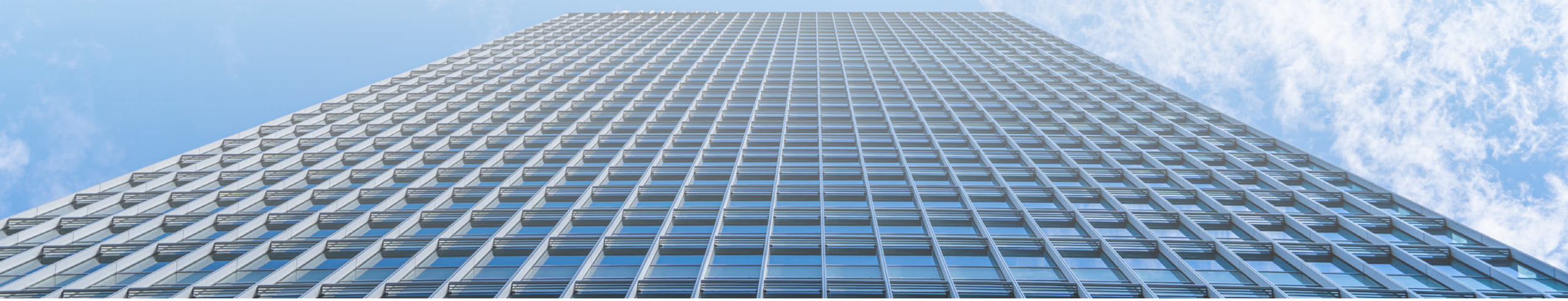
At Halton, success revolves around engaged, motivated, and competent employees. Halton fosters a culture of health, safety, and well-being, ensuring that every individual is treated fairly and equally, regardless of their location. At Halton, the diversity of employees is viewed as a strenght. Halton complies with all applicable national labour laws, regulations and agreements, as well as the corresponding ILO conventions. Central to Halton's operations is the Halton Code of Conduct.

Privacy policy

Halton is dedicated to ensuring the confidentiality and protection of personal data in its possession. Halton's privacy policy outlines how to manage the personal information collected from customers and the marketing data filling system. The personal data and related processing are detailed in this privacy policy.

Information security policy

Halton relies on digital networks to connect its customers, partners, employees, and equipment across various countries. These networks, which include information technology, automated control systems, the internet, and social media, are essential for Halton's operations. To protect this infrastructure, Halton's management has initiated a risk management practice to identify, manage, and mitigate information security threats and risks. Through this policy, Halton's management seeks to convey the most important guidelines and emphasise information security activities along with Halton's commitment to information security in its operations.



environmental responsibility

Environmental management

Halton's environmental management is guided by its environmental policy and the ISO 14001 environmental management standard. By the end of 2024, five of Halton's manufacturing units held ISO 14001 certifications. The list of these certifications, along with ISO 9001 and ISO 45001 certifications, is provided below. Halton's certificates by unit, with all ISO certificates accessible at https://www.halton.com/sustainability-certificates/.

Throughout the year, all units with expiring certifications renewed their status and remained certified. Additionally, the new facility in Anderson, United States, achieved certification, contributing to an overall increase in Halton Group's ISO certificates compared to the prior year.

All Halton units perform environmental activities regardless of formal ISO 14001 certification. The environmental impacts and risks of uncertified units are considered to be very limited. The requirements for further formal certification of these units are evaluated annually.

Halton ISO certificates per each unit

UNIT	ISO CERTIFICATION
France: Halton Foodservice SAS	ISO 14001 Environmental Management, certification valid until December 2nd, 2027
France: Halton SAS	ISO 9001 Quality Management, validation planned for 2025
Finland: Halton Oy	ISO 9001 Quality Management, certification valid until November 19th, 2026 ISO 14001 Environmental Management, certification valid until November 19th, 2026
Finland: Halton Marine Oy	ISO 9001 Quality Management, certification valid until November 19th, 2026 ISO 14001 Environmental Management, certification valid until November 19th, 2026 ISO 45001 Health and Safety Management, certification valid until September 23rd, 2025
China: Halton Ventilation Ltd.	ISO 9001 Quality Management, certification valid until September 21st, 2025 ISO 14001 Environmental Management, certification valid until February 24th, 2027 ISO 45001 Health and Safety Management, certification valid until January 18th, 2028
Germany: Halton Foodservice GmbH.	ISO 9001 Quality Management, certification valid until August 13th, 2025 - validation update planned for 2025
Halton Wales (MEI) Ltd	ISO 9001 Quality Management, certification valid until July 31st, 2025 ISO 45001 Health and Safety Management, certification valid until March 15th, 2025
UK: Halton Foodservice Ltd	ISO 9001 Quality Management, certification valid until June 9th, 2027 ISO 14001 Environmental Management, certification valid until June 9th, 2027
USA: Nelbud Services LLC.	ISO 9001 Quality Management, certification valid until May 15th, 2027
USA: Halton MEI USA, Inc	ISO 9001 Quality Management, certification valid until December 30th, 2027

Climate change

Halton plays a dual role in the fight against climate change. Halton's solutions not only mitigate climate change through energy efficiency but also help adapt to it by enhancing indoor air quality. Central to the Halton group-level strategy, both climate mitigation and adaptation serve as foundational goals for product management and Research, Development & Innovation (RDI). With a commitment to sustainability, Halton emphasises energy-efficient solutions as a core aspect of its business and a differentiator, focusing on minimising GHG emissions while maximising positive impacts like improved indoor air quality and energy savings.

Halton's major environmental impacts arise from the materials it uses, the energy consumed during production, and the energy required by the products throughout their life cycle. Halton offers indoor air quality solutions designed for energy efficiency, along with pollution control solutions. Both options can be installed as retrofits. Significant investments are being made in energy efficiency within Halton's factories as they transition to green energy sources, including biogas, geothermal heating, carbon-free electricity, and solar-generated electricity. For Halton, energy cost savings are a core component of its climate commitments and present an area where substantial impact can be made throughout the value chain. Halton is dedicated to enhancing its existing solutions through research and development while also innovating and creating new solutions.

As Halton continues its climate initiatives alongside its business strategy work through 2025, it plans to develop a clear, actionable climate transition plan aimed at decarbonising the remaining higher-impact operations. Halton has made notable steps in investing in near-zero energy alternatives and establishing local solar panels. The roadmap focuses on gradually decarbonising Halton's fleet and reducing Scope 3 emissions, particularly those from steel. Near-zero steel alternatives are being explored within industry alliances to ensure alignment on the end game and in close collaboration with customers.

In line with the Paris Agreement's goal to limit global temperature increases to 1.5°C above pre-industrial levels, Halton has decided to begin the process of establishing science-based targets in 2024 and announced this commitment in early 2025.

Energy consumption

In 2024, Halton's units reported a total electricity purchase of 9,057 MWh, along with 7,247 MWh of heat and 1,446,364 litres of vehicle fuel. Electricity consumption remained relatively stable compared to the previous year. The largest consumers were the major units: SBA Foodservice's operations in the United States, SBA Halton's Kausala unit, and SBA MEI's Lahti unit.

In addition to efforts toward low-carbon electricity, ongoing improvements in energy efficiency are a crucial part of Halton's decarbonisation roadmap. In 2024, Halton upgraded its energy systems by installing smart lighting in the Bethune factory in France and replacing outdated heating units in Reit im Winkl, Germany, with more efficient models.

Natural gas remains an energy source in Halton's production units, used for heating, painting lines and the powder coating process. The combustion of natural gas increased due to variations in outdoor temperatures and production volumes. Halton's target is to reduce natural gas usage by enhancing energy efficiency and transitioning to biogas or electricity for production. Currently, seven out of thirteen locations still rely on natural gas for heating, while two utilise geothermal heat, one uses biogas, and three have no heating requirements. The total amount of heat consumed increased from the previous year due to higher production volumes and a slightly colder winter.

With the expansion of Halton's service business in the USA, the size of Halton's service vehicle fleet has nearly doubled. This has resulted in a doubling of the fleet's fuel consumption compared to the previous year. Despite this increase, Halton has managed to reduce fuel consumption in other locations, leading to an approximate 20% rise in total fuel use compared to the previous year. Fuel consumption remains a key area for improvement, and Halton is exploring alternatives to combustion engine vehicles to achieve future reductions.

Direct and indirect energy at Halton Group per year

	2024	2023
Direct energy		
- Natural gas (MWh)	4 260	3 906
- Vehicle fuels (MWh)	15 730	12 810
Total direct energy	19 990	16 716
Indirect energy		
- Electricity renewable	3 772	3 176
- Electricity non-renewable	801	1 034
- Electricity nuclear	4 789	4 893
- District heating renewable	2 960	2 715
- District heating non-renewable	27	28
Total indirect energy	12 349	11 848

Year 2023 figures are restated

Generated solar energy

Halton aims to increase solar energy production across its facilities in the coming years. In 2024, Halton installed solar panels at three locations: Reit im Winkl, Rochester, and Malaysia. That year marked a milestone for Malaysia, as it was the first full year of utilising solar energy, leading to a remarkable increase in solar energy production compared to the previous year. In 2024 Halton produced 382 MWh of electricity from solar sources, with 306 MWh (80%) used for Halton operations and the remaining 77 MWh (20%) supplied to the local electricity grid. This represented a significant 160% increase in solar energy production compared to the previous year.

Produced solar energy

	2024		2023	
	kWh	%	kWh	%
Generated electricity	382 103	100	145 621	100
For own use	305 565	80	105 202	72
Delivered to local electricity grid	76 538	20	40 419	28

Energy consumed in Finland, other Europe, Americas and Asia per year

	Finland			Other Europe			Americas			Asia		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Electricity consumed(MWh)	3 865	3 911	4 047	1 592	1 554	1 523	3 011	2 651	2 767	894	861	971
Heat purchased (MWh)	2 740	2 448	2 562	2 661	2 636	2 771	1 872	1 566	1 662			

Year 2023 figures are restated

GHG emissions

GHG emissions Scope 1 and 2

Greenhouse gas emissions from the production of purchased energy and the fuel used in company vehicles are critical factors for Halton. In recent years, Halton has focused on minimising production emissions. The company has made substantial investments in improving the energy efficiency of its production facilities and in adopting renewable energy sources.

In 2024, Halton's total Scope 1 and Scope 2 market-based CO2 emissions were 4 578 CO2 tonnes. Scope 1 CO2 emissions included emissions from vehicles (3,342 CO2 tonnes) and from natural gas heating (793 CO2 tonnes). Scope 2 emissions comprised 418 CO2 tonnes from electricity consumption and 24 CO2 tonnes from geothermal heating, both calculated using the market-based method. Regarding revenue, Halton saw an increase in emissions to 14,5 CO2 tonnes per million euros of turnover, up from 13,6 CO2 tonnes per million euros in 2023.

Emissions from vehicle fuels represent the largest single source of emissions in Halton's operations. While Halton is starting the journey to decarbonise the fleet, emissions have increased due to fleet expansion. This was especially evident in Halton's service fleet in the USA, which nearly doubled in size as the service business grew rapidly during 2024. As a result, USA service fleet emissions rose significantly. Although vehicle emissions decreased in other locations, overall consolidated vehicle emissions have risen by about 20% compared to the previous year.

Transitioning to alternative energy sources for vehicles is a gradual process for Halton, influenced by the development of national fuel and electricity distribution infrastructures. The widespread adoption of electric vehicles relies on a robust charging network that supports low-emission electric energy, and the availability of biofuels varies by region. Nevertheless, Halton remains committed to accelerating the shift toward low-emission vehicles.

Halton continued to reduce Scope 2 emissions. In 2024, Halton's facilities in Malaysia made significant progress toward environmentally friendly production. The unit operated the solar power plant established the previous year at full capacity and successfully transitioned its energy supply to renewable sources.

Calculation principles

Greenhouse gas emissions are calculated according to the GHG Protocol, using an operational control approach for reporting. Data on electricity, natural gas and heating energy consumption, as well as energy-type specific emission factors have been utilised.

Market-based emissions for Halton were calculated using supplier-specific emission factors. For Halton vehicles, specific data is available for the Nelbud service fleet, which accounts for nearly 60% of the emissions, while the remainder is estimated based on fuel consumption.

Halton Group Scope 1 and 2 CO_2 emissions (tn) per year

	2024	2023
Scope 1	4 135	3 529
Includes energy combustion/natural gas heating and fuel for corporation vehicles (owned or controlled)		
Scope 2		
Includes electricity and district heating		
- Location-based	2 437	2 343
- Market-based	442	532
Scope 1+2 (location based)	6 573	5 872
Scope 1+2 (market-based)	4 578	4 060

Year 2023 figures restated

GHG emissions Scope 3

A large proportion of Halton's emissions stem from the value chain. Halton has completed a scope 3 inventory and identified categories relevant to the company. As a next step, Halton is currently focused on enhancing and expanding emissions calculations.

Calculation principles

Halton calculates greenhouse gas emissions following the GHG Protocol, using an operational control approach for reporting.

Purchased goods and services: For 2024 the emissions have been calculated for the main raw materials stainless steel, galvanised steel, aluminised stainless steel, aluminium, and copper. The calculation relies on using material weight and supplier-specific emission factors when available, along with industry average factors for the remainder. Halton plans to expand the calculation next year to include all purchases.

Fuel and energy-related activities: Halton has considered the upstream emissions of purchased fuels and electricity, including transmission and distribution losses.

Business travel: Halton calculated emissions from air travel using mileage data received from travel agencies. Although not every flight was recorded, this information still provides a helpful approximation of annual emission trends.

Upstream leased assets: Halton evaluated the energy consumption of its sales offices located in leased facilities. Halton estimated emissions using the energy figures from the head office, calculated per person, and extrapolated based on the number of employees in the sales offices.

Halton Group Scope 3 CO_2 emissions (tn)

	2024
Purchased good and services *Currently, it is only calculated for the main materias: stainless steel, galvanised steel, copper, aluminium & aluminised stainless steel*	20 509
Fuel and energy-related activities	1 410
Business travel	1 040
Upstream leased assets	139

Halton Group CO_2 emissions from primary raw materials in 2024

	Material usage (tn)	CO_2 (tn)
Stainless steel	3 250	11 501
Galvanised steel	2 031	4 864
Copper	6	10
Aluminium	245	2 641
Aluminised stainless steel	299	1 494
Total	5 831	20 509

Share of recycled content in material purchased (%)

	2024
Stainless steel	64
Galvanised steel	31
Copper	95
Aluminium	54
Aluminised stainless steel	53

Resource use and the circular economy

Halton sees circularity as a dual opportunity. First, through Halton's innovation and product (system) design, the company can fundamentally influence how effectively circular value is realised. Energy-efficient, durable, and high-quality products that are essential in a circular economy have always been central to Halton's mission. One of Halton's specific actions for the circular economy by 2025 is to establish 'Sustainable design principles," which will provide guidelines for integrating resource efficiency and circularity at every stage of the solution lifecycle from R&D to sourcing, and from operations to extending lifecycles through services.

Secondly, Halton's strategy focuses on sustaining robust growth in Services, leading to a separation of business growth from material consumption. This approach guarantees that product and system life cycles are optimised and extended. In the future, exploring upgrades to existing products offers another exciting opportunity for sustainable growth.

Materials used

Halton offers customised solutions for commercial and public spaces, healthcare facilities, laboratories, professional kitchens, restaurants, energy production sites, and marine vessels. Most of Halton's production materials consist of stainless and galvanised steel, along with aluminium. Among these, galvanised steel is the most prevalent for SBA Halton's products, while SBA Foodservice and SBA Marine, Energy, and Infrastructure mainly use stainless steel. Notably, SBA Halton's factory in France utilises the largest amounts of aluminium for exhaust grilles.

As steel production has significant environmental impacts, contributing to global CO2 emissions and other pollutants, effective resource management and increased utilisation of recycled materials are crucial to minimising these effects. Steel is easy to separate and recycle, allowing it to be used in the production of any new steel product. Therefore, scrap metal is a valuable raw material in all steelmaking processes. The proportion of recycled content in the materials purchased is shown in the table above.

All Halton factories utilise wood for packaging materials. Halton aims to minimise and reuse packaging, while reducing or eliminating plastic whenever possible.

In 2024, Halton continued to advance its Halton Environmental Product Declaration (EPD) initiatives, building on the foundations established by Halton's initial EPD publications in spring 2023. The company has systematically expanded the documentation coverage while strictly adhering to the European EN 15804 standard and committing to environmental transparency. As interest in Environmental Product Declarations and life cycle analysis data grows among customers, Halton has responded by enhancing its processes. Halton has developed a more efficient and streamlined methodology for conducting life cycle assessments (LCA) and creating EPDs, allowing the company to respond swiftly to customer requests. This approach improves Halton's ability to identify key areas for environmental enhancement throughout the products' life cycles. The comprehensive life cycle analyses continue to guide Halton's R&D efforts, enabling a focus on initiatives that significantly contribute to its customers' sustainability goals.

Materials used (tn) annually at Halton Group

	2024	2023	2022
Stainless steel	3 250	3 228	3 324
Galvanised steel	2 031	2 069	1 876
Copper	6	4	4
Aluminium	245	343	322
Wood	1 669	1 151	1 123
Fibres			
Plastic	31	25	22
Insulation materials	41	32	23
Alumised stainless steel	299	378	330
Materials used	7 571	7 230	7 024

Materials used (tn) annually in Finland, other EU area, Americas and Asia

	Finland			Other EU			Americas			Asia		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Stainless steel	482	504	572	840	980	1 154	1 069	1 024	961	859	720	636
Galvanised steel	1 293	1 291	1 210	514	609	509	74	45	77	150	124	82
Copper	4	2	2	-	-	-	2	2	2	0	-	-
Aluminium	45	80	60	192	245	257	2	2	-	6	16	5
Wood	345	461	447	151	122	149	1 005	434	411	168	134	116
Fibres	-	1	-	-	-	-	-	-	-	0	-	-
Plastic	3	-	4	15	14	16	1	1	-	12	9	2
Insulation materials	-	-	-	28	29	23	8	-	-	5	2	-
Alumised stainless steel	-	-	-	-	-	3	299	378	327	-	-	-
Materials used	2 171	2 339	2 295	1 739	1 999	2 111	2 460	1 886	1 778	1 200	1 005	841

Water consumption

Halton's operations are not water-intensive. Halton utilises water from the local supply network in its facilities, and all used water is recirculated for cleansing. Most of Halton's sites are located in areas with good water availability. Through comprehensive mapping of overall water risks*, Halton has noted that only its sites in Brazil and China are currently facing water stress. In 2024, Halton's overall water consumption totalled 15,847 cubic metres, reflecting a 2% decrease from the previous year's 16,246 cubic metres. Even with growing operations, Halton has managed to reduce water usage. Process water is used minimally in Halton's operations, but the company assesses water pollutant risks and classifies them according to ISO 14001 standards.

Scrap metal and waste

At Halton, nearly all the waste generated by the group consists of process waste. Most products are made from steel sheets, which leads to cutting waste during production. Halton has prioritised reducing this waste and developing production processes around it. As a result, Halton has made the processes more efficient and minimised waste.

In Halton units, the amount of process waste produced is closely related to the product mix supplied to customers, which varies from year to year. However, continuous process improvement and quality management are crucial for reducing waste.

Scrap metal & other waste (tn)

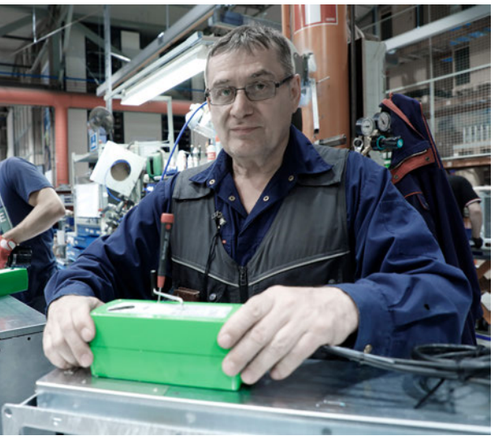
	2024
Scrap metal	1 748
Other waste	503

Recycling is standard practice at Halton, with scrap metal as the primary material collected and sold to recycling companies for transformation into new resources. This approach is consistently applied across all locations. Additionally, wood materials, including pallets used for packaging and transporting goods, are reused whenever possible. In some areas, European pallets can be returned if they are considered unfit for shipping Halton products. Hazardous waste is minimal, primarily consisting of small quantities of paint and hydraulic oil, which are disposed of at toxic waste disposal facilities.

As a global operation, Halton's waste management practices vary significantly by location. At certain sites, waste is carefully sorted by type, measured, and either recycled or disposed of responsibly. Halton has estimated total waste amounts based on available data from each location. In 2024 the total waste amount was 2,251 tonnes, which included 1,748 tonnes of scrap metal collected.

*Source: WWF Water Risk Tool

social responsibility




SOCIAL RESPONSIBILITY

At Halton, employees known as Haltonians are the heart of the organisation. Everything begins with their engagement and dedication. This section focuses on measures related to Haltonians, examining not only the overall numbers but also the state of employee engagement. It also addresses the safety aspects of operations, which are fundamental to everything they do. Additionally, this section explores the long-term contributors to employee engagement, particularly focusing on the training and skill development of Haltonians.

Haltonians around the world

At the end of 2024, Halton employed a total of 1,942 people, up from 1,834 at the start of the year. There was a slight increase in headcount across Finland, Europe, Asia, and Africa, but the most substantial growth came from the Americas. This significant rise in personnel in the USA was largely attributed to the booming service sector of the business.

Engagement is a key element of the well-being of Haltonians

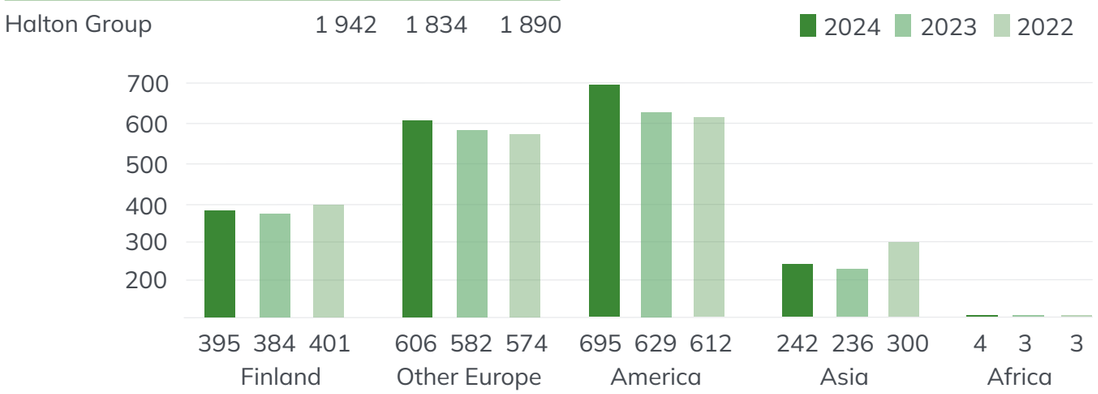
As part of the Halton Strategy, Mission 500, Halton introduced a strategic theme: Increasing Employee Engagement. An ongoing practice was established to conduct surveys, analyse the results, and take action at three levels: teams, units and selected themes globally. This three-level practice continues on an annual basis. At Halton, the trend in employee engagement has remained positive, with scores improving to 3.9 from 3.8 in 2023, surpassing the industry standard of 3.8. The key drivers of engagement identified were Goals and Achievement, along with Relationships with both Colleagues and Managers. Notably, Goals and Achievement has consistently ranked among the top drivers for three years, while Relationships has been recognised for at least two out of three years, highlighting the strong sense of family, both in terms of ownership and relationships, which is valued among Haltonians. However, some challenges persist as Health, Feedback, and Communication continue to be low-scoring themes, reflecting last year's results. Learning and Development also received a low score despite significant initiatives, including the launch of a new eLearning platform in 2024. This platform greatly increased engagement in training, with participation rising from around 500 to 3,250, yet the score in this area remained unchanged.

At Halton, the employee Net Promoter Score (eNPS) shows a positive trend, rising to +15 in 2024, compared to an industry benchmark of +2. This reflects the effective efforts of managers in creating a workplace environment that Haltonians are enthusiastic about recommending to others.

The eNPS measures loyalty by asking respondents how likely they are to recommend Halton as an employer to a friend or colleague, with scores derived from ratings on a scale of 0 to 10. This scale is categorised into Promoters (9–10), Passives (7–8), and Detractors (6 or lower). The resulting NPS score is calculated by subtracting the Detractor score from the Promoter score, resulting in a range from -100 to +100.

The number Halton Group employees, as well as the total amount per region and year

Employees total / year	2024	2023	2022
Halton Group	1 942	1 834	1 890



The NPS scores in total and per each business area at Halton Group per year

	Engagement			eNPS			Participation rate %		
Business area	2024	2023	2022	2024	2023	2022	2024	2023	2022
Total	3.9	3,8	3,8	15	11	5	75	79	85
SBA Halton	3.7	3,7	3,6	-23	-14	-20	59	65	85
SBA MEI	4,0	3,9	3,8	27	16	15	75	77	79
SBA Foodservice	3.9	3,9	3,8	20	15	13	79	84	85

Performance and career development evaluations

At Halton, performance reviews have been an integral part of operations for many years. These reviews utilise a global electronic platform known as the Halton People Portal (HPP) to assist white-collar employees in setting targets and evaluating performance. This process, referred to as Development Dialogue, emphasises Halton's commitment to supporting individuals in achieving success in their work. All white-collar employees are expected to engage with this electronic process, which aims to provide more reliable data.

Halton's manufacturing units uphold traditional methods to guide the work and development of blue-collar workers. The implementation of Development Dialogue discussions among blue-collar employees varies significantly from country to country and is influenced by local practices. Halton continues to follow these established, time-tested processes in its manufacturing operations. In the future, Halton aims to gain a comprehensive understanding of the extent of development discussions among blue-collar workers.

Job classification sets the criteria for role salaries

At Halton, the guiding principle is to ensure equitable pay for every job, determined by the demands of the position and the performance of the individual, regardless of gender or age. Halton prioritises fair compensation that consistently adheres to local regulations and exceeds minimum wage standards across all units.

As Halton develops its compensation practices, the job classifications introduced in Finland, Poland and Sweden serve as a foundation. These classifications enable comprehensive market research to determine average salaries, with individual pay reflecting both market trends and personal performance. This performance is evaluated annually through the Development Dialogue process, ensuring a tailored approach to compensation that values each employee's contribution.

Training

In 2024, Halton introduced a new eLearning platform as strategic initiative to enhance foundational development. This initiated a routine renewal of the Code of Conduct training every two years, which has been embraced throughout the organisation. By the end of 2024, approximately 800 Haltonians had completed their Code of Conduct training. Other examples of commonly applied training include Cybersecurity and Phishing, as well as training related to Halton's Development Dialogue. This collective effort resulted in a remarkable increase in training participation, soaring from 550 in 2023 to 3,250 in 2024. At Halton, the training actions emphasise the development and dissemination of Halton-specific training. Halton's future success depends primarily on expertise in indoor air quality. The new platform has also proven helpful in this regard, and Halton has begun successfully introducing these specific learnings to the platform across all business units. In 2024, Halton has learned to implement these learnings more efficiently and plans to increase their usage in the future.

At Halton, in-person and online expert-to-expert discussions provide a continuous flow of up-to-date information. Halton uses Microsoft Teams to share information and conduct sessions, which are often recorded for future use. However these sessions still occur informally and have not always been actively documented as training events.

Halton's business units have distinct needs and challenges in their operations. This diversity is evident in Halton training programs, which are customised to address specific business situations. In 2024, for instance, SBA Halton launched a series of wellbeing-related trainings across the organisation. SBA Foodservice made significant progress in developing learnings for the local unit's onboarding programs, particularly in the Health and Safety area. Additionally, content for the expanding service business was created. At SBA MEI, they began experimenting with Lean Management and Green transition, both areas set to be further developed in the coming years. Managers from all units benefited from the Inclusive Management program originally designed for Foodservice.

Halton Future Leadership Development Program

In 2024, Halton continued the Halton Future Leadership Development program, which examines potential future leaders across all business areas. The program's goal is to develop these leaders, promote cross-organisational networking, and test new ideas for Halton.

The term leadership is used broadly here – it may refer to leading projects, knowledge, and people. Participation in this program does not guarantee a leadership position but helps develop participants' skills and capabilities, making them better candidates for such opportunities. The fourth program, scheduled for completion in 2023, continued with the participants' own activities in the area of sustainability throughout of 2024. Additionally, a new cohort of the program began in the last quarter of 2024. The know-how in the program continues to spread as participants systematically share the content in their home units.

Many personal development stories show that the Halton Future Leadership Program has met expectations and will continue to do so.

Health and safety management

At Halton, the well-being of employees has always been a top priority. Halton is dedicated to continually enhancing health and safety management while fostering a culture of safety worldwide. This commitment aims to ensure the well-being of all employees, creating a positive, safe, supportive, and productive work environment.

Halton's current health and safety landscape is shaped by local regulations and the Halton Group's health and safety policy. Halton is committed to addressing both global and local health and safety requirements, ensuring regulatory compliance and adherence to established standards. Notably, the Halton Group Health and Safety Policy is currently under review to further strengthen these efforts.

Development actions in health and safety

Over the past year, Halton has improved health and safety management. A global health and safety survey conducted in November 2024 provided valuable insights into existing practices and highlighted areas for enhancement. In response to the survey findings, Halton established an internal network of health and safety professionals worldwide. This network aims to promote collaboration and communication regarding health and safety best practices, align on common health and safety actions, set global guidelines, and establish standardised definitions for health and safety lagging and leading key performance indicators. Currently, Halton's KPIs include safety observations, accident counts, lost time incident frequency (LTIF), and the sickness absence rate.

Halton is committed to enhancing health and safety reporting, regularly integrating it into the agendas of all leadership teams across every level of the organisation. This initiative fosters a culture of transparency and accountability, ensuring that health and safety concerns are addressed promptly and effectively.

By implementing comprehensive policies, continuous improvement actions, and targeted future objectives, Halton is dedicated to fostering an environment where health and safety are paramount. By collaborating and prioritising these critical issues, Halton ensures the well-being of its employees and further enhances the safety culture.

Annual sick days as a percentage of total working days by region

	2024	2023	2022
Finland	4.00	4.80	5.20
Other Europe	3.60	3.00	3.70
America	1.20	1.20	2.70
Asia	1.80	2.10	2.50
Halton Group	2.30	2.50	3.30

The percentage of men and women by region and year

	2024		2023		2022	
	Men	Women	Men	Women	Men	Women
Finland	72	28	73	27	71	29
Other Europe	82	18	83	17	83	17
Americas	87	13	88	12	87	13
Asia	79	21	78	22	81	19
Halton Group	81	19	81	19	82	18

Emplyees by age group

Age group	Number of employees	%
Under 30 years old	381	20
30-50 years old	996	51
Over 50 years old	565	29

Diversity and inclusion at Halton

The HVAC industry has long been characterised by male dominance. Statistics also reveal male dominance when examing diversity across Halton overall. At Halton, the representation of women is approximately 20%. This varies internationally, with figures ranging from 13% in the Americas to 29% in Finland.

Halton is focusing on promoting diversity in recruitment, particularly for key roles. Halton continues to follow the practice of ensuring that both male and female candidates are considered in the final round of job interviews. This approach is reflected in the reprentation at the top management level, where 38% of the board and 22% of the executive team are women.

Several studies show that diversity is an asset for companies. Proper implementation of diversity does not happen automatically. To ensure that diversity is well understood and its benefits are utilised, Halton has begun to customise diversity initiatives. This process, guided by a People First Inclusive approach, aims to instil a shared understanding of the importance of diversity among all management and leadership teams.

Operating in various regions around the globe, Halton's workforce is inherently diverse. Halton aims to enhance the naturally diverse elements of its business approach to foster creativity, collaboration and global teamwork. This initiative has commenced with SBA Foodservice. Leaders are encouraged to listen, prioritise people, and set aside their own perspectives and assumptions. It is crucial for leaders to grasp and prioritise diversity challenges since they manage budgets and influence employee behaviour. In alignment with Halton's values, management training provides consistent guidance and cultivates habits that enable all employees to achieve their fullest potential.

The inclusive management course, initially launched in Foodservice in April 2023, was expanded to all managers with approximately two-thirds completing it in 2024.

Employee turnover

When examining employee turnover trends year over year, it is important to note that data from Nelbud has been excluded due to its separate management of personnel information within Halton for the reporting year. In 2024, the average number of employees at Halton, excluding Nelbud, was 1,599. During this period, a total of 223 employees, including both permanent and temporary staff such as summer workers, left the company a decrease from 291 in 2023. This results in an overall employee turnover rate of 14.0%, down from the previous year's 18.0%. Among those who left, 139 were permanently employed, yielding a turnover rate for permanent employees of 8.7%, compared to 10.6% in 2023.

governance

GOVERNANCE

Economic value distributed to stakeholders

In 2024, Halton showed steady growth across all regions, particularly in the Middle East and Asia. The company's service sector expanded significantly, largely due to the successful development of Nelbud Services Inc., which was acquired in August 2021 and specialises in lifecycle services for professional kitchens. In 2024, the business's gross margin improved as supplier purchases increased at a slower rate than revenue. During the same year, Halton continued to prioritise research and product development, investing EUR 5.7 million, 1.9% of turnover, primarily in Europe and the United States. In the previous year, the investment was EUR 5.6 million, reflecting 1.9% of turnover.

In 2024, the interest paid on external funding arrangements increased due to rising market rates. Following a 2023 restructuring, the operating parent company, Oy Halton Group Ltd, paid dividends to the ultimate parent, Halton Venture Oy, for the first time. While maintaining the dividends paid to ultimate shareholders at the same level as the previous year, the group distributed dividends to minority shareholders in one location.

Halton Group's investments in new and refurbished tangible assets significantly increased compared to the already high amount in 2023. The focus was on low-carbon production, enhanced production capacity, and improved efficiency. Key investments were also made in advanced IT tools and systems. In the same year, the group's effective tax rate remained at the same level as the previous year.

Halton Group economic benefits/stakeholder groups

	2024		2023		2022	
	MEUR	%	MEUR	%	MEUR	%
Purchases from suppliers	124,1	39.3	127,9	42.8	117	43.4
Other goods and services	27,0	8.5	27,3	9.2	25,2	9.4
Salaries and other benefits	103,8	32.9	94,9	31.8	87,2	32.4
Social security payments	23,5	7.4	21,5	7.2	19,6	7.3
Interests paid	5,4	1.7	3,8	1.3	2,9	1.1
Dividends paid	6,1	1.9	2,5	0.8	2,3	0.9
Investments in machinery and equipment	16,0	5.1	14,2	4.8	7,3	2.7
Taxes paid	4,6	1.4	3,9	1.3	3,7	1.4
Left in company for further development	5,5	1.7	2,6	0.9	4,1	1.5
Turnover	315,8	100	298,5	100	269,4	100

Corporate culture

Halton is dedicated to ethical business practices and complies with all relevant laws and regulations. The values of customer focus, trust and ethics, teamwork, continuous learning, and a positive attitude guide Halton's operations and form the foundation of the organisational culture. As a responsible corporate entity, Halton upholds internationally recognised principles related to human rights, labour conditions, environmental protection, and anti-corruption. Halton has demonstrated its commitment to these principles by signing the United Nations Global Compact and incorporating them into Halton's Code of Conduct.

Sustainable supplier management

In 2024, Halton saw a slight decrease in the total value of purchases from suppliers, totalling just over EUR 150 million. Approximately 800 supplier companies account for 80% of Halton's purchases, while the remaining suppliers contribute minor amounts or maintain an inconsistent relationship with Halton. Each manufacturing unit emphasises sustainable and, when possible, local sourcing of raw materials and components based on availability.

Supplier audits play a vital role in Halton's sustainability practices, with essential suppliers being audited at least once every three years by internal category managers. These audits are carried out under the ISO 9001 quality system's environmental and social criteria. They ensure adherence to Halton's Supplier Code of Conduct, labour laws, and international labour conventions. Additionally, risk-based audits are conducted as necessary.

Sustainability is integral to Halton's supplier relationships. Halton monitors its suppliers to ensure compliance with all applicable labour laws and international labour conventions. Halton also prefers suppliers that adopt the ISO 14001 environmental management standard. Although specific improvement targets are not currently mandated, guiding suppliers on sustainability, along with themes of ethical sourcing and waste reduction, is important. New suppliers are required to acknowledge and accept Halton's Supplier Code of Conduct, and Halton strives for maximum compliance among existing partners.

Halton assesses supply chain risks by focusing on workplace safety and the fair treatment of

employees, waste management, responsible material sourcing, and renewable energy adoption. Halton prioritises local suppliers while remaining open to partnerships with multinational firms committed to sustainability. The criteria for selecting suppliers include environmental and social responsibility, cost-efficiency, innovation, and reliability.

In 2024, Halton made changes to reinforce its sustainability commitments. A pivotal decision was made to deepen the risk assessment of suppliers, ensuring that procurement practices align with Halton's sustainability goals. A comprehensive plan for sustainable sourcing was developed, reflecting Halton's dedication to responsible and ethical sourcing. To operationalise this initiative, Halton chose to implement EcoVadis as a tool for sustainable sourcing, reinforcing its commitment to evaluating and improving the sustainability performance of its suppliers.

Starting in 2025, sustainability will be fully integrated into supplier audits. This proactive approach ensures that suppliers uphold the highest standards of environmental and social responsibility, further aligning Halton's operations with the sustainability objectives.

Training in anti-corruption policies and procedures

As a multinational corporation with a presence in over 35 countries and a diverse network of customers and suppliers worldwide, it is essential to continuously monitor the economic environments across various nations. A crucial element of Halton's anti-corruption policy is the assessment of corruption risks in each country, utilising data from Transparency International's annual Corruption Perception Index.

Halton implements a zero-tolerance policy toward corruption, both internally and externally. To strengthen this commitment, Halton provides education for employees and suppliers through three key documents: the internal Code of Conduct, the external Supplier Code of Conduct, and the Halton Way leaflet aimed at employees.

All employees are familiar with the Code of Conduct, with supervisors actively encouraging adherence. During onboarding, employees engage with the Code of Conduct eLearning material, and additional resources are readily accessible on Halton's intranet, Halton HIVE.

To foster a culture of integrity, Halton provides a whistleblowing channel that complies with the EU Whistleblowing directive. This service, sourced from an external provider, guarantees the security of personal data, maintains the anonymity of whistleblowers, and ensures legal compliance. The confidential reporting feature on Halton's website allows anyone to report perceived or suspected misconduct anonymously, facilitating a thorough investigation in collaboration with the reporter.

Submitted notices are received by Halton's Fair Play Forum, which includes Halton's People and HR Director, Chief Financial Officer, and Chief Sustainability Officer. Access to the notifications and related materials is limited to this group. They handle the notifications confidentially, ask relevant questions, review associated materials, and interview those involved. The team documents its findings, draws conclusions, and prepares recommendations for further action. These are then presented to the CEO and Chairman of the Board for implementation.

Every suspected violation of the Halton Code of Conduct must be reported immediately to the unit manager or submitted anonymously through the Fair Play Forum via the Halton website and intranet. In 2023, Halton faced a corruption case that moved forward to court, with legal proceedings concluding in 2024. Additionally in 2024, three cases were addressed through the Fair Play Forum, involving two instances of suspected mistreatment and one case of constructive dismissal. All matters were resolved through the Fair Play Forum within the same year. With these concerns raised and cases effectively managed, Halton is confident in the effectiveness of its processes for identifying and addressing suspected misconduct or other inappropriate activities. Throughout 2024, there were no significant cases of non-compliance related to human rights within the Halton Group.

Corruption Index by Transparency International (TI) 2024

COUNTRY	SCORE (max 100)	RANK	COUNTRY	SCORE (max 100)	RANK
OWN PRODUCTION			LICENCE PRODUCTION		
Finland	88	2	New Zealand	83	4
Germany	75	15	Australia	77	10
UK	71	20	South Africa	41	82
Canada	75	15	Mexico	26	140
France	67	25			
USA	65	28			
Malaysia	50	57			
China	43	76			
Brazil	34	107			

Human rights

Halton is committed to upholding human rights throughout its operations. Halton's Code of Conduct and Supplier Code of Conduct are foundational to the company's efforts in promoting ethical and responsible business practices.

As a participant in the UN Global Compact, Halton has integrated the principles, including human rights, into its policies and procedures. Halton also aligns its practices with the United Nations Universal Declaration of Human Rights and the International Labour Organisation's (ILO) International Labour Standards. These frameworks guide Halton's actions and help promote respect, dignity, and fairness.

Throughout the year, Halton conducted audits and assessments to ensure supplier compliance. Halton identified non-compliance risks within the supply chain and recognises that a lack of transparency is hindering its ability to monitor and address potential issues. As a risk mitigation action,Halton decided to adopt EcoVadis to manage ESG risks and compliance within the supply chain.

Looking ahead, Halton will continue to prioritise human rights in its sustainability strategy. Halton is committed to fostering a safe, inclusive, and respectful working environment, ensuring that its business practices positively impact employees, partners, and communities.

HALTON'S CONTRIBUTION TO SDGs

The following section outlines Halton's contributions to the United Nations Sustainable Development Goals (SDGs). Halton has identified key areas of responsibility and specific actions that it will undertake to support these global objectives. Additionally, Halton will detail the indicators used to evaluate progress and determine whether it has successfully achieved the desired outcomes. This framework reflects Halton's commitment to sustainability and its role in fostering positive change within the community and beyond.

HALTON PROMISE	EXAMPLES OF ACTION
RESPONSIBLE GROWTH	
SDG 8 Halton invests in R&D and innovations. The company partners with or invests in startups and businesses that align with its corporate mission and sustainability goals. Additionally, Halton prioritises the well-being and training of its staff while providing opportunities for cross-border work. The company promotes high ethical standards in the workplace.	• Halton ensures that the People Policy is followed throughout the entire organisation by training supervisors and managers. Additionally, Halton makes sure that the Code of Conduct practices are reviewed not only when starting work at Halton but are revisited every two years through eLearning. • Well-being actions are implemented based on the global Engagement survey. Examples include safety training, office renovations, stress management training, activating contacts with occupational health, and advice on diet and exercise. As part of these efforts, Halton has earned the Platinum WELL certificate for its headquarters office in Helsinki. Additionally, Halton is utilising the eLearning platform to provide more effective training on the health and safety aspects of its operations. • Halton enhances the vitality of local communities across various regions through its local units, which are close to both employees and the markets it serves. Recently, Halton invested in a new Marine, Energy, and Infrastructure production unit in South Carolina, USA, to be closer to the customers.
CUSTOMER-DRIVEN SUSTAINABLE SOLUTIONS	
SDG 3 Halton creates healthy and comfortable indoor environments for people. Halton develops solutions that reduce the amount of hazardous particles and CO2 in indoor air while establishing high-quality indoor climate conditions.	• Development of Halton AirWatch, which continually monitors the indoor environmental quality in food service facilities and responds to sensor readings, ensuring optimised indoor conditions and high environmental quality in the kitchen. • Research on the decontamination of healthcare facilities to enable the development of solutions for enhanced hygiene in health and clean room spaces. • Introduction of GMP Annex 1 compliant hygiene clean room ceilings to enhance employee and process safety in clean room facilities.
SDG 9 Halton invests in local R&D near customers through Halton Innovation Hubs. Halton collaborates closely with universities, research institutes, and industrial research partners to generate new knowledge within Halton's sector.	• Halton is part of the E3 consortium focused on developing solutions for improved pandemic response and sustainability (2021–2024). • Identifying and establishing new manufacturing and R&D units close to the markets to minimise transportation emissions and facilitate local collaboration. • Collaborating with partners, educational institutions, and universities to develop air quality solutions for future ships, aimed at enhancing working conditions on board. • Numerous university partnerships in sustainable innovation, such as with Western Kentucky University on emissions monitoring and with Newcastle University on emissions reductions. • Reducing Halton's energy-related emissions and promoting low-carbon energy options.
SDG 11 Halton provides increasingly energy-efficient solutions that help its customers reduce their environmental impact. Additionally, Halton enhances outdoor air quality related to kitchen ventilation by developing pollution control systems.	• Halton continued preparing the environmental product declarations (EPD) for its products in 2024. The goal is to facilitate customers' access to information about the environmental impact of Halton's products. EPDs are created according to standard EN15804+A2. • Development of demand-driven ventilation solutions to decrease energy consumption, purify the air, optimise CO2 levels in the environment, and enhance wellbeing. • Monitoring energy usage in the laboratory ventilation system to enhance energy savings impacted by end-user activities. • Halton's Pollution Control Units provide high-efficiency performance, lower emissions, and seamless integration with existing ventilation systems, promoting sustainable kitchen operations and fostering a healthier environment.
ENGAGED EMPLOYEES	
SDG 4 Halton invests in employee competence development and collaborates with schools and universities to provide apprenticeships for young people and students. Halton also shares knowledge with other stakeholders to foster productive cooperation.	• Halton encourages and supports the continuous professional development of Haltonians worldwide. Halton offers opportunities and resources for development both locally and globally. Examples include local internal training organised by Halton specialists. For a wider audience, Halton provides online training in interpersonal and leadership skills. A new eLearning platform offers Haltonians a diverse range of modules, from technical training to sustainability. • Halton offers opportunities for students from schools and universities to complete technical, hands-on training. Examples include summer internship positions, apprenticeships, and thesis work opportunities in several countries. • Halton trains partners to configure and service its solutions to guarantee optimal indoor air quality and energy efficiency.
SDG 5 All Halton employees are treated equally, regardless of gender. Their salary and compensation are determined by the complexity of their job roles. Women have equal opportunities to advance in their careers across all positions in the organisation.	• Diversity training initiated in the Halton Foodservice business area is being expanded to other business units. Diversity is a continuum—an ongoing journey of unlearning and learning the deeply rooted dogmas that guide how organisations operate. • Halton is dedicated to enhancing the diverse aspects of its business approach to foster creative insight, collaboration, and teamwork worldwide. • In Halton units, the implementation of job architecture (work complexity and salary definition practices) utilised in Poland and Finland is being extended to Sweden. The work will also continue in other units. The job architecture promotes equal and gender-neutral remuneration. • Halton's technology sector has traditionally had a much larger male than female workforce. Halton has implemented and enforced practices to ensure that female candidates are considered for all vacant positions.
SUSTAINABLE AND EFFECTIVE OPERATIONS	
SDG 12 Halton is consistently reducing the amount of waste in its processes. When selecting raw materials, Halton considers recyclability, carbon footprint, and the percentage of recycled material.	• Halton monitors waste, particularly scrap metal, and enhances recycling capabilities across all plants. For instance, the use of a new punching production line at the Kausala plant has reduced scrap in certain products to 0-5% from previous levels exceeding 20%. All scrap metal is collected and recycled for use in new material production. • Conduct regular supplier audits that include reviews of environmental, health and safety, and corporate responsibility issues, making the Halton supplier code of conduct a mandatory component of contracts with suppliers. • Halton's products are designed to have long life cycles and high recyclability at the end-of-life.
SDG 13 Halton is systematically reducing CO2 emissions across all operations by enhancing energy efficiency and increasing the share of low-carbon energy. Halton develops increasingly energy-efficient solutions for customers to lessen their environmental impact. By increasing the value of their handprint and decreasing the value of their footprint, Halton can amplify its positive impact on society and the planet.	• In recent years, Halton production facilities have concentrated on minimising emissions. The emphasis has been on purchasing low-carbon electricity. In 2024, Halton successfully increased its solar energy production. • Transition the car fleet to low- or zero-emission vehicles to reduce fuel emissions. • Development of demand-based ventilation solutions and new products to utilise low-emission energy sources. • Buying steel with lower carbon intensity.

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