Managing Corporate Responsibility at Halton

Principles and Coverage of CR Reporting and Halton Sustainability Vision

Principals and coverage of CR Reporting

Halton references the Global Reporting Initiative standards as the basis for managing corporate responsibility and reporting on non-financial performance. Halton also recognises the requirements of the EU Directive on Non-Financial Reporting. The directive does not directly apply to Halton because Halton is a non-listed company, but many of Halton's customers conform to the directive, and as their supplier, Halton is keen to present similar policies and performance indicators.

The aspects and their indicators that are included n Halton's reporting have been chosen in the materiality assessment carried out by the Executive Team. In considering the materiality assessment, the Executive Team took into account the information collected in our stakeholder assessment, risk assessment and SWOT analysis.

The Halton Group consists of production units in four European countries and in five countries outside Europe. Licensed production is carried out in South Africa, Mexico, New Zealand and Australia. In addition to production units, there are sales offices in important market areas around the world. The Group employs nearly 1,900 people in over 35 countries. Halton's CR reporting covers all the production units.

We receive some information about our suppliers and the raw materials and components they supply us with, but we are not able to report details about what happened before our production. The same is true with the end of the value chain – we are not able to obtain information about how our products are used and how they are disposed of. Year by year, we will improve our data on the energy of our products consume when they are used, as well as the share of recycled materials in our production and the recyclability of our products at the end of their life cycles. In that way, we will widen our knowledge of our value chain in the future. All deviations and limitations are reported in connection with the indicators and the GRI Index.

Halton's key risks include financial, customer, competition, employee, delivery, data security, data protection, intellectual property rights, and environmental and social risks.

Halton

Risk Management in Halton Group

Goal

The goal of risk management is to secure appropriate risk identification, assessment and management, and to monitor the related impacts across the group in a manner that enables the group to achieve its strategic and financial goals.

Responsibilities

The Board of Directors will review risks during its annual group strategy implementation review, evaluate the adequacy of the risk management and, if necessary, propose corrective measures. In addition, the Board will regularly monitor at its meetings the realisation of risk management to consider the current status of different business operations. At these meetings, the executive management will provide the Board with an interim report on the business area operations.

The directors of business areas and business units will ensure that all units and staff in their business units abide by local laws and regulations, and the Halton Code of Conduct. The directors also ensure that relevant risk management practices are adhered to in their businesses.

Development Plan

Halton continuously develops risk management to cover the company's operations more comprehensively, clarify and enable proactive risk management responsibilities, and, where necessary, enact rapid corrective measures.

Management Principles Guiding Corporate Responsibility at Halton

In order to work systematically and take all necessary issues into account, CR work has been included in the group's common management system and Halton Group's Executive Team is responsible for the CR development work. The Executive Team makes decisions on management principles, operating models and programs and the general business principles (Code of Conduct) and reports to the Halton Board.

Roles and Principles

Halton's public management principles were approved on 1st of January 2019 by the Executive Team except for the Code of Conduct, which was approved on 1st of November 2017.

International Commitments

Halton is a multinational company, with its own production units in nine countries (2022) and sales covering almost all parts of the world. Therefore, it is natural that Halton has engaged in voluntary commitments to common international agreements and initiatives, which in Halton's case are:

- The UN Universal Declaration of Human Rights

- The OECD Guidelines for Multinational Enterprises

- The ILO Declaration on Fundamental Principles and Rights at Work and other relevant ILO Conventions

We endorse the United Nations Global Compact strategic initiative for sustainable business practices and support the Global Compact's Ten Principles focusing on human rights, fair treatment of labour, respect for the environment and anti-corruption. Halton joined as a Global Compact participant on 17th of December 2018.

Halton Group Policies Guiding Corporate Responsibility

More information about Halton's CR policies you can read here:

https://www.halton.com/governance/

Halton's Sustainability Vision

To clarify the connection between business and sustainability, Halton Board and Halton Group Executive Team kept two workshops during 2020. Part of the work, which dealt with the net impact of Halton´s business on the surrounding society, was carried out in cooperation with a third party, UprightProject Oy, which specialises in defining the net impact of companies. As a result of the work, we obtained a net impact analysis for Halton, which is presented in connection with the Sustainability Performance results together with the description of the method.

The results of the analysis were utilised in the definition of Halton's Sustainability Vision. The vision statement is presented beside this paragraph.

The Sustainability Vision was also linked to the Halton Sustainability Action Plan through the United Nations Sustainable Development Goals, to define and illustrate how Halton's development work contributes to the realisation of the goals. All 17 SDGs were considered, and nine of them were selected based on Halton's business influence on them. The action plan is described at the end of the Halton Sustainability reports.

We strive to continuously improve our Net Impact on the environment and society.

- We innovate sustainable solutions with our customers in chosen business areas to make together a more positive impact to the world.
- Sustainable development is at the core of our strategy and we actively set measurable targets to drive continual improvement towards the United Nation´s Sustainable Development Goals.
- Our operations are developed to enable us to become carbon neutral by 2023.

Halton