

A woman with dark hair tied back, wearing a light-colored patterned top and a small white earring, is shown in profile from the chest up. She is looking upwards and to the right with a serene expression. The background is a soft-focus green bokeh, suggesting an outdoor setting with trees. The overall mood is positive and hopeful.

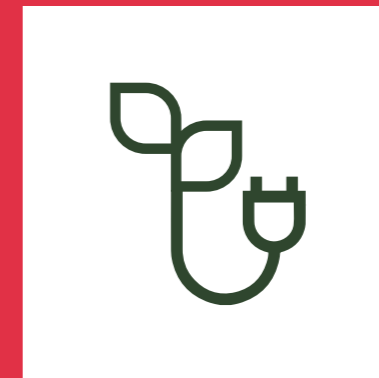
FRANKE

**SUSTAIN
ABILITY**

REPORT 2021

05	Sustainability at Franke
06	Group profile
08	Value chain and business strategy
11	Sustainability roadmap
14	CEO statement
17	Environment
20	Environment: SDGs in action
21	Managing environmental impacts in production
28	Managing environmental impacts outside production
30	The Styrofoam switch
33	Our People
37	Employees: SDGs in action
38	Enable and engage
41	Balance and belonging
45	Helping recent graduates thrive in their new careers

Society	49
Charities and donations	51
Corporate volunteering	52
Partnerships	52
Partnerships to shape future career paths	53
Governance	59
Governance: SDGs in action	61
Compliance	62
Product quality and safety	64
Business aspects	65
Organization structure and sustainability management	67
Annex	71
Reporting parameters	73
GRI content index	75
Contact	80



Sustainability
at Franke

Group Profile

In 2021, the Franke Group consisted of Franke Home Solutions, Franke Foodservice Systems and Franke Coffee Systems. The Group employed over 7,800 people worldwide and achieved consolidated net sales of CHF 2.56 billion in 2021.



Divisions



Franke Home Solutions

Offers products and services for food preparation, cooking, cleaning, waste disposal, ventilation, and air treatment in the home. Its range includes sinks, taps, worktops, waste management systems, extractor hoods and cooking appliances, as well as air purifiers and accessories.



Franke Foodservice Systems

Supplies kitchen facilities, equipment and solutions that meet the needs of global chains in the quick-service restaurant, convenience store and supermarket segments. Activities include outfitting new or renovated stores, assisting with campaigns to support the launch of new menus or service concepts, and delivering replacement equipment and other supplies to customers.



Franke Coffee Systems

Provides integrated coffee preparation systems for the commercial sector, which include fully automatic, semi-automatic and traditional machines, including equipment.

Figures

-21.8%

reduction in scope 1 and 2 CO₂e emissions (relative to net sales) compared to 2020

5,767

LinkedIn Learning courses completed in 2021

40.4%

of the total electricity consumed across the Franke Group came from renewable sources in 2021

85.4%

of the packaging used in 2021 was made from renewable materials

96.4%

of Franke production sites with a certified quality management system according to ISO 9001 in 2021

Net Sales 2021

Net Sales by division



	IN M CHF
Franke Home Solution	1,118
Franke Foodservice Systems	1,077
Franke Water Systems	95
Franke Coffee Systems	302

Net Sales by region



	IN %
Europe	49.7%
The Americas	35.6%
Asia/Oceania	12.4%
Africa/Middle East	2.3%

Employees by region 2021



	IN %
Europe	63.1%
The Americas	17.4%
Asia/Oceania	17.9%
Africa/Middle East	1.6%

Organization 2021

Board of Directors

Christian Mäder, Chairman
Alexander Pieper, Vice Chairman
Patrick Naef
Michael Pieper
Dr. Michael Reinhard
Tanja Vainio

Group Management

Patrik Wohlhauser, CEO

Group Functions

Finance: Jürg Fischer

Human Resources: Beat Sigrist

Operations: Gianluca Mapelli

Information Services: Markus Bierl

Franke Group Owner

Michael Pieper

Divisions

Franke Home Solutions

Barbara Borra

Franke Foodservice Systems

Patrik Wohlhauser a.i.

Franke Coffee Systems

Marco Zancolò

Locations worldwide

As of August 2022, Franke operates with sales companies in 34 countries, with its head office in Aarburg, Switzerland.

Europe

Belgium, Czech Republic, Denmark, France, Germany, Greece, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

Americas

Argentina, Brazil, Canada, Mexico, USA

Asia/Oceania

Australia, China/Hong Kong, India, Japan, Philippines, Singapore, Thailand

Africa/Middle East

Egypt, South Africa

Brands

Franke Dalla Corte Carron Phoenix Elikor
Eurodomo Faber Kindred Mepamsa Roblin Spar

Value Chain and Business Strategy

Franke business model





Franke specializes in food and beverage preparation solutions for commercial and residential use. In the commercial segment, we equip foodservice kitchens with integrated systems, as well as away-from-home coffee preparation. In the private segment, we equip household kitchens with integrated kitchen systems for food preparation, cooking, and exhaust air cleaning. Franke's high-quality, reliable, and repairable products are designed for durability, leading to lower raw material and energy footprints compared with similar products that have shorter lifespans. Franke products are also developed with energy efficiency at their core — a vital feature for products that undergo intensive daily use by consumers. By designing Franke products for optimum efficiency, we help our customers save resources such as energy and water during use.

Changes to the business structure in 2021

Franke merged two of its divisions in 2021: Franke Kitchen Systems and Faber Hoods & Cooking Systems became Franke Home Solutions, enabling greater synergies and successes to be leveraged throughout the organization.

The second main change was the divestment of Franke Water Systems to enable a stronger focus on our business activities in the commercial and residential kitchen segment. Full details of the business units and locations involved in the divestment can be found on page 73.

Our strategic areas

	Commercial	Residential
Kitchen and coffee preparation systems	Restaurant   LANDLORD BUSINESS OWNER Franke Foodservice Systems Franke Coffee Systems	Kitchen   HOME OWNER LANDLORD Franke Home Solutions

The Franke value chain



Franke's value chain is global, encompassing suppliers of raw and partly constructed materials (predominantly stainless steel and plastics), manufacturing and sales operations, distribution, end users of Franke products, and end-of-life disposal. Franke's manufacturing plants and offices are located in 34 countries, while its products are exported to over 100 countries. Some products are sold directly to end users, for example global fast-food chains; other products are sold via intermediaries such as kitchen dealers, DIY stores, and home solution stores. Customers also include multinational corporations that rely on Franke as an original equipment manufacturer (OEM), meaning that the actions we take at Franke, and the products we produce, can significantly influence the resource efficiency of these global organizations. People and resources are involved at every step of the value chain, and each of these stages provides an opportunity for us to manage our environmental and social impacts.

The intensification of our sustainability approach in 2021 is the first step in addressing our wider impacts across the value chain. Product and process innovation will play a key role in our activities, with the aim of integrating principles of circularity into the design of our products, for example: prioritizing materials and components from sustainable sources, further developing our processes to reduce waste and optimize efficiency in production, reducing and improving the sustainability of our packaging, designing our products to optimize energy efficiency throughout their use, and enabling easy dismantling and recycling of parts at the end of their life cycles.

In addition to environmental impacts, the health and safety of all those that come into contact with our products, be they employees or end users, is one of our top priorities. Since most of our products are used for food or beverage preparation, we are continuously looking to optimize the positive impacts they have on consumers' health. Examples include our product innovations for more hygienic contactless controls and air sanitizers built into our extractor fans to purify the air.

Relevant stakeholders in 2021

The visual on the next page shows the stakeholders that Franke considers the most relevant to its operations and decision making in 2021, and the engagement methods for receiving their feedback. These stakeholders were selected as being significant for a systematic stakeholder dialog because they fulfill at least one of the following two criteria: they exert a strong influence on Franke's economic, environmental, or social performance and/or are strongly influenced by Franke's economic, environmental, or social performance.

Dialog with external stakeholders is currently highly decentralized. We are formalizing our engagement with the representatives of key stakeholders, with the aim of establishing a structured dialog process going forward.

Most important stakeholders 2021



Sustainability Roadmap

Franke has reported on its material sustainability impacts since 2011 – the year in which Franke joined the United Nations Global Compact and adopted the Ten Principles of the United Nations Global Compact for sustainable and responsible business. We recognize that our large-scale, global operations and resource-intensive products require us to take significant responsibility for managing our environmental and social impacts.

While we have made progress over the past decade, for example, reducing the Group's global scope 1 and 2 greenhouse gas (GHG) emissions annually by 10 percent since 2016, we decided to further prioritize our sustainability efforts in 2021, integrating the most material topics into Franke's core business strategy. Our aim is to incorporate sustainability-focused activities and targets across our operations, processes, and product lifecycles. In this way, sustainability becomes a defining feature of all the Group's activities, across the entire value chain. This is a long-term undertaking, but we have taken the first vital steps with the formation of the new sustainability approach.

Franke's new vision for sustainability

Our approach is anchored on three pillars: the environment, our employees, and society, and is underpinned by one of our core Franke values: we act responsibly. Through this value we emphasize the importance of caring for people and planet by creating long-term positive impact beyond financial returns and company lines and taking care of others' health and well-being. The value also highlights the importance of valuing differences – contributing to an inclusive climate where everyone is seen and heard, and where the value of different skills, cultures and backgrounds is recognized and celebrated. The three pillars of our sustainability strategy and our key vision and commitments for each pillar include:

The environment

Franke vision: Become net CO₂e neutral in production by 2030 and across the whole value chain by 2040.

Franke commitments:

Increase energy efficiency and share of renewable energy; increase share of recycled waste; decrease CO₂e impact of product lifetime usage and supplied materials and products; offer more end-of-life solutions for Franke products.

CO₂e explainer

CO₂e, (carbon dioxide equivalent) is a metric measure used to compare emissions from all greenhouse gases (methane, nitrous oxide, hydrofluorocarbons etc.) on the basis of their global warming potential compared with that of carbon dioxide. It creates a standard unit which can be used for measuring carbon footprints, taking all greenhouse gasses into account.

Our people

Franke vision: Be the market leader in enabling and engaging employees and promoting health and well-being; have a workforce that is a fair social representation of the markets in which we operate.

Franke commitments: Foster a work environment that empowers every employee with a high sense of belonging; increase the number of (leadership) training hours each year to reach at least one week of dedicated training per employee by 2030; increase the diversity of ages, genders, culture, and skills across organizational levels.

Society

Franke vision: Every year, make significant contributions to different societal needs through charities and donations, volunteering, and partnerships.

Franke commitments: Increase the number of volunteering hours per employee per year, focusing on different societal needs; support communities and organizations through yearly charities and donations; partner with national and international organizations to make advancements on a range of social issues.

Sustainability Strategy Three Impact Areas:

Environment

By reducing and removing emissions, we want to reach net zero emissions by 2030 when it comes to production, and by 2040 when it comes to the organization's entire value chain.

REDUCING OUR LIFE-CYCLE IMPACT

Energy Management
Resources & Waste
Materials & Supply
Resource Efficiency in Usage
End of Life
Distribution

Our People

Franke wants to provide a work environment that is engaging and inclusive – one that empowers its diverse employees to learn and do their best work every day.

ENABLING, ENGAGING AND EMPOWERING OUR EMPLOYEES AT ALL LEVELS

Learning & Development
Engagement & Empowerment
Diversity & Inclusion
Health, Safety, and Well-being

Society

Franke wants to make significant contributions to key societal needs and the well-being of communities. To do so, it focuses on partnerships, volunteering and donations.

BEING A GOOD CORPORATE CITIZEN

Charities & Donations
Volunteering
Partnerships

Franke's contribution to the United Nations Sustainable Development Goals (SDGs)

The SDGs were developed by the United Nations (UN) in 2015 in order to drive sustainable development across the globe. Global companies have a particularly strong influence on the achievement of these targets, and by integrating sustainability goals across our business activities, we demonstrate a stronger commitment to global initiatives supporting sustainable development. We began reporting on our contributions to the SDGs in 2017 and in this report, we detail the goals and targets where we make the most significant contributions.

Benefits of intensifying our sustainability approach

Alongside our moral and ethical responsibilities to contribute towards prosperity for people and the planet, we have a responsibility to all stakeholders for taking a more sustainability-centric approach to doing business. Companies with a comprehensive, integrated sustainability strategy can respond much more flexibly to economic, social, environmental, or regulatory changes. An increased focus on sustainability can lead to enhanced efficiency within operations and cost reductions. New markets can be leveraged for products that are produced more sustainably and those that incorporate more resource-efficient features into their design. On a social level, employee well-being is often higher in companies with a strong sustainability focus, leading to greater employee retention rates. It also becomes easier to attract new talent as employees increasingly look to the sustainability efforts of prospective employers.

Materiality assessment

Our material topics were identified during a detailed analysis conducted in 2017 in accordance with the GRI Standards. For each of our material topics we set out to define concrete targets and establish relevant baselines for each topic. We then began creating roadmaps to direct our actions and progress. For some of our material topics, for example carbon emissions, we also investigated the most appropriate frameworks and reporting initiatives to use, such as the Greenhouse Gas (GHG) Protocol, the Carbon Disclosure Project (CDP), and the Science Based Targets initiative (SBTi). A more detailed description of our materiality analysis can be found on page 73 in the Annex.

The following topics were identified as being material to our environmental, social or governance (ESG) impacts and are covered in the succeeding chapters:

- Energy efficiency in production
- Material efficiency in production
- Water and wastewater management
- Resource-efficient products (energy)
- Leadership development
- Occupational health and safety
- Profitability
- Business integrity
- Human rights
- Product reliability and longevity
- Product safety
- Product innovation

Overview of the 11 targeted SDGs

Environment



Ensure availability and sustainable management of water and sanitation for all.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Our people



Ensure healthy lives and promote well-being for all at all ages.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Achieve gender equality and empower all women and girls.

Governance



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



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

CEO Statement



Dear Readers,

2021 was in many ways a year of social and economic recovery following the Covid-19 pandemic. Thanks to the rapid vaccine development and national immunization programs, businesses and communities around the world gradually resumed regular activities while learning to live alongside regulations and measures necessitated by the pandemic.

Together with Covid-19, the increasing urgency to address climate change was a key global topic. Numerous destructive weather events brought the climate crisis into sharper focus in 2021, and governments and businesses were challenged to accelerate their efforts to reduce greenhouse gas emissions in line with the Paris Climate Agreement.

Our CO₂e balance was reduced for the sixth year running.

As noted in last year's sustainability report, we are intensifying efforts across the Franke Group to manage our environmental impacts. Over the past year we have made solid progress integrating sustainability goals into our core business activities. We recognize that only through target setting and

monitoring we can create lasting positive change across vital environmental, social and governance (ESG) topics.

Regarding our emissions progress, we reduced our CO₂e balance for the sixth year running, with a 21.8 percent decrease on our scope 1 and 2 emissions relative to net sales compared with the previous year. Reasons for this reduction include increasing our share of renewable energy – both purchased and generated onsite, and increased energy optimization across our facilities. You can read more about our progress starting from page 21.

The overarching goal is to become net CO₂e neutral across the Franke value chain by 2040.

As part of our sustainability approach, we have introduced new key performance indicators (KPIs) in this report – including the share of renewable electricity we consume and the share of renewable packaging. On a broader level, we are currently building our scope 3 emissions inventory through the Greenhouse Gas (GHG) Protocol and using this data to set emissions reductions targets aligned with the criteria formulated by the Science Based Targets initiative (SBTi). Our overarching goal is to become net CO₂e neutral across the Franke value chain by 2040.

Sustainability is not only concerned with environmental impacts – it also includes social and governance aspects, and in 2021 we began developing a global strategic directive for monitoring and improving diversity and inclusion at Franke. Strategic initiatives such as new recruitment practices will be rolled out in 2022 and beyond.

As a company which prides itself on challenging the status quo, learning and improving the way we work, we have fully embraced the concept of hybrid working arrangements for our office-based employees. Our new policy allows employees

to spend up to 40 percent of their time working remotely if their role permits. This demonstrates our emphasis on greater employee autonomy and empowerment, which we believe drives performance and wellbeing.

As always, ensuring the health and safety of our employees is a top priority for us at Franke. At the end of 2021, 24 out of 28 production sites were certified to ISO 45001 standards (85.7 percent) – compared to 75 percent in the previous year, while the number of injuries requiring time off work fell by 5.3 percent.

We began developing a global directive for improving diversity and inclusion.

Looking beyond our company boundaries, we aim to create social value in the communities in which we operate. In 2021, we donated 77,860 Swiss francs (cash donations) and products worth more than 130,000 Swiss francs to charities. Going forward, we will develop a cohesive strategy for social engagement, defining focus areas to ensure that we achieve the greatest possible social impact.

In financial terms, the Franke Group ended 2021 in a strong position, with net sales up 17.4 percent to 2.56 billion Swiss francs and operating profit (EBIT) up 115 percent to 169.8 million Swiss francs. This was largely due to a resurgence in consumer demand. All three Franke divisions contributed to this strong net sales increase and we must applaud our employees for their adaptability and dedicated work ethic.

Looking at where we stand today, we cannot ignore the current devastating events in Ukraine, along with the worsening global cost of living. The impact that these events will have on supply chains, production, consumer demand and the wellbeing of our employees cannot be underestimated. However, we are confident that with the strong financial foundation of the Franke Group, a more integrated approach to fundamental ESG topics together with our positive team spirit, we can overcome any challenges ahead.

Patrik Wohlhauser
CEO Franke Group



Environment

Environment

Our contribution to the SDGs



ENERGY EFFICIENCY IN PRODUCTION

SDG 7: affordable and clean energy
SDG 13: climate action



WATER, WASTEWATER

SDG 6: clean water and sanitation



MATERIAL EFFICIENCY IN PRODUCTION

SDG 12: responsible consumption and production
SDG 13: climate action
SDG 15: life on land



RESOURCE-EFFICIENT PRODUCTS

SDG 13: climate action

As stated by the United Nations, climate change is a global emergency that goes beyond national borders. It is an issue that requires international cooperation and coordinated solutions at all levels. To stand the greatest chance of limiting global warming to 1.5 degrees Celsius – the globally agreed minimum for avoiding the most severe effects of climate change – countries need to become carbon neutral by 2050. Our vision at Franke is to become net CO₂e neutral in production by 2030, and net CO₂e neutral across the entire Franke value chain by 2040.

Previously, our environmental activities focused on individual segments of the value chain where we can exert the most influence, and where the greatest impact can be achieved. This included product development and innovation, and resource efficiency. Through localized energy management actions, our CO₂e emissions from production have fallen by around 10 percent annually since 2016. Over the past year, the CO₂e emissions relative to net sales were even reduced by 21.8 percent. While we are proud of these efforts, we know the biggest challenges and opportunities lie ahead. To accelerate our progress, we have prioritized sustainability as a strategic component that encompasses, supports, and shapes all of the Group's activities. This broader approach accounts for the environmental impacts outside our direct operations – those generated throughout our products' lifecycles, such as materials and supply, distribution, product usage, and end of life. We will also take into account other forms of scope 3 emissions, such as corporate travel and employee commuting.

Transitional risks: There are currently no specific CO₂e regulations, such as emissions ceilings, with which we must comply, however Franke has set its own ambitious plans to continuously reduce CO₂e emissions on a voluntary basis, especially at energy-intensive production sites.

Opportunities: We recognize the increasing market for products that consume fewer resources such as energy and water, driven by consumer demand and increased regulations. As such, we have adopted water and energy conservation criteria into our innovations process for product development to ensure these are key considerations from the outset. We also recognize the opportunities derived fostering a culture of greater innovation in order to meet our emissions targets and the related global climate goals.

Climate change: risks and opportunities for Franke

The Chief Risk & Real Estate of the Franke Group has oversight of risk assessments – a vital part of organizational planning to manage possible future climate change scenarios, while the Executive Board has responsibility for overall management of activities relating to reducing Franke's environmental impacts. Through our assessments, we have identified the following potential risks and opportunities posed by climate change:

Physical risks: Some of Franke's production sites are in areas at higher risk of severe weather events such as flooding or tornadoes. In case of such events, production could be disrupted, and workers could be at risk of injury.

Setting science-based emission reduction targets

We currently estimate that around 10 percent of Franke's emissions come from production while around 90 percent are generated upstream or downstream in the value chain (more accurate estimates will be available by Q3 2022).

Monitoring and taking steps to reduce these scope 3 emissions is therefore vital for making progress on our climate-related goals. To develop a comprehensive inventory of our scope 3 emissions, we are following guidance developed by the Greenhouse Gas (GHG) Protocol, which categorizes greenhouse gases under the following:

Scope 1: Emissions from sources that are owned or controlled by the organization, e.g., through the combustion of fuels needed for production processes.

Scope 2: Emissions from the generation of acquired and consumed electricity, heat, steam or cooling (consumed by the organization, but generated elsewhere).

Scope 3: Emissions that occur as a consequence of the operations of the organization but are not directly owned or controlled by the organization, e.g., emissions generated during the external manufacture of product parts (semi-finished and finished products), during transportation and distribution (upstream and downstream), during waste disposal and end-of-life treatment of manufactured products.

While establishing our scope 3 inventory, we are also in the process of setting clearly defined science-based emission reduction targets, in line with the Paris Climate Agreement. We are developing these targets using criteria formulated by the Science Based Targets initiative (SBTi) and they are required to be verified by the SBTi before August 2023.

In the following sections, we highlight the progress made in 2021 to reduce our environmental impacts in production and along our value chain.

chain (scope 3 emissions), with new KPIs introduced in this report and more to be introduced in the future.

greenhouse gas emissions. Franke is also starting to conduct product life cycle assessments (PLCAs) for its products.

Environment: SDGs in action

Franke contributes to the following SDGs and targets through the activities outlined within our environmental pillar:

SDG 6: Clean water and sanitation

Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Franke helps reduce users' water consumption through its resource-efficient product range for kitchens, contributing to the sustainable management of water. Franke also ensures the efficient use of water in production while striving for a more sustainable use of water resources throughout the entire water cycle. Specific targets for water reduction in production and through product life cycles will be established in the future.

SDG 7: Affordable and clean energy

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Franke is integrating more renewable energy into its energy mix, with 40.4 percent of electricity consumption in 2021 generated by renewables. The continued installation of solar photovoltaic panels at various Franke sites will enable Franke to generate a greater share of its own renewable energy in the years to come.

Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

Franke has implemented numerous energy saving and optimization measures, leading to a 17 percent reduction in energy consumption relative to net sales over the past year. A recent in-depth energy audit conducted at its manufacturing plant in Slovakia has identified further energy saving measures which will be implemented in 2022 and beyond.

SDG 12: Responsible consumption and production

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Franke's efficient use of resources, materials, and process optimizations has led to an 8 percent reduction in waste relative to net sales in 2021 compared with the previous year, while Franke is increasing its use of renewable and recyclable packaging, such as cardboard. In 2021, 85 percent of Franke's packaging came from renewable resources compared with 75 percent in 2020.

Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. Franke has produced an annual sustainability report since 2011 and is broadening its scope to include impacts across its value

SDG 13: Climate action

Target 13.2: Integrate climate change measures into national policies, strategies and planning.

Franke's increasing use of renewable energy makes an important contribution to indicator 13.2.2 of this target, which measures total greenhouse gas emissions per year. Franke's overall approach to improving resource efficiency within its production processes and products, and its high proportion (70.3 percent) of recycled waste also contributes to lowering

SDG 15: Life on land

Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

An estimated 90 percent of the total cardboard used for Franke products consists of recycled constituents, and 85 percent of the packaging used in 2021 was made from renewable materials.

Managing environmental impacts in production

Our overarching goal is to become net CO₂e neutral in production by 2030. The following sections detail the key measures we took in 2021 to reduce the emissions which occur or are managed within the production process (which also include scope 3 emissions, for example packaging and waste). We also include details about our water consumption. While water consumption is not classified within any emissions scopes outlined by the GHG protocol, it is directly related to production and is a material environmental topic for Franke.

In 2021 we reduced our scope 1 and 2 emissions by 22 percent from the level in 2020, relative to net sales. The largest proportion of our scope 1 and 2 emissions (70 percent) comes from our electricity consumption and district heating, while fuels and combustibles account for 30 percent. CO₂e emissions from fuels and combustibles fell by 16 percent in absolute terms, to 11,683 tons in 2021. CO₂e emissions from electricity and district heating fell by 3 percent, to 26,145 tons. Our goal for 2022 is to achieve a further 12.5 percent reduction in scope 1 and 2 emissions relative to net sales.

CO₂e emissions

	UNIT	2021	2020*	DIFF. 2021/2020
Scope 1 (from fuels and combustibles)	Metric tons (t)	11,683	13,946	-16.2%
Scope 2 (from electricity and district heating)	Metric tons (t)	26,145	27,043	-3.3%
Absolute CO₂e emissions (scope 1 and 2)	Metric tons (t)	37,461	40,791	-8.2%
Relative CO₂e emissions	Mt/m CHF	14.650	18.732	-21.8%

* The table includes data from Franke Water Systems Division in 2020. This data was not collected for 2021 due to the sale of the division in April 2021. The Water Systems Division accounts for a relatively small proportion of the overall data, therefore the historical values for 2020 and earlier have not been adjusted.

Energy efficiency in production

The main forms of Franke's purchased energy comprise electricity, natural gas, district heating and extra-light heating oil, with electricity accounting for 50.7 percent of total energy consumption in 2021. By monitoring energy use across our facilities, we can identify areas for efficiency optimization, helping us to reduce our energy use and related CO₂e emissions.

Electricity consumption

Over the past year we have reduced the absolute megawatt hours (MWh) of electricity consumed by 5.7 percent, to 80,274 MWh; while consumption relative to net sales has fallen by 19.7 percent. This was largely attributable to the following:

- Switching to LED lighting and increased working from home at Franke s.r.o. in the Czech Republic (due to Covid-19 and the demolition of a neighboring building);
- Increased working from home at our Coffee Systems facility in Germany;
- The closure of a warehouse in Belgium and a production site in the Netherlands;
- A reduced number of employees at Franke Sistemas de Cozinhas do Brasil Ltda, Brazil;
- Lower sales volumes requiring less production/machine time at S2K Graphics, Inc., in the US.

Additionally, in the US, our energy provider TVA converted several coal generation plants to natural gas in 2021 which resulted in lower CO₂e emissions for Franke.

While the overall Group level of electricity consumption was lower in 2021, it did increase for some legal entities, mainly due to a rise in production levels following the pandemic and increased consumer demand. In Russia there was a 747,500 kWh increase in non-renewable electricity consumption following the introduction of a new Franke Food Service production that requires higher amounts of welding.

We collected data on electricity consumption from leased vehicles for the first time in this reporting period. While this does not contribute to emissions from production (it is categorized as a scope 3 emission) it is important that we monitor this as part of our broader approach to emissions. Across the Franke Group, we recorded 8,040 kWh of electricity used to power lease vehicles in 2021. We will continue reporting on this indicator in future years.

Natural gas, heating oil, diesel, and gasoline consumption

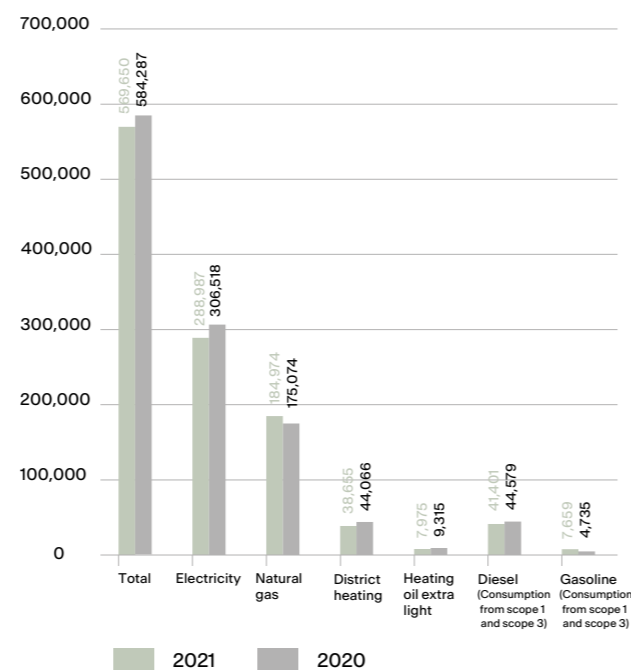
Franke Group's absolute consumption of natural gas increased by 5.7 percent, for a variety of reasons, including an increased need for heating at the sites in the Czech Republic, France, Germany, and the US due to a colder winter in this reporting period. There was also an increase in production of painted products at Franke HS Turkey Hoods in Turkey; and the reopening of more premises following lockdowns in the previous year in – for example – the plant in Slovakia. An additional gas boiler was also installed at the plant in Slovakia in 2021 due to increased production of Fraganite sinks.

Some locations saw a reduction in the consumption of natural gas in this reporting period which helped keep the overall increase relatively low, for example in the UK more employees worked from home in the colder months of 2021, compared with 2020.

In comparison with the slight increase in natural gas consumption, the Group's absolute consumption of heating oil fell by 14.4 percent in 2021, largely due to the closure of a warehouse in Belgium and the closure of a small production site in the Netherlands.

For this reporting year we recorded the emissions generated through diesel and gasoline consumption from leased vehicles separately to the emissions generated by vehicles owned by Franke since they equate to different scopes (scope 3 versus scope 1). The same is true for the electricity consumption. In total, 2,886 tons of CO₂e were generated through the use of leased vehicles, however this does not include data

Energy consumption in gigajoule



* Subsequent data corrections for 2020

from all entities - some still grouped all diesel and gasoline consumption under production (scope 1). This will be corrected in future years.

The Group's absolute consumption of diesel (scope 1 and 3) decreased by 7.1 percent in 2021 compared with 2020. This was partly due to the sale of Franke Water Systems division in 2021 and fewer customer visits across the Franke Group in 2021. Some entities saw an increase in diesel consumption however, largely attributable to the need for backup generators in China following government-imposed restrictions on electricity use.

Consumption of gasoline increased by 61.8 percent in absolute terms in 2021. This increase was largely attributable

to Franke Coffee Systems UK reporting their data for the first time in 2021 (approximately 76,000 litres of gasoline). Some entities saw a slight reduction in their gasoline consumption, due to Covid-19 disruptions - for example at Franke Kindred Canada Ltd; and due to a switch to electric or diesel vehicles at Franke Nederland B.V., the Netherlands, however these reductions were not significant enough to impact the overall increase that was recorded. The overall consumption of heat or steam from district heating fell by 12.3 percent, again due to increased working from home in the cold winter months. With all energy sources combined, the Franke Group achieved a 22.3 percent reduction in total energy consumption relative to net sales in 2021 compared with 2020.

Energy consumption (in absolute terms)

	UNIT	2021	DIFF. 2021/2020	2020*
Electricity	MWh	80,274	-5.7%	85,144
Natural gas	m ³	5 091,288	5.7%	4 818,798
District heating	MWh	10,737	-12.3%	12,241
Heating oil extra light	Liters	221,561	-14.4%	258,813
Subtotal excluding fuel	GJ	520,590	-2.7%	534,974
Diesel (Consumption from scope 1 and scope 3)	Liter	1 160,013	-7.1%	1 249,057
Gasoline (Consumption from scope 1 and scope 3)	Liter	243,957	61.8%	150,807
Total	GJ	569,650	-2.5%	584,287

* Subsequent data corrections for 2020

Energy consumption (in relation to net sales)

	UNIT	2021	DIFF. 2021/2020	2020*
Electricity	MWh/Mio. CHF	31	-19.7%	39
Natural gas	m ³ /Mio. CHF	1,991	-10.0%	2,213
District heating	MWh/Mio. CHF	4	-25.3%	6
Heating oil extra light	Liter/Mio. CHF	87	-27.1%	119
Fuels (Consumption from scope 1 and scope 3)	Liter/Mio. CHF	549	-14.6%	643
Total	GJ/Mio. CHF	223	-17.0%	268

* Subsequent data corrections for 2020

* In 2020 and 2021, diesel and gasoline consumption from lease vehicles for some legal entities was incorrectly included in scope 1 and 2 diesel consumption figures, rather than scope 3 figures. This will be corrected in future years (see full details on page 74 in the Appendix).

Environmental management systems

We utilize environmental management systems (EMS) to help us to ensure that the ecological effects of our activities are identified and controlled, that our operations are as efficient as possible and fully compliant with national and international environmental regulations. As part of our EMS, we strive for the continuous certification of all Franke production companies to the ISO 14001 standard. By the end of 2021, 25 out of 28 production companies had been certified to this international standard.

Environmental management systems

	2021	2020
Production sites certified in accordance with ISO 14001	25/28	31/36

* The total number of production companies within the Franke Group reduced from 36 in 2020 to 28 in this reporting period, due to the sale of the Franke Water Systems division in 2021 and the merging of a number of production sites.

Identifying energy optimizations in production

For the Franke sites with the greatest energy consumption, we conduct extensive energy audits to identify areas for energy optimization. In 2021 we conducted an energy audit for our manufacturing plant in Strecno, Slovakia, which produces our Fraganite and Tectonite sinks. The plant also contains a storage warehouse and office facilities, with a total heated area of 17,560 m².

The audit, conducted by DM Energieberatung AG, analyzed a full year of energy consumption at the plant (September 2020 to August 2021) and identified significant gains to be made, for example in optimizing Tectonite hydraulic presses to consume less electricity during low pressure phases (saving around 333 MWh per year); reactivating air circulation for equipment to prevent unnecessary heating costs for air that is currently extracted from outside the building (saving around 1,000 MWh natural gas per year and 183 tons of CO₂e); and recovering the waste heat from exhausted air by retrofitting air handling units (saving around 2,650 MWh natural gas per year and 485 tons CO₂e). In total, the audit provided 15 potential measures we could consider employing to improve energy efficiency and reduce overall energy consumption at the Strečno plant.

Best practice guidance from all Franke audits is shared across the Franke Group. Through past audits we have learned that hydraulic presses are intense energy users, accounting for

up to 50 percent of a facility's entire electricity use, and some presses have unnecessarily high base loads during idle times. We have developed guidance for our facility managers to help reduce unnecessary energy consumption from these presses, and similarly, we provide guidance for optimizing the use of air handling solutions (for fresh air supply, exhaust and climatization purposes). Ensuring regular maintenance of heating systems is another important measure to prevent energy waste, and utilizing waste heat from production, for example by redirecting the heat to function as space heating in our facilities in winter can also contribute to lowering our energy consumption.

By implementing these measures, we aim to reduce the megawatt hours of energy consumed in Franke's direct operations in 2022 by 5 percent compared with the amount consumed in 2021, relative to net sales. Each manufacturing location has a template for monitoring their energy use, together with best practice guidance to help identify and implement future improvements across Franke locations.

Transitioning to more shares of renewable energy

Switching to renewable forms of energy is the second part of our energy management approach. We can increase our use of renewable energy in 2 ways: purchasing more renewable energy (in some countries in the form of renewable energy certificates, or RECs) and by generating renewable energy onsite. In 2021, renewable electricity comprised 40.4 percent of the total energy consumed across the Franke Group, and we expanded the photovoltaic (solar) installations at Franke locations in Italy and the Netherlands.

Our 2022 target is for renewable energy to account for at least 5 percent of total energy consumption across all Franke locations (production plants, offices, and warehouses). While some of our legal entities exceeded this target in 2021 (mostly our larger entities), many consumed much lower proportions of renewable energy, therefore the overall goal for the Franke Group is set at a lower rate for 2022 to ensure that as many entities can achieve the target as possible.

We also aim to have our facilities in Turkey, Italy and Slovakia powered completely by renewable electricity in 2022, and we are studying possible options for our facilities in Germany and Poland. For Franke facilities in China, South Africa, and the US, there are no possibilities to switch to renewable energy at this time.

Material efficiency in production

Producing Franke products globally requires significant quantities of raw materials and components. The main materials we use in production are metals, predominantly stainless steel, carbon and galvanized steel, quartz, and plastics, as well as semifinished and finished products. Since Franke is a downstream industry, we do not import any conflict minerals directly.

The amount of all raw materials purchased in 2021 exceeded the amounts in 2020 due to resurgence of production following

Materials by weight

MATERIALS IN METRIC TONS (T)	2021	2020	DIFF. 2021/2020
Stainless steel	29,775	25,276	17.8%
Carbon and galvanized steel	14,000	10,800	29.6%
MMA (methyl methacrylate), mostly used for acrylic	2,840	2,050	38.5%
Quartz	10,740	7,150	50.2%
SMC (sheet moulded compound), mostly used for fiber-reinforced plastics	2,440	1,820	34.1%
Plastic	4,263	2,068	106.1%
Brass	2,852	2,449	16.5%
Glass	1,700	1,600	6.3%
Total weight of non-renewable materials	68,610	53,213	28.9%
Renewable materials (e.g. wood)	803	720	11.5%
Total weight of renewable materials	803	720	11.5%

* Franke legal entities in Turkey and Mexico did not provide data on the amount of plastic used in production for 2020. This data was collected for 2021.

Share of recycled raw materials and renewable materials

In 2021, the proportion of recycled raw materials used in production across the Franke Group was 33 percent. This is a reduction on the previous 2 years, due to new estimation of the proportion of recycled stainless steel that we consume. Stainless steel is our biggest raw material component for production, and this year it was estimated to be composed of 70 percent recycled materials, compared to 91 percent in previous years. In general, stainless steel is fully recyclable; we currently can only estimate the proportion of stainless steel which has been recycled. An indicator is whether the stainless steel comes from a supplier with a blast oxygen furnace (typically using lower amounts of recycled stainless steel) or whether it comes from an electric arc furnace, which typically uses stainless steel scraps for producing new stainless steel, therefore the levels of recycled stainless steel are higher.

the Covid-19 pandemic. Plastic saw the greatest proportional increase (106.1 percent), this was partly due to missing data from our Turkish and Mexican legal entities in 2020 which was correctly reported in 2021, and partly due to a 20 percent increase in volume of waste kits (sink plugs that prevent food waste from going into the waste pipe). Quartz also saw a relatively large increase (50.2 percent), due to increased sales.

Franke Coffee Systems accounts for the largest share of semi-manufactured goods that we purchase, and in 2021, the weight of these goods amounted to 3,845 tons compared to 3,127 tons in 2020. In future years we plan to report on the weight of semi-manufactured goods used in production for Franke Home Solutions and Franke Food Service solutions.

For brass, carbon steel and galvanized steel, we have no available data for 2021 on the percentage of recovered constituents. MMA, quartz, SMC, plastic, and brass do not contain any recovered constituents, however SMC is fully recyclable, so we are establishing some activities with our suppliers over the medium to long term, to implement a proportion (around 10 percent) of SMC coming from our own scrap.

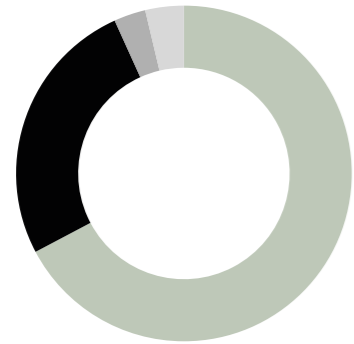
Waste management

Franke's aim is to recycle or reuse as much of our waste as possible and minimize the amount sent to landfill or incineration. Developing resource-efficient production methods and process optimizations helps us to reduce the overall waste generated during production. In 2021, the Franke Group generated 8 percent less waste in relation to net sales compared with the previous year.

93.2 percent of the waste generated during production in 2021 was non-hazardous and 6.8 percent was hazardous. The slight increase in the proportion of hazardous waste in 2021 was partly due to the breakdown of an evaporator plant for the treatment of the wastewater from the washing machine at Franke GmbH in Germany, meaning that wastewater was pumped off directly without being treated until a replacement could be installed.

Out of the waste generated in 2021, 70.3 percent was reused or recycled while the remaining 29.7 percent was sent to landfill or incineration. The high proportion of reused and recycled waste is largely accounted for by the stainless steel scraps produced during the cutting and punching process to form sinks, counters, and kitchen equipment. We return the scraps to the manufacturer where it is reused to produce new stainless steel.

Waste according to hazardousness



IN METRIC TONS (T)		2021
Non-hazardous waste to be reused or recycled		14,488
Non-hazardous waste disposed of in landfills or incinerators		5,592
Non-hazardous waste total		20,080
Hazardous waste to be reused or recycled		659
Hazardous waste disposed of in landfills or incinerators		799
Hazardous waste total		1,458
Share of hazardous waste		6.8%
Share of recycled waste		70.3%
Total waste		21,538

The reduction in the proportion of recycled non-hazardous waste in 2021 compared to the previous year was largely due to incorrect data collection for Elikor LLC, Russia, and Franke Foodservice Systems (China) Co. Ltd. Both entities counted all non-hazardous waste as being reused/recycled in 2020

whereas some of the waste should have been recorded as going to landfill/incineration. Our targets for 2022 are to ensure hazardous waste does not account for more than 7 percent of our total waste, and to recycle at least 75 percent of our non-hazardous waste.

Waste

	UNIT	2021	2020*	DIFF. 2021/2020
Non-hazardous waste to be reused or recycled	Metric tons (t)	14,488	13,730	5.5%
Non-hazardous waste disposed of in landfills or incinerators	Metric tons (t)	5,592	4,818	16.1%
Non-hazardous waste total	Metric tons (t)	20,080	18,548	8.3%
Hazardous waste to be reused or recycled	Metric tons (t)	659	714	-7.7%
Hazardous waste disposed of in landfills or incinerators	Metric tons (t)	799	685	16.6%
Hazardous waste total	Metric tons (t)	1,458	1,399	4.2%
Total waste	Metric tons (t)	21,538	19,947	8.0%
Relative waste	Mt/m CHF	8	9	-8.0%

* Subsequent data corrections for 2020

* Data from Franke Foodservice Systems (China) Co. Ltd., and Elikor LLC, Russia, for non-hazardous waste that went to landfill/incineration was incorrectly categorized in 2020 as reused/recycled waste. In 2021, the value of non-hazardous waste sent to landfill/incineration for these entities accounted for 1.2 percent of total non-hazardous waste for the entire Franke Group.

Packaging

Reducing the environmental impact of Franke packaging was a particular focus area in 2021. Franke sites in Germany, Italy, and Poland have been switching to more recyclable and renewable forms of packaging such as cardboard, while we initiated a new project at our Strečno plant in Slovakia to switch from Styrofoam packaging to cardboard for the Franke range of granite and synthetic material sinks. This award-winning packaging innovation is now being rolled out across Franke distribution centers around the world. Read more about the project on page 30.

Packaging weight across the Franke Group increased in 2021 by 22.4 percent compared with the previous year, largely due

to an increase in production as economies emerged from the Covid-19 pandemic. Of the total packaging used in 2021, 85.4 percent came from renewable materials, compared with 75.2 percent in 2020. An estimated 90 percent of the total cardboard we use consists of recycled constituents, and the pallets we use for storage and transportation are made from wood, a naturally renewable raw material.

Our target for 2022 is to ensure that 80 percent of our packaging is made from renewable materials. We still believe this is a fair target for 2022, despite already exceeding it in 2021, since not all legal entities were able to achieve this target – it was largely due to the work of the 15 largest entities that enabled us to exceed the target on a Group level.

Packaging materials by weight

MATERIALS IN METRIC TONS (T)	2021	2020	DIFF. 2021/2020
Renewable packaging material	22,385	16,110	39.0%
Non-renewable packaging material	3,824	5,308	-28.0%
Total weight of packaging material	26,209	21,418	22.4%
Share of renewable packaging material	85.4%	75.2%	13.6%
Share of non-renewable packaging material	14.6%	24.8%	-41.1%

Water consumption and wastewater management

Water consumption

Franke mainly uses drinking water from the public mains system, and well water for production. The water consumption of our production sites does not represent a significant burden for water sources as defined in the GRI guidelines.

While we strive to be as accurate as possible in our water consumption data, there are challenges due to a lack of water meters to help us measure our water use across all facilities. The data that we have been able to collect and verify for 2021 showed that our consumption of water decreased

by 18 percent in absolute terms compared to 2020, and by 30.2 percent in relation to net sales (m³ per million CHF). This reduction is due to the following reasons:

- Water leakages in 2020 at sites in China, the Czech Republic and Italy, which were fixed by 2021;
- More employees working from home in 2021, particularly those from the offices in Germany and the US;
- Fewer products (hoods) that require washing at the plant in Russia due to an increased mix of hood types.

Wastewater management

In 2021, there were no unplanned wastewater discharges at Franke. During the planned discharges, 419,023 m³ of wastewater was released, 18.1 percent less than the previous year, and 30.3 percent less relative to net sales. We have no current targets in place for our water consumption and discharge levels, but we are looking to set targets for these in the future.

Water consumption and wastewater

	UNIT	2021	2020*	DIFF. 2021/2020
Water consumption				
Surface water	m ³	121,175	181,076	-33.1%
Groundwater	m ³	100,158	121,421	-17.5%
Seawater	m ³	0	0	0.0%
Produced water	m ³	0	0	0.0%
Third-party water	m ³	201,570	213,136	-5.4%
Total water consumption	m³	422,903	515,633	-18.0%
Relative water consumption	m³/m CHF	165	237	-30.2%
Wastewater				
Surface water	m ³	133,036	245,238	-45.8%
Groundwater	m ³	48,813	65,819	-25.8%
Seawater	m ³	0	0	0.0%
Third-party water	m ³	237,174	200,670	18.2%
Total wastewater	m³	419,023	511,748	-18.1%
Relative wastewater	m³/m CHF	164	235	-30.3%

* Subsequent data corrections for 2020

Managing environmental impacts outside production

In 2021, we began mapping our scope 3 inventory across our entire products' lifecycles, together with other scope 3 emissions from employee commuting and business travel, and we have started calculating baseline data for these emission sources. With an estimated 90 percent of our CO₂e emissions being generated outside of production there is a vast opportunity to reduce our total emissions by focusing on our complete value chain.

Once we have mapped out our scope 3 inventory and baseline data, we will set incremental emissions reduction targets, following guidance from the Science Based Targets initiative (SBTi), leading towards our overarching goal of achieving net zero emissions by 2040.

Materials and supply

Our goal in 2022 and beyond is to obtain accurate measurements of the CO₂e emissions linked to the production of the main materials and components, and the emissions linked to their delivery to Franke production sites. We can then use this data to determine emission reduction activities upstream in our supply chain, and additionally as a baseline for setting future reduction targets. We will be engaging our 500 key suppliers by requesting they disclose their environmental data through the CDP Climate Change questionnaire, a global disclosure system for environmental impacts.

Resource efficient products

CO₂e emissions are generated throughout the lifetime use of Franke products, typically in the form of energy required to power the products (electricity) or the resources they facilitate (water) and the waste they generate. Designing our products for optimum efficiency is already a key part of the development process at Franke – our products are engineered to be as economical as possible with their use of energy and (hot) water.

Resource-efficient products not only save money for our customers, but they also reduce environmental impacts and generate lower emissions throughout their lifetimes. Thanks to Franke's strong innovation approach to resource-efficient products, Franke Home Solutions was named as one of the 150 most sustainable companies in Italy in 2021 by the country's leading business newspaper Il Sole24Ore based on an evaluation of environmental, economic, and social criteria.

Measuring CO₂e emissions across product usage

To systematically increase the resource efficiency of our products across the whole Group, we require more accurate data on the impact of our products and on the numerous product efficiency improvements developed across the Franke divisions. Franke Coffee Systems is generating a detailed overview of emissions linked to the use of coffee machines, having conducted a full product life cycle assessment (PLCA) on its most popular coffee machine in 2021, and with more PLCAs planned for the future. For all other products we are currently estimating the CO₂e emissions based on secondary data gained from average product use statistics. We will use this data as a baseline for setting future emission reduction targets on product usage until we can replace it with more accurate primary data from the PLCAs.

Communicating resource efficiency with consumers

We actively adapt to higher customer expectations, regulatory changes, new labeling requirements or building standards, and we continue to provide our customers with information on the

resource efficiency of our products. Some of the labels we use include:

- EU energy label (energy efficiency for ovens, hoods, hobs, dishwashers, and refrigerators)
- PEFC Chain of Custody (indication of origin wood)
- Well, WRAS and Energie Schweiz (water efficiency of taps)

End of life

At Franke, we understand that we can play an important role in reducing the environmental impact of our products once they reach the end of their life cycles. In some locations we have Franke recycling schemes in place, for example in Switzerland we work with a third-party organization to recycle coffee machines. In the EU, specific regulations exist on the treatment of electrical waste (including coffee machines), for example the Waste of Electrical and Electronic Equipment (WEEE) directive requires the separate collection and proper treatment of electrical and electronic equipment and sets targets for collection as well as for recovery and recycling. For our restaurant components, these are typically handled by the owners at the end of their use, largely by selling off the stainless steel scraps for reuse.

While we have some influence over the recycling and reuse of our products, our direct control remains limited, as does our current understanding of what happens to our full range of products once they are sold to customers. We are working to create a broad overview of the end-of-life aspects across all of our products, in order to better manage this aspect. This is a complex endeavor, largely because we do not typically sell to the end user, rather to distributors (for our Home Solutions and Coffee divisions), and our products are exported to over 100 countries, each country having different recycling and end-of-life regulations.

Our goal in 2022 is to continue gathering all the information necessary to measure or predict the CO₂e emissions from the end-of-life stage of Franke products. We will also be taking measures to incorporate end-of-life considerations from the very start of product development.

The Styrofoam switch

In 2021 we embarked on a project to convert the packaging for granite sinks (Fragranites) and sinks made from synthetic materials (Tectonites) from Styrofoam, also known as expanded polystyrene or EPS, to cardboard. The project took place at the Franke plant in Strečno, Slovakia, which produces more than 1 million granite sinks each year. Improvements in packaging at the plant can therefore have a significant impact on Franke's overall environmental performance.

A collaborative innovation process

Franke teams specializing in quality, technology, production, logistics and procurement worked together to design a way in which cardboard could replace the Styrofoam while ensuring that all stages in production and distribution were optimized. With the new packaging process, the cardboard is delivered pre-cut and in a flat configuration, saving space in the warehouse that would ordinarily be taken up by the Styrofoam protective frames. When a production order comes in, a dedicated packaging machine folds and glues the cardboard to create the new frames. The granite sinks are then manually pushed into the cardboard frames, stacked on pallets, and transported from Strečno to Franke's distribution centers using only this primary packaging. Here, the sinks with their primary packaging are inserted directly into boxes (secondary packaging) together with accessories and other components required for each specific country. This process enables us to optimize our packaging for every step of production.

Multiple benefits of cardboard compared to Styrofoam packaging

A key advantage of using cardboard is its high recyclability and lower carbon footprint compared to Styrofoam. It is made from renewable resources, takes up less room in our production plants, avoids unnecessary waste and presents much less of a fire hazard than Styrofoam. The new cardboard frames also improve stability during transportation and have ergonomic benefits: handles on the cardboard frames mean the packaged sinks can be moved easily.

Following extensive testing and trials at our Strečno plant, Franke began rolling out the switch across its distribution centers around the world, and in recognition of its success, the new packaging solution for Tectonite sinks won an award at OBAL ROKU, the National Competition of Packaging Innovations and Design in Slovakia and the Czech Republic. Franke's packaging solution was judged against more than 100 packaging solutions from 40 different countries.

We are now looking to develop the process further with the Industrial Engineering Operations team at other Franke sites.





Our people

Our people

Our contribution to the SDGs



LEADERSHIP DEVELOPMENT

SDG 4: quality education
SDG 5: gender equality



OCCUPATIONAL HEALTH AND SAFETY

SDG 3: good health and well-being

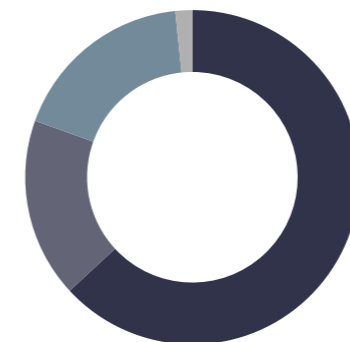
Franke employees are vital to our success. Our aim is to create competitive advantage through our people and their behavior. We see every interaction with our customers as an opportunity to strengthen our brand. The way we collaborate and exchange across boundaries, learn from each other and continuously improve enables us to become "One Franke," align our processes and drive productivity. Products and technologies can be copied. What is much harder to copy are the behaviors of our people and our culture.

Employees by division 2021



	IN %
Franke Home Solutions	58.7
Franke Foodservice Systems	23.8
Franke Coffee Systems	10.6
Group Functions	6.9

Employees by region 2021



	IN %
Europe	63.1
Americas	17.4
Asia/Oceania	17.9
Africa/Middle East	1.6

We make it a priority at Franke to provide not only a safe, inclusive, and collaborative workplace, but also an environment in which our people can flourish and take charge of their careers. By fostering an open, collaborative, inclusive and trust-based working culture, supporting our employees through continuous learning and development opportunities and encouraging innovative thinking, we aim to create the right conditions necessary for our people to feel safe, secure, and to thrive at Franke.

The Franke Code of Conduct (see page 63) and internal policies define our business principles and focus, among others, on the prevention of discrimination and harassment, the promotion of equal opportunities and diversity in the workplace, collaboration among employees and compliance with fundamental employment standards. In 2021, 88.5 percent of employees completed their online training on the Franke Code of Conduct.

Overall responsibility for Human Resources & Organization is held by Franke's Chief Human Resources Officer and member of the management board who reports directly to the CEO of the Franke Group. The Human Resources Committee of the Board of Directors holds ultimately responsibility for the human resources strategy and monitors personnel-related activities.

In 2021, Franke employed an average of 7,808 fulltime equivalents (FTEs) worldwide, 10.4 percent less than the previous year. This reduction was largely due to the sale of the Franke Water Systems division in April 2021, and the closure of a warehouse in Belgium and a small production plant in the Netherlands.

Workforce

IN AVERAGE FULL TIME EQUIVALENTS	2021	2020	% OF 2021 TOTAL	DIFF. 2021/2020
Europe	4,928	5,467	63.1%	-9.9%
Thereof Switzerland	731	1131	9.4%	-35.4%
Americas	1,356	1,338	17.4%	1.3%
Asia / Oceania	1,396	1,490	17.9%	-6.3%
Africa / Middle East	128	419	1.6%	-69.5%
Total	7,808	8,714	100.0%	-10.4%
Full-time employees	6,747	7,872	86.4%	-14.3%
Temporary employees	911	652	11.7%	39.7%
Apprentices	150	190	1.9%	-21.1%
Total	7,808	8,714	100.0%	-10.4%

Full time employees by region

IN AVERAGE FULL TIME EQUIVALENTS	2021	2020	DIFF. 2021/2020
Europe	4,258	4,854	-12.3%
Thereof Switzerland	616	1,001	-38.5%
Americas	1,171	1,222	-4.2%
Asia / Oceania	1,199	1,396	-14.1%
Africa / Middle East	119	400	-70.3%
Total	6,747	7,872	-14.3%

Temporary employees by region

IN AVERAGE FULL TIME EQUIVALENTS	2021	2020	DIFF. 2021/2020
Europe	548	465	17.8%
Thereof Switzerland	43	42	2.4%
Americas	171	91	87.9%
Asia / Oceania	184	77	139.0%
Africa / Middle East	8	19	-57.9%
Total	911	652	39.7%

Employees: SDGs in action

Through the activities outlined within Franke's Employees pillar, Franke contributes to the following SDGs and targets:

SDG 3 Good health and well-being

Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

Franke supports this target through its continued monitoring of health and safety policies to mitigate risk of fatal accidents in the workplace and applies a management system for health and safety at all production companies. By the end of 2021, 24 out of 28 production companies were certified to ISO 45001. Franke also supports various aspects of employee mental health, such as providing stress management support for employees. On a customer level, the high quality and high safety requirements in place for our products helps Franke make an important contribution to the reduction and avoidance of accidents during product end use.

SDG 4 Quality education

Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Franke provides a variety of training and professional development opportunities for its employees, including unlimited access to the LinkedIn online learning platform. Franke also runs an apprenticeship program in Switzerland (among other countries) to coach young adults in a variety of essential workplace and social skills.

SDG 5 Gender equality

Target 5.1: End all forms of discrimination against all women and girls everywhere.

Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Franke monitors its gender diversity across organization levels and has plans for improving gender diversity within hiring and promotions in 2022 and beyond. The proportion of female employees at Management 1 (those reporting directly to the Management Board) was 17 percent in 2021, while the proportion of females at Management Level 2 (those reporting directly to Management 1) was 21 percent.

Enable and engage

Learning and development

Fostering a lifelong learning mindset is a key component of our Human Resources strategy. As part of the cultural transformation process initiated in 2021, we have committed to creating a culture that promotes experimentation, learning and thinking across boundaries. We believe an innovation-focused culture will empower our people to flourish and perform to their best ability. Furthermore, providing continuous learning, upskilling, and reskilling opportunities also enables Franke employees to stay proficient with changing technologies and processes, and aspects of their roles that naturally evolve over time.

Learning opportunities within the Franke Academy

All learning and development opportunities are consolidated under the Franke Academy. The range of learning programs developed over the years has been designed to cater to a range of experience levels within the organization. All Franke's office-based employees have access to LinkedIn Learning as part of a three-year agreement with LinkedIn, in place since May 2020, and employees are encouraged to spend at least 30 minutes of the working week expanding their knowledge and expertise through the platform. Approximately 5,767 LinkedIn Learning courses were completed in 2021, with 2,291 employees taking at least one course. In total, employees invested 7,940 hours in training through LinkedIn Learning, on topics ranging from cybersecurity to IT applications such as SAP to personal development.

Supporting recent graduates in their new careers at Franke

Paving the way for new talent at Franke is an important part of our human resources strategy. In 2021, we launched the Franke Graduate & Early Career (GEC) Program which

supports recent graduates over a 12- to 18-month period and prepares them for future roles in one of our divisions or matrix functions. Participants gain valuable experience on global and local projects, exposure to various levels of management, and are provided with safe space to grow professionally through individual coaching and support from mentors. The program began in 2021 and will be expanded over the coming years following positive feedback from all involved. Read our interview with Nadja Günthard, Global Recruiting & Talent Manager on page 45.

One Franke Talent Program (on pause due to Covid-19 restrictions)

We also offer a One Franke Talent Program (OFTP) which provides ambitious employees the opportunity to develop their skills on existing projects and promotes exchange between participants and senior management. 91 employees have completed the program since it was established. As the program is geared towards face-to-face learning and collaboration, which wasn't possible during Covid-19 restrictions, we paused the program in 2021 and will resume with the next cohort in May 2022.

Franke Project Management Training

Since 2019, we have offered project leadership training to our employees on 2 levels of expertise. With the help from internal experts from all divisions and functions and leaning on the Project Management Institute (PMI) methodology, Franke has developed its own standard for project management (FPM). In 2021, 11 trainings on project management took place, totalling 176 hours. All trainings were delivered fully virtually, and consisted of asynchronous e-learning modules, virtual classrooms, and a three-hour simulation in small groups.

Education First English training

The corporate language at Franke is English. Therefore, the Franke Academy offers language courses to our employees upon request. In 2021, 1,170 language lessons were completed.

Performance assessments and internal promotions

We have three main methods for conducting performance assessments and development planning for employees at Franke: competency appraisals, management incentive plans (MIPs), and sales incentive plans (SIPs).

The competency appraisal process applies to 26 percent of the workforce. Appraisals are closely linked to Franke values and the results feed into career development plans, promotions, and succession planning. Goals are defined and specified in agreement between employee and line manager at the start of the year, and the implementation of actions and progress towards the goals is monitored through mid- and end-year reviews.

The MIP process mainly applies to employees with management, project or specialist functions, and includes setting both personal and financial targets. The SIP process applies to employees with a sales function and includes setting financial targets. Achievement of the targets set out in the MIPs and SIPs is linked to remuneration through employee bonuses.

In 2021, 1,054 MIPs and 2,028 competency appraisals were recorded across all levels of the organization, or 15.01 percent and 29 percent respectively). The number of MIPs recorded

is slightly lower than the level in 2020 (1,104) due to the sale of the Franke Water Systems division; however, the number of competency appraisals was slightly higher than the level in 2020 (2,013).

Retaining our talented workforce is a key focus of our human resource strategy. By developing our internal talent and identifying potential candidates for key roles, we can actively support our employees with career opportunities and increase the rate of internal promotions at Franke. For the Global Leadership team (GLT), we achieved an internal promotion rate of 54 percent in 2021.

Developing and nurturing talent at Franke is driven by our Talent Management and Succession Planning (TMSP) process, which involves systematically assessing employees, identifying talents, and discussing potential development opportunities such as participation in the One Franke Talent Program. In 2021, 808 employees were assessed and supported through the TMSP framework, compared with 1,061 in 2020. The value is lower, again largely due to the sale of Franke Water Systems.

We will also begin measuring our internal promotion rate across the Franke Group, and once a benchmark has been established, we will set future targets to support our efforts in enabling and rewarding employee development and career progression.

Target agreements (employees with management incentive plan)

IN % OF TOTAL WORKFORCE	FEMALE 2021	MALE 2021	TOTAL 2021
Management Board	0,01	0,10	0,11
Management Level 1 (reporting directly to Management Board)	0,18	0,87	1,05
Management Level 2 (reporting directly to Management Level 1)	0,65	2,21	2,86
Other employees with MIP*	3,92	7,07	10,99
Total employees with target agreement	4,76	10,25	15,01
Employees without target agreement*	22,70	62,29	84,99
Total employees	27,46	72,54	100,00

*The shares are based on the list of employees. In the event of missing gender data, we extrapolated this information based on existing gender data.

Engagement and empowerment

Cultivating a culture in which employees are engaged and empowered within their roles while ensuring that their voices are heard within a large organization is integral to the talent management strategy at Franke. A highly engaged workforce often equates to happier, more dedicated employees, motivated to set and achieve ambitious targets, ultimately driving a company's success.

New pulse check surveys established in 2021

Establishing a regular process of collecting employee feedback is vital for giving employees a voice. In 2021, we redesigned our employee engagement process by switching our comprehensive employee engagement surveys which took place once every 2 to 3 years, to a more frequent, condensed "pulse check." This transition is reflective of our continued progression towards an open-feedback culture at Franke and greater employee involvement in company-wide decisions. The pulse checks consist of 20 to 30 items including measures on employee engagement. Besides assessing employee engagement, the focus of the pulse check will change each time. This pragmatic way of assessing employee opinion will allow for more agility in our management of employee engagement, enabling us to spot early trends and tune in much more effectively to the people who drive our progress as a company. As with previous surveys, participation is completely voluntary and anonymous.

Reports detailing the results of the pulse checks are created for each country and are shared and discussed within the Franke Management Board quarterly. The Management Board decides on any actions to be taken as a result of the pulse checks.

1,497 employees took part in the first pulse check conducted in the fourth quarter of 2021, and the overall engagement score was 66 percent. This can be compared to a score of 56 percent for the last survey in 2018.

A new remote-working policy based on employee feedback

One instance where employee feedback led to significant policy changes is our new remote-working policy. Following an overwhelming employee preference for prolonging the hybrid work from home/office model once the Covid-19 pandemic ends, we have developed a formal Group policy for remote working. This hybrid approach enables Franke office employees to dedicate up to 40 percent of their work time to remote working. To support the policy, we developed various tools to guide employees, including those in leadership positions, to navigate the new way of working, for example flyers highlighting tips, advice, and best practices for remote working and for supporting team members. While this is a Group-wide policy, various regional regulations apply in different countries.

Implementing the policy aligns directly with our belief that flexibility and increased autonomy are key pillars in driving agility, achieving results and empowering our workforce at all levels. Offering remote work also supports Franke's competitiveness on the job market, and supports the retention of high-quality talent, while enabling us to tap into new talent pools. While there are numerous benefits of adopting such a policy, we are also aware of potential risks with increased remote working, for example limitations to teamwork and collaboration, and increased demands on leadership skills. We also recognize the need for a greater focus on employee well-being and ensuring our employees have established safe and productive spaces for their remote work. The HR team at Franke addresses these topics through the Franke Academy and through additional leadership support. Furthermore, Franke has prepared guidance on cyber resilience for remote working to help mitigate any cyber security challenges. We will also monitor our collaboration tools for remote working to ensure they are optimized for employee needs.

Balance and belonging

At Franke, we place the highest importance on employee health, safety, and well-being, and we aim to nurture a culture of inclusion and diversity and to ensure our workforce becomes a fair representation of the markets in which we work. This approach is reflected in our company value "We win together" which highlights our focus on valuing each other's differences and helping each other succeed.

Diversity and inclusion

A diverse workforce with regard to cultures, genders, age, and skills is a key driver of creativity, innovation, and success. Inclusive work environments, in which diversity is managed and promoted, can support talent attraction and retention, improve employee well-being, and ultimately reduce absenteeism. As we operate in 34 countries, we have a relatively diverse workforce by nature; however, we plan to increase our efforts to integrate diversity and inclusion aspects into our core way of working and to ensure that the diversity in our workforce reflects the diversity of the regions in which we operate.

Gender diversity at Franke

In 2021, the proportion of women in the workforce increased by 1 percentage point to 27 percent, while it was 14 percent on Management Board level, compared with 13 percent in 2020 and 9 percent in 2019.

Our reporting includes the following levels, in line with the Schillingreport:
Management Board: All members of the Management Board are included at this level.
Management Level 1: All employees reporting directly to a member of the Management Board.
Management Level 2: All employees directly reporting to Management Level 1.

At Franke's Management Level 1, there was a slight decrease in the proportion of females from 19 percent in 2020 to 17 percent in 2021, while the proportion of female employees within Management Level 2 positions stayed the same at 23 percent.

Regarding the gender balance of employees with a management incentive plan (MIP), females with an MIP represented 4.76 percent of the entire workforce compared with 10.25 percent male employees. Of all employees with an MIP, 32 percent were female in 2021.

Overall, we recognize that we must expand our efforts to reach a more reasonable gender balance within Franke, and we have started establishing a new global strategic directive for diversity and inclusion, detailed below.

Diversity: female employees compared to the prior year

	Number of women 2021	% of 2021 total	Number of women 2020	% of 2020 total
Management Board	1	14%	1	13%
Management Level 1 (reporting directly to Management Board)	13	17%	16	19%
Management Level 2 (reporting directly to Management Level 1)	52	21%	79	23%
Total employees*	1940	27%	1968	26%

*The gender diversity data was taken from the central employee database in 2021. In previous years, the shares were based on a list of employees. In the event of missing gender data, we extrapolated this information based on existing gender data. The gender of 0.3 percent of employees for 2021 is unknown.

1 A collection of annual data on the composition of the management boards and boards of directors of Switzerland's 100 largest employers.

A global approach for diversity and inclusion

In 2021, we began developing a global strategic directive for diversity and inclusion at Franke. Our first step was to analyze our internal diversity baseline across a variety of measures, including organizational level, promotion rates, trainings, retention rates, and compensation. We did this by integrating diversity data into the employee central database. We then explored initiatives and best practices from other organizations and through publicly available research. From this, we began developing a global approach and strategy, supported by our Centers of Expertise within HR, which will be adapted and implemented on a regional level to account for local needs and conditions.

As part of our new approach, we initiated a recruitment project to develop processes founded on fair, structured, inclusive, and systematic recruiting principles. By redefining our recruiting processes, we aim to provide equality of opportunity, reduce any potential for bias, and increase the validity of the process and the fit between candidate, job characteristics and company culture. We will begin implementing the changes in 2022, which include providing trainings on inclusive recruiting practices, writing neutral job descriptions with unbiased language, and ensuring vacancies are promoted across diverse job platforms. We will also incorporate blind CV screening, and assessing candidates based on case studies and work assignments in attention to behavioral interviews.

We believe Franke executives and supervisors play an essential role in fostering a more inclusive culture for diverse Franke talent. In 2022, all Global Leadership team members are planned to undergo empowerment training combined with diversity and inclusion training.

Health, Safety and Well-being

Supporting the physical, mental, and social health of our employees is an important focus area for Franke. A healthy, engaged workforce is vital for company success. Our overarching aim is to optimize the safety and physical health of our employees and promote well-being across the organization.

Occupational health and safety

In 2021, Franke's Management Board continued its work ensuring that all production companies implement and certify

a management system for occupational health and safety (ISO 45001). By the end of 2021, 24 out of 28 production companies were certified to ISO 45001 standards (85.7 percent). In the previous year, 27 out of 36 production sites were certified to ISO 45001 standards (75 percent)¹. In addition to gaining certification for our production facilities, we also commit to continuous improvement of these systems to ensure they remain aligned with work processes and international standards.

All new employees receive training on our health and safety policies (specific to their role) and refresher courses are provided for long-term employees. Rigorous safety training is provided to all employees working in environments deemed as higher risk. Protective equipment is provided to those employees whose roles require it, and our open communication culture facilitates the reporting of potential workplace hazards by any employee. Internal risk audits are carried out with the Internal Audit and Sustainability teams working together to ensure sustainability matters are covered in the audits. In 2021, nine internal risk audits were completed.

Accidents and injuries

Across Franke's production plants, a range of measures have been implemented over the past 2 years to systematically promote a safety-conscious approach among employees and reduce risk from human error. These methods include job safety observations (known as "Gemba Walks"), where employees are observed moving around their usual working environment and risky behaviors are noted and discussed with the employees. All information on risk management best practices is digitalized to enable Group-wide sharing of knowledge and insights.

In 2021, we saw a 5.3 percent reduction in the number of injuries involving lost working time compared to the previous year. This was largely due to a greater focus on occupational safety, specifically in Franke GmbH in Germany, Franke France SAS, and HS Turkey Hoods in Turkey. The measures included safety workshops, risk analyses, introducing the "Gemba Walk," and more frequent operator trainings.

While the injury rate was lower in 2021 compared to 2020, the Franke-wide lost day rate (LDR = lost days per 100 employees) increased from 20 in 2020 to 28 in 2021. A lost day is defined as a planned working day that cannot be performed due to an accident or work-related illness, and only injuries and work-related illnesses that led to lost days are included in the injury figures. The increase in the LDR was largely due to longer recovery times for a small number of the accidents that occurred. Through the countermeasures that were implemented in 2021, we aim to reduce the LDR in the coming year.

As in the previous years, no fatal accidents were recorded in 2021. The absentee rate increased from 3.2 percent in 2020 to 4 percent in 2021, largely due to the ongoing Covid-19 pandemic which produced more incidences of "long Covid" and due to other long-term illnesses among the workforce. Total days worked across the entire Franke workforce rose by 4 percent in 2021, to 2,051,109 days, largely due to increased production. Notable increases from the following legal entities also contributed to the rise: Franke Coffee Systems in Switzerland reported 84,265 extra days while Franke Home Solutions in Mexico reported an extra 53,000 days as this data was either not recorded in previous years or was calculated incorrectly; Franke Home Solutions in Turkey reported an extra 15,013 days due to increased sales volume and more public holidays falling on weekends. These large increases balanced out the decreases in working days from other entities such as Franke Nederland B.V., which saw a 23 percent reduction, and Spar in Argentina and Brazil which saw a 25 percent reduction, both due to fewer FTEs.

Ongoing Covid-19 measures

Due to the continued threat of the Covid-19 virus, we retained the safety measures that were implemented in 2020 to ensure our employees remained protected, and we continued to follow national guidelines across all our workplaces. We introduced a Covid-19 testing policy in line with national regulations for our factories and offices in May 2021. The policy detailed testing frequency based on the proportion of Covid-19 cases reported in the general population and the number of cases within Franke operations. In Switzerland, in line with strong recommendations from the government, we introduced weekly PCR testing in the workplace, regardless of national case numbers.

Employee well-being

We currently manage well-being measures on a local level across the Group, tailored to local environments. Some examples include:

Australia, Poland, and the US: Employee Assistance Programs (EAP) in place, free of charge for employees, which address various topics that could impact an employee personally or professionally.

China: A fitness center offers weekly activities, for example yoga and tai chi. We also hold seminars on well-being.

Italy: There is an annual budget for welfare coaching for each employee.

Russia: Franke provides many sports opportunities for staff by renting football pitches, tennis courts and organizing other competitions such as pétanque, darts, table tennis, with a 50 percent compensation of swimming fees.

South Africa: A Staff Wellness Day is held each year where general health checks are carried out on all employees and individual health improvement plans are devised. There is also an occupational health nurse at a clinic on site for employees. Staff also have access to personal financial management training and advice.

Switzerland: Employees make use of a bike-to-work scheme, yoga lessons, massage breaks, ski weekends, cross-country skiing lessons, running workshops, and flu vaccinations.

The Netherlands: All employees are provided with noise cancelling headphones for the office and sufficient equipment to enable remote working. We also introduced a bike leasing scheme in 2021.

It is our intention to develop a more centralized approach to employee well-being, and in 2021, we started gathering feedback on well-being topics from employees across the Franke Group – largely through our pulse check survey. We aim to make further progress on these measures in 2022.

Award-winning family-friendly HR policy

Franke Foodservice Systems EMEA received its second "work and family" audit certification in 2021, in recognition of its family-friendly and life-phase oriented HR policy. The policy enables employees and their family members to benefit from advisory services provided by an external family services provider, as well as from broader company measures to promote employee health. Going forward, employees will continue to be involved in shaping a family-friendly HR policy, with health management being developed further, and employees also gaining greater support with flexible working. A strong focus will also be placed on supporting line managers in the area of family-oriented leadership.

¹ Please see page 74 of the Annex for more information on the differing total numbers of production companies in 2020 and 2021

Occupational health and safety

	2021	DIFF. 2021/2020	2020
Lost days due to occupational accidents or work-related illnesses	1,973	30.7%	1,509
Lost days rate	28	40.0%	20
Absence rate	4.0%	25.3%	3.2%
Number of work-related accidents / illnesses resulting in lost days	54	-5.3%	57
Fatal accidents	0	0.0%	0
Production facilities certified according to ISO 45001	24/28		27/36

* Subsequent data corrections for 2020

- Data on lost days due to absence for Franke Futurum AB, Sweden, was not reported in 2020 due to personnel change. The figure for 2020 has been corrected for this report and is similar to the lost days in 2021.
- We had no data for total days worked and lost days due to absence in 2020 for Franke Kaffeemaschinen AG, Switzerland. This data was collected in 2021 and represents 4.3 percent of the Group's total days worked and 4.5 percent of the Group's total lost days due to absence.
- Faber North America S.A. de C.V., Mexico, incorrectly reported total days worked per calendar year in 2020, therefore there appears a larger increase (53,000 extra days) worked in 2021.
- Franke Faber India Pvt. Ltd., India, also incorrectly reported total days worked in 2020, causing a 158,550 increase in 2021.

Helping recent graduates thrive in their new careers

"We developed the Graduate & Early Career (GEC) Program in 2021 to steer recent graduates through their first challenging roles at Franke and help them develop a strong foundation for career progression," explained Nadja Günthard, Global Recruiting & Talent Manager.

"It can be a little overwhelming transitioning from a master's degree to a role in a global organization, taking on challenges and responsibilities from the very outset, building up your own professional network and learning the ins and outs of the corporate world. We want to help make the transition as smooth as possible while empowering the recent graduates to take ownership of their career development."

All participants are paired with a mentor, an experienced member of staff who can provide task-related and emotional support through monthly discussions – or more frequently if required. All mentor discussions are strictly confidential and kept separate from performance appraisals. Providing GEC participants this safe space to learn and develop is integral to the success of the program.

"Throughout the program participants have regular check-ins with their supervisors to discuss progress and ensure they are gaining the most from the program, and we regularly monitor feedback from participants to optimize the structure and content of the program," explained Nadja. "The learning that takes place during the 12 to 18 months is a two-way process: the GEC participants learn from the various experiences, from their supervisors, mentors and the other participants, while also bringing their own insightful, fresh perspectives to the company and our existing ways of working. In return for their strong commitment to the program, GEC participants can really take ownership of their career development and have the potential to truly excel at Franke."

An emphasis is placed on networking to fully integrate GEC participants into the Franke community, and participants will spend 1 to 2 days shadowing a relevant leader, gaining a unique insight into higher level company discussions.

"With the program's focus on collaboration and networking across functions, departments and business groups, and by enabling participants to bring their millennial perspectives to typically senior discussions during the leader shadowing activities, the program actively contributes to our diversity and inclusion measures, so the benefits extend across the organization."

The recruiting team collaborates with various universities such as the University of St. Gallen (HSG) and the University of Neuchâtel in Switzerland, and Bocconi University in Italy to attract high quality graduates to the program.

There are four stages of the GEC program: onboarding, driving projects, deepening engagement, and preparing for final role placement.

The participants enrolled as the first cohorts in 2021 worked in automation engineering, human resources management, procurement, supply chain management and sustainability management.

Participant quotes

"This 18-month program is giving me the opportunity to be curious, explore, and shape my career in a way that suits me best," explained Aude Lecrivain, Environmental Sustainability Project Manager. "I have the opportunity to dive deep into challenging and long-term projects while having support from external coaching and internal mentoring. I've also acquired a good overview of the company through my projects. The GEC program is about being part of a diverse community made up of colleagues from different backgrounds. We're very much aware that we are in the driving seat of this journey, and we are doing everything to get the best out of it."

"Being part of a global GEC community where you can exchange ideas, opinions and traditions adds enormous value to the personal and professional development of a fresh graduate," explained Dragos Froicu, Automation Engineer. "I was drawn to apply to the GEC program because of the opportunity it offered of building a global network and to make an impact from the very beginning, in my case, contributing to the automation and digital transformation of Franke production processes. With the strong support of my coach, I've learned how to define smart goals and strategies to achieve them, step by step. Building deep connections is fundamental to a successful career, and the GEC program enables me to meet and exchange with a wide range of colleagues, including Franke's senior management, through active team building and open dialogues. Overall, I see the GEC Program as a bridge to diverse networking and career opportunities."



Sahin Yilmaz (Alumni 2021):
Global Innovation and Culture

Erica Sembiante:
Supply Chain Management

Angelica d'Aloja:
Human Resources

Aude Lecrivain:
Environmental Sustainability

Dragos Froicu:
Automation Engineering

Silvio Federer:
Procurement Excellence



Society

Society

“We act responsibly” is one of our five company values, and we are constantly exploring ways to make a positive difference within and beyond our company borders, throughout our business.

Community outreach and creating social value forms an increasingly important aspect of our work, and we are in the process of defining focus areas for Franke’s community outreach, based on three key activities: supporting charities, enabling employee volunteering, and establishing

partnerships to address specific societal needs. To determine relevant priorities, we will conduct pilot projects in 2022 based on these core activities. The pilots will help us chart the most effective course for future projects, enabling us to make the best use of our resources and achieve the greatest impact.

CHARITIES & DONATIONS

CORPORATE VOLUNTEERING

PARTNERSHIPS

Charities and donations

In 2021, we supported a number of charitable projects, donating CHF 77,860 (monetary donations) and more than CHF 130,000 worth of products. Some donations were Covid-19 related, for example we donated medical grade face masks to hospitals in Italy, France, and the US. We also donated money and goods to Ronald MacDonald House charities in several countries, along with Habitat for Humanity in Canada, various food banks, schools, and other causes.

Franke (China) Kitchen System Co. Ltd. supported the Ark Doras Charity in 2021. The charity was founded by the Amity Foundation Rose Fund which provides support to children with cancer, disabled orphans, and patients with terminal illness. Franke organized a Baking Tea Break event and donated all earnings from onsite sales to the Ark Doras Charity.

Franke continues taking social responsibility in China, with Franke Home Solutions supporting vulnerable groups through its “Children of Stars” program, run in collaboration with Shanghai Silent Angel Rehabilitation Institution, a non-governmental organization supporting children with developmental disabilities such as autism. As part of the program, groups of children were invited to a special one-day event held at a Franke location where they took part in activities like painting and baking. Through the program and related media coverage, Franke is helping to raise awareness of the support needed by these vulnerable groups.

Corporate volunteering

Until now, volunteering has not been a centralized activity at Franke, it has taken place on a regional level in various measures. Furthermore, due to Covid-19 restrictions, volunteering opportunities across Franke significantly reduced in 2021 and 2020; although employees from Franke company OSC Inc. in the US supported events for Ronald MacDonald House Charities in 2021. The volunteering was a mixture of working during regular employment hours (paid) and during personal time (unpaid).

As part of our mission to give back to the communities in which we operate, we are currently developing a corporate volunteering program for the Franke Group. Through the program we aim to not only increase the social value we provide to communities, but to also support the engagement and well-

being of our employees. Various studies have demonstrated a link between volunteerism and a positive corporate culture, with increased employee morale and sense of purpose, along with brand perception benefits. Volunteering on diverse projects also provides opportunities for cultural learning and team bonding.

In 2022, we will define our key domains for employee volunteering, and decide on appropriate metrics to measure input and output. Participation in the program will be voluntary, although we anticipate a significant uptake based on existing sentiment expressed through employee feedback. Once the pilot project is up and running, we will begin estimating and measuring the social impact of the volunteering activities, for example by calculating a social return on investment.

Partnerships

In 2021, we partnered with a number of universities and educational institutions around the world, to share knowledge, contribute to and benefit from cutting-edge research, and to source talented graduates to join the Franke workforce.

At Franke Foodservice Systems (China) Co., Ltd., and Franke Foodservice Systems Asia Co. Ltd., we collaborate with Guangdong Technical Normal University to develop new products, benefiting from their technical equipment, facilities, and support. We also purchase patents needed for product development from the patents already obtained by universities as a result of their own research and development programs. In Slovakia, we partnered with the University of Žilina to conduct a project related to quality and production.

We also offer various apprenticeship programs through our partnerships; these are explored in more detail on pages 53-57.

Outside of educational partnerships, in Italy we collaborate with Confindustria, the Italian Confederation of Industrial Employers for company benchmarking purposes and for support with legal applications.

In 2022 and beyond, we will establish more strategic focus areas for future partnerships. A potential approach could be to establish a Franke education program that supports underprivileged and high-performing students or develop summer internship opportunities along with our continued participation in cultural projects within the art, music, and dance fields.

Partnerships to shape future career paths

Establishing long-term partnerships with educational institutions in many of the countries in which we operate is an important part of our community outreach – we provide practical training to supplement students' theoretical education, to help boost young people's future job prospects while also benefiting from the skills they bring to Franke.

For some professions, such as production engineering, logistics and industrial maintenance, it is imperative that students gain practical, hands-on experience, learning from experts, on the job. We are proud of the apprenticeship programs we have established and the partnerships we have formed with educational institutions to deliver these programs. Here is a snapshot of the various partnerships and programs we offer around the world.

France

Educational partnerships: Several schools in and around Paris, including PROMEO

Age of the apprentices: 18 – 22 years old

Apprenticeship field: Customer Care, HR, Marketing, Technical Maintenance

Length of apprenticeships: One to three years

Typical activities:

HR: creating and updating personnel files (for new hires and exiting employees), administrative tasks (written documents), help in preparation of payroll, update of daily management charts, and distribution of documents to employees.

Marketing: help in preparation and page setting of catalogues, product images, contact with agencies, market survey and collection of data, and updating data charts.

Technical Maintenance: technical tasks dedicated to office, warehouse and installations maintenance, and update of related registers.

“Our HR apprentice started 3 years ago and will finish in September 2022. She acquired a lot of experience and autonomy in her position as HR Assistant. Such a duration means the training and the development we provide is very consistent and significant. In return, our apprentice is as operational and efficient as an employee. We haven't yet had the opportunity or need to hire apprentices at Franke France S.A.S once they finish their training, but this would be a positive step, in order to retain well trained and motivated talent.”

Cedric Lacomme, Cluster Human Resources Director, Franke France S.A.S.

Germany

Educational partnerships: Local schools and Baden-Wuerttemberg Cooperative State University (DHBW)

Age of the apprentices: 18 – 20 years old

Apprenticeship field: Commercial, Logistics (warehouse, supply chain)

Length of apprenticeships: Three years

Typical activities: Commercial clerks work across all commercial departments; logistics specialists work on warehouse and supply chain tasks.

“The quality of apprentices we receive is very high, and so is the satisfaction of the apprentices with the program. Almost every apprentice stays on at Franke Foodservice Systems GmbH and Franke GmbH following graduation.”
Florian Goronzi, Apprenticeship Management, Franke GmbH, Germany

Philippines

Educational partnerships: Dualtech Training Center Foundation, Inc.

Age of the apprentices: 18 – 22 years old

Apprenticeship field: Production

Length of apprenticeships: 18 months

Typical activities: Apprentices rotate through each production area to learn a variety of skills. They spend five days in the factory and one day in school.

“Dualtech is a private vocational school which trains over a thousand scholars from the poor sectors of society each year and partners with over a hundred companies in training them for eventual employment. The apprentices really look forward to future careers with Franke, and the majority of apprentices are employed as Production Operators at Franke Foodservice Systems Philippines once they graduate from their studies.”
Cheryl Juliano, OD Lead / HR Business Partner FS APAC, Franke Foodservice Systems Philippines, Inc.

Poland

Educational partnerships: Not official partnerships, but we accept students from local universities: Technical University of Gdańsk, University of Gdańsk and Gdynia Maritime University

Age of the apprentices: 20 – 25 years old

Apprenticeship field: Engineering, Production Planning, Purchasing

Length of apprenticeships: six weeks

Typical activities: Support in relevant departments on standard daily activities.

“Any apprenticeship is always win-win for both parties. Students are exposed to the daily routine in a corporate environment, often with access to tools to aid their continuous improvement. And Franke gains fresh insights from a more theoretical perspective, which can help to deliver more optimal ways of working or new solutions.”
Katarzyna Moraczewska, Head of Integrated Management Systems, Franke Foodservice Systems Poland Sp. z o.o.

Spain

Educational partnerships: Universitat Autònoma de Barcelona (UAB); Fundació UAB - Barcelona

Age of the apprentices: 19 – 21 years old

Apprenticeship field: Logistics

Length of apprenticeships: Four months (four hours per day)

Typical activities: Linking import invoices with product invoices; follow up tasks for returns to warehouse; supporting outbound process such as claims, incidences, delivery appointments with customers and other basic tasks supervised by our Supply Chain Manager (SCM).

“These programs are a great opportunity for the students to be part of a real company and develop their skills for the future. The students provide valuable contributions to the logistics division at Franke España, SAU, and we have received very positive feedback from the students and also from the university regarding the program.”

Jose Gato, Operations Manager, Franke España, S.A.U.

Sweden

Educational partnerships: Skellefteå kommun yrkeshögskola in Västerbotten County; and Luleå Technical University in northern Sweden

Age of the apprentices: 20 – 30 years old

Apprenticeship field: Production Engineering

Length of apprenticeships: Six weeks to three months

Typical activities: The most recent program was in cooperation with Yrkeshögskolan from Skellefteå municipality whereby we had two students working on a pure efficiency project within production. They had to program a Cobot application and arrange the equipment around the Cobot for optimization. Following some fine tuning, the project ended up in a saving of 0,5 FTE.

“The partnerships for these apprenticeships are a win-win. According to Yrkeshögskolan, it is absolutely crucial to involve the students in such projects to give them insights into both industry (technical) but also working cultures. From Franke’s perspective, it’s not only a chance to receive help, it’s also an opportunity to highlight the forward-looking work we do as a company.”

Robert Johansson, Plant Manager, Franke Home Solutions, Sweden



Switzerland

Educational partnerships: AZB (for students with disabilities such as autism); Eidgenössische Technische Hochschule Zürich (ETH); and TUN Fair for Technology and Natural Sciences

Age of the apprentices: Apprentices: 15 – 20 years old; ETH students: 19 – 20 years old

Apprenticeship field: Technical and commercial

Length of apprenticeships: Three to four years for vocational training; one year for AZB students; four weeks for ETH students

Typical activities: Apprentices and AZB students: activities in logistics, purchasing and sales customer service and finance, mechanical production and assembly, design and engineering, setting up and operating machines. ETH students: introductions to design and mechanical production through workshops.

“As a future-oriented vocational training, we contribute to the value creation and good image of Franke. We are recognized by all stakeholders as a professional partner and we train individuals, getting them ready for the labor market at a very high level. We also take part in career fairs and at the TUN Fair for Technology and Natural Sciences in order to present our professions and to get children as young as 8–years old excited about technology.”

Heinz Kattau, Head of Vocational Education Switzerland, Franke Switzerland

US

Educational partnerships: Two local high schools (Lincoln County H.S and Fayetteville H.S.); and Tennessee College of Applied Technology (Fayetteville, Winchester, Shelbyville, Pulaski, and Tullahoma)

Age of the apprentices: 18+ years old (with plans to extend the program to 16 and 17 year–olds in the future)

Apprenticeship field: Industrial Maintenance, Welders

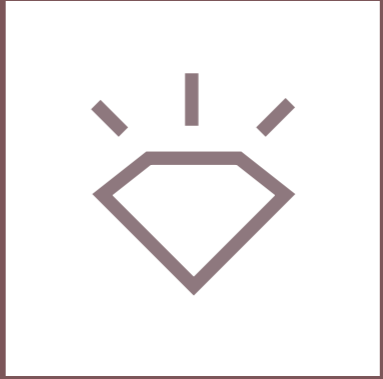
Length of apprenticeships: Three to six months

Typical activities: The current focus of the program is developing welding skills. We will be evaluating other areas of opportunities as the program develops.

“We have developed strong partnerships with local community high schools and colleges, offering students apprenticeships and work study programs to help them determine their future career paths. All apprentices are hired by Franke once they finish their studies. We also have a partnership with Workforce Development, Fayetteville, and have plans to open an on-site school for welders and industrial maintenance in future years, whereby students would undertake both theoretical and practical learning onsite at Franke.”

Brenda Mercier, Human Resources Business Partner, Franke Foodservice Systems, Inc.





Governance

Our contribution to the SDGs



PRODUCT SAFETY QUALITY AND INNOVATION
SDG 9: industry, innovation and infrastructure



**PROFITABILITY, BUSINESS INTEGRITY
AND HUMAN RIGHTS**
SDG 8: decent work and economic growth
SDG 16: peace, justice and strong institutions

Governance

Our governance roadmap is driven by Franke's Board of Directors, while its implementation is led by our Group Executive Committee.

Governance: SDGs in action

Through Franke's corporate governance activities, we contribute to the following SDGs and targets:

SDG 8: Decent work and economic growth

Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries.

As a long-established business focused on continued innovation and product development, Franke contributes to employment and economic growth in the regions it operates.

Target 8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.

Franke's Code of Conduct explicitly states that we do not tolerate child labor or forced labor in any premises owned or operated by Franke, or by any companies in our value chain. Franke's Supplier Code of Conduct requires all suppliers and their sub-suppliers to refrain from forced, bonded, prisoner, military or compulsory labor and from any form of human trafficking.

Target 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Franke's Code of Conduct sets out our commitments to respecting and complying with all applicable laws and regulations where we do business, and to supporting international human rights as well as basic labor regulations such as the Ten Principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. Franke continuously monitors its health and safety policies to mitigate risk of accidents in the workplace, and by the end of 2021, 24 of 28 Franke production companies were certified to ISO 45001.

SDG 9: Industry, innovation, and infrastructure

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030,

encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Franke invests in research and development to ensure it can continually innovate for a cleaner production process (lower levels of energy consumption and waste) and bring consumption-efficient products to market. In 2021, Franke generated 25 percent of its sales from products launched over the past three years, thereby contributing to innovation in global markets.

SDG 16: Peace, justice and strong institutions

Target 16.3: Promote the rule of law at the national and international levels and ensure equal access to justice for all.

Local subsidiaries of Franke are responsible for ensuring that their business activities comply with all local laws, regulations, and disclosure requirements. They ensure that Franke acts within the various national jurisdictions as a good citizen as well as making full disclosure in tax returns, reports, and documents submitted. All tax positions and transactions are aligned with our real commercial and economic activity.

Furthermore, our Global Data Protection Policy defines privacy standards for employee and customer personal data and is applicable to all Franke companies. It requires Franke

employees to treat personal information in accordance with applicable data protection laws and includes our expectations for breach reporting.

Franke also supports the third indicator within this target — the proportion of the population who have experienced a dispute in the past two years and who accessed a formal or informal dispute resolution mechanism, by type of mechanism — through Franke’s integrity hotline, a safe, anonymous method of voicing any integrity or ethical concerns. In the event of any alleged misconduct, an investigation is launched by our Corporate Compliance department, in collaboration with Human Resources.

Target 16.5: Substantially reduce corruption and bribery in all their forms.

In addition to the basic Code of Conduct training, Franke provides mandatory online training on anti-corruption and anti-trust law for risk-specific groups and training must be repeated in two-year cycles. 89.5 percent of 781 employees had completed the anti-trust module by the end of 2021, and 91.2 percent of 781 employees had completed the anti-corruption module. Furthermore, Franke sees compliant behavior as a prerequisite for sustainable success. To achieve the goal of keeping non-compliance incidents low, nine internal audits were conducted in 2021. Through these measures, Franke contributes to the promotion of a peaceful and inclusive society.

they learn the importance of legal compliance, particularly with regard to anti-corruption, anti-trust law, product requirements, third-party industrial property rights, data protection and trade restrictions. Updates on the standards and compliance requirements are regularly published in the OneFranke employee magazine.

Compliance activities are directly monitored by Franke’s Management Board and the Audit Committee. Marcel Enz, General Counsel and Head of the Legal & Group Compliance department in Switzerland, is responsible for promoting Franke’s compliance with applicable laws and regulations. The compliance processes at individual sites are carried out by the Group Compliance Officer and the local Compliance Officers. Internal audits are conducted based on a risk-oriented approach and include, among other things, compliance risks

such as the risk of corruption. In 2021, 9 internal audits were carried out, compared with 11 in the previous year.

Human rights

The protection of human rights is integral to Franke’s strategy and operations and is a requirement across the entire value chain to guarantee our license to operate. By signing the 2011 UN Global Compact, we committed to supporting and respecting the protection of internationally proclaimed human rights (Principle 1) and to making sure that we are not complicit in human rights abuses (Principle 2). Due diligence and reporting are vital for monitoring the protection of human rights within our supply chain. As such, we have established processes to identify, prevent and mitigate negative human rights impacts at our production sites and throughout our supply chain through audits, certifications, and employee training. Our Code of Conduct and Supplier Code of Conduct outline our requirements and expectations regarding human rights, among other ethical behaviors and responsible business practices, as detailed below.

Franke Code of Conduct

Franke’s Code of Conduct (the “Code”) was updated in 2019 and applies to all Franke employees worldwide. Franke employees commit themselves to observing the highest ethical standards of professional and personal conduct in their dealings with customers, colleagues, business partners, competitors, regulators, and the communities in which Franke operates. The Code sets out our commitments to respecting and complying with all applicable laws and regulations, and to supporting international human rights as well as basic labor regulations such as the Ten Principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. 15 clearly structured ethical principles comprise the Code, which is available in 13 languages. An e-learning program guides employees on all aspects of the Code.

The Code explicitly states that we do not tolerate child labor or forced labor in any premises owned or operated by Franke, or by any companies in our value chain. The Code prohibits discrimination on the basis of gender, age, skin color, nationality, ethnicity, religion, disability or other legally protected characteristics of a person¹. The Code also sets out our commitment to respecting the rights of our employees to freedom of association and collective bargaining within the limits of applicable local laws.

¹ Due to safety regulations, certain work tasks may be restricted to specific individuals, for example different reasonable load weights for lifting and carrying may apply to men and women.

Code of Conduct training courses

Around 50 percent of Franke employees (those with access to a computer) complete the online Code of Conduct training courses which were launched in February 2017. Training must be repeated in two-year cycles, with all new hires required to complete the training when they start their new roles at Franke. As per the reporting date of December 31, 2021, 3,646 workers (out of 4,119 eligible ones) had completed the Code of Conduct training module.

Additional online training is available on anti-corruption and anti-trust law. These modules are mandatory for risk-specific groups (totalling 781 employees in 2021) and training must also be repeated in two-year cycles. By the end of 2021, 89.5 percent of applicable employees had completed the anti-trust module, and 91.2 percent of applicable employees had completed the anti-corruption module.

Collective bargaining agreements and integrity hotline

We recognize and respect the rights of our employees to have the freedom of association and collective bargaining where applicable under local and transnational laws. Approximately half of the workforce is currently covered by collective agreements. In France, Germany, Italy, and Switzerland, over 90 percent of employees are bound by a collective employment agreement or collective bargaining agreements. There are no collective agreements for employees in the US and China, which represent 20 percent of the total workforce.

Our Corporate Compliance and Human Resources departments are responsible for raising awareness of compliance with human rights, and for the internal monitoring of aspects such as discrimination, equal opportunities and diversity, freedom of association and the right to collective bargaining at all Franke sites.

We provide all Franke employees with a safe, anonymous method of voicing any integrity or ethical concerns regarding Franke and its operations through the SpeakUp@Franke Integrity Line. This hotline (telephone or online) can be used confidentially and anonymously and is available in 26 languages. In the event of any alleged misconduct, an investigation is launched by our Corporate Compliance department, in collaboration with Internal Audit, and corrective measures are taken where necessary.

Compliance

At Franke, adherence to high ethical standards in the conduct of our business and across our value chain is imperative. Similarly, ensuring the high quality and safety of our products, together with a continued focus on innovation and product development to serve our customers’ changing needs and maintain our strong market position is essential. Integrity, compliance, and innovation are therefore central components of our business.

Business integrity

Franke’s compliance management system is based on the pillars of prevention, detection, and control. All staff worldwide with access to a computer and email address are required to undergo online compliance training every two years, in which

Supplier Code of Conduct

The Franke Supplier Code of Conduct (the "Supplier Code") was updated in January 2020 and requires that all suppliers and their respective supply chains comply with labor practices, environmental protection, and business integrity requirements. The Supplier Code requires all suppliers and their sub-suppliers to refrain from forced, bonded, prisoner, military or compulsory labor and from any form of human trafficking. It also requires that they respect the right of employees to freely associate and negotiate collectively, without restriction or consequences.

Compliance with the Supplier Code is required as part of our supplier contracts and facilitated by our Purchasing teams. Risked-based audits are conducted for our high-impact suppliers to monitor compliance, and instructions are given where appropriate to further verify and minimize the risk of human rights violations in our supply chain. In the event of a breach of any of the requirements in the Supplier Code, Franke will request the supplier to provide an action plan setting out corrective actions (if remediable) to be carried out within 5 business days. If Franke deems that the action plan is not contemplated to cure the breach or the breach is not remediable, then Franke is entitled to terminate the contractual agreement.

Product quality and safety

Franke has always championed high-quality products and innovative solutions, and our customer-centric approach to the design and development of our products helps us maintain our pledge of delivering outstanding value to our consumers.

Product reliability and longevity

Our products must be reliable and durable while conforming to the highest technical standards. Sustainability is a key driver in our outstanding value promise: making products that stand the test of time, that respect the planet's finite resources while helping our customers to be more conscious in their consumption. We apply the precautionary approach to product design and production, prioritizing risk prevention over remediation. This commitment is referenced in one of our five core Franke values: "We act responsibly." Rigorous quality assurance measures for product development and production help to ensure we maintain the exceptional standards expected by our customers.

Among other things, we conduct failure mode and effects analyses (FMEA) to increase the technical reliability of our products. Products that do not pass our internal tests are subjected to a revision process or, in the case of major faults,

are dismantled and raw materials are recycled wherever possible. The systematic collection of scrap rates also enables us to monitor process quality. To track product performance once our products reach consumers, we use an indicator that measures the number of defective products based on customer complaints received within the warranty period¹. This gives us our service call rate: the percentage of defective products compared to the total number of products sold². Our service call rate for 2021 was 1.16 percent, compared to 1.24 percent in 2020.

Product safety

Almost all of our products are either related to the preparation of food or the use of water. They must therefore comply with stringent technical and food safety regulations. Having a quality management system in place at our production sites helps us ensure the consistency and quality of our products, helps us ensure compliance with mandatory technical and other standards while helping to drive continuous improvement to ensure our products are fully aligned with our customer needs. At the end of 2021, 27 out of 28 production sites had implemented a certified quality management system according to ISO 9001.

In 2021, one customer safety incident was reported, resulting in one fine, compared to 30 reported incidents in 2020 resulting in 17 fines. None of these incidents led to sanctions, warnings or product recalls. As with 2020, countermeasures were taken for the product concerned.

Quality management systems

	2021	2020
Production sites with certified quality management systems (ISO 9001)	27/28	33/36

Customer-centric approach

Customer feedback on product quality is broadly obtained through surveys, either conducted independently or through standardized third-party surveys. To improve performance in the areas that perform weakest in the surveys, we develop routine plans which guide our continuous development and

improvement. We also review product developments and adaptations in terms of their future health and safety impacts, applying the precautionary approach to mitigate potential risks and to ensure quality remains high. Through innovative design, we've created products that contribute to the health of our customers, for example by promoting hygienic behavior through the installation of contactless fittings, and through the launch of our Air Hubs which sanitize the air in addition to removing cooking odors.

Product responsibility at Franke is located in various departments: Product Development, Quality, Marketing, Risk Management and Legal. A Group-wide Quality Management function was created in 2019 to centralize our quality management approach and to enable shared learnings and knowledge transfer across divisions, and greater data collection and analysis in this area. Franke's Head of Quality is responsible for coordinating the Group-wide quality assurance and improvement activities.

Business aspects

Franke's success as a business not only affects our employees but the wider value chain, which includes suppliers and customers, the communities in which we operate and our owner. We have a duty to remain profitable, and innovation plays a key role in this.

Profitability

Franke's economic performance, market presence and indirect economic impacts are monitored strategically by the Board of Directors and the Management Board.

To remain profitable, we conduct regular reviews of our internal strategies and processes, and we adopt high levels of flexibility in our management approach. Monthly meetings allow for regular reviews of progress and results concerning our business targets and enable us to adjust our approach in a timely manner to react or preempt certain circumstances. Our budgeting process takes into account the upcoming three years which enables us to plan for the medium to long term.

Profitability

	IN M CHF	2021	2020	DIFF. 2021/2020
Net sales		2557,0	2177,6	17.4%
Organic growth		21.9%	-3.6%	-
EBIT		169,8	79,1	114.7%
Investments		54	57,8	-6.6%
Employees average		7,808	8,714	-10.4%

* Employees average excludes the division water systems for 2021.

¹ Not all data on defective products is available as some of our markets discharge product liability to intermediaries (dealers).

² KPIs are taken from the divisions instead of at company level to improve the quality of data. Markets or product groups are disregarded if not enough data was available.

Franke achieved consolidated net sales of CHF 2.56 billion in 2021, compared to CHF 2.18 billion in 2020, a 17 percent increase. Operating profit (EBIT) increased to CHF 169.8 million, compared with CHF 79.1 million in 2020, partly linked to the resurgence of the global economy as national Covid-19 restrictions were eased or lifted. This also resulted in a three percentage points increase in EBIT margin to 6.6 percent.

Product innovation

Innovation not only supports business profitability, but it also supports the development of more environmentally friendly products and production processes. An eagerness to challenge the status quo, explore new solutions and draw on data, insights, and best practices to make things better forms part of our third core Franke value: “We are curious.” We utilize lean management principles to drive continuous improvements to our products and to ensure efficiency in production while always keeping the needs of the consumer front and center of our approach. As we gain a deeper understanding of our environmental impacts across our value chain, we can adapt our products and processes with an emphasis on environmental responsibility throughout the product lifecycle and work to minimize our consumption of resources.

Defining a new front-end innovation process

In 2021, we initiated a project within our Home Solutions Division to define a new front-end innovation, testing and validation process. The process is centered on guiding questions which steer the R&D and Innovation teams towards critical aspects of innovation in product development, including specific environmental criteria, such as:

- Which are the most important environmental criteria to consider for the innovation – CO₂e emissions, energy efficiency, share of renewable or recycled materials, water consumption, end-of-life solution and how does the innovation perform on these sustainability aspects?
- What regulatory restrictions and requirements exist and how does the innovation adhere to or surpass these?

By using these guiding questions during the ideation, testing, and prototyping process, we anchor these vital sustainability requirements in the product development process. One example of a Franke product developed for greater energy efficiency is the Franke “Mythos 2gether” induction hob. Launched in 2019, it is the world’s first integrated hob extractor that claims the energy efficiency class A+++ thanks to its energy-efficient design.

A new central R&D team for Franke Home Solutions

When Franke Kitchen Systems and Faber Hoods & Cooking Systems were consolidated into one division in 2021, we created a new central R&D team for the division to coordinate innovation in one place, which allows us to better harmonize our efforts and distribute learnings more effectively.

A key product innovation launched in 2021 as a result of the consolidation was the Air Hub – an extractor fan which not only eliminates odors but also sanitizes the air. In studies carried out by the laboratories at the University of Siena in Italy, the Air Hub proved to be highly effective, destroying up to 99.99 percent of all viruses and bacteria in the air, including some of the most UV-resistant bacteria. In light of the recent Covid-19 pandemic, this is a welcome addition to consumer homes, significantly contributing to the well-being of users.

Innovation awards received in 2021

In July, Faber Franke India received the “Golden Peacock Innovative Product / Service Award” for the Aerostation 3in1 hood – a filter and ventilation system which removes smoke and dust, eliminates odors as well as harmful substances, and emits cool, clean air – essential for our customers in India and other hot climate regions.

Franke’s Cloud Hood won the “2021 Outstanding Product Innovation Award” at the International Quality Festival in Beijing, China, and the Franke brand was named the “2021 Outstanding Quality Brand.” The festival brought together more than 300 of the biggest quality brands, and this was the first year that Franke took part in the event.

Franke’s Dalla Corte “Zero” coffee machine was 1 of 15 winners of the 2021 Smart Label Award, hosted by Politecnico di Milano and Fiera Milano. The winners were praised for their touchless technologies, use of materials designed to last over time, hygienic and intuitive user interfaces and high level of customization.

Product innovation assessment

To assess product innovation, we use the net trading revenue of products launched over the past three years and compare this to total net trade sales across all products. In 2021, 25 percent of net trade sales came from products developed within the past 3 years, compared to 25 percent in 2020 and 28 percent in 2019. The slight reduction is largely due to less product development in both 2020 and 2021 as a result of Covid-19. Some Franke entities did see an increase in their

sales of new products however, for example Franke s.r.o. in the Czech Republic saw a 54 percent increase in sales on products under 3 years old, largely due to the introduction of colored sinks and taps. The resurgence of consumer demand following the pandemic also accounted for an increase in some legal entities, for example Franke Foodservice Systems Philippines, Inc (383 percent increase in sales of new products); Franke Japan, Inc. (535 percent increase); Franke Foodservice Systems Americas, Inc (100 percent increase). In South Africa, the introduction of new Fraganite

sinks contributed to Franke South Africa (Pty) Ltd’s 65 percent increase in sales of new products.

However, these figures and the overall indicator must be viewed in the context of Franke’s entire product range and business model. Not all Franke activities are uniform across all entities and regions – some entities focus exclusively on customer-specific products which results in a higher indicator score, whereas factors such as the limited influence of customer demand can lead to a reduction in overall score.

Organization structure and sustainability management

Franke Holding AG is a joint-stock Swiss-law company, 100 percent owned by Artemis Holding AG (Artemis Group). In 2021, Franke was comprised of 63 companies and 7,808 employees (FTE), and generated sales of CHF 2.56 billion. Franke’s products are sold to various customers including fast-food chains, wholesalers, kitchen studios and construction companies in over 100 countries. Franke’s net profit in 2021 was CHF 109.1 million.

Organization structure

Franke has a two-tier management structure: the Board of Directors of Franke Holding AG (Franke Group) and the Corporate Executive Board of Franke Group. The Board of Directors consists of 6 members (5 male and 1 female), and the Executive Board consists of 7 members, (6 male and 1 female).

The operative structure of the Group is comprised of the Group functions Finance, Human Resources, Operations, Information Services and the three divisions: Franke Home Solutions, Franke Foodservice Systems and Franke Coffee Systems.

Under the leadership of the Group CEO, the Executive Board implements the strategic guidelines and resolutions of the

Board of Directors and leads Franke’s business operations. The members of the Board of Directors have various non-transferable, irrevocable duties in accordance with the Swiss Code of Obligations. The Board of Directors has three permanent internal boards: a Finance and Audit Committee, an Information Technology (IT) Committee and a Human Resources (HR) Committee. The Board of Directors and the committees met regularly in 2021.

The members of the Board of Directors receive a fixed salary without variable components. Therefore, their remuneration is independent from the Group’s performance. The members of Franke’s Management Board, and other employees, receive incentives based on financial targets.

The Franke Code of Conduct outlines how members of the Board of Directors can avoid conflicts of interest, and additional rules are specified in the organizational regulations that determine internal organization at Franke. Members of the Board of Directors may not participate in any matters that affect their personal interests, nor those of any affiliate or person closely linked to them.

No member of Franke’s Board of Directors or of its committees is involved in the operational management of the company.

How stakeholders can submit recommendations to the Board of Directors

Recommendations or concerns from the shareholder can be submitted to the Board of Directors through Michael Pieper, the owner and CEO of Artemis Group and member of the Board of Directors of Franke Group.

Recommendations or concerns from employees can be brought to the attention of the Board of Directors through the Franke Forum. Here, employee representatives of the various European companies (known collectively as the European Works Council) meet with members of the Management Board of Franke.

Sustainability management

Franke Group's Board of Directors monitors overall sustainability performance of the organization, while a core sustainability team is responsible for implementing, driving, and tracking progress on the various sustainability goals and targets. The Finance and Audit Committee of the Board of Directors discuss risks and opportunities relevant to Franke, when approving the annual risk report. There is no formal procedure for evaluating the performance of the Board of Directors from a holistic sustainability perspective.

Precautionary approach

Franke has a comprehensive system for the control and management of all risks associated with its business and applies the precautionary principle through its quality, environment, and occupational safety management systems implemented at the various sites. In line with the ISO 31000 standard, Group Risk Management acts as the interface between all of these management systems. As such, all Franke companies have clearly defined contingency planning in place and conduct an annual risk analysis in which key risks are identified. All production companies must also have an emergency management plan in place, to ensure a rapid, competent response in the event of an emergency. In addition, employees on business trips are also supported by an external intervention specialist in crisis situations.

External agreements, initiatives, and memberships

Franke has been a member of the UN Global Compact since January 2011. Franke is also active in a number of industry associations and initiatives in various countries. Many of these organizations specialize in sustainability topics. These associations include:

- Advance, a business association for Swiss companies committed to gender equality. Women still represent a minority in Swiss managerial positions and on executive boards, and Advance works to increase the share of women in these positions through various initiatives.
- APPLiA, a Brussels-based trade association which represents the household appliance industry in Europe and promotes innovative, sustainable policies and solutions for EU homes. The Franke Code of Conduct is closely aligned with the APPLiA's Associations Code of Conduct which promotes fair and sustainable standards for working conditions, social compliance, and environmental performance.
- CDP, a not-for-profit organization that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Franke will be requesting its key suppliers disclose their environmental impacts through CDP for future reporting.
- öbu, the Swiss association and think tank for ecologically conscious corporate management, promoting the implementation of advanced sustainability standards in business.
- Science Based Targets initiative (SBTi), an organization driving climate action in the private sector by enabling organizations to set science-based emissions reduction targets. Franke has committed to developing and verifying science-based emissions reductions targets with SBTi.



Annex



REPORTING PARAMETERS



GRI CONTENT INDEX



CONTACT

Annex

Reporting parameters

Reporting period

This report covers the 2021 financial year: January 1 to December 31, 2021. Information from prior years was included where necessary to give the reader a complete picture of Franke's sustainability approach and performance in this area over time. Where the data does not originate from 2021, this has been clearly indicated.

Date of the most recent previous report

In July 2021, Franke published its 2020 sustainability report. The reports from prior years can be found here:

- www.franke.com
- [About us](#)
- [Sustainability](#)

Reporting cycle

Franke publishes a sustainability report every year. The next report will be published latest by August 2023.

Procedure for determining the report content

The GRI Standards: Core option was followed in the development of this report, and the materiality analysis conducted in 2017 in accordance with the GRI Standards was used to identify those aspects that are important to our stakeholders and on which Franke has the greatest impact. The topics identified in the 2017 materiality analysis were checked for completeness and were then assessed by a group of internal experts in terms of their continued relevance to Franke stakeholders and their significant economic, ecological, and social impacts. The topics were then validated with our most important stakeholders for this report. The key stakeholders and their most important interests are described on page 10. We have also compared the key topics outlined in our new sustainability strategy with the topics identified in the

materiality analysis. Overall, the topics are aligned however the naming of the topics differs in some cases. We have decided to not adjust our taxonomy for now, but will align this for future reports.

Reporting boundaries, joint ventures, subsidiaries, outsourced activities, etc.

This report covers Franke in its entirety. We clearly state any instances in which the report contents relate only to one part of the company (as an example or due to the data situation). This report does not cover outsourced activities. Although Blefa Beverage Systems is still legally part of Franke, the company is no longer included in our calculations and has followed a new reporting line to the Artemis Group since January 2016. Since 2017, Franke Industrie AG (a manufacturer of hot gas components for industrial gas turbines and aerospace) also reports directly to the Artemis Group.

There were also the following changes in connection with joint ventures, acquisitions, divestments, or mergers in the reporting period: In April 2021, Franke divested the Franke Water Systems division. The divestment involved 2 business units: Water Systems (WS) Commercial Group and KWC Group and included all production and sales facilities of Franke Water Systems in Switzerland, the European Union, the United Kingdom, the United Arab Emirates and China. In line with Franke's policy of only using a complete year's data for reporting purposes, no data from the Water Systems division is included in the 2021 data for this report, however it is still included in previous years' data. The only exception was made for financial information like net sales, EBIT, investments and others because excluding WS and KWC from those values would have had a very minor impact and would be a deviation from the already published financial KPIs from Franke Group.

Due to the current situation in Ukraine, we have not been able to include any data from Franke Ukraina LLC for 2021.

On January 4, 2021, Franke gained full ownership of Franke Coffee Systems UK Ltd. Prior to this, Franke held a minority stake in the company (since 2007). Therefore, data from this entity - which has more than 100 full time employees - was included for the first time in the 2021 reporting cycle.

Data collection methods and bases of data calculation

The financial, personnel and environmental data (energy, greenhouse gas emissions, water, materials, and waste generation) for this report was taken from the COGNOS system. Certain personnel data was extracted from the HR tool, which now covers more than 90 percent of the workforce.

With regard to materials, the central purchasing figures have been used since 2017. As some materials are still purchased locally, it is very difficult to enter reliable data. However, we are working on a solution to ensure that these figures will be transparent again in the future. This would also allow us to make a clear distinction between renewable and non-renewable materials. Since the reporting year 2019, we have used COGNOS for the collection of data on renewable materials.

The environmental and occupational health and safety data for the 2021 financial year was reported by all the production, service, and sales companies. The data on water and wastewater was collected on the basis of municipal water supply bills or other utility bills. The conversion factors for energy consumption come from the fact sheet: CO₂e emission factors of the Swiss greenhouse gas inventory from 2016 (Federal Office for the Environment). Direct greenhouse gas emissions from fossil fuels (heating oil, natural gas, diesel, and petrol; scope 1 of the GHG Protocol) are also based on the fact sheet of the Swiss Federal Office for the Environment (2016). The individual greenhouse gases emitted at Franke sites are CO₂, CH₄ and N₂O, which have been converted into CO₂ equivalents for this report, according to the above-mentioned fact sheet. Greenhouse gas emissions for electricity and district heating (scope 2) were calculated on the basis of the emission factors reported by the Franke companies. Many of the key figures in this report are heavily dependent on Franke's economic performance. For this reason, the key figures are listed relative to total net sales.

Furthermore, we do not consider the share of temporary employees in the total workforce to be significant at 11.7 percent, and therefore do not discuss in detail their precise activities. In addition, there are no significant seasonal fluctuations in the total workforce. With regard to our data sources for the statements on the workforce made in the report, the following distinction must be made: when we speak of full-time equivalents, the information is taken from our financial reporting system and, if a number of employees is mentioned, this has been taken from the employee directory.

Effects of any restatements of information provided in earlier reports

Data for 2020 has not been adjusted to account for the divestment of the Franke Water Systems division in 2021. This decision was made following an analysis of the extent to which the data from this division affects comparison with the 2021 data.

Certain inaccuracies in the 2020 data should be noted:

- The number of Franke production companies was incorrectly reported in 2020. The production company in Ruston, US, should have been excluded as it was closed in April 2020, similarly the production company in Mamoli, Italy should have been excluded due to closure. Franke S.p.A. Italy was potentially wrongly counted twice for certifications in 2020 and Franke Foodservice Systems GmbH Germany was not counted at all.
- Franke Schweiz AG (which reports the environmental data for the Franke Headquarters) incorrectly reported data using an outdated emissions factor for electricity consumption in 2020: around 7 million kWh with 122g/kWh instead of 1.6 in 2020 (12t instead of 904t) and 0.3 in 2019 (2t instead of 890t). This has now been corrected.
- PR Kitchen & Washroom Systems Pty Ltd., Australia, submitted data for the first time in 2021, therefore we have missing data for 2020. The impact in 2020 was very small though, as the legal entity was only acquired as of December 2020 but Franke held 49 percent share in the company since 2016.
- The legal entities listed below have reported the diesel and gasoline consumption of leased cars as scope 1 emissions when they should have been reported as scope 3 emissions. This error was discovered in this reporting cycle as a result of changes to our reporting scope and extends back to all previous reporting years: Franke Kindred Canada Ltd.; Franke s.r.o., Czech Republic; Franke France SAS; Franke Foodservice Systems GmbH, Germany; Franke Foodservice Systems Poland Sp. z o.o.; Franke Neva GmbH, Russia; Franke South Africa (Pty) Ltd.; Franke España S.A.U., Spain; Franke Futurum AB, Sweden; Franke Kaffeemaschinen AG, Switzerland; Franke Nederland B.V., The Netherlands.
- A new legal entity Franke (Shanghai) Trade Co. Ltd. was created as of May 1, 2020, but it didn't start operating until January 1, 2021.
- Please note that in the English version of the 2020 Franke Sustainability Report, temporary employees were incorrectly categorised as part-time employees in the Workforce table on page 32. We do not have the information to readjust the data for 2020 but we will include it as of 2022.

GRI reference

This report has been prepared in accordance with the GRI Standards: Core option.

External assurance for the report

No external confirmation was obtained for this report.

GRI Content Index

GRI STANDARD	ORGANIZATIONAL PROFIL	PAGE	OMISSION AND REMARK
General disclosures			
GRI 102: General disclosures (2016)	Organization profile		
	102-1 Name of the organization	6	
	102-2 Activities, brands, products and services	6-7	
	102-3 Location of headquarters	7	
	102-4 Location of operations	7	
	102-5 Ownership and legal form	67-68	
	102-6 Markets served	6-7	
	102-7 Scale of the organization	6-7, 65	
	102-8 Information on employees and other workers	35-41	1
	102-9 Supply chain	9	
	102-10 Significant changes to the organization and its supply chain	73-74	
	102-11 Precautionary principle or approach	68	
	102-12 External initiatives	68	
102-13 Membership of associations	68		
Strategy			
102-14 Statement from senior decision-maker	14-15		
Ethics and integrity			
102-16 Values, principles, standards, and norms of behavior	35, 62-63		
Governance			
102-18 Governance structure	67-68		
Stakeholder engagement			
102-40 List of stakeholder groups	9-10		
102-41 Collective bargaining agreements	63		
102-42 Identifying and selecting stakeholders	9-10		
102-43 Approach to stakeholder engagement	9-10		
102-44 Key topics and concerns raised	9-10	2	

GRI STANDARD	ORGANIZATIONAL PROFIL	PAGE	OMISSION AND REMARK
Reporting practice			
	102-45 Entities included in the consolidated financial statements	73-74	
	102-46 Defining report content and topic boundaries	73-74	
	102-47 List of material topics	12	
	102-48 Restatements of information	74	
	102-49 Changes in reporting	73-74	
	102-50 Reporting period	73	
	102-51 Date of most recent report	73	
	102-52 Reporting cycle	73	

GRI 102: General Disclosures (2016)	Organization profile		
	102-53 Contact point for questions regarding the report	78	
	102-54 Claims of reporting in accordance with the GRI Standards	75	
	102-55 GRI content index	75-77	
	102-56 External assurance	75	

Material Topics

Energy efficiency in production

GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	19-24	
	103-2 The management approach and its components	21-24	
	103-3 Evaluation of the management approach	21-24	
GRI 302: Energy (2016)	302-3 Energy intensity	22-23, 65	
GRI 305: Emissions (2016)	305-4 GHG emissions intensity	21, 65, 74	

Water and wastewater management

GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	20, 27	
	103-2 The management approach and its components	27	
	103-3 Evaluation of the management approach Boundary	27-28	
GRI 303: Water and Effluents (2018)	303-3 Water withdrawal	28	3
	303-4 Water discharge	28	3

Material efficiency in production

GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	19-20, 25-27	
	103-2 The management approach and its components	19-20, 25-27	
	103-3 Evaluation of the management approach	25-27	
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	25	
GRI 301: Waste (2020)	306-2 Management of significant waste-related impacts	26	4

GRI STANDARD	ORGANIZATIONAL PROFIL	PAGE	OMISSION AND REMARK
Resource-efficient products (energy)			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	19, 29	
	103-2 The management approach and its components	19, 29	
	103-3 Evaluation of the management approach	29	
GRI 302: Energy (2016)	302-5 Reductions in energy requirements of products and services	29	5

Leadership Development

GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	35, 38-39	
	103-2 The management approach and its components	35, 38-39	
	103-3 Evaluation of the management approach	38-39	
GRI 404: Training and education (2016)	404-3 Percentage of employees receiving regular performance and career development reviews	39	

Occupational health and safety

GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	35, 42-44	
	103-2 The management approach and its components	35, 42-44	
	103-3 Evaluation of the management approach	42-44	
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	42, 44	
	403-2 Hazard identification, risk assessment, and incident investigation	42-43	
	403-3 Occupational health services	43	6
	403-4 Worker participation, consultation, and communication on occupational health and safety	42-43	
	403-5 Worker training on occupational health and safety	42	
	403-6 Promotion of worker health	42-43	6
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42-43	
	403-8 Workers covered by an occupational health and safety management system	42, 44	7
	403-9 Work-related injuries	42-44	8
	403-10 Work-related ill health	42-44	9

GRI STANDARD	ORGANIZATIONAL PROFIL	PAGE	OMISSION AND REMARK
Profitability			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	65-66	
	103-2 The management approach and its components	65-66	
	103-3 Evaluation of the management approach	65-66	
Own indicator	Operating result (EBIT)	65-66	
Business integrity			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	62-63	
	103-2 The management approach and its components	62-63	
	103-3 Evaluation of the management approach	62-63	
Own indicator	Number of internal audits	63	
Human rights			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	61-64	
	103-2 The management approach and its components	61-64	
	103-3 Evaluation of the management approach	63-64	
Own indicators	Percentage of employees trained regarding corruption	62-63	
	Percentage of employees trained regarding antitrust legislation	62-63	
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	63	10
Reliability and longevity			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	64	
	103-2 The management approach and its components	64	
	103-3 Evaluation of the management approach	64	
Own indicator	Service Call Rate	64	
Safety impacts of products			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	64-65	
	103-2 The management approach and its components	64-65	
	103-3 Evaluation of the management approach	64-65	
GRI 416: Customer health and safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	64-65	11

GRI STANDARD	ORGANIZATIONAL PROFIL	PAGE	OMISSION AND REMARK
Product innovation			
GRI 103: Management approach (2016)	103-1 Explanation of the material topic and its Boundary	61-62, 66-67	
	103-2 The management approach and its components	66-67	
	103-3 Evaluation of the management approach	66-67	
Own indicator	Change in net sales of products not older than three years	62, 66-67	

Exclusions and remarks

1. Information unavailable. Due to the current system landscape, the breakdown of employees by employee contract (permanent and temporary) by region cannot yet be made. The same applies to the employment type by gender. We have introduced a new system in 2021 that will allow us to collect the missing data which we hope to provide in the 2022 report. At this point in time, we cannot provide information on workers who are not employees. We will investigate if it is possible to get this information for the 2022 report.

2. As our business model, product range, and stakeholders have not changed significantly since 2017, we continue to address topics that were determined as relevant to our stakeholders in the 2017 materiality analysis. We plan to engage more thoroughly with our stakeholders in the coming years to determine the continued relevancy of these topics and any new topics that may arise. This will help us ensure that we continue to address the topics and concerns that matter most to our various stakeholders.

3. Information unavailable. The implementation of the new reporting requirements on water consumption and recycling could not yet be completed. Still pending is an analysis of whether Franke operates in areas suffering from water stress and the breakdown by water category into freshwater and other water. In addition, for water recycling in particular, it has not yet been possible to distinguish between substances of concern whose discharge is being addressed. These points will ideally be covered in the 2022 report

4. Information unavailable. The extent to which waste managed by third parties complies with contractual or legal obligations cannot be verified at the moment. We are aiming to carry out this survey for the 2022 report.

5. Information unavailable. The data for assessing the reduction in energy demand of our products are not yet available. Our original plan to conduct this survey internally already for the 2020 report was unfortunately delayed by the pandemic. Considering other priorities for the 2021 report, this survey can be expected for the 2022 report.

6. Information unavailable. We don't have information for all locations yet but we hope to be able to provide the information for this indicator in the report 2022.

7. Information unavailable. The data with regards to the number and percentage of all employees and workers who are not employees are still missing for this indicator. We expect to have this information for the report 2022.

8. Information unavailable. So far, we have only made the difference between fatal accidents and accidents resulting in lost days. This applies both to employees and workers who are not employees. Further distinctions will be made in the future, probably in the report 2022.

9. Information unavailable. So far, we have only made the difference between fatalities as a result of work-related ill health and work-related ill health resulting in lost days. This applies both to employees and workers who are not employees. Further distinctions will be made in the future, probably in the report 2022.

10. Information unavailable. The topic of human rights is part of the e-learning module on the Code of Conduct. As this module includes many more topics, it is not possible to give a reliable estimate of the number of training hours.

11. Not applicable. The reported cases relate to the Kitchen Systems and Foodservice Systems Divisions. Whether the introduction of the KPI in other divisions makes sense and the content is also applicable there will be evaluated as part of the introduction of Total Quality Management.

Contact

If you have general questions about sustainability at Franke, please contact:

Kirill Bourovoi

Group Head Learning & Development and Corporate Sustainability

kirill.bourovoi@franke.com

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Franke Holding AG
Franke-Strasse 2
4663 Aarburg
Schweiz
www.franke.com