



FRANKE

**SUSTAIN
ABILITY**

REPORT 2022

**Franke Group
Sustainability Report 2022**

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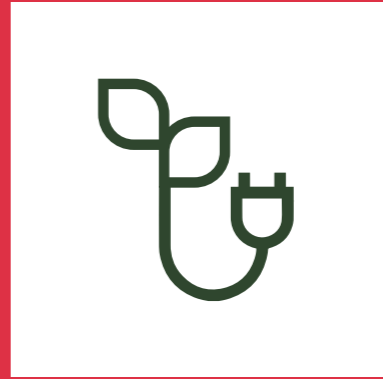
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Sustainability
at Franke

Group profile

In 2022, the Franke Group consisted of Franke Home Solutions, Franke Foodservice Systems, and Franke Coffee Systems. The Group employed around 7,000 people worldwide and achieved consolidated net sales of CHF 2.54 billion.

Divisions



Franke Home Solutions

provides intelligent systems and integrated solutions for residential kitchens, combining exclusive design with Swiss quality and full-potential functionality to fulfill a better living. Franke's integrated systems and solutions are dedicated to the enhancement of food preparation, cooking and preservation, water and indoor air quality treatment, dishwashing and waste disposal. Its ranges include sinks, taps, hoods, ovens, hobs, refrigerators, dishwashers, accessories and food waste management systems.



Franke Foodservice Systems

supplies innovative kitchen facilities, equipment, and solutions that meet the diverse needs of restaurant operators and food retailers, including quick-service restaurants, convenience stores and supermarkets. Activities include outfitting new or renovated stores, assisting with campaigns to launch new menu items or service concepts, and delivering replacement equipment and other supplies to customers.



Franke Coffee Systems

is a global provider of state-of-the-art solutions for professional coffee making, with a comprehensive product range including fully automatic, semi-automatic and traditional machines, as well as equipment. Together with its partners, Franke Coffee Systems is committed to delivering best-in-class in-cup quality, consistency, and beverage variety and to ensuring an outstanding customer experience through constant innovation.

Highlights

23%

reduction in scope 1 and 2 CO₂e emissions compared to 2021

59%

of the total electricity consumed across the Franke Group came from renewable sources in 2022

18%

reduction in the consumption of natural gas compared to 2021

70%

employee engagement score in 2022

93%

of Franke production sites with a certified quality management system according to ISO 9001 in 2022

Franke purpose

We transform change into opportunities to shape a better living

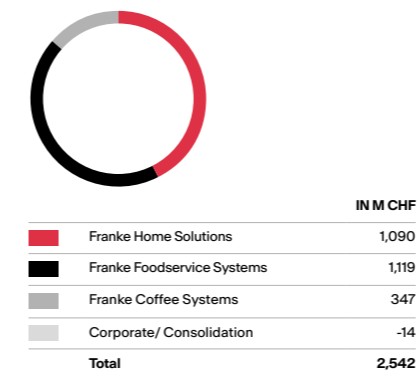
Franke values

- We deliver outstanding solutions
- We win together
- We are curious
- We take ownership
- We act responsibly

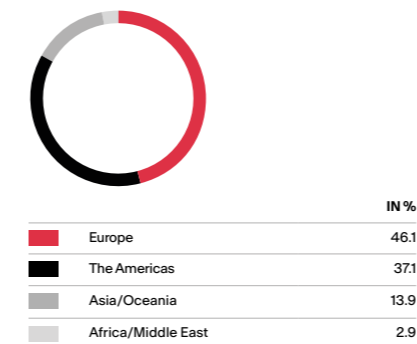


Net sales 2022

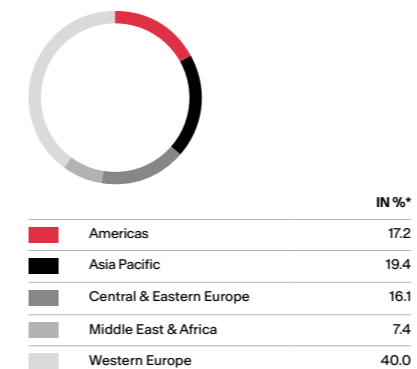
Net sales by division



Net sales by region



Employees by region 2022



* Due to rounding, percentages don't always add up to 100.

Organization of Franke Holding AG as of May 2023

Legal Name

Franke Holding AG

Commonly known business names

Franke Group, Franke

Board of Directors

Alexander Pieper, Chairman

Patrick Naef

Michael Pieper

Dr. Michael Reinhard

Tanja Vainio

Group Management

Patrik Wohlhauser, CEO

Divisions

Franke Home Solutions

Barbara Borra

Franke Foodservice Systems

Peter Revesz

Franke Coffee Systems

Marco Zancolò

Group Functions

Finance

Jürg Fischer

Human Resources

Beat Sigrist

Operations

Gianluca Mapelli

Information Services

Markus Bierl

Locations worldwide

Franke operates with sales companies in 36 countries, with its head office in Aarburg, Switzerland.

Europe

Belgium, Czech Republic, Denmark, Finland, 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, New Zealand, Philippines, Singapore, Thailand

Africa/Middle East

Egypt, South Africa

Brands

Franke Dalla Corte Carron Phoenix Elikor
Faber Kindred Mepamsa Roblin Spar

Value chain and business strategy

Franke business model

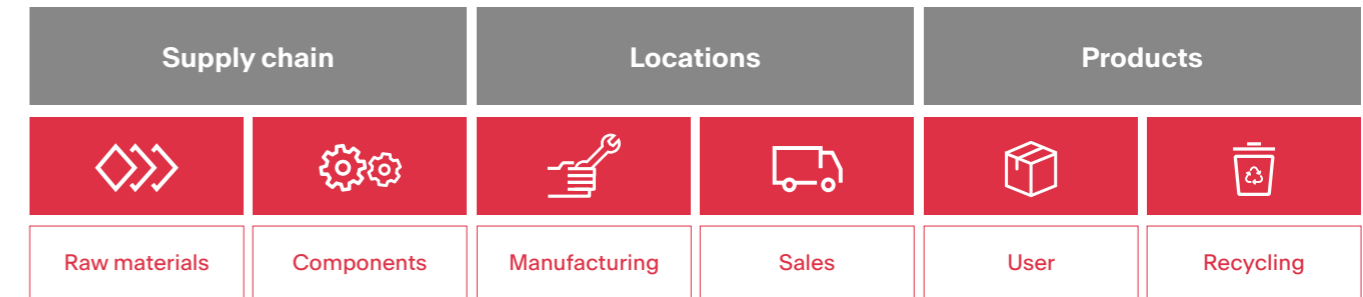
The Franke Group specializes in food and beverage preparation solutions for commercial and residential use, with over 60 companies and operations in 36 countries worldwide. In the commercial segment we equip foodservice kitchens with integrated systems, as well as away-from-home coffee preparation. In the private segment we equip household kitchens with integrated kitchen systems for food preparation, cooking, and exhaust air cleaning. Combining cutting-edge technology, functional aesthetics, and integrated services enables Franke to deliver efficient, smart, and sustainable

solutions. Our high-quality, reliable, and repairable products are designed for durability and developed with energy efficiency at their core. By designing Franke products for optimum efficiency, we help our customers save resources such as energy and water during use. Innovation is an integral part of our business strategy: we constantly strive to develop innovative and adaptable solutions, creating kitchen worlds and coffee making systems that fit flexibly into the living spaces of today and tomorrow.

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 36 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.

In 2022, we continued intensifying our sustainability approach, following the new vision outlined in 2021 to address our wider impacts across the value chain. Product and process innovation plays a key role in this intensification, with the aim of integrating principles of circularity into the design of our products. Key focus areas include prioritizing materials and components from sustainable sources, reducing waste and optimizing 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 a top priority. Since most of

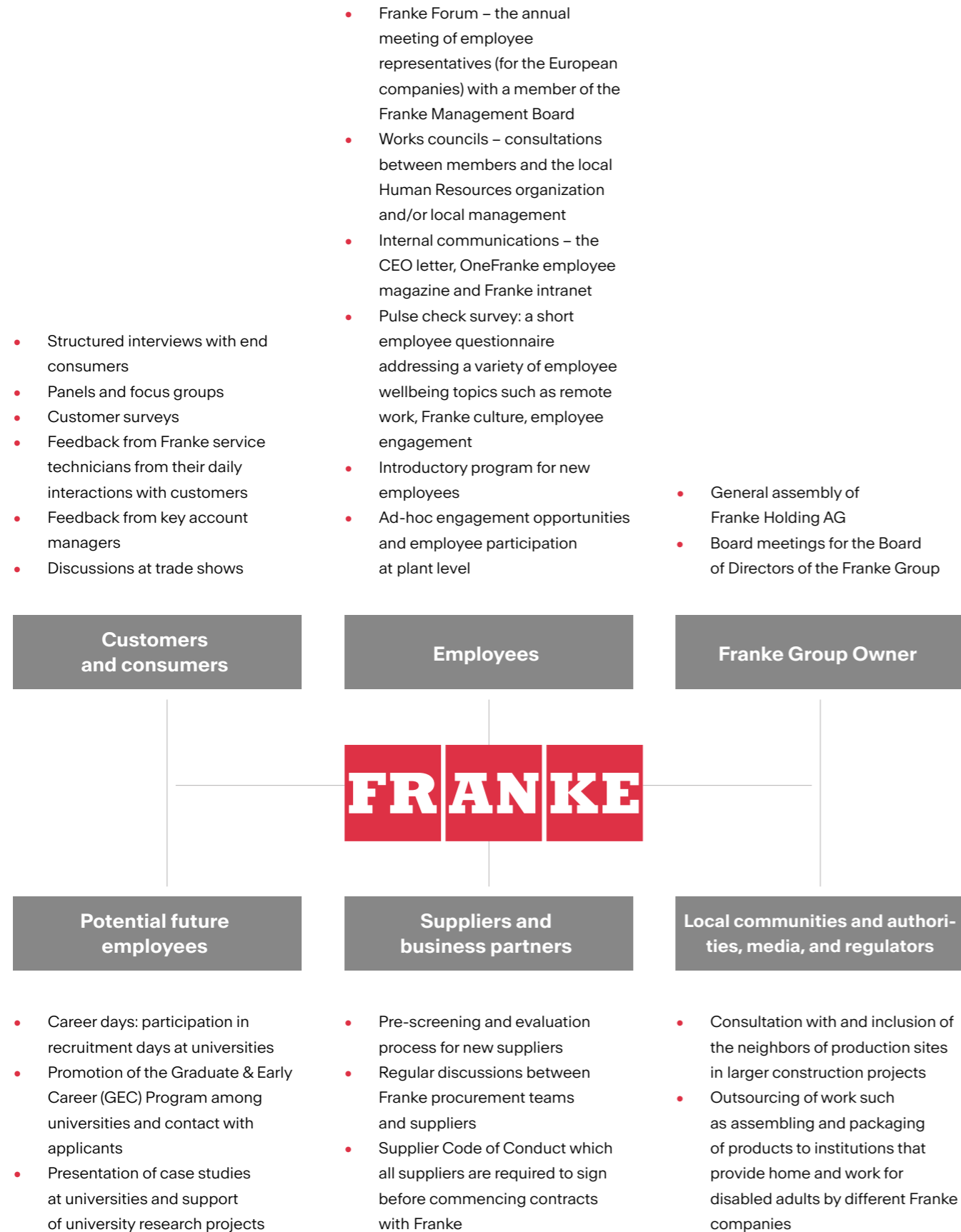
our products are used for food or beverage preparation, we are continuously looking to optimize the positive impacts they have on consumers' health. Examples include our product innovations for more hygienic contactless controls and air sanitizers built into our extractor fans to purify the air. We also provide water filtration systems for taps which use activated carbon fiber and high-tech membranes to remove contaminants such as rust, sediment, and impurities such as chlorine, pesticides and hormones, while retaining vital minerals. Franke's oven ranges offer steam cooking functions that enable the customer to preserve the food's natural nutritional value and promote healthy cooking habits, while Franke's refrigerator range offers a "0°C compartment" designed to optimize the storage of meat and fish to preserve their nutritional values and freshness.

Relevant stakeholders in 2022

The visual on page 10 shows the stakeholders that Franke considered the most relevant to its operations and decision making in 2022, and the engagement methods for receiving their feedback. These stakeholders were selected as being significant for a systematic stakeholder dialogue 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.

Dialogue with external stakeholders remains decentralized at Franke, but we are working to develop a more unified engagement approach across the three Franke divisions which will enable more targeted and structured dialogues with external stakeholders in the future.

Most important stakeholders 2022



Sustainability roadmap

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.

Franke joined the United Nations Global Compact and adopted the Ten Principles of the United Nations Global Compact for sustainable and responsible business in 2011 and has reported on its material sustainability impacts annually since. We have made solid progress during this time, for example by reducing the Group's global scope 1 and 2 greenhouse gas (GHG) emissions by around 10 percent annually since 2016.

In 2021, we began to further prioritize our sustainability efforts by integrating the most material topics into Franke's core business strategy, as announced in the Franke Sustainability Report 2021. This work to incorporate sustainability-focused activities and targets across our operations, processes, and product lifecycles continued throughout 2022. We recognize that it is a long-term undertaking, and we are focused on establishing a strong foundation for our new approach to optimize its success.

Franke's vision for sustainability

Our sustainability approach is anchored on three pillars: the environment, our people, 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 contributing positively to the health and wellbeing of our employees, customers, suppliers, local communities, and other stakeholders. This value also highlights the importance of celebrating 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 embraced.

The three pillars of our sustainability strategy and our key vision and commitments for each pillar include: "The environment", "Our people" and "Society".

The environment

Franke vision: Reach net-zero emissions in production and across the whole value chain by 2050.¹

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 gases into account.

Our people

Franke vision: Be the market leader in enabling and engaging employees and promoting health and wellbeing; 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; plan to 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, cultures, and skills across organizational levels.

Society

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

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

¹In the 2021 report, it was stated that Franke aims to be net CO₂e neutral across the whole value chain by 2040. Based on new insights following the completion of our scope 3 inventory, we have revised this timeline to 2050. We remain steadfast in our ambition to reach net CO₂e neutrality and we look forward to publishing our science-based targets in the 2023 report, once they have been validated by the Science Based Targets initiative.

Sustainability strategy - three impact areas:



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

Global companies have a particularly strong influence on the achievement of the SDGs – a set of goals and targets developed by the United Nations (UN) in 2015 to drive sustainable development across the globe. By integrating sustainability goals across Franke's business activities, we can help drive progress in support of global initiatives for sustainable development. We began reporting on our contributions to the SDGs in 2017, and in this report, we detail the 11 goals and their targets towards which we make the most significant contribution.

Benefits of intensifying our sustainability approach

Alongside our moral and ethical responsibilities to contribute towards prosperity for people and the planet, we also have a responsibility to our 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. It can also stimulate the investment and development of new business models and innovative offerings to customers, leveraging new markets and adding value to business and society in new ways through products that are produced more sustainably and those that incorporate more resource-efficient features into their design. On a social level, employee wellbeing 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

This report is based on the material topics identified during a detailed analysis conducted in 2017 in accordance with the GRI Standards. 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 and product innovation.**

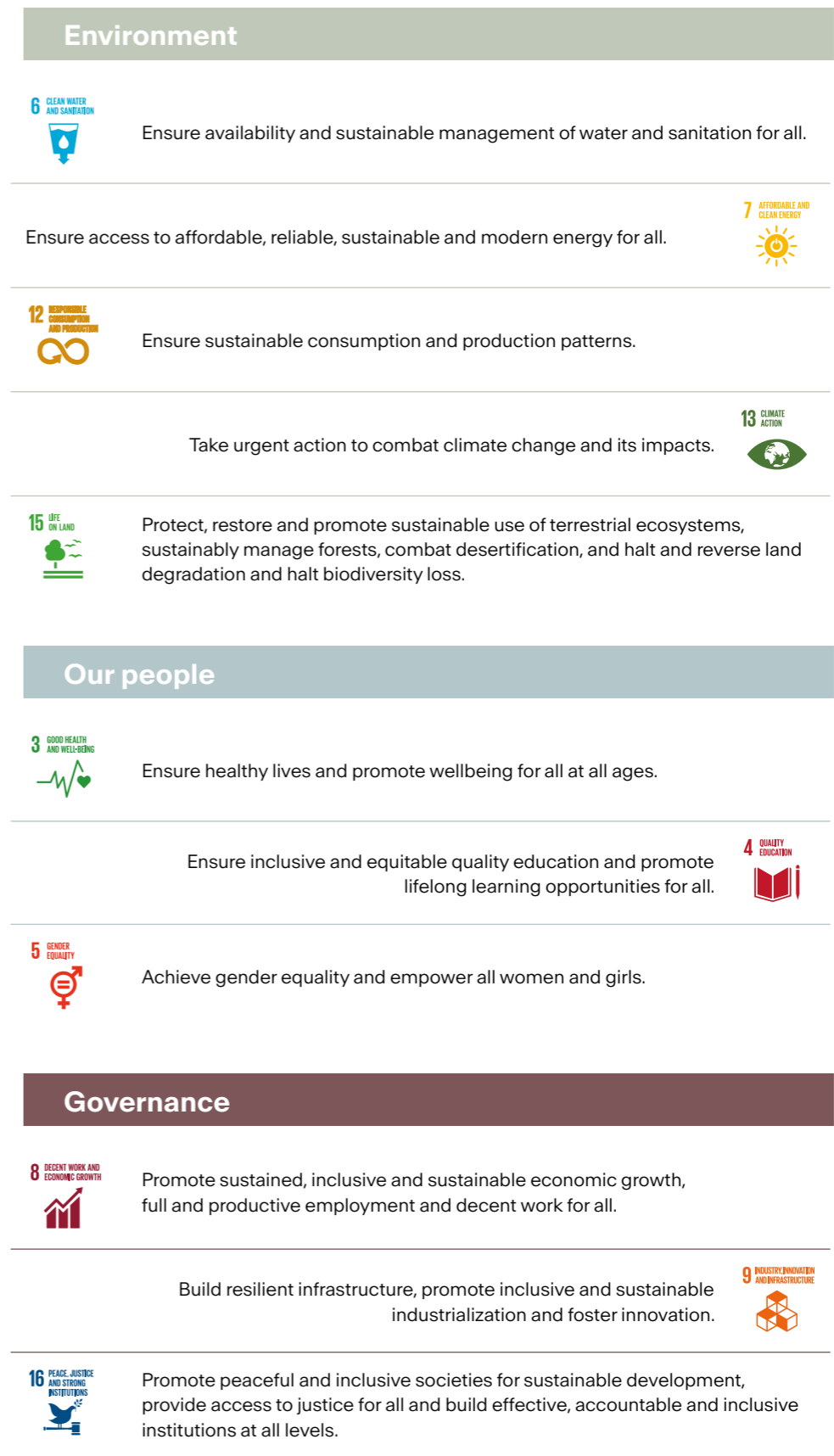
A more detailed description of our materiality analysis can be found on page 73 in the Annex.

We also follow other globally recognized frameworks and reporting initiatives for reporting on some of our material topics, such as the [Greenhouse Gas \(GHG\) Protocol](#), [CDP](#)² and the [Science Based Targets initiative \(SBTi\)](#).

In 2022, we began the process of conducting a new, double materiality assessment to identify the topics that represent Franke's most significant impacts on the economy, environment, and people, including impacts on their human rights, and the impact that external actions or events could have on Franke's business operations. The results of the assessment will be used to inform Franke's reporting practices during the 2023 reporting cycle and will be presented in the 2023 Sustainability Report.

² CDP was formally known as the 'Carbon Disclosure Project'. However, it now uses only the abbreviated form of its name to avoid any ambiguity following a broadening of its scope, beyond climate, to include other environmental impacts such as deforestation and water security.

Overview of the 11 targeted SDGs



CEO statement



Dear Readers,

The past few years have been dominated by increasing geopolitical uncertainties and economic challenges, and 2022 was no exception. The war in Ukraine, the climate crisis, fragile supply chains, volatile raw material and energy costs coupled with high inflation permeated almost all aspects of our lives and business operations.

In times like these, companies rely on a strong foundation and dedicated staff to smoothly navigate the challenges, and I'm very proud of the commitment of our employees and their willingness to perform under these difficult conditions. The activities and achievements outlined in this report are a testament to our engaged workforce on all levels at Franke.

We further intensified our efforts to manage our environmental impacts during the year and achieved an 8.3 percent reduction in total energy consumption relative to net sales compared to 2021. Increasing the share of renewable electricity in our energy mix is another important lever in our environmental approach, and over the past few years, we have invested in more solar PV systems, with the capacity to generate around 2,500,000 kWh annually, and have plans

to double this capacity in 2023. These and numerous other efforts, which are detailed in this report, enabled us to reduce our Scope 1 and 2 emissions by 23.4 percent year-on-year, marking a seven-year run in emissions reductions at Franke.

We reduced our Scope 1 and 2 emissions by 23 percent year-on-year.

We also made excellent progress in completing the first mapping of our greenhouse gas emissions inventory. The initial estimates indicate that 99.8 percent of our emissions are generated upstream or downstream in our value chain (our Scope 3 emissions), with just 0.2 percent of emissions generated directly by our operations and by the energy we consume (Scope 1 and 2).

We used this baseline data to begin developing short- and long-term emissions reduction targets in line with the Paris Climate Agreement, based on criteria formulated by the Science Based Targets initiative (SBTi). Once our targets are verified by SBTi, we will begin incorporating them into our reporting cycle and disclose our progress towards them annually.

We began developing emissions reduction targets in line with the Paris Climate Agreement.

Adapting products and services to changes in lifestyles and business has been a key factor in Franke's success for more than a century. In order to remain competitive in the future and generate sustainable growth, we must continue to embrace change. To this end, we have, among other things, aligned our new brand strategy and formulated our corporate purpose accordingly.

We have also taken the first steps in transforming our work culture in line with our new corporate values, applying a "One Franke" approach to all we do. Our five new corporate values have been translated into clear behaviors, placing a stronger focus on the topic of responsibility – both from an environmental and customer perspective and from an employee perspective. Articulating these new values and infusing them into our daily work will help our employees to succeed in their roles. This report describes the exciting work we have done as part of our multi-year cultural activation program to instill a deep understanding of the One Franke Journey across the organization.

We have translated our five corporate values into clear behaviors.

In financial terms, we remained strong throughout the year. Our net sales of 2.54 billion Swiss francs were only 0.6 percent

lower than in the previous year – despite the fact that our annual sales for 2021 included the sale of our Water Systems business. It is also particularly encouraging that we succeeded in improving our profitability once again, with the operating result (EBIT) increasing by 27.3 percent year-on-year to a total of 216.1 million Swiss francs.

While the past year was challenging, we have proven that with the right mindset, the Franke team can win together. I believe this is just the start – we will continue defining and refining our priorities and behaviors, living our culture and striving for more ambitious goals, and I look forward to our next steps on this journey.

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 AND WASTEWATER MANAGEMENT

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

Curbing climate change, protecting nature and biodiversity, and safeguarding the planet's resources by incorporating more circular practices and achieving a high level of integration with upstream and downstream material flows are all crucial elements of the environmental approach that all organizations need to consider in their sustainability strategies.

Tackling climate change

International cooperation and developing coordinated solutions at all levels is vital for tackling the global emergency of climate change. 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 and across the entire Franke value chain by 2050.

Previously, our environmental activities at Franke 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, and over the past year, we reduced our CO₂e emissions relative to net sales by 23 percent. While we are proud of these efforts, we know the biggest challenges and opportunities lie ahead. To accelerate our progress, in 2021 we 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, along our value chain – the materials we procure, the supply and distribution of our products, their usage and end of life, in addition to other impacts such as corporate travel and employee commuting.

Setting science-based emission reduction targets

In 2022, we completed our initial scope 3 inventory, following guidance developed by the Greenhouse Gas (GHG) Protocol. We identified that 99.8 percent of our emissions are scope 3, generated upstream and downstream in our value chain with just 0.2 percent being scope 1 and 2 emissions. Monitoring and

Scopes explainer

The GHG Protocol 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.

taking steps to reduce our scope 3 emissions is therefore vital for making progress on our climate-related net-zero goals.

Having established our scope 3 inventory, we then began developing science-based emissions reduction targets in line with the Paris Climate Agreement, using criteria formulated by the Science Based Targets initiative (SBTi). Our targets will be sent to SBTi for validation by July 2023. Following validation, we will begin incorporating the targets into our reporting cycle and will disclose our progress towards them annually.

Alongside our inventory and target setting, we have already begun to reduce our environmental impacts in a number of areas of production. The next sections of this report highlight our progress in 2022.

Climate change: risks and opportunities for Franke

Risk assessments form a vital part of organizational planning to manage possible future climate change scenarios. The Chief Risk & Real Estate of the Franke Group has oversight of the climate-related risk assessments. 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. Franke's Business Contingency Plan contains procedures to ensure a rapid, competent response, protect the safety of workers and minimize the disruption to operations in the event of a severe weather event.

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: Integrating climate-change considerations into our business strategy also presents various business opportunities for Franke. We recognize the increasing market for products that consume fewer resources such as energy and water, driven by consumer demand and increased regulations, and we continuously explore new ways of developing our products to minimize their use of resources. We also take a more streamlined and holistic approach to our operations as we consider every aspect of our value chain, and we recognize the opportunities derived from fostering a culture of increased innovation in pursuit of our emissions targets and the related global climate goals.

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 working to integrate more renewable energy into its energy mix, with 59 percent of electricity consumption in 2022 generated by renewables, 6 percent of which is generated from solar PV systems at Franke's own production sites. These solar PV systems have the capacity to generate around 2,500,000 kWh of electricity per year. A further solar PV system was utilized (leased) at the Franke production plant in China, and we plan to install or lease more across various Franke sites in the coming years.

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

Franke has implemented numerous energy saving and energy optimization measures, leading to a 8 percent

reduction in energy consumption relative to net sales over the past year. An in-depth energy audit conducted at Franke's manufacturing plant in Yunusemre, Turkey in April 2022 identified further energy saving measures which are currently being implemented.

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 0.6 percent reduction in waste relative to net sales in 2022 compared with the previous year. Franke is also increasing its use of renewable and recyclable packaging, such as cardboard, with 91 percent of Franke's packaging coming from renewable resources in 2022.

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 has been working to include impacts across its value chain (scope 3 emissions) since 2021, with goals to be introduced in the future.

SDG 13: Climate action

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

Franke's increasing use of renewable energy, its overall approach to improving resource efficiency within its production processes and products, and its high proportion (75 percent) of recycled waste makes important contributions to indicator 13.2.2 of this target, which measures total greenhouse gas emissions per year. Furthermore, Franke Coffee Systems has started conducting product life cycle assessments (PLCAs), the first one completed in 2022 for one of its most popular coffee machines, in order to identify and subsequently develop reduction strategies over the products' lifecycles.

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.

91 percent of Franke's packaging in 2022 was made from renewable materials such as cardboard, and the majority of the cardboard we source in Europe is FSC certified.

Managing environmental impacts in production

Our goal is to reduce our CO₂e emissions in production in line with the SBTi. The following sections detail the key measures we took in 2022 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 2022, we reduced our scope 1 and 2 emissions by 22.9 percent from the level in 2021, relative to net sales, and exceeded our target of 12.5 percent reduction for the year. The largest proportion of our scope 1 and 2 emissions (66.8 percent) comes from our electricity consumption and district heating, while fuels and combustibles account for 33.2 percent. CO₂e emissions from fuels and combustibles fell by 17.6 percent in absolute terms in 2022, to 9,624 tons, while CO₂e emissions from electricity and district heating fell by 25.9 percent, to 19,361 tons. The main drivers behind the reduction in scope 2 emissions are the photovoltaic plants in China and Italy.

CO₂e emissions

	UNIT	2022	2021*	DIFF. 2022/2021
Scope 1 (from fuels and combustibles)	Metric tons (t)	9,624	11,683	-17.6%
Scope 2 (from electricity and district heating)	Metric tons (t)	19,361	26,145	-25.9%
Absolute CO₂e emissions (scope 1 and 2)	Metric tons (t)	28,985	37,827	-23.4%
Relative CO₂e emissions	Mt/m CHF	11.403	14.794	-22.9%

* Subsequent data corrections for 2021

Energy efficiency in production

Electricity accounts for the biggest share of Franke's purchased energy that was consumed in 2022, at 50.9 percent. Other forms of purchased energy include natural gas, district heating, and extra-light heating oil. We continuously monitor energy use across our facilities in order to 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 8.5 percent, to 73,428 MWh; while consumption relative to net sales has fallen by 8 percent. This was largely attributable to the following:

- A new more efficient laser machine and LED lighting in Franke France;
- Switching to LED lighting and motion sensor-controlled lighting at Franke Foodservice Systems GmbH, Germany;
- Lower production volumes in Franke Foodservice Systems (China) Co. Ltd., Franke GmbH, Germany and Franke Kindred Canada Ltd.;
- Sale of the manufacturing plant in Brazil; and
- Forced downtime in Ukraine between February and May 2022.

The overall Group level of electricity consumption was lower in 2022, however it did increase for some legal entities, mainly due to a new warehouse opening for Chain Link Services, LLC in the US.

Similar to 2021, for this report we collected data on electricity consumption from leased vehicles. 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 4,050 kWh of electricity used to power lease vehicles in 2022.³

³ The data on electricity consumption used to power leased vehicles needed to be recalculated for 2021 due to an incorrect data entry by one entity, resulting in almost 50 percent less electricity consumed for lease vehicles, and a similar level to 2022.

Natural gas, heating oil, diesel, and gasoline consumption

Franke Group's absolute consumption of natural gas decreased by 17.5 percent in 2022, for a variety of reasons, including:

- A change in production processes (more energy efficient) at Franke S.p.A., Italy;
- A shift to nitrogen gas from natural gas for the laser machine used in Franke France SAS;
- A milder winter requiring less heating and less stringent ventilation measures following the relaxation of Covid-19 measures in Franke Foodservice Systems GmbH;
- A milder winter and the need for rationing in the Czech Republic (due to the war in Ukraine);
- Forced downtime in Ukraine; and,
- Reduced production in Franke Kindred Canada Ltd.

The Group's absolute consumption of heating oil also fell in 2022, by 13.2 percent, largely due to a milder winter in Switzerland; and a milder winter and reduced ventilation requirements in the Czech Republic.

As with 2021, and similar to our reporting on electricity consumption of lease vehicles, 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). In total, 3,467 tons of CO₂e were generated through lease vehicles in 2022.

The Group's absolute consumption of diesel (scope 1) decreased by 14.9 percent in 2022 compared with 2021. This was largely due to the emergency electricity generators not being used in the reporting period at Franke sites in China; reduced corporate travel (in Franke owned vehicles) by employees in Franke South Africa (Pty) Ltd; and forced downtime in Ukraine. Some entities did experience an increase in scope 1 diesel consumption, largely due to previous years' missing data from Chain Link Services, LLC in the US (for their owned fleet of vehicles); and due to

Energy consumption (in absolute terms)

	UNIT	2022	2021*	DIFF. 2022/2021
Electricity	MWh	73,428	80,279	-8.5%
Natural gas	m ³	4,198,105	5,091,288	-17.5%
District heating	MWh	11,196	10,737	4.3%
Heating oil extra light	Liter	192,305	221,561	-13.2%
Subtotal excluding fuel	GJ	464,090	520,608	-10.9%
Diesel (consumption from company-owned vehicles, scope 1)	Liter	214,422	252,002	-14.9%
Diesel (consumption from leased vehicles, scope 3)	Liter	1,059,504	921,464	15.0%
Gasoline (consumption from company-owned vehicles, scope 1)	Liter	67,619	108,992	-38.0%
Gasoline (consumption from leased vehicles, scope 3)	Liter	259,005	144,527	79.2%
Total	GJ	519,811	570,448	-8.9%

* Subsequent data corrections for 2021

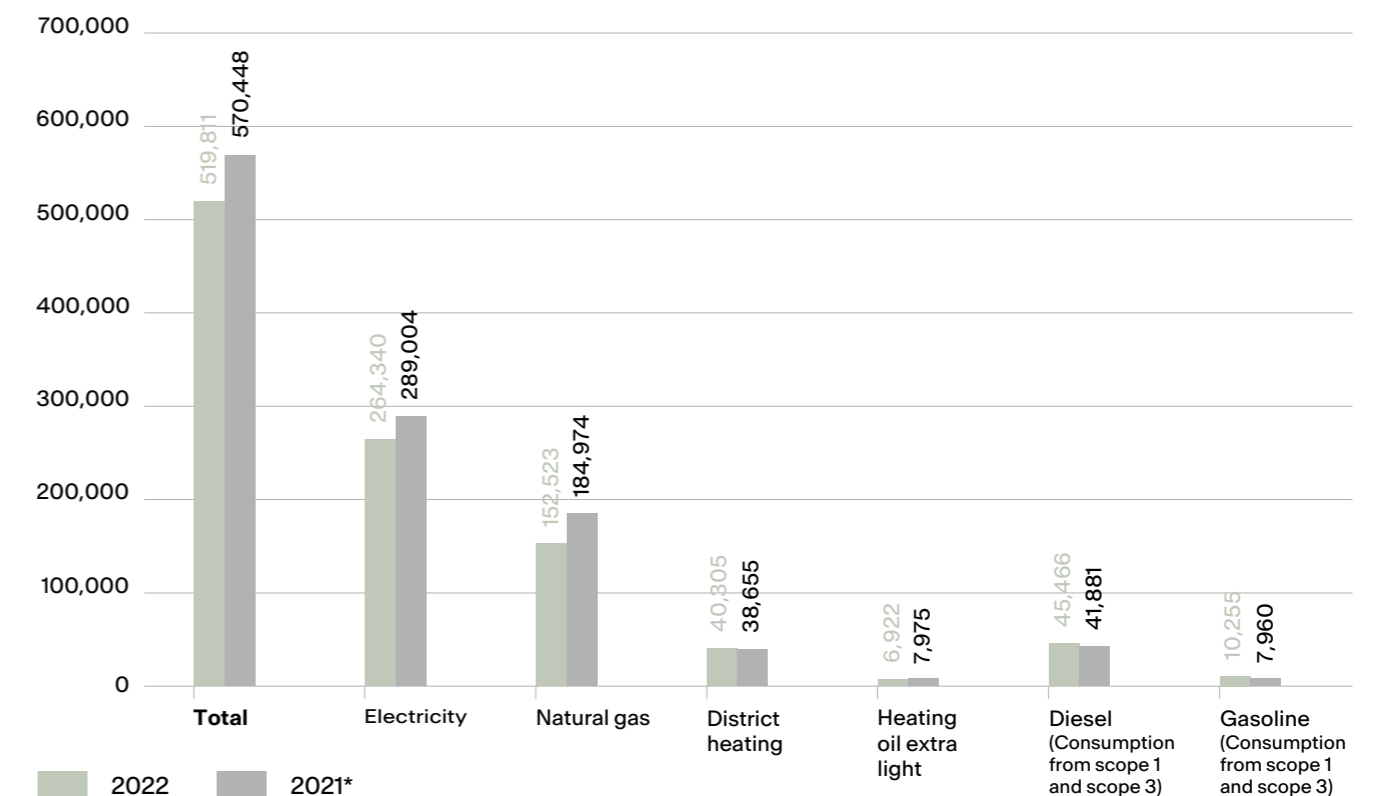
Energy consumption (in relation to net sales)

	UNIT	2022	2021*	DIFF. 2022/2021
Electricity	MWh/m CHF	29	31	-8.0%
Natural gas	m ³ /m CHF	1,652	1,991	-17.1%
District heating	MWh/m CHF	4	4	4.9%**
Heating oil extra light	Liter/m CHF	76	87	-12.7%
Fuels (Consumption from scope 1 and scope 3)	Liter/m CHF	630	558	12.8%
Total	GJ/m CHF	204	223	-8.3%

* Subsequent data corrections for 2021

**Due to decimal differences not shown in this table, the variance between 2022 and 2021 is not zero even though the value shown would implicate so.

Energy consumption in gigajoules



* Subsequent data corrections for 2021

a resurgence of demand in Franke Hellas S.A., Greece, as the effect of the Covid-19 pandemic lessened.

Consumption of gasoline (scope 1) decreased by 38 percent in absolute terms in 2022. This was largely due to a reduction in business trips in China as an ongoing effect of the Covid-19 pandemic and similarly a reduction in corporate travel in Franke South Africa (Pty) Ltd. and Franke Neva GmbH, Russian Federation. The sale of the manufacturing plant in Brazil also contributed to the reduction. Some entities saw a slight rise in their gasoline consumption, the most notable increase occurring for Chain Link Services, LLC in the US, however that was due to incomplete reporting in previous years which omitted fuel consumption for company-owned fleets.

The overall consumption of heat or steam from district heating increased by 4.3 percent in 2022, due to a mistake in the unit entered by one legal entity previously.

With all energy sources combined, the Franke Group achieved a 8.3 percent reduction in total energy consumption relative to net sales in 2022 compared with 2021.

Energy 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 2022, 23 out of 27 production companies had been certified to this international standard.

Environmental management systems

	2022	2021*
Production sites certified in accordance with ISO 14001	23/27	23/25

*Three production sites (from Franke Blefa and Industrie) were incorrectly included in the 2021 data in last year's report. These sites are not in scope for Franke sustainability reporting, therefore the 2021 data has been updated for this report.

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 2022, we conducted an energy audit for our manufacturing plant in Yunusemre, Turkey, which specializes in the production of cooker hoods, surface treatment and assembly of cooker hoods.

The audit was conducted by DM Energieberatung AG in April 2022, analyzing a full year of energy consumption at the plant (1 January to 31 December 2021), covering a total heated area of 24,765 m². The most significant (and prioritized) energy saving measures were identified as reducing the time machines are on standby by shutting down the main hydraulic system during breaks, shutting down the complete machine during non-production time, and automating the shut down if possible. These measures could save around 400 MWh per year. A further prioritized measure was to repair compressed air leakages and replace any remaining compressed air tools with electrical tools. This would save around 250 MWh per year. Other optimizations identified included ensuring the hydraulic press machines are using as little energy as possible while in idle mode, implementing free-cooling for machine cooling with an additional cooler; using refrigerants with low global warming potential (GWP) or natural refrigerants if possible; increasing the set temperature for the paintshops' cooling mechanisms; and introducing a weekly/monthly energy monitoring system.

Best practice guidance from Franke audits is shared across the Franke Group. 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.

As a result of our energy monitoring and efficiency measures, we reduced the megawatt hours of energy consumed in Franke's direct operations in 2022 by 8 percent compared with 2021, relative to net sales, thereby exceeding our 5 percent target.

Transitioning to more shares of renewable energy

We seek to increase our use of renewable energy in two ways: purchasing more renewable energy (in some countries in the form of renewable energy certificates, or RECs) and by generating renewable energy onsite.

In 2022, renewable electricity comprised 59 percent of the total electricity consumed across the Franke Group, an increase of 46 percent on the previous year.

In 2022, we installed a new solar PV system at Franke (China) Kitchen System Co. Ltd., alongside existing systems either owned or leased by Franke in India, Italy, and Switzerland. Together, they have the capacity to generate around 2,500,000 kWh per year, and we are planning to double this capacity in 2023.

Overall, we did not quite meet our 2022 target of renewable energy accounting for at least 5 percent of total energy consumption across all Franke locations (production plants, offices, and warehouses). 34 percent of Franke's legal entities met this target, and the plans to double our solar PV capacity in 2023 will help accelerate progress towards this target in the coming years.

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, and plastics, as well as semi-finished 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 2022 fell by 24.8 percent compared to the amount purchased in 2021, predominantly due to production levels re-stabilizing following the post-Covid-19 pandemic surge in 2021.

Franke Coffee Systems accounts for the largest share of semi-manufactured goods that we purchase, and in 2022, the weight of these goods amounted to 4,658 tons compared to 3,845 tons in 2021. This increase can be attributed to the fact that our turnover is growing year-on-year and in 2022 we increased our stock to help us successfully navigate the materials shortage arising from the Covid-19 pandemic supply chain disruptions.

Share of recycled raw materials and renewable materials

In 2022, the proportion of recycled raw materials used in production across the Franke Group decreased from 33 percent to 22 percent. Stainless steel is our biggest raw material component for production, and in 2022, it was estimated to be composed of 44 percent recycled materials, compared to 70 percent in 2021. We base this estimation on the key markets from which we source our steel: in Europe and the Americas we use the general market average and in Asia we base the estimation on the percentage of recycled steel supplied by our largest steel supplier. In contrast, our 2021 estimate only included the European market.

For brass, carbon steel and galvanized steel, we have no available data for 2022 on the percentage of recovered constituents. MMA, quartz, SMC, plastic, and brass do not contain any recovered constituents, however SMC is fully recyclable, and we are establishing activities with our suppliers over the medium to long term, to implement a proportion (around 10 percent) of SMC coming from scrap. For glass, we use 100 percent recycled material.

Materials by weight

MATERIALS IN METRIC TONS (T)	2022	2021*	DIFF. 2022/2021
Stainless steel	21,544	29,775	-27.6%
Carbon and galvanized steel	11,658	14,000	-16.7%
MMA (methyl methacrylate), mostly used for acrylic	2,052	2,840	-27.7%
Quartz	7,335	10,740	-31.7%
SMC (sheet moulded compound), mostly used for fiber-reinforced plastics	1,427	2,440	-41.5%
Plastic	3,601	4,263	-15.5%
Brass	2,188	2,852	-23.3%
Glass	1,600	1,700	-5.9%
Total weight of non-renewable materials	51,405	68,610	-25.1%
Renewable materials (e.g. wood)*	501	383	30.8%
Total weight of renewable materials	501	383	30.8%
Total weight of materials	51,906	68,993	-24.8%

* Subsequent data corrections for 2021

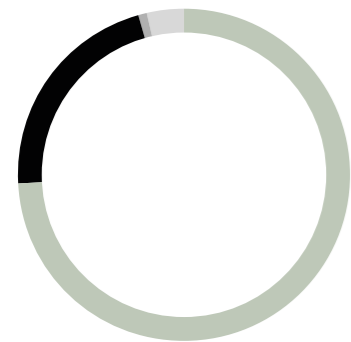
Waste management

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 2022, the Franke Group generated 0.6 percent less waste in relation to net sales compared with the previous year and almost the same amount of absolute waste compared to 2021.

95.7 percent of the waste generated during production in 2022 was non-hazardous and 4.3 percent was hazardous, thereby meeting our target of generating no more than 7 percent hazardous waste from the total waste in 2022.

75 percent of the waste generated in 2022 was reused or recycled – a slight increase of 6.9 percent on the previous year, enabling us to meet our target of at least 75 percent. This increase was partly due to improved handling and recycling procedures at the location in Australia, and partly due to the measures introduced in 2021 to convert the packaging for the Franke range of granite and synthetic material sinks from Styrofoam (EPS), to cardboard, thereby lowering the waste sent to landfill from the plants handling those products. The large volume of stainless-steel scraps produced during the cutting and punching process to form sinks, counters, and kitchen equipment contributes to our relatively high recycling rates as we return the scraps to the manufacturer where they are reused to produce new stainless steel. The remaining 25 percent of our waste was sent to landfill or incineration.

Waste according to hazardousness



WASTE IN METRIC TONS (T)	2022
Non-hazardous waste to be reused or recycled	16,037
Non-hazardous waste disposed of in landfills or incinerators	4,615
Non-hazardous waste total	20,652
Hazardous waste to be reused or recycled	156
Hazardous waste disposed of in landfills or incinerators	771
Hazardous waste total	926
Share of hazardous waste	4.3%
Share of recycled waste	75.0%
Total waste	21,578

Waste

	UNIT	2022	2021*	DIFF. 2022/2021
Non-hazardous waste to be reused or recycled	Metric tons (t)	16,037	14,488	10.7%
Non-hazardous waste disposed of in landfills or incinerators	Metric tons (t)	4,615	5,625	-18.0%
Non-hazardous waste total	Metric tons (t)	20,652	20,113	2.7%
Hazardous waste to be reused or recycled	Metric tons (t)	156	659	-76.3%
Hazardous waste disposed of in landfills or incinerators	Metric tons (t)	771	799	-3.5%
Hazardous waste total	Metric tons (t)	926	1,458	-36.5%
Total waste	Metric tons (t)	21,578	21,571	0.0%
Relative waste	Mt/m CHF	8	8	0.6%

* Subsequent data corrections for 2021

Packaging

Reducing the environmental impact of Franke packaging has been a particular focus area over the last few years. Franke sites in Germany, Italy, and Poland have been switching to more recyclable and renewable forms of packaging such as cardboard, and we have been rolling out our award-winning packaging innovation – switching from Styrofoam packaging to cardboard for the Franke range of granite and synthetic material sinks – across Franke distribution centers around the world. For our packaging, the majority of the cardboard we source in Europe is FSC certified, and we plan to determine the situation for cardboard sourced from outside of Europe in the near future.

Packaging weight across the Franke Group decreased in 2022 by 6.1 percent compared with the previous year, largely due to a decrease in consumer demand related to the overall general economic downturn affecting many of our sales countries. Of the total packaging used in 2022, 90.6 percent came from renewable materials, compared with 85.6 percent in 2021 – exceeding our target of 80 percent for 2022. Furthermore, the pallets we use for storage and transportation are made from wood, a naturally renewable raw material.

Packaging materials by weight

MATERIALS IN METRIC TONS (T)	2022	2021*	DIFF. 2022/2021
Renewable packaging material	22,662	22,805	-0.6%
Non-renewable packaging material	2,349	3,825	-38.6%
Total weight of packaging material	25,010	26,630	-6.1%
Share of renewable packaging material	90.6%	85.6%	5.8%
Share of non-renewable packaging material	9.4%	14.4%	-34.6%

* Subsequent data corrections for 2021

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 Standards.

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 2022 showed that our consumption of water decreased by 18.6 percent in absolute terms compared to 2021, and by 18.1 percent in relation to net sales (m³ per million CHF). This reduction is due to the following reasons:

- Sale of the manufacturing plant in Brazil;
- Water conservation measures mandated in southern California due to significant water shortages in the region;
- Remodeling of facility bathrooms at Faber North America S.A. de C.V. in Mexico, enabling more efficiencies in water use, together with changes to the painting process (osmosis equipment) which utilize less water;
- Reduced production volumes in Franke Kindred Canada Ltd. and the related removal of weekend shifts; and
- Fixing a leak in the irrigation system in Franke S.p.A., Italy.

The major decrease in surface water consumption and discharge results from a reporting mistake in the past by one of our Chinese legal entities.

Wastewater management

In 2022, there were no unplanned wastewater discharges at Franke. During the planned discharges, 335,954 m³ of wastewater was released, 19.8 percent less than the previous year, and 19.4 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	2022	2021*	DIFF. 2022/2021
Water consumption				
Surface water	m ³	25,143	121,175	-79.3%
Groundwater	m ³	96,298	100,158	-3.9%
Seawater	m ³	0	0	0.0%
Produced water	m ³	0	0	0.0%
Third-party water	m ³	222,720	201,570	10.5%
Total water consumption	m³	344,161	422,903	-18.6%
Relative water consumption	m³/m CHF	135	165	-18.1%
Wastewater				
Surface water		32,003	133,036	-75.9%
Groundwater		36,656	48,813	-24.9%
Seawater		0	0	0.0%
Third-party water		267,294	237,174	12.7%
Total wastewater	m³	335,954	419,023	-19.8%
Relative wastewater	m³/m CHF	132	164	-19.4%

* Subsequent data corrections for 2021

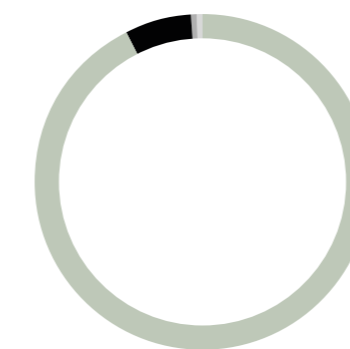
Managing environmental impacts outside production

Completing our scope 3 inventory

In 2022, we completed our first mapping of our scope 3 inventory – a process that will continue to be developed and refined over the coming years. We used 2020 as our baseline year and we also calculated estimates of our 2021 emissions. Initial estimates showed that 99.8 percent of our total emissions are scope 3. As the chart shows, the largest proportion of these occurs during the end use of our products.

We are using these findings to inform Franke's emission reduction strategy and related near-term and long-term science-based targets for reaching net zero scope 3 GHG emissions by 2050. Franke's emission reduction targets will be sent to the Science Based Targets initiative by July 2023 for validation.

Scope 3 CO₂e inventory for baseline year 2020



SCOPE 3 CATEGORY	TCO ₂ e	IN % OF TOTAL SCOPE 3 EMISSIONS
Use of Sold Products	19,470,244	92.2%
Purchased Goods and Services	1,399,468	6.6%
Capital Goods	88,960	0.4%
Upstream Transportation and Distribution	88,943	0.4%
Downstream Transportation and Distribution	18,894	0.1%
Employee Commuting	14,771	0.1%
Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	11,905	0.1%
End-of-Life Treatment of Sold Products	9,857	<0.1%
Waste Treatment	7,255	<0.1%
Upstream Leased Assets	3,708	<0.1%
Business Travel	1,163	<0.1%
Total	21,115,168	100.0%

* Due to rounding, percentages don't always add up to 100.

Materials and supply

Our goal in 2022 (and beyond) was to obtain accurate measurements of the CO₂e emissions linked to the production of the main materials and components for Franke products, 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 have produced initial calculations of these scope 3 emissions in conjunction with CDP, the global disclosure system for environmental impacts. 423 suppliers were sent questionnaires in 2022 as part of these efforts, and we received 234 responses – an extremely high response rate for first-year engagement (20 percent is a more typical response rate). Of these suppliers, 65 percent disclosed their operational emissions data.

Resource efficient products

Franke aims to design quality, efficient, and eco-friendly innovations which empower more sustainable living, giving consumers more control over their own impacts on the environment. Here are some examples of how our products help our customers save on resources, reduce environmental impacts, and generate lower emissions throughout their lifetimes:

Franke's VITAL Tap, a water filtration system helps consumers reduce or eliminate the need for filtered bottled water, by filtering the water directly from the tap, thereby avoiding the use of plastic bottles. Start/stop motion sensors on a range of our taps can lead to at least a 50 percent reduction in water use when compared to taps without the sensor, while water temperature controls enable customers to reduce their heating use (and costs) by setting the temperature to a cooler default temperature. Furthermore, the Franke Active Taps range promotes the use of less water by limiting the flow to 50 percent when the tap is first switched on, which still delivers sufficient enough pressure for most tasks, with the option to increase the pressure and flow if needed.

Franke's A-class energy rating hob extractors are designed to help reduce consumption by up to 85 percent through their efficiency resulting from the Brushless Motor and LED Light technology. Franke's cooker hoods also help conserve energy (for heating in cooler months) by reintroducing the air once it has been cleaned of fumes and vapors, rather than introducing cooler air from outside which would then need to be heated to an ambient room temperature.

Franke's ovens and microwave ovens have been designed for resource-conscious energy usage, with their A and A+ energy

ratings, with some ovens offering multi-cooking functions to enable different foods to be cooked in one cycle, and a steam cleaning function enables consumers to clean the ovens without the need for chemical detergents.

Franke's refrigerators are all equipped with LED lights, while the cold zone compartments are designed to keep perishable food fresher for longer, thereby avoiding or reducing food waste. No-frost technology prevents the creation of ice, thereby avoiding the need for defrosting and the additional energy consumed in the process of re-cooling the appliance, and helping avoid food waste which can occur when ice begins to form in the appliance. Furthermore, a vacation mode can be enabled which allows the freezer compartment to remain active while the refrigerator compartment is run on a warmer temperature (12 degrees), reducing the appliance's energy consumption.

Lastly, Franke's dishwashers offer adjustable start delays, enabling consumers to set them for use during off-peak energy hours, thereby reducing the demand at peak times on the energy grids. Multi-zone options allow for targeting specific racks rather than the entire appliance, while half-load options, a rapid program and an Eco-mode allow for reduced loads and/or lower energy or water consumption.

Measuring CO₂ 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 has generated 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 2022 (more details on pages 32 and 33). 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 guiding our future product development and for setting 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); and
- Well, WRAS and Energie Schweiz (water efficiency of taps).

End of life

At Franke, we understand the important role we can play 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 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.

We plan to use the information obtained in the PLCA of the A600 coffee machine, and insights derived from future PLCAs to develop measures that incorporate end-of-life considerations from the very start of product development.

Our goal – to have end-of-life solutions in place for all Franke products by 2030 – is currently being revised on the basis of our scope 3 inventory.

Environmental impacts across the life cycle

A key action towards achieving net-zero emissions across our value chain is understanding the environmental impact of each stage in our products' life cycles. In 2021 and 2022, Franke Coffee Systems worked in collaboration with myclimate (The Climate Protection Partnership), a non-profit Swiss foundation to conduct a detailed product life cycle assessment (PLCA) of its best-selling coffee machine.

The PLCA quantitatively assessed the impact of each stage in the A600 coffee machine's lifecycle, from raw material production, logistics, assembly, delivery to customers, lifetime usage, and maintenance and repair. The focus of the assessment was on the elements that Franke could exert influence over; while food resources used in the preparation of the beverages (coffee, milk, sugar etc.) were excluded since they are difficult to influence directly as a machine manufacturer. Different scenarios examining five-year and ten-year lifetimes were applied, taking into account the situation on different continents (Europe, North America, Asia). The analysis was also based on the assumption that the appliance will be recycled in an electronic waste facility after its functional end of life, however a more detailed analysis of this lifecycle stage will be part of future sustainability activities, accounting for the differing recycling procedures and legislations in the various world regions.

The PLCA identified that the majority of greenhouse gas (GHG) emissions – around 80 to 90 percent – are caused by energy consumption during the machine's lifetime use, and during maintenance and repairs. A further 10 to 20 percent of emissions are generated at the very initial stages – the extraction and processing of raw materials and the manufacturing of components. Less than one percent of emissions are generated during the other lifecycle phases (logistics, assembly, delivery to customer and end of life). Based on this assessment, Franke Coffee Systems has prioritized the following areas which can generate the most significant emissions reductions across the product's lifecycle:

Greater transparency and collaboration in the supply chain

To reduce the emissions at the early lifecycle stages from raw materials and components, cooperation with suppliers and establishing greater transparency are essential. A core pillar of Franke's sustainable procurement strategy (more details on page 62) involves engaging suppliers for emission

reduction initiatives and obtaining climate change data from suppliers through CDP, an organization that manages the global disclosure system for environmental impacts.

Reducing energy consumption and optimizing efficiency

A significant proportion of emissions are caused by the so-called "lost energy" that is consumed in standby mode or when cleaning and rinsing the machine. Franke has worked on product design innovations that reduce the power consumption and improve overall efficiency, such as the installation of continuous flow heaters with low power loss. This area of energy optimization and reduction will remain an important focus for Franke's technical innovation and product development going forward.

Creating durable and repairable products to reduce unnecessary waste and related emissions

During the product use and end-of-life stages, Franke is able to keep emissions low thanks to its ability to create high quality, reliable and durable products. By designing its products with modularity at their core, the reparability of the products is improved, which saves on unnecessary waste and helps facilitate the recycling or reusing of parts at the end of the products lifetimes. Franke has also identified improvements during the maintenance and repair of the machines; for example, using repair kits for components or standardized spare parts which ensure less weight in the technicians' vehicles, or utilizing IoT software to conduct maintenance remotely thereby avoiding technicians' travel emissions.

Together, all of these measures can add up to a reduction in the carbon footprint of the appliance, and we intend to use the results from this PLCA as part of our net-zero roadmap.



Franke A600 - one of our best-selling coffee machines, on which we conducted a product lifecycle assessment to determine its environmental impacts



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 wellbeing

Dedicated, driven employees with a team-focused mindset and a quest for learning and innovation are vital to Franke's success. We are committed to providing a supportive, safe, and inclusive working environment in which everyone can thrive, where differences are celebrated, where employees are empowered to reach their full potential, and where we are all united in our shared purpose.

Employees by division 2022



	IN %
Franke Home Solutions	54.6
Franke Foodservice Systems	25.5
Franke Coffee Systems	12.0
Group Functions	7.9

Employees by region 2022



	IN %
Americas	17.2
Asia Pacific	19.4
Central & Eastern Europe	16.1
Middle East & Africa	7.4
Western Europe	40.0

* Due to rounding, percentages don't always add up to 100.

In 2022, Franke employed 6,954 full-time equivalents (FTEs) worldwide (as of year end).⁴ Franke utilized the services of a further 737 workers⁵ (FTE equivalent) who are not employees during 2022 – people who are not employed by Franke but whose work is controlled by Franke. The majority (65 percent) were contracted in from a temporary staffing firm, with a

further 25 percent working as apprentices, trainees or interns, and 10 percent working as contractors. Their roles were spread across the organization, with the majority (68 percent) in operations (various functions). See the data overleaf for the full breakdown.⁶

⁴ A direct comparison cannot be made between the 2022 and 2021 data as the 2021 data (6,747 FTEs), was based on average FTEs across the year, and in 2022 we switched to using year-end data for internal reporting reasons.

⁵ Data was calculated as of December 31, 2022.

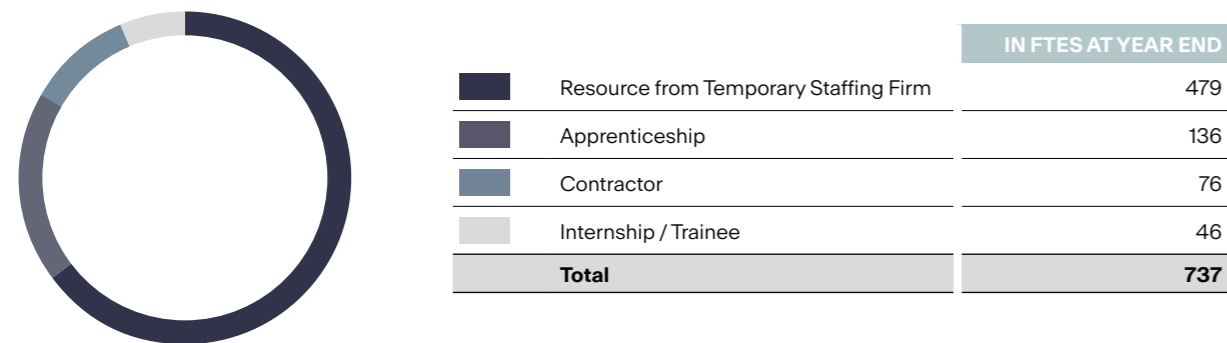
⁶ Since this is the first year of reporting on this data for this category of workers, we do not have comparisons to show with the previous year or comparisons during the reporting year itself.

Employees by region 2022

IN FTES AT YEAR END	AMERICAS	ASIA PACIFIC	CENTRAL & EASTERN EUROPE	MIDDLE EAST & AFRICA	WESTERN EUROPE	TOTAL
Total number of employees	1197	1349	1118	512	2778	6954
Total number of employees 2021*	1143	1237	1141	598	2793	6911
Permanent employees	1193	1037	968	506	2700	6404
Temporary employees	4	312	151	6	78	550
Non-guaranteed hours employees	-	-	-	-	-	-
Full-time employees	1182	1331	999	511	2416	6439
Part-time employees	15	18	119	1	362	515

*As we have changed the reporting logic from average FTEs to FTEs at year end, we can only compare them to a certain extent to the previous year (only the total).

Workers who are not employees 2022



The type of work of all workers 2022

IN FTES AT YEAR END	WORKERS WHO ARE NOT EMPLOYEES	EMPLOYEES
Operations - Direct Labour	327	2259
Operations - Logistic Outbound	112	534
Sales	110	1463
General Management and Administration	68	135
Operations - Material Overhead	39	605
Operations - Manufacturing Overhead	22	794
Information Services	17	193
Finance and Controlling	12	344
Marketing and Product Management	10	262
Research and Development	9	203
Facility and Office Management / Health and Safety	5	42
Human Resources	5	113
Communications and Public Relations	1	2
Legal and Compliance	0	5
Total	737	6954

People management at Franke

Overall responsibility for Human Resources is held by Franke's Chief Human Resources Officer (CHRO) 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.

Franke Code of Conduct

The Franke Code of Conduct (see page 61) 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 2022, 93.8 percent of employees completed their online training on the Franke Code of Conduct, compared to 88.5 percent in the previous year.

One Franke Journey

In recent years, we have focused on our competencies, merged, globally aligned, made tough decisions, and set the scene for our potential to be unlocked. The development of our

culture is a long-term undertaking, and in 2022 we prioritized the following aspects:

- Strengthening our collaboration across regions, functions and divisions, enabling us to work together as a winning team to tackle current and future challenges and secure our long-term success; and,
- Taking an even greater emphasis on our responsibility for the safety of our employees and the future of our planet across all that we do.

To help integrate our five new core values (see page 7) into the working culture and daily business activities, we launched an extensive cultural activation program in 2022 that we will continue to implement over several years. Around 500 "activation sessions" took place across Franke locations and divisions to guide teams and their managers in putting our values into practice, along with individual dialogues, leadership development trainings, global webinars and townhalls. The aim of these activities is to help develop a deeper understanding of our upcoming journey step by step, commit to changes, and define concrete measures in line with our One Franke approach on a team but also on an individual level.

We are also sharpening the focus of our existing "Employee Journey" based on our values and culture. In every phase, from recruiting and onboarding to further training and development, employees will experience what matters to us at Franke: shared goals, teamwork, and the commitment of each individual employee.

Our people: SDGs in action

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

SDG 3 Good health and wellbeing

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

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 2022, 22 out of 27 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 Learning platform. Franke also runs apprenticeship programs in several countries (e.g. Switzerland and Germany) 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. The proportion of female employees at Management Level 1 (those reporting directly to the Management Board) was 17 percent in 2022, while the proportion of females at Management Level 2 (those reporting directly to Management 1) was 23 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 One Franke Journey and related cultural transformation process, we have committed to creating a culture that promotes learning and thinking across boundaries. We believe an innovation-focused, customer-centric culture will empower our people to flourish and perform to their best ability. 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.

A key target for learning and development is to increase the number of training hours to reach at least 1 week of dedicated training per employee per year by 2030. Currently, we only track total number of training hours across a variety of our training programs, not training hours per employee.⁷

This next section provides an overview of the various learning and development opportunities available at Franke to help our employees progress in their roles and careers.

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, and employees are encouraged to spend 30 minutes of the working week expanding their knowledge and expertise through the platform. Approximately 2,422 LinkedIn Learning courses were completed in 2022, with 2,837 employees taking at least one course. In total, employees invested 3,964 hours in training through LinkedIn Learning, on topics ranging from project management to IT applications such as Microsoft Excel, to time management and productivity courses, along with Franke-specific content on the One Franke Journey and related ambitions and targets.

Leadership Development Programs (LDPs)

To support Franke leaders in confidently managing the current cultural transformation and in leading the business effectively as One Franke, we redeveloped our Leadership Development Programs in 2022. The first management training courses

were held in collaboration with the partner school Hult EF in July 2022. Topics included customer focus, innovation, and effective leadership and motivation in periods of change and transformation. More than 160 managers started the first module in 2022, and 85 Franke managers completed their professional training during the year. Read more about the LDPs on page 46.

Franke Project Management training

Since 2019, we have offered project leadership training to our employees on two 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 2022, we delivered nine trainings on project management for 89 employees. Trainings were delivered mainly in person but also virtually through asynchronous e-learning modules, virtual classrooms, and a three-hour simulation in small groups.

One Franke Talent Program

We also offer a One Franke Talent Program (OFTP) which provides ambitious employees the opportunity to develop their skills on live projects and promotes exchange between participants and senior management. The goal of the program is to increase leadership skills with an action-learning approach, ensure high engagement levels of talents and provide challenging opportunities where talented employees can apply their skills and competencies. Since the program was established in 2016, 110 employees have completed the OFTP.

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. Franke's Graduate & Early Career (GEC) Program (launched in 2021) supports recent

graduates over an 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. In 2022, we expanded participation in the program with seven new hires, while the five existing participants graduated from the program and four of them were promoted internally.

Education First English training

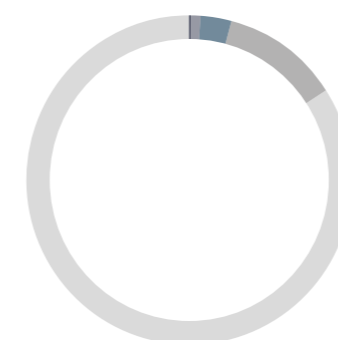
In alignment with our new values, it is important to continue improving our skills and competencies. This also includes English language skills for all employees, in alignment with our official corporate language. In 2022, Franke opened access to an English Online Live School for all office and production employees for a period of 12 months (until August 31, 2023). Employees can benefit from more than 2,000 hours of interactive learning content and 15 group lessons with fully qualified native-level English teachers.

Performance assessments and internal promotions

To reinforce the culture change at Franke, an entirely new approach to competency appraisals was developed in 2022, through the launch of the "My Contribution Dialogue" tool. This transforms the former annual approach to a much more flexible one that enables employees to take greater ownership of their success at Franke, optimizing the feedback and dialogue culture between employees and their managers. It allows employees and their managers to hold highly individual discussions about the contribution each employee can make to the "One Franke Journey" and the tools they need to achieve this. The aim is to foster a regular dialogue between employees and their line managers, driven by the employees, with scope to address topics that matter to the employees.

Around 600 employees from around the world took part in interactive webinars in 2022 to learn how to use the tool

Employees with management incentive plan



	IN %
Management Board	0,1
Management Level 1 (reporting directly to Management Board)	1,1
Management Level 2 (reporting directly to Management Level 1)	3,0
Other employees with MIP	11,8
Employees without target agreement	83,9

⁷ We are planning to create an overview that will allow us to see how much training is provided per employee.

Employees with management incentive plan

IN FTES AT YEAR END	FEMALE	MALE	GENDER NOT DISCLOSED	TOTAL	IN % OF TOTAL EMPLOYEES
Management Board	1	6	0	7	0.1%
Management Level 1 (reporting directly to Management Board)	14	64	1	79	1.1%
Management Level 2 (reporting directly to Management Level 1)	51	159	1	211	3.0%
Other employees with MIP	312	507	5	824	11.8%
Total employees with target agreement	378	736	7	1122	16.1%
Employees without target agreement	1524	4292	17	5833	83.9%
Total employees	1902	5028	24	6954	100.0%

* Due to rounding, percentages don't always add up to 100.

and the first positive developments are already visible with a marked increase in the dialogue between managers and employees.

Two further methods of assessing or monitoring performance at Franke involve the Management Incentive Plans (MIPs) and Sales Incentive Plans (SIPs). The MIP process largely remained the same in 2022, and mainly applies to employees with management, project, or specialist functions, while the SIP process applies to employees with a sales function. Both involve setting financial targets, with the achievement of these targets linked to remuneration through employee bonuses. One notable change was that the setting of personal goals previously included in MIPs was discontinued in 2022 for the Global Leadership Team (GLT) in order to align more closely with the One Franke mindset of working towards common business-related goals rather than individual, siloed goals. In 2022, 1,122 MIPs were recorded across all levels of the organization, representing 16.1 percent of employees, a slight increase on the number for 2021 (1,054).

Talent management, retention, and succession planning

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 91 percent in 2022.

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 2022, 577 employees were assessed and supported through the TMSP framework.

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.

Pulse Checks to understand employee engagement

We conduct regular "Pulse Checks" to determine employee engagement and to gain insights into the extent to which employees identify with the Franke culture as well as areas for improvement. Participation is completely voluntary and anonymous. The Pulse Check conducted in May 2022 showed that overall employee engagement at Franke increased from 66 percent in 2021 to 70 percent in 2022. More than 2,600 employee inputs were collected for the 2022 Pulse Check (a response rate of 56 percent compared to 32 percent for the previous Pulse Check). All of the feedback represents a valuable contribution to the future development of Franke. 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 uses the feedback to inform future decisions and actions.

Balance and belonging

At Franke, we place the highest importance on employee health, safety, and wellbeing, 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 act responsibly" which highlights our focus on valuing each other's differences and helping each other succeed.

Diversity and inclusion

The most successful teams comprise a diverse blend of people with respect to cultures, genders, ages, and skills. This diversity 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 wellbeing, and ultimately reduce absenteeism, enabling each individual to reach their full potential. As we operate in 36 countries, we have a relatively diverse workforce by nature; however, we are integrating 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.

Diversity: female employees compared to the prior year (headcount)

	NUMBER OF WOMEN 2022	TOTAL 2022	% OF TOTAL 2022	NUMBER OF WOMEN 2021	TOTAL 2021	% OF TOTAL 2021
Management Board	1	7	14%	1	7	14%
Management Level 1 (reporting directly to Management Board)	14	81	17%	13	75	17%
Management Level 2 (reporting directly to Management Level 1)	63	271	23%	52	245	21%
Total*	2056	7312	28%	1940	7089	27%

* The shares are based on the list of employees (headcount), which differs from FTE (full-time equivalent) used in the table below. In the event of missing gender data, we extrapolated this information based on existing gender data.

Employees by gender 2022 (in FTEs at year end)

IN FTES AT YEAR END	FEMALE	MALE	NOT DISCLOSED	TOTAL
Total number of employees	1902	5028	24	6954
Permanent employees	1712	4670	22	6404
Temporary employees	190	358	2	550
Non-guaranteed hours employees	-	-	-	-
Full-time employees	1697	4718	24	6439
Part-time employees	205	310	-	515

⁸ A collection of annual data on the composition of the management boards and boards of directors of Switzerland's 100 largest employers.

Gender diversity at Franke

In 2022, the proportion of women in the workforce increased by 1 percentage point to 28 percent, while gender diversity of leadership (those on the Management Board) remained the same at 14 percent.

Our gender diversity reporting includes the following levels, in line with the Schillingreport:⁸

- **Management Board**
- **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

The proportion of females at Management Level 1 stayed the same at 17 percent, while it increased for Level 2 by 2 percentage points to 23 percent. For employees with a management incentive plan (MIP), 33.7 percent were female. Out of the total workforce, 5.4 percent of employees were female with an MIP, compared to 10.6 percent male employees with an MIP.

Overall, we recognize that we must expand our efforts to reach a more reasonable gender balance within Franke, and we remain committed to implementing the new global strategic approach for diversity and inclusion developed in 2021 and detailed below.

A global approach for diversity and inclusion

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 be launching our new recruitment guide in 2023 which will include trainings on inclusive recruiting practices, guidance on writing neutral job descriptions with unbiased language, and ensuring vacancies are promoted across diverse job platforms. To further make our recruiting process less biased and more objective, we are also assessing candidates based on case studies and work assignments in addition to behavioral interviews.

We believe Franke executives and supervisors play an essential role in fostering a more inclusive culture for diverse Franke talent, and the Global Leadership Team (GLT) is instrumental in embodying this culture and enabling it to flourish. Around 90 members of the GLT spent three days in March 2022 working together to define the start of the One Franke Journey and the multi-year cultural activation program that is designed to support Franke's cultural transformation in the coming years, in which embracing inclusivity and diversity plays a key role.

Health, safety and wellbeing

Supporting the physical, mental, and social health of our employees continues to be an important focus area for Franke and our overarching aim is to optimize health and safety of our employees and promote wellbeing across the organization.

Occupational health and safety

In 2022, 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 2022, 22 out of 27 production companies were certified to ISO 45001 standards (81.5 percent). In the

previous year, 22 out of 25 production sites were certified to ISO 45001 standards (88 percent).⁹ 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 onboarding training on our health and safety working practices (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.

Accidents and injuries

We strive to make our operations as safe as possible for our employees. Across Franke's production plants, a range of measures have been implemented over the past two years to systematically promote a safety-conscious approach among employees and reduce risk from human error. These methods include safety workshops; 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; and frequent operator trainings.

In 2022, we saw a 38.9 percent reduction in the number of Lost Time Accidents time compared to the previous year, however there was one fatality at the Franke site in the Philippines. We closed the factory when the incident occurred and provided support to all affected by this tragic incident. We conducted a thorough investigation to determine the circumstances surrounding the event and to identify any changes that could be made to strengthen our existing safety measures to mitigate any risk of an event of that nature occurring in the future.

The Franke-wide lost day rate (LDR = lost days per 100 employees) decreased from 25 in 2021 to 15 in 2022. 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 lower injury rate was largely due to increased safety measures at our manufacturing plants, such as conducting safety inspections, increased trainings and ergonomic improvements made at Faber North America S.A. de C.V., Mexico; a daily safety observation tour being implemented at Franke France; and more regular safety reminders and meetings to discuss safety measures taking

place at Franke Foodservice Systems GmbH, Germany. There was also a significant decrease at Franke Slovakia s.r.o. due to a reduced workforce and reduced working hours.

We aim to reduce the LDR further in the coming year through the countermeasures that were implemented in 2022.

Absentee rates

The absentee rate increased from 4 percent in 2021 to 5 percent in 2022, largely due to more incidences of Covid-19 being recorded, particularly in our plants in China which saw significant country-wide outbreaks during 2022. There was also an error in reporting absenteeism for the Franke Coffee Systems plant in the UK, for which in previous years, sickness was sometimes recorded as annual leave rather than absenteeism. This was rectified for the data in 2022, and therefore increases the overall number.

Total days worked across the entire Franke workforce fell by 6.8 percent in 2022, to 1,908,865 days, largely due to a decrease in production volumes in step with the overall decrease in global consumer demand.

Employee wellbeing

As part of the One Franke Journey, we have integrated the importance of employee wellbeing into our culture activation workshops held across Franke teams in 2022. We plan to further develop our wellbeing initiatives in line with our new

Occupational health and safety

	2022	2021*	DIFF. 2022/2021
Lost days due to occupational accidents or work-related illnesses	1,132	1,956	-42.1%
Lost days rate	15	25	-40.0%
Absence rate	5.0%	4.0%	25.4%
Number of work-related accidents / illnesses resulting in lost days	33	54	-38.9%
Fatal accidents	1	0	
Production facilities certified according to ISO 45001**	22/27	22/25	

* Subsequent data corrections for 2021

** Three production sites (from Franke Blefa and Industrie) were incorrectly included in the 2021 data in last year's report. These sites are not in scope for Franke sustainability reporting, therefore the 2021 data has been updated for this report.

values and purpose in the coming years. Current initiatives are developed on a local level, specific to the needs of the region, and 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. They also hold seminars on wellbeing.

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

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. They also introduced a bike leasing scheme in 2021, and donate to several sports clubs of employees and to social activities to help strengthen employee relationships outside of the work environment.

⁹ Please see page 77 of the Annex for more information on the differing total numbers of production companies listed in the 2021 report (28 companies) and the correct number reported in this 2022 report (25 companies).

Empowering our leaders to embody the One Franke mindset

Transforming a corporate culture is a complex process that often takes years to complete and requires the commitment and buy-in of all employees across the organization. Having members of top and senior management act as role models to visibly demonstrate the values and the new understanding of the culture is crucial for a successful transformation.

In 2022, we redeveloped our Leadership Development Programs (LDPs) to empower Franke managers to assume an active and responsible role during this cultural transformation and to successfully shape the process with their teams. Collaboration was an important part of this redevelopment in order to fully optimize the learning modules. To this end, we worked with the Hult International Business School, drawing on the School's academic knowledge and external insights, together with our own internal knowledge and understanding from across Franke, to develop and deliver programs that can instigate real change.

"We can only achieve our ambitious goals and become One Franke if we further develop our culture, our competencies, and behaviors and this work goes hand in hand with developing our leadership," says Fabian Boos, Global Learning and Development Manager.

As part of this work, we launched two new LDPs in 2022: "Accelerate One Franke" and "Transform One Franke", with a further two in the pipeline aimed at new managers and the Global Leadership Team. The programs concentrate on the topics of customer focus, leading in complex environments and the development of a culture of accountability. There is a specific emphasis on training with real-life scenarios, with participants engaging in role plays that involve challenging discussions with actors and receiving direct feedback from their partners; and simulations which create clear analogies to the workplace at Franke.

Training took place at the Hult International Business School's campuses in China, Dubai, Switzerland, the UK, and the US.

By externalizing the programs, participants are often more open and willing to experiment and engage than within their usual working structures, and can use the "safe space" to test out what they have learned.

Feedback on the programs has been very positive, with "Accelerate One Franke" achieving a satisfaction score of 4.6/5, and "Transform One Franke" achieving a satisfaction score of 4.3/5.

To date, 85 participants have completed a program, and 167 participants have commenced their training. We aim to have around 500 Franke managers complete a Leadership Development Program by the end of 2023.

LDPs at a glance

Aims:

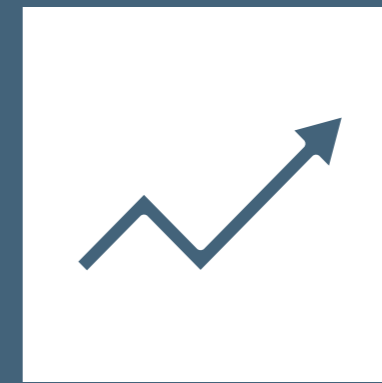
- Establishing a common language and exchanging experiences across divisions, functions and geographies
- Working on common challenges
- Learning based on simulations and role plays that are fully transferrable into our business reality
- Leading innovation on different levels and creating a growth mindset

Participant feedback:

"This was the most professional and best organized training course that I have ever attended. Many thanks!"



Training session as part of the Leadership Development Program, held in Boston, US, in May 2022



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.



CHARITIES & DONATIONS



CORPORATE VOLUNTEERING



PARTNERSHIPS

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. In 2022, we started to identify a number of topics that link directly to Franke’s purpose, our culture, and our business interests, while simultaneously aligning with specific SDGs. We will expand on these more in future reports as our efforts progress.

Charities and donations

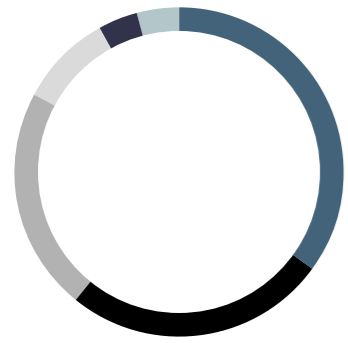
Giving back to the societies in which we work is an important part of our social responsibility and reflects one of our core values, “We act responsibly”. In 2022, Franke donated a value of CHF 168,000 through monetary and product donations to various charities. Almost 30 percent of this was donated by the Franke Group (Switzerland) to the Red Cross to support those affected by the current situation in Ukraine. The Franke entity in Sweden also donated to the Swedish Red Cross to support those affected in Ukraine. A further third of the total donations went to four organizations in India, focusing on education and healthcare needs of vulnerable and marginalized communities (see more details on page 54).

Other monetary or product donations were provided to the following causes:

- Technical colleges and schools in the US;
- Kindergartens and schools in Australia;
- An orphanage in Mexico;
- Greek cycling (through the Greek cycling team “Aiolos” in support of the sport and the cyclists’ wellbeing);
- Sports clubs of employees and social activities supporting local initiatives for cancer research in the Netherlands;
- Habitat for Humanity in Canada;
- Ronald McDonald House Charities in China, Russia and the US; and
- A local urban commune and theater in Russia.

We also supported a range of charities and foundations in South Africa and these are explored in more detail on page 54.

Causes that Franke has donated to



	IN %
Education	35
Healthcare	26
Humanitarian aid	22
Sports	9
Culture	4
Environmental conservation	4
Total	100

To classify the causes we looked into the general areas of work of the organisations we donated money or goods to.

Corporate volunteering

Volunteering represents a further manifestation of our value of acting responsibly, and we are proud that Franke legal entities have developed volunteering initiatives to benefit their local communities. In this sense, volunteering at Franke encompasses a broad range of activities, tailored to the local and regional needs.

In the Philippines, for example, we organize one major activity every year that our employees can participate in, volunteering for a minimum of four hours each. In 2022, we partnered with SOS Children's Village Lipa to sponsor their Christmas party for more than 100 children. Our Franke "Buddies" and volunteer employees prepared a Christmas program with games, food, and gifts for the children and SOS staff, and we donated

groceries to the event. The party was a great success with the children thoroughly enjoying the day. In previous years, we held activities such as tree planting, painting schools, and cleaning litter from the local creeks. In 2023, we plan to hold a medical mission in partnership with our health provider.

On a more global level, volunteering opportunities across Franke were lower than we had hoped in 2022, due to on-going Covid-19 restrictions in some regions. We hope to increase this in the coming years. Employees that did engage in volunteer activities in 2022 did so with a mixture of working during regular employment hours (paid) and during personal time (unpaid).

Partnerships

In 2022, we partnered with a number of universities and educational institutions around the world, to share knowledge, contribute to and benefit from research, and to source talented graduates to join the Franke workforce. 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.

Leadership Practice Day with the University of St.Gallen (HSG)

As part of our vision to build a strong pipeline of new talent, Franke has a long-running partnership with the University of St. Gallen, a research university in Switzerland that specializes in business administration, economics, law, and international affairs. In October 2022, around 100 students of the Master in General Management (MGM) took part in a one-day Leadership and Change Management course at the Franke headquarters in Aarburg. The students worked in small groups on case studies, together with senior Franke leaders, to develop their skills and understanding of leadership and change management, tackling real-life leadership challenges. The aim was to develop specific solutions to business cases relevant to Franke, taking into account Franke's strategic priorities such as culture and branding, in order to provide valuable insights to the students on challenges they can expect to encounter when they enter the business world. Each group presented their detailed analyzes and recommended solutions to the rest of the students and to Franke leaders, with the best, most innovative solution being chosen as the winner. This in-person event was a continuation of previous years' virtual events on the same theme, and will take place again in 2023.

Apprenticeship and internship programs at 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. In 2022, we partnered with educational institutions in the following countries to offer apprenticeships or internships:

- France (customer care, HR, marketing and technical maintenance);
- Germany (commercial and logistics specialists);
- Greece (commercial);
- Philippines (production);
- Poland (engineering, production planning, purchasing);
- Spain (logistics);
- Sweden (production engineering);
- Switzerland (technical and commercial fields); and,
- The US (industrial maintenance).

See pages 53-57 of the 2021 Franke Sustainability Report for more details about these ongoing programs.

Partnerships for research and development

We also partner with educational institutions to further research and development, for example 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. 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.

Supporting community outreach in South Africa and India

At Franke, as part of our pledge to act responsibly, we aim to give back to the communities in which we work. We believe every gesture – even the small donations – can help improve communities, one step at a time. We donate Franke products tailored to the specific needs of the regions. Here we detail the types of donations we made in 2022.

Donations for healthcare and community facilities in South Africa

In March 2022, Franke donated various products towards the construction and equipping of a Cardiothoracic ICU and an Isolation ICU at Tygerberg Hospital in Cape Town. The project was initiated by **The Making a Difference Trust** – an organization that runs large philanthropic projects dedicated to helping vulnerable children across South Africa, with a focus on healthcare, especially for children in critical conditions that urgently need medical attention. Franke has participated in projects organized by The Making a Difference Trust for many years.

Franke also donated a range of Zip HydroBoil units to hospitals and education centers in Cape Town, South Africa and for use in a charity auction by the **Cape Hunger Project** in 2022. Having access to instant, hot water can make a big difference in community facilities, particularly those facilities catering to vulnerable groups.

Supporting education institutions in India and South Africa

Franke believes in the power of education for uplifting vulnerable societies and often donates funds or equipment

to schools in the regions it operates. For example, in 2022, Franke donated over CHF 50,000 to educational institutions in India, the majority located in the state of Maharashtra (linked to the Franke legal entity in Pune). These included **Udayan Care**, a non-governmental organization (NGO) which focuses on supporting and empowering vulnerable children, women, and youth; the **Ajit Foundation**, which has a broader focus on humanitarian aid that includes children's education, healthcare for marginalized people, a poverty relief program, and a clean water project; The **Sevadham School**, which is a free residential school for intellectually disabled students in Pune; and **Vidyarthi Sahayak Samiti**, an organization which enables financially disadvantaged students from rural areas around Pune to obtain higher education by providing them with affordable hostel and food facilities as well as personal development opportunities.

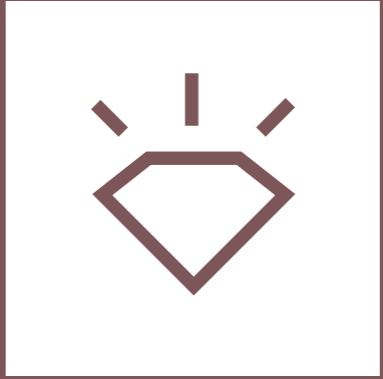
Franke also donated equipment to schools in Durban, South Africa, including the **Khanyisa Development Centre** school, which offers specialized educational and therapeutic intervention for children with different needs and their families; and the **Makabongwe Methodist Pre-School**. Franke also donated products to upgrade the staffroom, kitchen, gym and bathrooms at **Amanzimtoti High School**, just south of Durban.



Donations to the Amanzimtoti High School, KwaZulu-Natal, South Africa



Donations to the Isolation ICU at Tygerberg Hospital, Cape Town, South Africa; Photo courtesy of M-Net Publicity



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

Strong corporate governance underpins Franke's business activities and culture. Having robust governance procedures in place, together with clear guidance and policies, helps to build an environment of trust, transparency, and accountability. These are all necessary for maintaining financial stability and business integrity, and ultimately, business longevity. 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 directly contributes to employment and economic growth in the regions in which it operates and indirectly through its value chain.

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 standards 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 2022, 22 of 27 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 2022, Franke generated 18 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 responsible corporate citizen as well as making full disclosure in tax returns, reports and documents submitted. All tax positions and transactions are aligned with Franke's 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 is repeated in two-year cycles. By the end of 2022, 96.3 percent of 893 employees had completed the anti-trust module, and 97 percent of 893 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, 11 internal audits were conducted in 2022. Through these measures, Franke helps to contribute to the promotion of a peaceful and inclusive society.

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

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 2022, 11 internal audits were carried out, compared to 9 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.

Franke works with Sedex, a membership organization that provides one of the leading global platforms for companies to manage and improve working conditions in global supply chains, to help ensure we work with suppliers that guarantee human rights and labor rights as well as a safe working environment.

Our [Code of Conduct](#) and [Supplier Code of Conduct](#) outline our requirements and expectations regarding the human rights of our customers, business partners, and employees, among other ethical behaviors and responsible business practices. The development of both Codes involves discussion at the Management Board level and final approval by the Audit Committee of the Board of Directors together with the Franke CEO.

Franke Code of Conduct

Franke's [Code of Conduct](#) (the "Code") was updated in 2019 and applies to all Franke employees worldwide. All Franke employees have access to the Code of Conduct, and it is also available for public view [here](#). 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 principles such as the Ten Principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. Fifteen 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, and employees are encouraged to seek advice from their line managers or HR representatives if they have any questions relating to any aspects of the code or other responsible business conduct policies.

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 person.¹⁰ The Code 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.

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.

Code of Conduct training courses

Around 60 percent of Franke employees (those with access to a computer) are eligible for completing the online Code of Conduct training courses. 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, 2022, 4,079 employees (out of 4,350 eligible employees) 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 893 employees in 2022) and training must also be repeated in two-year cycles. By the end of 2022, 96.3 percent of applicable employees had completed the anti-trust module, and 97 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. 22 percent of the total workforce (FTEs) is currently covered by collective agreements. The working conditions and terms of employment of employees not covered by collective

¹⁰ 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.

bargaining agreements are not influenced or determined based on other collective bargaining agreements.

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.

Sustainable procurement and the Franke Supplier Code of Conduct

We aim to prioritize engagements with suppliers who seek to minimize their environmental impact, maximize positive social influence, and conduct their business in an ethical manner. Our sustainable procurement strategy comprises two key pillars:

- Ecological Integrity, which includes engaging suppliers for emission reduction initiatives and obtaining climate change related data from our suppliers, for which we use CDP as a partner.
- Responsible Sourcing, which predominantly refers to ensuring the health, safety, labour and human rights in our supply chain, as well as the financial health of our suppliers, for which we use Sedex and Dun & Bradstreet.

As part of our responsible sourcing due diligence, we have developed an onboarding process for our high-value and high-risk suppliers identifying risks across their respective supply chains. Additionally, we host educational webinars intended to inform our suppliers about responsible sourcing, related upcoming laws and regulations, and why responsible sourcing matters. We also follow up through one-to-one engagements with suppliers where necessary or where requested.

Compliance with the [Franke Supplier Code of Conduct](#) (the “Supplier Code”) is required as part of our supplier contracts and facilitated by our Procurement teams. Suppliers must sign the Supplier Code before we commence the business relationship. The Supplier Code was updated in January 2020 and stipulates that all suppliers and their respective supply chains comply with labor practices, environmental protection, and business integrity requirements.

Risk-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 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.” Targeted quality assurance measures for product development and production help to ensure we maintain the exceptional standards expected by our customers.

Among other things, our failure mode and effects analyses (FMEA) support us 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 period.¹¹ This gives us our service call rate: the percentage of defective products compared to the total number of products sold.¹² Our service call rate for 2022 was 1.37 percent, compared to 1.16 percent in 2021. This slight increase was partly due to the increased use of our products in restaurants as they began to re-open when the Covid-19 pandemic eased, and partly due an uptick in sales in 2021, which corresponded with an increase in product warranties, particularly for Franke Home Solutions.

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 2022, 25 out of 27 production sites had implemented a certified quality management system according to ISO 9001.

Quality management systems

	2022	2021*
Production sites with certified quality management systems (ISO 9001)	25/27	24/25

* Three production sites (from Franke Blefa and Industrie) were incorrectly included in the 2021 data in last year’s report. These sites are not in scope for Franke sustainability reporting, therefore the 2021 data has been updated for this report.

Franke records the total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:

1. incidents of non-compliance with regulations resulting in a fine or penalty;
2. incidents of non-compliance with regulations resulting in a warning;
3. incidents of non-compliance with voluntary codes.

In 2022, 13 customer safety incidents were reported, resulting in one fine, compared to one reported incident in 2021 and, similarly, one fine. None of these incidents led to sanctions, warnings or product recalls. As with 2021, countermeasures were taken for the products concerned.¹³

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, and a number of other product innovations detailed under The Franke Value Chain on page 9, and Resource-efficient Products on page 29.

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.

¹¹ Not all data on defective products is available as some of our markets discharge product liability to intermediaries (dealers).

¹² 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.

¹³ When compiling this data, Franke excludes incidents of non-compliance in which the organization was determined not to be at fault; excludes incidents of non-compliance related to labeling; and, if applicable, we identify any incidents of non-compliance that relate to events in periods prior to the reporting period.

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. Franke achieved consolidated net sales of CHF 2.54 billion in 2022, compared to CHF 2.56 billion in 2021, a 0.6 percent decrease. Operating profit (EBIT) increased to CHF 216.1 million, compared with CHF 169.8 million in 2021. This also resulted in a 1.9 percentage points increase in EBIT margin to 8.5 percent.

Product innovation

Innovation and adaptability form a core part of Franke's DNA, and as the wishes and needs of customers evolve over time – with individuality, sustainability, and flexibility now being more important than ever – Franke is aligning itself with these social trends to continue creating smart products that simplify and enrich people's lives.

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 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.

Innovation awards received in 2022

The most compact fully automatic coffee machine from Franke Coffee Systems, the A300, received the German Design Award from the German Design Council in 2022. The prize honors product design that creates added brand value and the award underscores the unique features of the A300 which reliably ensures great coffee moments while visually enhancing its location.

Three products from Franke Homes Solutions were also recognized for their unique features in 2022, by RedDot, an international design competition for product design, communication design and design concepts. The Active Twist tap received the "best of best" recognition for its ability to control the corresponding sink Kubus 2 bowl directly from the knob integrated in the tap; while the All-In Accessory System received double recognition for the capability to turn any sink into a stylish and multi-functional food preparation workstation; and lastly, the large Fraganite sinks received a design award for their aesthetics.

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 Franke products. In 2022, 17.6 percent of net trade sales came from products that were introduced on the respective market within the past three years, compared to 25 percent in 2021. For the 2022 data, we excluded products from Franke Foodservice Systems because around 50 percent of their products are customized or tailored to individual customer needs and were therefore counted as "new products"; however this does not reflect the innovation we aim to monitor with this KPI and distorts the overall percentage. The overall indicator must also be viewed in light of differing factors across Franke's product range, for example the limited influence of customer demand can lead to lower innovation scores for some products.

Profitability

IN M CHF	2022	2021	DIFF. 2022/2021
Net sales	2,542	2,557	-0.6%
Organic growth	5.5%	21.9%	-74.9%
EBIT	216.1	169.8	27.3%
Investments	73	54	35.2%
Employees at year end*	6,954	6,911	0.6%

* We changed the way we report employees in 2022, so the 2021 value in this report is not the same as the value published in the 2021 report.

Organization structure & sustainability management

Franke Holding AG is a joint-stock Swiss-law company, 100 percent owned by Artemis Holding AG (Artemis Group). In 2022, Franke was comprised of 62 companies and 6,954 employees (FTE), and generated sales of CHF 2.54 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 2022 was CHF 216.1 million.

Organization structure

Franke has a two-tier management structure: the Board of Directors of Franke Holding AG (Franke Group) and the Corporate Management Board of Franke Group. At the end of 2022, the Board of Directors consisted of 6 members (5 male and 1 female), and the Management Board consisted of 7 members, (6 male and 1 female). This situation has now changed; as of the time of publication (July 2023), the Board of Directors consists of 5 members (4 male and 1 female), and the Management Board consists of 8 members, (7 male and 1 female). This current data is used in the tables presented here.

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 Management 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 2022.

Franke aims to ensure that the members of its Board of Directors and its Management Board hold competencies relevant to the organization's business activities in order to lead the business in the most effective manner. The HR Committee defines desired profiles and conducts interviews for new Management Board members, with the CEO and CHRO leading the process. For the recruitment of new members of the Board of Directors, the process is led and controlled by the Franke Group owner and the Chairman of the Board.

Franke's Board of Directors and its committees are fully independent from the operational management of the company.

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.

Members of the Board of Directors

Member	Citizenship	Year of Birth	Tenure	Other Significant Positions & Commitments	Relevant Competencies
Chairman					
Alexander Pieper	Swiss	1983	Member since 2018 and Chairman since 2023	<p>Since 2016, Alexander Pieper has been the owner of the Kraftwerk Group AG, of which he was CEO from 2017 to 2023.</p> <p>He joined the Artemis Group in 2023 as a member of the Group Management and oversees a part of the Artemis Asset Management Group.</p>	<p>Alexander Pieper has a professional background in industrial engineering.</p> <p>He worked for the Franke Group for 13 years in various management positions in Switzerland and abroad.</p> <p>He has been a member of the Board of Directors of Artemis Holding AG since 2015 and was appointed Chairman of the Board of Directors of Franke Holding AG in 2023.</p>
Non-Executive Directors					
Michael Pieper	Swiss	1946	Member since 2013	<p>Michael Pieper is President/CEO of the Artemis Group. He is a member of the Board of Directors of several Swiss companies such as Forbo, Arbonia, Autoneum and Bergos, as well as a member of the Supervisory Board of Duravit.</p>	<p>Michael Pieper holds a master's degree in Business Administration from the University of St. Gallen, Switzerland.</p> <p>He has owned Franke since 1989 and managed the Group until 2012.</p> <p>Prior to that, Michael Pieper worked for several years in the USA in various management positions in banking.</p>
Patrick Naef	Swiss	1965	Member since 2018	<p>Patrick Naef is a consultant to organizations involved in the digitalization and coaching of IT executives.</p> <p>He sits on several boards of start-ups and on advisory boards of technology companies and venture capitalist firms in Silicon Valley.</p>	<p>Patrick Naef holds a degree in Computer Science Engineering from ETH Zurich, Switzerland, and an Executive MBA from the University of St. Gallen, Switzerland.</p> <p>From 2006 to June 2018, he was CIO at Emirates Airline & Group in Dubai and, at the same time, a member of the board of directors of SITA, a global telecommunications and IT company owned by airlines.</p> <p>He was also CEO of Mercator, a subsidiary of Emirates Group, from 2006 to 2014.</p> <p>Other professional positions include CIO at SIG and Swissair, as well as senior positions at Zurich Insurance, HP and Bank Julius Baer.</p>
Dr. Michael Reinhard	German-Swiss double citizen	1956	Member since 2018	<p>Dr. Michael Reinhard is a member of the Board of Directors of the Swiss company Georg Utz Holding AG.</p>	<p>Dr. Michael Reinhard studied mechanical engineering at the Technical University of Darmstadt, Germany.</p> <p>He retired after 12 years with Geberit, where he was responsible for the Group Divisions Sales, Products and Operations as a member of the Group Executive Board between 2005 and 2017. Prior to this, Dr Michael Reinhard held various management positions at Schott Glas and McKinsey & Company, among others.</p>
Tanja Vainio	Finnish	1974	Member since 2021	<p>Tanja Vainio is Country President Switzerland of Schneider Electric since 2022.</p>	<p>Tanja Vainio studied mechanical engineering at Tampere University of Technology in Finland and holds a degree in Civil Engineering/Supply Chain Management as well as an MBA from the Massachusetts Institute of Technology (MIT) Cambridge in the USA.</p> <p>She served for more than 20 years in various management roles for ABB in Switzerland, the Czech Republic, Finland, Hungary, Sweden and the USA.</p> <p>From 2018 to 2021, Tanja Vainio was also a member of the Board of Directors at Impact Coatings AB in Sweden.</p>

Members of the Management Board

Member	Position	Citizenship	Year of Birth	Tenure	Relevant Competencies
Patrik Wohlhauser	President/CEO, Franke Group	Swiss	1964	Since 2018	<p>Patrik Wohlhauser holds a master's degree in Business Administration from the University of Freiburg, Switzerland.</p> <p>Before joining Franke, he was CEO at Wittur Holding GmbH, a global leading manufacturer and supplier of components for elevator construction. For the 15 years prior to that, he had various management roles at Evonik and Degussa, respectively, including Head of the Business Units Construction Systems Europe and Exclusive Synthesis & Catalysts. In 2011, Patrik Wohlhauser was appointed to the Executive Board of Evonik Industries AG with responsibility for the Consumer, Health & Nutrition segment. In 2014, as Chief Operating Officer (COO), he assumed responsibility for the entire chemical business. Prior to his time at the leading German global industrial group for specialty chemicals, he worked for Sandoz International AG and MBT Schweiz AG.</p>
Markus Bierl	Chief Information Officer, Franke Group	German/American	1964	Since 2001	<p>Markus Bierl holds a master's degree in Business Engineering IT/OR at the University of Karlsruhe, Germany.</p> <p>He worked for Franke in the US since 2001. During this time, he took on various managerial functions, most recently as CIO of Franke Foodservice Systems. Before Markus Bierl joined Franke, he worked in IT consulting and software development for international clients such as McDonald's, Mövenpick, EAO.</p>
Jürg Fischer	Chief Financial Officer, Franke Group	Swiss	1959	Since 2005	<p>Jürg Fischer holds a master's degree in Business Administration from the University of St. Gallen, Switzerland.</p> <p>Before joining Franke, Jürg Fischer had several management positions such as CFO at Habasit AG, Head of Finance and Admin at RAG Reichenberger AG, Group Controller at Siber Hegner and internal Auditor and Group Leader at Sandoz AG.</p>
Beat Sigrist	Chief Human Resources Officer, Franke Group	Swiss	1970	Since 2014	<p>Beat Sigrist holds a master's degree in Business Administration from the University of St. Gallen, Switzerland.</p> <p>Before joining Franke, he worked at Sulzer as Head of Corporate Human Resources and was an Extended Executive Management Board member. Beat Sigrist has many years of extensive HR experience, acquired in senior HR functions at various industrial and telecommunications companies, including Swisscom and Bosch.</p>
Gianluca Mapelli	Chief Operating Officer, Franke Group	Italian	1970	Since 2016	<p>Gianluca Mapelli holds a master's degree in Aeronautical Engineering from the Polytechnic University of Milan, Italy.</p> <p>In April 2016, he joined Franke subsidiary Faber S.p.A in Fabriano, Italy, as Operations Director for Hoods. For 15 years prior to that, he had various management positions in Italy and China at Safilo, a leading eyewear manufacturer and one of the world's largest manufacturers of sunglasses and eyeglass frames, most recently as Plant Director. Before that, Gianluca Mapelli was in a managerial position at Otis Elevator in Italy.</p>

Member	Position	Citizenship	Year of Birth	Tenure	Relevant Competencies
Barbara Borra	President/ CEO Franke Home Solutions	Italian	1960	Since 2019	Barbara Borra graduated from the Polytechnic University of Turin in Italy with a degree in Chemical Engineering. She also holds an MBA from INSEAD in Fontainebleau, France. Before joining Franke, she was CEO EMEA of the Fontana Group. Prior to that, she spent ten years working for Whirlpool in roles including Vice President of the Global Food Preparation Category and as the General Manager of the Chinese branches. She also held various management positions working for Rhodia and General Electric. Other significant positions and commitments: Barbara Borra is independent Director in the Board of Brembo and a Member of the Supervisory Board of Randstad.
Marco Zancolò	President/ CEO Franke Coffee Systems	Italian	1966	Since 2019	Marco Zancolò has a degree in engineering from the Technical University of Munich in Germany and an MBA from the IMD Business School in Lausanne in Switzerland. Marco Zancolò previously worked for Nespresso, where he started out as the B2B Commercial Director in Germany 16 years ago. He then took on various key positions in management at Nespresso, most recently as Head of Zone Europe. Before that, Marco Zancolò was a project manager at Boston Consulting Group and a member of the Board of Management at FERIA Internationale Reisen GmbH.
Peter Revesz	President/ CEO Franke Foodservice Systems	American	1974	Since 2021	Peter Revesz studied Electrical Engineering at Kettering University in Flint, MI/USA, and obtained his MBA from the Owen School of Management, Vanderbilt University in Nashville, TN/USA. He joined Franke Foodservice Systems in early 2021 as president of the Americas business unit before becoming President/CEO of Franke Foodservice Systems in September 2022. Prior to joining Franke, Peter Revesz served Hilti, Inc., most recently as president and CEO of Hilti Mexico and previously as head of the company's Southeast U.S. region.

Remuneration

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 remuneration for the Board of Directors and the CEO of the Franke Group is determined by the owner of the Franke Group. The remuneration for the Management Board and Senior Executives is managed in accordance with general remuneration policies of the Franke Group. The salary review at the Franke Group is initiated once a year. All salary changes need to be approved based on a two-level approval process. Remuneration of the Management Board is discussed and approved by the HR Committee.

Franke's total compensation strategy is formulated on both internal and external (market) data consistent within a pay-for-performance philosophy. After considering internal equity and salary structures, employee base pay is generally determined

using benchmark market data. Salary increases are generally the result of individual performance and demonstrated improved competency in the role over time.

Franke applies a criteria-based job leveling system for managerial and expert functions (Global Grades). Job leveling is an analytical process that can determine the relative value of jobs within the organization. Global Grades are utilized to determine different aspects of employee incentive plans (e.g., target bonus as percentage of base salary) at Franke. Global Grades also help to structure internal and external compensation benchmarks.

How stakeholders can submit recommendations to the Board of Directors

Recommendations or concerns from shareholders 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.

Communication of critical concerns

Serious systematic compliance cases are presented to the Chairman of the Board of Directors.

Sustainability knowledge of the highest Governance Body

The Franke Board of Directors is regularly informed of the latest developments in the field of corporate sustainability through Franke's in-house sustainability practitioners.

Sustainability management

Franke Group's Board of Directors reviews and approves the material topics identified for reporting, monitors overall sustainability performance of the organization, and reviews and approves the annual sustainability report; while a core sustainability team is responsible for implementing, driving, and tracking progress on the various sustainability goals and targets. This core team reports to a member of the Management Board. 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.
- Sedex, an organization that provides a global platform for companies to manage and improve working conditions in global supply chains. The platform helps companies to identify and work with suppliers that guarantee human rights and labor rights as well as a safe working environment.



Annex

Annex



REPORTING PARAMETERS



GRI CONTENT INDEX



CONTACT

Reporting period

This sustainability report covers the 2022 financial year: January 1 to December 31, 2022. Franke does not publish its financial report. Information from prior years is included where necessary to give the reader a complete picture of Franke's sustainability approach and performance over time. Where the data does not originate from 2022, this is clearly indicated.

Date of the most recent previous report

In July 2022, Franke published its 2021 sustainability report. The reports from prior years can be found here:

www.franke.com > Franke Group > Sustainability

Reporting cycle

Franke publishes a sustainability report every year. The next report will be published by July 2024.

Procedure for determining the report content

The GRI Standards were followed in the development of this report. A materiality analysis was conducted in accordance with the GRI Standards in 2017 and 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 key stakeholders for this report. The key stakeholders and their relevance to Franke are described on page 10. A double materiality assessment in accordance with the GRI Universal Standards 2021 was completed in early 2023, with the external support of ELEVATE. These results will be used to inform Franke's reporting practices during the 2023 reporting cycle and will be presented in the 2023 Sustainability Report.

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.

Our Home Solutions entity in Mexico is jointly owned, with a 45 percent share owned by Mabe México S. de R.L. de C.V. Meanwhile, our Home Solutions entity in Egypt closed production and most of its operations in the first quarter of 2022. Also, two legal entities in the US (Sertec, LLC and Facility Solutions, LLC) were closed while a new legal entity for Foodservice Systems in Mexico (Franke Foodservice Systems Mexico, S.A. de C.V.) was created.

Although Franke 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.

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- Franke Foodservice Systems
- ▲ Franke Coffee Systems

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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 all of our 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 more transparent 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 2022 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. We apply the conversion factors for energy consumption from the fact sheet: CO₂e emission factors of the Swiss greenhouse gas inventory from 2016 (Swiss 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. The environmental and occupational health and safety data were determined in relation to each other by dividing the total values by net sales in Swiss francs. 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.

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 should be noted: as of the reporting year 2022, we are using fulltime equivalents as of year end instead of the yearly average. This change was made to allow us to report on information such as gender and employment type. This also means that we cannot compare much of the employee data to the previous year. Also, for some statements, headcount was used, for example, to calculate the shares of employees who have a target agreement.

Effects of any restatements of information provided in earlier reports

Certain inaccuracies in the 2021 data should be noted:

- The total number of average employees (FTEs) reported in 2021 (7,808) included workers who are not directly employed by Franke (contract workers, for example). The actual number of FTEs for 2021 was 6,747 on removal of this category of workers – as is done for the 2022 data, in accordance with GRI 2 - General Disclosures (2-7 and 2-8).
- The number of Franke production companies was incorrectly reported in 2021. Two production companies from Franke Industries and one from Blefa should have been excluded. The correct number for the report in 2021 was 25 instead of 28.
- Chain Link Services, LLC in the US has not reported their gasoline and diesel consumption for company-owned trucks in 2021.
- The calculation method for “total hours worked in the calendar year”, “lost days due to absence” and “total days worked in CY” for four legal entities in Switzerland has changed and was adjusted for 2021.

GRI content index

STATEMENT OF USE	Franke Group has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 USED	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	None.
LEGEND	SR: Sustainability Report 2022, CC: Code of Conduct, SCC: Supplier Code of Conduct
EXTERNAL ASSURANCE	No external confirmation was obtained for this report.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021						
	2-1	Organizational details	SR, p. 7, 65			
	2-2	Entities included in the organization's sustainability reporting	SR, p. 74-76			
	2-3	Reporting period, frequency and contact point	SR, p. 73, 83			
	2-4	Restatements of information	SR, p. 77			
	2-5	External assurance	SR, p. 78			
	2-6	Activities, value chain and other business relationships	SR, p. 8-10, 53, 73			
	2-7	Employees ¹	SR, p. 37-38, 43, 77, 82	2-7-e	Information unavailable/incomplete	We cannot compare the data for 2022 to the previous year's data because the information for 2021 is not available in our new FTE reporting system. However, comparison for 2022 onwards will be possible with our new tool.
	2-8	Workers who are not employees	SR, p. 38, 77			
	2-9	Governance structure and composition	SR, p. 65-69			
	2-10	Nomination and selection of the highest governance body	SR, p. 65			
	2-11	Chair of the highest governance body	SR, p. 66			
	2-12	Role of the highest governance body in overseeing the management of impacts ²	SR, p. 69, 82			
	2-13	Delegation of responsibility for managing impacts ³	SR, p. 69, 82			
	2-14	Role of the highest governance body in sustainability reporting	SR, p. 69			
	2-15	Conflicts of interest	CC, p. 4, SR, p. 66-68			
	2-16	Communication of critical concerns	SR, p. 69	2-16-b	Confidentiality constraints	This information is categorized as confidential and therefore cannot be publicly reported.
	2-17	Collective knowledge of the highest governance body	SR, p. 69			
	2-18	Evaluation of the performance of the highest governance body	SR, p. 69			
	2-19	Remuneration policies ⁴	SR, p. 68, 82	2-19-a (ii-v) & b	Information unavailable/incomplete	Franke does not have full information globally about sign-on bonuses or recruitment incentives; termination payments; clawbacks; and retirement benefits for members of the highest governance body and senior executives.
	2-20	Process to determine remuneration ⁵	SR, p. 68, 82			
	2-21	Annual total compensation ratio		2-21-a, b & c	Confidentiality constraints	This information is categorized as confidential and therefore cannot be publicly reported.
	2-22	Statement on sustainable development strategy	SR, p. 14-15			
	2-23	Policy commitments	CC, p. 2-6 SCC, p.1-2 SR, p. 39-40, 60-62, 69			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-24	Embedding policy commitments	CC, p. 2-6 SCC, p.1-2 SR, p. 39-40, 60-62, 69			
	2-25	Processes to remediate negative impacts ⁶	SR, p. 60-63, 82			
	2-26	Mechanisms for seeking advice and raising concerns	SR, p. 60-62			
	2-27	Compliance with laws and regulations ⁷	SR, p. 63, 82	2-27-a, b, c & d for non-compliances related to product safety 2-27-a, b, c & d for other non-compliances (not related to product safety).	Information unavailable/incomplete Confidentiality constraints	The reported cases relate to Franke Foodservice Systems. As we introduce Total Quality Management, we will evaluate whether the introduction of the KPI in other divisions is necessary and whether the content is also applicable for them. We cannot report other instances of non-compliance as they are confidential.
	2-28	Membership associations	SR, p. 69			
	2-29	Approach to stakeholder engagement	SR, p. 9-10			
	2-30	Collective bargaining agreements	SR, p. 61-62			
MATERIAL TOPICS						
GRI 3: Material Topics 2021						
	3-1	Process to determine material topics	SR, p. 12, 73			
	3-2	List of material topics	SR, p. 12			
Energy efficiency in production						
GRI 3: Material Topics 2021						
GRI 302: Energy 2016						
GRI 305: Emissions 2016						
	3-3	Management of material topics	SR, p. 19-25			
	302-3	Energy intensity	SR, p. 22-24, 64			
	305-4	Direct (Scope 1) GHG emissions	SR, p. 21-22, 77			
	305-2	Energy indirect (Scope 2) GHG emissions	SR, p. 21-22, 77	305-2-a	Information unavailable/incomplete	Some Franke locations are reporting location-based emission factors while others use market-based data. We are planning to implement a location-based emission factor for all entities as of next year.
	305-3	Other indirect (Scope 3) GHG emissions	SR, p. 29, 77			
	305-4	GHG emissions intensity	SR, p. 21-22, 64, 77			
Material efficiency in production						
GRI 3: Material Topics 2021						
GRI 301: Materials 2016						
GRI 306: Waste 2020						
	3-3	Management of material topics	SR, p. 20-21, 25-27			
	301-1	Materials used by weight or volume	SR, p. 25			
	306-2	Management of significant waste-related impacts	SR, p. 26	306-2-b	Information unavailable/incomplete	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 a first high-level analysis of all waste management service providers for the 2023 reporting cycle.
	306-3	Waste generated	SR, p. 26			
	306-4	Waste diverted from disposal	SR, p. 26			
	306-5	Waste directed to disposal	SR, p. 26			
Water and wastewater management						
GRI 3: Material Topics 2021						
GRI 303: Water and Effluents 2018						
	3-3	Management of material topics	SR, p. 20, 28			
	303-3	Water withdrawal	SR, p. 28	303-3	Information unavailable/incomplete	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. Furthermore, as of the 2023 reporting cycle, water will no longer be a material topic for Franke.
	303-4	Water discharge	SR, p. 28	303-4	Information unavailable/incomplete	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Resource-efficient products (energy)					
GRI 3: Material Topics 2021	3-3	Management of material topics			
GRI 302: Energy 2016	302-5	Reductions in energy requirements of products and services	SR, p. 30-31	302-5 a-c	Information unavailable/incomplete
					The data for assessing the reduction in energy demand of our products are not yet available. Considering these data quality constraints, we cannot fulfill this requirement yet. We plan to have the information ready for the sustainability report that will be published in 2025.
Leadership Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 39-42		
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	SR, p. 41-42		
Occupational health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 39, 44-45		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	SR, p. 44-45		
	403-2	Hazard identification, risk assessment, and incident investigation	SR, p. 44-45	403-2	Information unavailable/incomplete
					Data on occupational disease rates cannot be collected due to confidentiality issues (medical confidentiality). For this reason, it will not be reported on in the future.
	403-3	Occupational health services	SR, p. 45	403-3	Information unavailable/incomplete
					We do not have information for all locations yet, but we are working on improving this for the upcoming reporting cycles.
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR, p. 44-45		
	403-5	Worker training on occupational health and safety	SR, p. 44		
	403-6	Promotion of worker health	SR, p. 44-45	403-6	Information unavailable/incomplete
					We do not have information for all locations yet, but we are working on improving this for the upcoming reporting cycles.
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR, p. 44-45		
	403-8	Workers covered by an occupational health and safety management system	SR, p. 44-45	403-8	Information unavailable/incomplete
					The data regarding the number and the percentage of all employees and workers who are not employees is still missing for this indicator. We expect to have this information for the next reporting cycle.
	403-9	Work-related injuries	SR, p. 44-45	403-9	Information unavailable/incomplete
					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.
	403-10	Work-related ill health	SR, p. 44-45	403-10	Information unavailable/incomplete
					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.
Business integrity					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 60-61		
Own Indicator		Number of internal audits	SR, p. 60-61		
Human Rights					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 59-62		
Own Indicator		Percentage of employees trained regarding corruption	SR, p. 61		
		Percentage of employees trained regarding antitrust legislation	SR, p. 61		
		Employee training on human rights policies and procedures ⁸	SR, p. 61, 82		
Product Reliability and longevity					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 62-63		
Own Indicator		Service call rate	SR, p. 63		
Product safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	SR, p. 63		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	SR, p. 63	416-2	Not applicable	The reported cases relate to the Home Solutions and Foodservice Systems Divisions. Whether the introduction of the KPI at Franke Coffee Systems makes sense and the content is also applicable there will be evaluated as part of the introduction of Total Quality Management.
Profitability					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR, p. 64			
Own Indicator	Operating result (EBIT)	SR, p. 64-65			
Product innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR, p. 59-60, 64			
Own Indicator	Change in net sales of products not older than three years	SR, p. 60, 64			

Remarks

- 2-7-e: As of 2022, we show Full-Time Equivalents (FTE) data as year-end rather than yearly averages. This is primarily due to a much broader approach to the employee data that we report on (for example, the type of contract). For this broader approach, we need to extract data directly from our FTE reporting tool which does not provide yearly averages.
- 2-12-a: The sustainability team provides input to the highest governance body periodically. On the basis of this input, there are discussions resulting in the highest governance body and senior executives developing, approving and updating the organization's purpose, value, or mission statements, strategies, policies, and goals related to sustainable development.
2-12-b: Franke's highest governance body does not currently have direct oversight of the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people.
- 2-13-a: Franke's Board of Directors has assigned the operational management and implementation of the strategy to the Executive Board, in line with the company's charters and policies and to the extent permitted by applicable law. Responsibilities for specific economic, environmental, and social issues are further delegated to relevant teams/individuals within the operational management structure.
- 2-13-b: The responsible teams/individuals regularly report either directly to the CEO or to other members of the Group's Management Board, who, if necessary, inform the Board of Directors about the organization's impacts on the economy, environment, and people.
- 2-19-b: The remuneration policies for members of the highest governance body do not currently relate to the members' objectives and performance concerning the management of the organization's impacts on the economy, environment, and people.
- 2-20-b: Franke does not have a voting system on remuneration policies and proposals.
- 2-25: Franke's integrity hotline is available for employees to report any integrity or ethical concerns, including human rights complaints. However, the company does not currently have a mechanism that enables people outside the business to report perceived injustices evoking an individual's or a group's sense of entitlement based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities.
- 2-27-c & d: There were no significant instances of non-compliance regarding product safety during the reported period.
- In previous years this was reported in accordance with GRI 412 Human Rights Assessment 2016 Disclosure 412-2.

Contact

If you have general questions about Franke's sustainability report or the reported information, please contact:

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