

**FRANKE**



# **SUSTAIN ABILITY**

REPORT 2023

**Franke Group  
Sustainability Report 2023**

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**04** **Sustainability at Franke** 

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**06** Group profile

**08** CEO statement

**10** Material topics and strategy

**12** **Environment** 

---

**13** Climate and Energy

**21** Resource Use and Circularity

 **Our people** 

---

 **26**

Safety and Occupational Health **27**

Training and Education **30**

 **Society** 

---

 **34**

Product Responsibility and Sustainable Innovation **35**

 **Appendix I: GRI Content Index** 

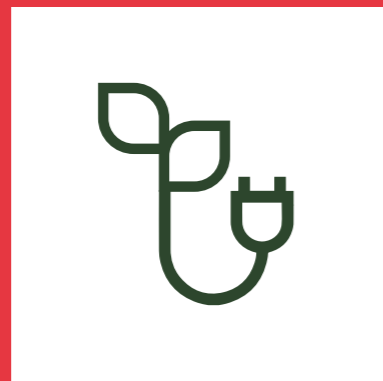
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 **41**

 **Appendix II : Data and further information** 

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 **59**



# Sustainability at Franke

# Group profile

In 2023, the Franke Group consisted of Franke Home Solutions, Franke Foodservice Systems, and Franke Coffee Systems. The Group employed over 7,000 people worldwide and achieved consolidated net sales of CHF 2.42 billion.



## Divisions



### Franke Home Solutions

We offer intelligent systems and integrated solutions for residential kitchens including sinks, taps, worktops, hoods, kitchen appliances and accessories, waste management systems, as well as water and indoor air quality treatment products.



### Franke Foodservice Systems

We offer innovative kitchen facilities, equipment and supplies solutions for quick-service restaurants and convenience stores, supported by design, project management, as well as resupply and aftermarket services.

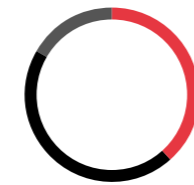


### Franke Coffee Systems

We offer state-of-the-art professional coffee solutions, including fully automatic, semi-automatic, and traditional machines, as well as add-on units.

## Net sales 2023

### Net sales by division



IN M CHF

Franke Home Solutions	932
Franke Foodservice Systems	1 087
Franke Coffee Systems	403
Corporate/Consolidation	-6
<b>Total</b>	<b>2 416</b>

### Net sales by region



IN %

Europe*	43.8
The Americas	37.8
Asia/Oceania	16.4
Africa/Middle East	2.0

\* Turkey is included in Europe in this dataset.

## Highlights

# 7.5%

reduction in total scope 1 & 2 CO<sub>2</sub>e emissions compared to 2022

# 9.9%

reduction in total electricity consumption compared to 2022

# 77.2%

of waste across Franke Group was recycled

# 300%

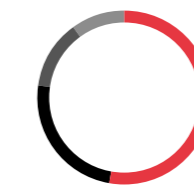
increase in employees being reviewed in the talent management & succession plan discussions (~2,100 compared with ~700 in 2022)

- Net-zero emissions reduction targets developed and validated\* by the Science Based Targets initiative (SBTi).
- Continued implementing our new Digital Shop Floor Application and Safety Management Tool for employees to register safety observations quickly and efficiently and enable faster decision making on safety aspects.
- 24 out of 25 production sites had certified quality management systems in place (ISO 9001).

\*validated by the SBTi in February 2024.

## Employees 2023

### Employees by division



IN %

Franke Home Solutions	52.9
Franke Foodservice Systems	24.5
Franke Coffee Systems	12.7
Corporate/ Consolidation	9.9
<b>Total</b>	<b>100</b>

### Employees by region



IN %\*\*

Americas	19.1
Asia Pacific	19.1
Central & Eastern Europe	15.9
Middle East & Africa*	7.4
Western Europe	38.5

\* Turkey is included in Middle East & Africa in this dataset.

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

## Brands

Franke Dalla Corte Carron Phoenix Elikor Faber Kindred Mepamsa Roblin Spar

# CEO statement



Dear Readers,

I'm pleased to present the Franke Group 2023 Sustainability Report.

2023 was another year of challenging global economic conditions and unprecedented geopolitical tensions. Like most companies, we faced strong headwinds, similar to those in 2022: high inflation and rising interest rates, volatile energy and raw material costs, fragile supply chains, the ongoing war in Ukraine and the conflict in the Middle East – causing much suffering and distress. As an organization with international operations, we are undoubtedly impacted by these developments around the world, but we draw on our combined strengths, work together and support each other as a team – One Franke – to pursue our purpose of transforming change into opportunities to shape a better living.

Against this backdrop, Franke achieved a solid performance. Franke Coffee Systems and Franke Foodservice Systems delivered a strong performance in many locations which helped to balance out the decline in demand at Franke Home

Solutions. While our overall sales and profit were lower this year compared to 2022, our high motivation, agility and adaptability enabled us to seize opportunities and mitigate risks, proving us to be relatively resilient.

For example, in 2023, we further streamlined our product portfolio and consolidated the production of stainless steel sinks within Europe. As a result, we are currently building a central production hub and center of excellence for our stainless steel sink production in Italy and have created a competence center for stainless steel worktops and bowls in Aarburg, Switzerland.

## **In 2023 we conducted an in-depth double materiality assessment to determine our most material topics.**

Our commitment to sustainability has remained unwavering. Over the past year, we have strengthened many aspects of our sustainability approach, including revising and consolidating our material topics following an in-depth double materiality assessment. This approach ensures we are focusing on the topics that can have the greatest impact on the economy, environment, and people, as well as the impact that external actions or events can have on Franke.

We continue to support global climate action by setting ambitious emission reduction targets. These targets, developed during 2022-2023 and validated by the Science Based Targets initiative (SBTi) in February 2024, chart our path to achieving net zero CO<sub>2</sub> emissions by 2050. We have a robust plan in place to achieve these targets and are looking forward to implementing the plan (detailed on page 18) over the coming months and years. We can already report a 7.5 percent reduction in our scope 1 and 2 emissions for 2023

compared to 2022, meaning we've reduced our emissions for eight years running. I look forward to updating you on our net-zero journey as we progress.

## **We've reduced our scope 1 and 2 emissions for eight years running and our net-zero emissions reduction targets have been validated by the SBTi.**

In terms of our working culture, we have continued successfully implementing our One Franke approach and ways of working across the Group. We have held more than 1,000 team cultural activation sessions to strengthen our people's understanding of this approach since 2022. Our pulse checks demonstrate the efficacy of this work, with 75 percent of participants noting a significant improvement in our culture.

## **We've made significant progress strengthening our culture in line with our One Franke approach and intensified our focus on talent and succession development.**

A strong working culture is one which supports and empowers employees in their learning and development. This year we placed a particular focus on enhancing our employee review process by integrating the My Contribution Dialogue tool into our HR management system. This tool gives our people more autonomy over their development conversations at Franke and makes the process more transparent, fair, and clear for all. We also conducted more "talent discussions" to ensure we are creating concrete development actions for our people.

More than 2,100 employees were discussed as part of talent management and succession planning in 2023, a 300 percent increase on the previous year.

Our continued focus on innovation ensures we don't stand still as a business, and in recent years we have been integrating sustainability as a component of our innovation approach. We strive to develop more resource-efficient products that help our customers and Franke reduce our environmental impacts. For example, we have introduced several cooker hood models with exceptional energy efficiency, such as the Mythos T-Shelf Hood in A class, Mythos Vertical Pro Hoods in A++ class, and Maris Vertical Pro Hoods in A+ class.

## **We continue to innovate towards more sustainable products, particularly regarding resource efficiency.**

We are also preparing for recently-passed and forthcoming EU regulations and directives, for example the New Energy Label regulation and the new Corporate Sustainability Reporting Directive (CSRD) – which will be relevant for Franke from 2025 onwards.

Looking ahead, we are expecting another challenging year, but we have the spirit, determination, agility, and the right approach to make it a success. We proved this year that we can achieve much despite adversity, and we will build on this, seizing opportunities and continuing to deliver for our customers, our people, for the environment and societies. We will stay strong as a team, living our values, delivering excellence in all we do.

**Patrik Wohlhauser**  
CEO Franke Group

# Material topics and strategy

Between late 2022 and early 2023, Franke conducted a double materiality assessment with the external support of ELEVATE, a leading sustainability services provider. The aim of the assessment was to refresh Franke's material topics in line with its current business structure, determining 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. Full details of the assessment are published in Appendix II of this report.

As a result of the materiality assessment, we identified the following five material topics for Franke and its stakeholders:

- Climate and Energy
- Resource Use and Circularity
- Safety and Occupational Health
- Training and Education
- Product Responsibility and Sustainable Innovation

The first chapter on climate and energy is more extensive than the other material topics since this is Franke's first year of presenting its SBTi-verified net-zero targets and its pathway to achieving them.

## Our sustainability strategy

While Franke's material topics have been revised, Franke's sustainability strategy remains anchored on three pillars: "The Environment", "Our People", and "Society".

### Franke's core values support the implementation of our sustainability strategy:

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

Our sustainability strategy maps out how we can create long-term positive impacts beyond financial returns – environmentally and socially across our material topics. It guides us in the management of our climate-related impacts and the responsible use of resources. It supports us in developing our business operations, products, and services in a way that contributes to the good health and wellbeing of all. It leads us in our development of Franke employees to help them reach their full potential, and in being responsible for our products and innovations.

Since 2021, we have been integrating our material topics more deeply into Franke's core business strategy and we will continue to embed them within and across our operations and value chain.

Our sustainability strategy and actions reinforce our commitment to the United Nations (UN) Global Compact, of which Franke has been a member adhering to its 10 Principles since 2011.

Through our sustainability strategy, we also contribute to a number of UN Sustainable Development Goals (SDGs). To align with our newly identified material topics, we are in the process of conducting an SDG impact assessment to guide our activities more closely to the goals and targets on which we can have the greatest impact. We believe that by focusing on a more targeted set of SDGs and their targets, we can monitor and manage our achievements towards these more effectively. We will report progress against these in our 2024 Sustainability Report and beyond.



GOVERNANCE

# Climate and Energy

At Franke, our company value of acting responsibly underpins our approach to climate and energy. We recognize that the world is at a critical juncture regarding climate change. Bold action from all is needed to keep global warming below the critical 1.5 degree threshold.

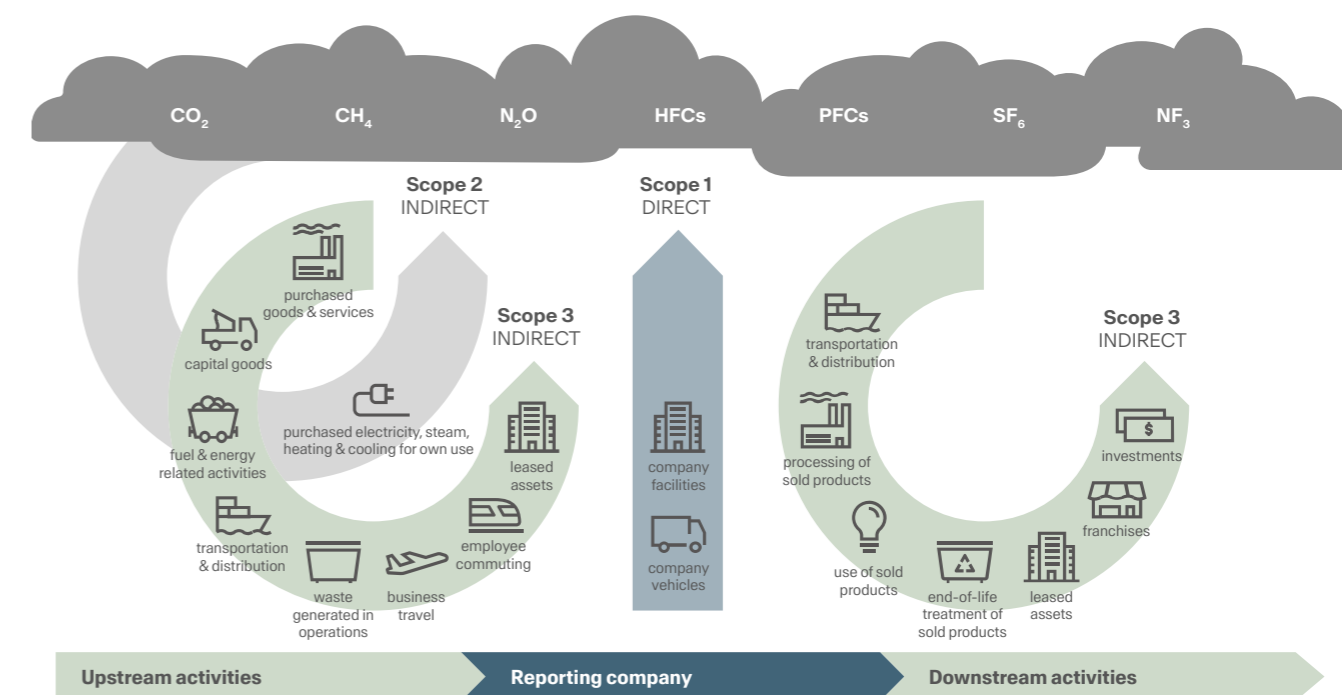
To stand the greatest chance of limiting global warming to 1.5 degrees Celsius, countries need to become carbon neutral by 2050. Our vision at Franke is to become net CO<sub>2</sub>e neutral in production and across the entire Franke value chain by 2050.

As such, we are mapping out our pathway to achieve net-zero emissions, prioritizing actions that will reduce our environmental impacts within our operations (scope 1 and 2) and along our value chain (scope 3). This includes our energy consumption, the materials we procure, the supply and distribution of our products, and their lifetime usage.



## Environment

### GHG Protocol scopes and emissions across the value chain



# Understanding the impacts of climate change

As part of our sustainability management process, we seek to understand the impacts that our business and our value chain have on climate, and the impact climate change could have on our business.

## External impacts from Franke's operations and value chain

The greenhouse gas (GHG) emissions we emit through our energy use and our value chain contribute to global warming, which, if not properly managed in the next decades, is predicted to have devastating effects on the planet and on societies. Climate change can impact human health, alter the frequency and severity of extreme weather events, disrupt supply chains, cause scarcity of raw materials and alter the natural balance of our ecosystems which help to sustain life on earth.

## Internal impacts for Franke

Climate change poses numerous internal risks for Franke. Some of Franke's production sites are located 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 has developed a business contingency plan containing 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.

Franke, as with all other businesses, faces uncertainty in the global transition to a net-zero economy with

evolving regulations and increasing stakeholder pressure. Franke complies with applicable CO<sub>2</sub> emissions regulations and goes beyond meeting legal requirements by setting its own ambitious emissions reduction plans.

Franke will also be affected by more stringent regulations on product transparency and circularity, such as the EU's Ecodesign for Sustainable Products Regulation (ESPR) and the EU Environmental Product Declarations (EPD) – independently verified documents that detail a product's environmental performance from a lifecycle perspective, including information on their energy performance and carbon footprint.

The EU's Carbon Border Adjustment Mechanism (CBAM) will also affect Franke due to the presence of aluminum and steel - carbon-intensive materials - in many of our products. Franke will also be required to report its environmental impacts under the new Corporate Sustainability Reporting Directive (CSRD) from the 2025 reporting year onwards. Failure to act and report in accordance with these regulations could negatively impact our business, reputation, and market position.

Integrating climate change considerations into Franke's business strategy also presents numerous opportunities. Consumer demand for products that use fewer resources, such as energy and water, is increasing. Our culture of product innovation at Franke, together with our ongoing drive to minimize our products' use of resources while maintaining the high quality our customers expect are detailed further in the chapters *Resource Use and Circularity* and *Product Responsibility and Sustainable Innovation*.

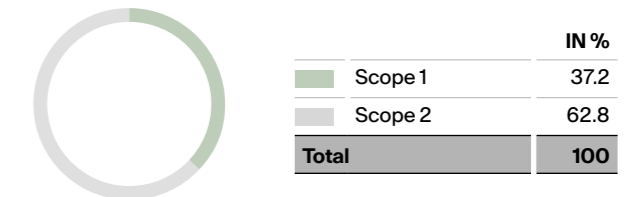
# Understanding our emissions and energy use

In 2022, we completed our first full scope 3 inventory following guidance developed by the Greenhouse Gas (GHG) Protocol, and we used this to set our science-based emissions reduction targets (see more on page 18). We identified that the majority of our emissions are classified as scope 3, generated upstream and downstream in our value chain, while a small amount of scope 1 and 2 emissions are generated directly through our operations.

In 2023, Franke's scope 1 and 2 emissions reduced by 7.5 percent, and by 2.7 percent relative to net sales. Franke's scope 1 emissions generated from the use of fossil fuels reduced by 7.1 percent in absolute terms, and scope 2 emissions from electricity consumption and district heating reduced by 7.8 percent.

## Scope 1 and 2 emissions

For our scope 1 and 2 emissions, the largest proportion, 63 percent, is categorized as scope 2, while 37 percent is categorized as scope 1.



**Scope 1:** The machinery, equipment, and vehicles owned and operated by Franke Group consume a mixture of natural gas, gasoline, diesel, energy from electricity generated on-site via photovoltaics, and heating oil.

**Scope 2:** We consume electricity from the grid (a mix of renewable electricity covered by energy certificates or RECs, and non-renewable electricity). We also purchase district heating for facilities heating.



## LOCAL INITIATIVE

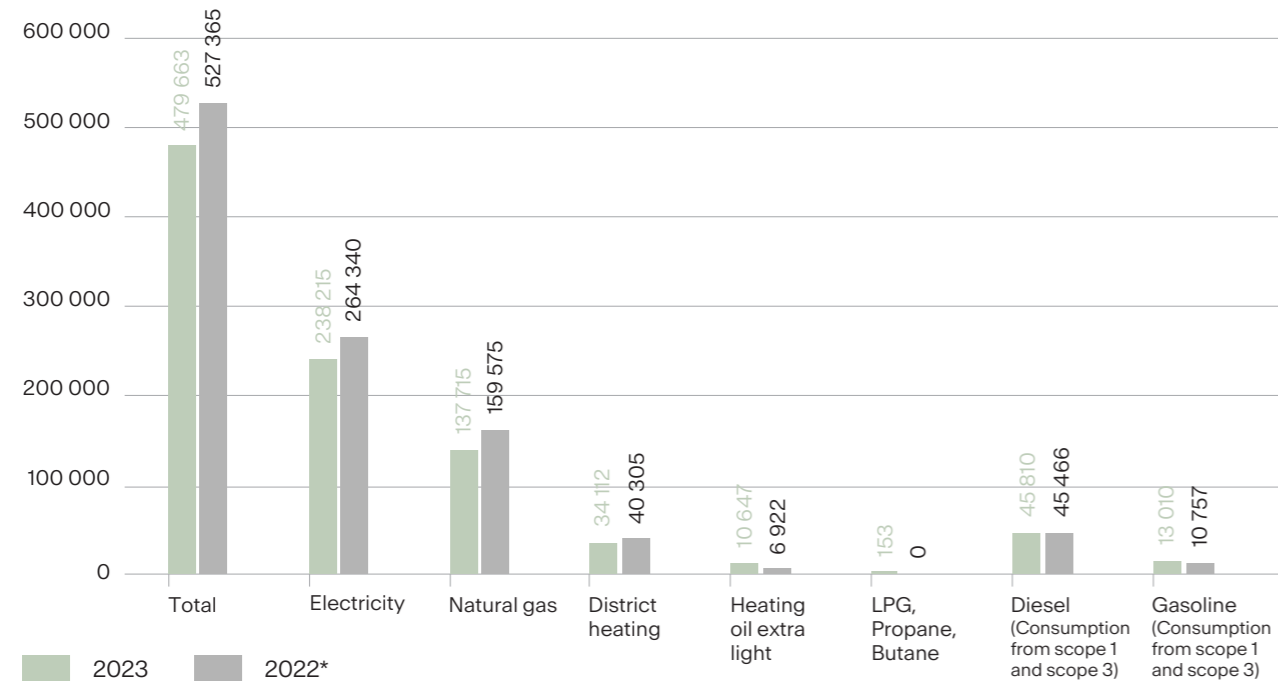
### Supporting conservation efforts in Manchester, UK

In partnership with the charity Groundwork, members of the Franke Home Solutions team in the UK participated in a two-day volunteering project to support conservation activities at nature reserves in Manchester. Together, they worked on removing non-native species of plants, laying the groundwork for the reseedling of native wildflower species crucial for boosting biodiversity. In addition to their conservation efforts, they also helped to create areas for outdoor activities for the local communities, ensuring that these spaces can be enjoyed for years to come. This initiative not only provided an opportunity for collaboration and teamwork but also contributed to the preservation of local habitats and the enhancement of community spaces, aligning with our commitment to environmental protection and community development.

"Taking part in such activities and volunteering provides me with a sense of purpose and fulfilment by making a positive impact in the lives of others and our planet we like to call home. It boosts my mental health and wellbeing and allows me to connect with like-minded individuals who share the same passion for making a difference." - Urszula Bocian, Customer Support Coordinator, Franke UK.



## Energy consumption in gigajoules



\* Subsequent data corrections for 2022

## Energy efficiency and renewable energy practices

We currently utilize a number of measures to achieve greater energy efficiency and increase the proportion of energy we consume from renewable energy sources.

### Renewable energy use

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 more renewable energy onsite. A switch at Franke Foodservice Systems in the US to renewable electricity in 2023 saved one thousand metric tons of CO<sub>2</sub>e, contributing to Franke's 7.8 percent reduction in scope 2 emissions. We also increased the amount of renewable electricity we generate onsite, through the use of owned or leased solar PV systems which have the capacity to generate around 3,500,000 kWh of electricity per year. In 2023, renewable electricity accounted for 57.1 percent of all electricity we consumed, with 5 percent of this generated onsite.

### Energy optimizations in production

For the Franke sites with the greatest energy consumption, we conduct extensive energy audits to identify areas

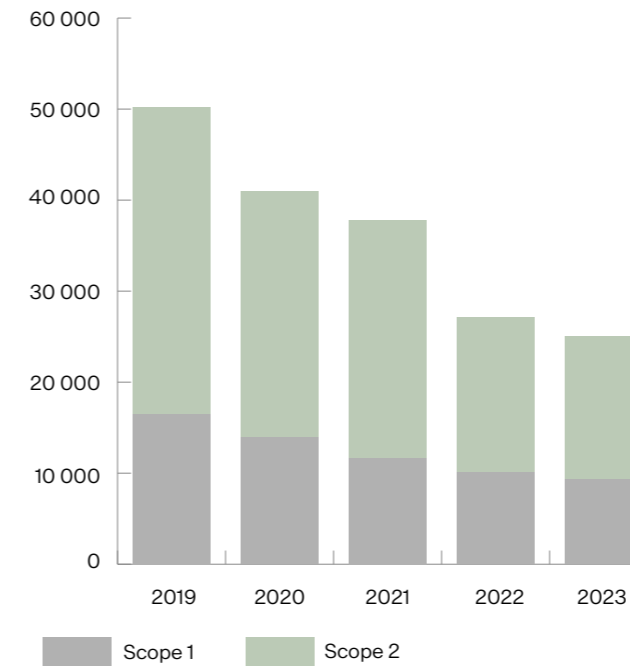
for optimization. In 2023 we conducted two follow-up energy audits at production sites in Peschiera, Italy and Bad Säckingen, Germany following more extensive audits conducted in earlier years at these sites. We apply insights from our audits as best practice guidance for our other sites. For more details on our earlier audits, please see page 24 of both the 2021 Franke Sustainability Report and the 2022 report.

While Franke's consumption of non-renewable electricity increased in 2023 compared to 2022, the increase was minimized by implementing more efficient measures at some Franke plants. For example, at Franke Home Solutions France we introduced better management of electrical equipment (including shutting off machines at night) and a more efficient laser machine; Franke Foodservice Systems Germany continued its conversion to LED lighting and optimization of the building management system; and more efficient methods were implemented at Franke Home Solutions Italy and US.

Franke's consumption of heating oil increased by 53.8 percent in absolute terms in 2023 compared to 2022. The main reasons for this were a switch at Franke Home Solutions Poland from natural gas to oil for heating, and a fault in the woodchip heating mechanism at the Franke Swiss HQ, necessitating a temporary return to heating oil. A change in machinery for washing purposes at Franke Home Solutions Germany also contributed to greater use of heating oil.

## Scope 1 and 2 emissions reductions over the past 5 years in metric tons

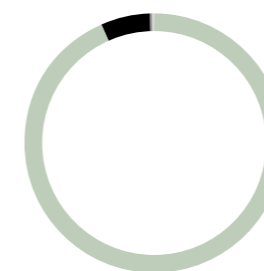
Franke has almost halved its scope 1 and 2 CO<sub>2</sub>e emissions between 2019 and 2023.



## Scope 3 emissions

The main proportion of our scope 3 emissions (and our total emissions) are generated through the use of our sold products (Category 11 in the GHG Protocol Scope 3 Standard). Further significant scope 3 emissions are attributed to the purchase

### Scope 3 breakdown by category



SCOPE 3 CATEGORY	IN % OF TOTAL SCOPE 3 EMISSIONS
Cat 11: Use of Sold Products	93.5%
Cat 1: Purchased Goods and Services	6.0%
Cat 2: Capital Goods	0.3%
Cat 4: Upstream Transportation and Distribution	0.2%

of raw materials and components, and capital goods needed for manufacturing our products (Categories 1 and 2), as well as the logistics associated with these processes (Category 4).

## Calculating emissions across product lifecycles

We calculate the emissions across product lifecycles from a mixture of primary data obtained from CDP submissions by companies in our value chain, and secondary data, estimating CO<sub>2</sub>e emissions for lifetime use based on average product use statistics. In the last few years, we have also started to conduct product lifecycle assessments (PLCAs) for some of our products to gain a more accurate calculation of the emissions linked to the lifecycle of products – covering the sourcing of materials, production, lifetime use and final disposal. In 2023, Franke worked with an external advisor to conduct a PLCA on one of its cooker hoods on sale in the Swedish market. Since the components and resource use of the hoods in Sweden do not vary significantly, the PLCA can be applied to a range of hoods, covering 70 percent of Franke hoods sold in that market. The data from the PLCA will be externally audited in 2024; we will then incorporate it into our emissions reporting and apply the environmental product declarations (EPDs) to the product line.

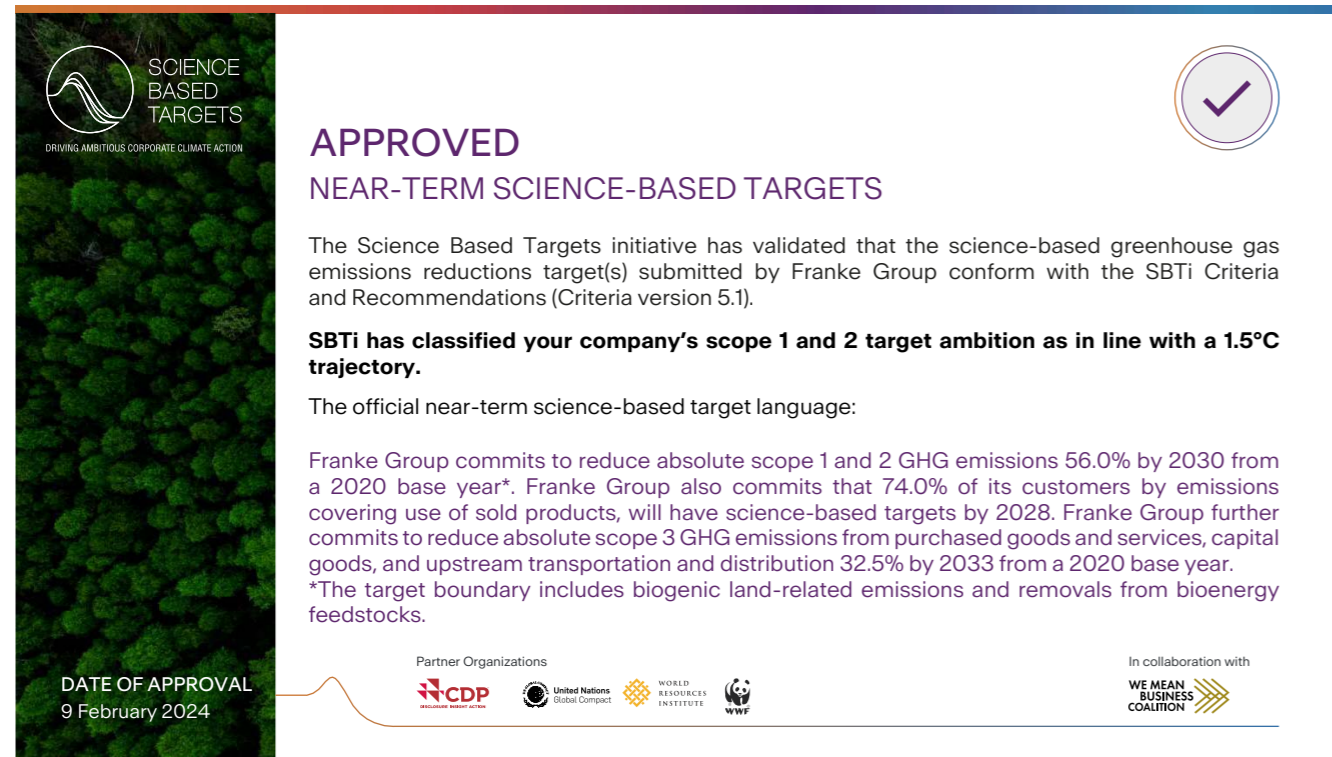
The assessment on cooker hoods follows the first PLCA conducted by Franke Coffee Systems in 2021-2022 on its most popular coffee machine (see the Franke Sustainability Report 2022 for more details). We used the results of this PLCA in our scope 3 inventory and we are planning to conduct further PLCAs across the Franke Group in the coming years.

# Mapping our pathway to net zero

Our vision is to reach net-zero greenhouse gas (GHG) emissions across our value chain by 2050 from a 2020 base year. We have established clear goals that support this ambition to contribute to a more sustainable world for our customers, employees, and society. We developed our near-term and net-zero targets in 2023 in line with the Paris Climate Agreement, and they were [validated by the Science Based Targets initiative \(SBTi\) in February 2024](#), setting

a cornerstone in our sustainability journey. As part of these efforts, Franke has joined the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero.

Our near-term targets for reaching net zero GHG emissions are detailed in SBTi approval image below. Our long-term targets are listed further below.



**APPROVED NEAR-TERM SCIENCE-BASED TARGETS**

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Franke Group conform with the SBTi Criteria and Recommendations (Criteria version 5.1).

**SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.**

The official near-term science-based target language:

Franke Group commits to reduce absolute scope 1 and 2 GHG emissions 56.0% by 2030 from a 2020 base year\*. Franke Group also commits that 74.0% of its customers by emissions covering use of sold products, will have science-based targets by 2028. Franke Group further commits to reduce absolute scope 3 GHG emissions from purchased goods and services, capital goods, and upstream transportation and distribution 32.5% by 2033 from a 2020 base year.

\*The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

DATE OF APPROVAL  
9 February 2024

Partner Organizations: CDP, United Nations Global Compact, WORLD RESOURCES INSTITUTE, WWF

In collaboration with: WE MEAN BUSINESS COALITION



## Long-term targets

- Franke commits to reduce absolute scope 1 and 2 GHG emissions by 90 percent by 2050 from a 2020 base year.<sup>1</sup>
- Franke also commits to reduce absolute scope 3 GHG emissions by 90 percent within the same timeframe.

As part of our science-based net-zero target, our direct emissions reductions will be prioritized and all residual emissions will be neutralized in line with SBTi criteria before reaching net-zero emissions.

<sup>1</sup> The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

## Progress against our net-zero targets in 2023

Although Franke was still developing its net-zero targets during 2023 and establishing a road map for Scope 3 reductions, we

significantly exceeded our reduction targets for scope 1 and 2 emissions during the year. We expect to continue making good progress with these in future years.

## CO<sub>2</sub> Emissions vs SBTi Net Zero Targets

IN METRIC TONS (t)	2023	SBTi TARGET VALUE 2023	DIFF. 2023/TARGET VALUE
Scope 1*	9 334	12 801	-27.1%
Scope 2	15 741	24 708	-36.3%
<b>Total CO<sub>2</sub>e emissions</b>	<b>25 075</b>	<b>37 509</b>	<b>-33.2%</b>

\*The biogenic emissions related to CO<sub>2</sub> from our wood chip heating system account to 1731 tonnes of CO<sub>2</sub> in 2023 and 1758 tonnes of CO<sub>2</sub> in 2022. According to the Greenhouse Gas Protocol, those are not added to scope 1 above but need to be disclosed.

For our total scope 3 emissions, we cannot report progress against our net-zero targets this year. However, we are confident that we will see future reductions as we begin to implement the actions outlined in our roadmap (Scope 3 reduction measures).

For further information on the reasons why our scope 3 emissions have changed compared to 2021 and for details on our progress against our near-term SBTi targets and priority scope 3 categories, please see page 74 of Appendix II.

## Scope 3 CO<sub>2</sub>e emissions breakdown

	UNIT	2023	2021	DIFF. 2023/2021
Cat. 1: Purchased Goods and Services	Metric tons (t)	1192 526	1644 422	-27,5%
Cat. 2: Capital Goods	Metric tons (t)	63 831	98 243	-35,0%
Cat. 4: Upstream Transportation and Distribution	Metric tons (t)	41 360	93 734	-55,9%
Cat. 11: Use of Sold Products	Metric tons (t)	18 553 038	16 547 670	12,1%
<b>Scope 3 Total</b>	<b>Metric tons (t)</b>	<b>19 850 755</b>	<b>18 384 069</b>	<b>8,0%</b>

## Scopes 1 and 2 reduction measures

To reduce Franke's scope 1 and 2 emissions further, in line with our net-zero targets we have mapped out a series of actions, largely aimed at improving energy efficiency, optimizing processes, and increasing the use of renewable energy generated and consumed at Franke sites. We are also prioritizing those sites with the highest emissions. Specific measures we aim to implement include:

- Increasing the solar photovoltaic generation capacity;
- Optimizing compressed air systems;
- Optimizing cooling systems and installing evaporative systems;
- Deploying hot air recirculation systems as well as heat recovery from applicable machinery;
- Optimizing boiler performance;
- Installing heat recovery systems for exhaust gases;
- Replacing older motors with newer, more efficient ones;
- Installing pre-heating and pre-cooling systems;
- Replacing refrigerants with lower global warming potential (GWP) alternatives;
- Transitioning to electric operational vehicles instead of fossil fuel powered vehicles;
- Purchasing more Clean Energy Certificates.

## Scope 3 reduction measures

Reducing our scope 3 emissions will involve a collaborative approach across the Franke Group and across our value chain. We have identified the following actions to help us in these efforts:

- Investigating the potential of circularity and decarbonization projects together with our suppliers and customers;
- Adopting low-carbon alternatives for raw materials and components;
- Offering more energy efficient and/or lower carbon product lines to our customers;
- Promoting product longevity through reparability and end-of-life solutions;
- Favoring capital investments with superior and responsible environmental performance;
- Continue collaborating with Sedex, CDP, and Ecovadis for a transparent sustainability journey, advocating for our supply chain partners to join us;
- Consolidating and optimizing warehousing, transportation and distribution;
- Assessing opportunities in fleet electrification, freight consolidation, modal shift, and fuel efficiency enhancements;

- Encouraging commercial customers to join us in setting science-based emission reduction targets and to compete in the race to net zero.



### LOCAL INITIATIVE

## Reducing “last-mile” Scope 3 emissions at Franke Foodservice Systems Bad Säckingen

Franke Foodservice Systems EMEA in Bad Säckingen imports large quantities of products from the US that are shipped to Rotterdam in the Netherlands. These products include deep fat fryers and grills for system catering. To lower emissions, the goods are transported by boat from Rotterdam along the Rhine wherever possible. Since August 2023, at Franke’s request, the freight carrier has used e-trucks to move the goods the “last miles” (around 40 kilometers) from Weil am Rhein near Basel to Bad Säckingen. This saves 72 kilos of CO<sub>2</sub> for each container that is transported, meaning that more than 2 metric tons of scope 3 emissions were saved in 2023. Talks are currently underway with freight companies about further lowering emissions, possibly through the use of hydrogen-powered trucks for distances of over 350 kilometers as well as the use of biofuel for ships.

# Resource Use and Circularity

At Franke, we have a responsibility to help safeguard the planet’s resources. We seek to develop and maintain sustainable and circular consumption and production practices where possible. We do this by optimizing our resource use and favoring materials from recycled components or materials which can be recycled at the end of use.

## The Franke value chain



Franke’s value chain is global, encompassing suppliers of raw and partly constructed materials, manufacturing and sales operations, distribution, end users of Franke products, and end-of-life disposal.<sup>2</sup> Activities differ according to the division, summarized below with further details on page 62 of Appendix II.

**Franke Foodservice Systems:** designs custom industrial kitchens for customers such as global food chains and quick service restaurants, including 7Eleven and McDonalds. Franke Foodservice Systems also executes the delivery of the projects, which includes manufacturing, assembly, and logistics.

**Franke Coffee Systems:** supplies highly modular machine design which allows for client customization. Its customers include businesses, restaurants, hotels, airports, and event venues. Franke buys multiple components, assembles the machines to client specifications and builds in proprietary software to run it.

**Franke Home Solutions:** provides intelligent systems and integrated solutions for residential kitchens. Its product range is dedicated to the enhancement of food preparation, cooking and preservation; water and indoor air quality treatment; dishwashing; and waste disposal. Its customers include kitchen studios, kitchen manufacturers, and real-estate developers. As an original equipment manufacturer (OEM), its range includes bespoke solutions tailored to client specifications.

<sup>2</sup> Emissions from the end-of-life of our products are not as significant as the four main scope 3 categories we have narrowed our focus on since our full emissions inventory was conducted. As such, our previously communicated goal of having end-of-life solutions in place for all Franke products is being reviewed at a divisional level.

# Resource use and materials

Producing the extensive range of Franke products and serving our customers across more than 60 countries requires significant resources and production processes. We utilize environmental management systems (EMS) to help us to identify and control the ecological effects of our activities, make our operations as efficient as possible and in full compliance with national and international environmental regulations. This includes improving resource efficiency and waste management. By the end of 2023, 22 out of 25 production companies had been certified to ISO 14001 Environmental Management Systems compared to 23 out of 27 in 2022. The reduction in total number of sites was due to two sites closing in 2023. The decrease from 23 to 22 certified sites was due to the closure of production at Franke Home Solutions Poland.

## Environmental management systems

	2023	2022
Production sites certified in accordance with ISO 14001	22/25	23/27

## Materials by weight

USE OF MATERIALS	MATERIALS IN METRIC TONS (T)	2023	2022*	DIFF. 2023/2022
Production	Stainless steel	17 622	21 544	-18.2%
	Carbon and galvanized steel	9 228	11 658	-20.8%
	MMA (methyl methacrylate), mostly used for acrylic	1 988	2 052	-3.1%
	Quartz	7 070	7 335	-3.6%
	SMC (sheet moulded compound), mostly used for fiber-reinforced plastics	1 502	1 427	5.3%
	Plastic	4 908	3 601	36.3%
	Brass	1 995	2 188	-8.8%
	Glass	1 300	1 600	-18.8%
Packaging	Non-renewable packaging materials	2 463	2 430	1.4%
	<b>Total weight of non-renewable materials</b>	<b>48 076</b>	<b>53 835</b>	<b>-10.7%</b>
	<b>in % of total weight</b>	<b>57.1%</b>	<b>66.0%</b>	<b>-13.5%</b>
Production	Renewable materials (e.g. wood)	229	440	-48.0%
Packaging	Renewable packaging materials	21 875	22 649	-3.4%
	<b>Total weight of renewable materials</b>	<b>22 104</b>	<b>23 089</b>	<b>-4.3%</b>
	<b>in % of total weight</b>	<b>26.2%</b>	<b>28.3%</b>	<b>-7.3%</b>
Production	Weight of semi-finished products**	14 041	4 658	201.4%
	<b>Total weight of materials</b>	<b>84 221</b>	<b>81 582</b>	<b>3.2%</b>

\* Subsequent data corrections for 2022

\*\* Please note: between 2022 and 2023, we have added the information of another division that had not been included before

By striving for circular principles in resource use and production processes, Franke can have positive impacts on the environment and societies in terms of reducing emissions, pollution and other environmental damage, and contributing to more responsible use of natural resources.

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. According to our internal due diligence process, we are not importing any conflict minerals.

Stainless steel is our biggest raw material component for production. In 2023, it was estimated to be composed of 49.5 percent recycled materials. 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 our estimation on the percentage of recycled steel supplied by our largest steel supplier.

For carbon steel, and galvanized steel, we have no available data for 2023 on the percentage of recovered constituents. MMA, quartz, SMC, 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. Around 2 percent of the plastic we use is composed of recycled materials, and the glass we use is composed of 100 percent recycled materials.

**The use of stainless steel, carbon, and galvanized steel reduced significantly in 2023** (by 18.2 percent and 20.8 percent respectively), as did the use of glass (by 18.8 percent). Methyl methacrylate (MMA) and quartz also reduced, but not as significantly. Our use of brass reduced by 8.8 percent. The main reasons for these reductions were the contraction in demand for Franke's biggest division, Home Solutions. The closure of Franke production facilities in the Netherlands and Poland also contributed to the reduction in use of stainless steel (please see page 42 of Appendix I for more details about these closures).

**The data we have for plastic use increased by 36.3 percent this year**, however this was not due to an overall increase in plastic, rather it was due to the addition of data from Franke Foodservice Systems and Franke Coffee Systems

in 2023. In previous years, we only reported data on this material use for Franke Home Solutions.

**Total weight of renewable materials used in production decreased by 48 percent** (211 metric tons fewer in 2023). This reduction was due to the closure of the Franke Home Solutions production plants in the Netherlands<sup>3</sup> and in Poland. The figure was also affected by missing data for Franke Home Solutions US, which if included, would reduce the overall difference from the 2022 value.

**Total weight of renewable materials used in production and packaging decreased by 4.3 percent** in absolute terms, while the proportion of all materials used that were renewable reduced by 7.3 percent.

**Total weight of non-renewable materials used in the production of Franke products decreased by 10.7 percent**, and the total weight of non-renewable materials as a percentage of total materials decreased by 13.5 percent. These reductions were largely due to lower production levels and plant closures (Netherlands and Poland).

## Sustainable Procurement

Reducing our environmental impacts and promoting responsible practices requires a collaborative effort across the Franke value chain. 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:** Engaging suppliers for emission reduction initiatives and for obtaining environmental data. We use CDP as a partner for this. The response rate of the suppliers we engage on CDP disclosure increased from 55 percent in 2022 to 73 percent in 2023, underscoring the effectiveness of our procurement teams' engagement with Franke suppliers. "73 percent is an impressive response rate which demonstrates the positive impact and the commitment of our procurement teams as well as the good relationship with our suppliers." – Silvio Federer, Head of Procurement Excellence & Operations Sustainability, Franke.
- **Responsible Sourcing:** Ensuring healthy and safe working practices in our supply chain and working with suppliers that respect labor and human rights via Sedex and demonstrating financial soundness via Dun & Bradstreet. Please see Appendix II for further information on our responsible sourcing methods.

Our Supplier Code of Conduct sets out our environmental expectations for our suppliers to increase energy and resource efficiency and comply with all applicable environmental laws, including precautionary measures to manage environmental challenges.

<sup>3</sup> Please note that the closure of the production site in the Netherlands already happened in 2022 but still has some effects on the comparison between reporting periods.

# Packaging

We strive to reduce the environmental impact of the packaging we use at Franke. In 2023, we continued rolling out our award-winning packaging innovation featured in the 2021 Franke Sustainability Report – switching from Styrofoam packaging to cardboard for the Franke range of granite and synthetic material sinks across Franke’s distribution centers around the world.

This switch enables us to save 190 metric tons of Styrofoam each year for our fragranite sink production. Franke sites in Germany, Italy, and Poland have also continued switching to more recyclable and renewable forms of packaging such as cardboard. Franke’s total share of renewable packaging was 89.9 percent in 2023, a similar level to 2022.

## LOCAL INITIATIVE

### Reducing plastic packaging at Franke Foodservice Systems Bad Säckingen

At Franke Foodservice Systems Bad Säckingen, we made a number of improvements to our packaging use in 2023. We reduced our consumption of certain plastic-based packaging materials such as wrapping film and strapping by 30 percent, and we switched to packaging materials with a recycled content of at least 30 percent. We have set specific targets in the coming years for our plastic use at Franke Foodservice Systems Bad Säckingen and will continue seeking ways to reduce our plastic use going forward.

# Resource efficiency during product use

Franke aims to design quality, resource-efficient products which empower more sustainable living, giving consumers more control over their own impacts on the environment. As part of Franke’s preparation for the New Energy Label regulation (NEL) that came into force in the EU from 1 March 2024, Franke Home Solutions anticipated to phase out its dishwashers and refrigerators with an energy rating ‘F’ in November 2023. It replaced four ‘F’ class refrigerator models with four ‘E’ class models, which achieve a 22 percent saving on annual energy consumption (AEC). Franke also replaced one ‘F’ class dishwasher with an ‘E’ class model, which achieves a 9 percent saving on AEC. These energy efficiency improvements affect a remarkable 65 percent share of Franke Home Solutions sales for refrigerators and dishwashers.

In addition to this, Franke continued its R&D activity on cooker hoods to prepare for the upcoming NEL. More details on these innovations can be found in the chapter *Product Responsibility and Sustainable Innovation*, page 35.

Our commitment to creating high-quality, reliable, and durable products with longer lifespans also helps to avoid unnecessary emissions that occur from early disposal of products or frequent maintenance and/or replacement of components within the products. For maintenance and repair of Franke coffee machines at our Coffee Systems customers, we utilize IoT software where possible to conduct the work remotely, thereby avoiding unnecessary travel emissions.

# Waste

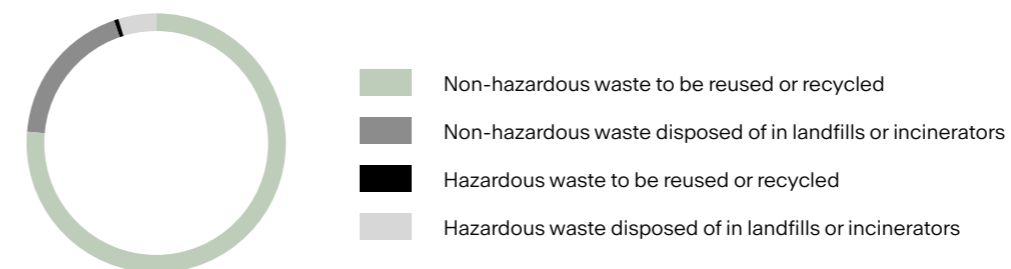
As part of our environmental approach, we aim to minimize effluents and waste caused by our operations and to dispose of all waste through safe and responsible methods, minimizing the amount sent to landfill or incineration. Developing resource-efficient production methods and process optimizations helps us to reduce the overall waste generated during production.

of this was hazardous waste, compared to 4.3 percent in the previous year.

**Franke’s total amount of hazardous waste going to landfill or incineration increased by 16.1 percent in 2023 compared to 2022.** The increase was largely due to the dismantling of factory and warehouse materials at Franke Home Solutions Italy and, at the same plant, water draining from the hole of the presses and an increased quantity of water collected from the washing cycle.

**Franke’s overall share of waste that was recycled in 2023 was 77.2 percent, an increase of 1.9 percent on the previous year.** Out of Franke’s total waste generated in 2023, 5.1 percent

## Waste disposal methods



## Waste

	UNIT	2023	2022*	DIFF. 2023/2022
Non-hazardous waste to be reused or recycled	Metric tons (t)	15 327	16 062	-4.6%
Non-hazardous waste disposed of in landfills or incinerators	Metric tons (t)	3 661	4 396	-16.7%
<b>Non-hazardous waste total</b>	<b>Metric tons (t)</b>	<b>18 988</b>	<b>20 458</b>	<b>-7.2%</b>
<b>in % of total weight</b>	<b>%</b>	<b>94.9%</b>	<b>95.7%</b>	<b>-0.9%</b>
Hazardous waste to be reused or recycled	Metric tons (t)	132	140	-5.7%
Hazardous waste disposed of in landfills or incinerators	Metric tons (t)	895	771	16.1%
<b>Hazardous waste total</b>	<b>Metric tons (t)</b>	<b>1 027</b>	<b>911</b>	<b>12.7%</b>
<b>in % of total weight</b>	<b>%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>20.4%</b>
<b>Total waste</b>	<b>Metric tons (t)</b>	<b>20 015</b>	<b>21 369</b>	<b>-6.3%</b>
<b>Share of reused or recycled waste</b>	<b>%</b>	<b>77.2%</b>	<b>75.8%</b>	<b>1.9%</b>
<b>Relative waste</b>	<b>Mt/m CHF</b>	<b>8</b>	<b>8</b>	<b>-1.5%</b>

\* Subsequent data corrections for 2022

# Safety and Occupational Health

People are at the core of what we do, and their safety needs to be a pre-condition of how we work. This approach is enshrined in our company values and drives our safety and occupational health measures. We view the prevention of physical and mental harm and the promotion of workers' health and wellbeing as a key responsibility in recognition of the fundamental human rights of workers.

By setting zero accidents as our target, we find smarter, safer ways to work. We don't just react to accidents; we proactively prevent them. We empower our employees to be part of the solution, creating an environment where everyone is a safety

officer, vigilant and engaged. By doing so, we deliver better quality, increased customer satisfaction, and stronger financial results.



## Our people

## Creating a proactive safety-first culture

As part of the One Franke Journey, we strive to create a safety-first work culture which prioritizes the prevention of accidents or harm. Our responsibility extends to our value chain. We expect our suppliers, contractors and other organizations that we work with to uphold safety and health standards for their employees and other stakeholders.

We regularly monitor our safety and health policies to mitigate the risk of accidents and high-potential severe near misses in the workplace. The manufacturing sector is one of the higher-risk sectors for work-related accidents due to the nature of the work which typically involves handling tools and equipment and operating machinery. A large proportion of Franke's people work in production plants, exposed to increased safety and health risks compared to our office-based staff. To manage

and mitigate the potential risks at these sites, Franke applies a management system for safety and health at all production companies, and by the end of 2023, 22 out of 25 production companies were certified to ISO 45001 (occupational health and safety management systems).

Franke's policy is to identify the root causes when an incident occurs and take measures to prevent similar incidents from happening in the future. In 2023, we launched an incident reporting and investigation process to formalize and strengthen our existing practices for incident reporting. The process involves a set of clear steps and timeframes which must be followed when a work-related safety and health incident occurs. See Appendix II, page 76 for more details on the process.

# Safety targets and initiatives

In 2023, Franke conducted a safety culture assessment to gain a deeper understanding on safety across its locations. The assessments indicates that as a company, we react immediately and seriously to all incidents, i.e., accidents and near-misses. However, the assessment also indicates that there is room to strengthen our practices further. To this end, we have established measures to improve across locations. We have also set a wider goal of "0 accidents" to aspire to.

To guide us towards these targets, we began embedding some of the "Life-Saving Principles" (see diagram) into our processes in 2023, including onboarding and contractor management processes. Our intention is to implement all Life-Saving Principles by the end of 2025. We focused on the principles of LOTOTO (Lock Out, Try Out, Tag Out) and Internal transport and warehouse management in 2023, and planned for the integration of further principles into our processes in 2024.

## The seven "Life-Saving Principles" at a glance

These principles (see graphic on right side) provide better protection against accidents - and apply to all Franke locations worldwide.



**I act safe**  
Prevent slips, trips and falls, cuts and burns



**LOTOTO**  
Prevent entrapment in our machines



**Working at heights**  
Prevent accidents when working at heights



**Internal transport and warehouse management**  
Ensure strict separation between pedestrians and vehicles like forklift trucks



**Permit to work**  
Ensure communication regarding risks of activities



**Confined spaces**  
Prevent suffocation



**Road safety**  
Protect our people and stay focused whilst driving

# Employee engagement on safety and health

Enabling our people to report potential hazards and provide feedback on safety and health processes, either through incident reporting tools or through open communications with line managers, is vital for a safety-first approach. The emphasis on the role of each individual at Franke to contribute to this culture is reflected in our core value, "We act responsibly". Ensuring this value is embedded across the Franke Group will

further strengthen our approach as we implement more safety and health initiatives in the future.

This year, we continued the rollout of our Digital Shop Floor Management System (DSFM) developed in 2022, for employees across the Franke Group to register safety observations. The DSFM enables the flow of information from

shop floor to management in an agile way and helps facilitate faster management decision making on safety aspects. The system also includes a phone web application which utilizes QR codes to enable employees to log observations simply and efficiently. This speeds up the process by eliminating many steps and consolidating the information in a standardized way.

"The Safety Observation web application helps me in many ways; all the observations are electronically collected and can

be viewed from any location, and a summary of observations can be viewed by date and time period, so I can analyze and apply action to mitigate the risk at Franke locations around the world." - Ronald Columbus, Safety Officer Sinks Manufacturing, Franke.

Further details on our approach to safety and health can be found in Appendix I, pages 52-55 and Appendix II, page 76.

# Supporting our peoples' wellbeing

The mental wellbeing of our people is just as important as the physical wellbeing. Franke supports various aspects of employee mental health across the Franke Group. Wellbeing initiatives are typically developed on a local level specific to the needs of the region. For example, in the UK, we prioritize the wellbeing of our employees by continually enhancing our Employee Assistance Program (EAP) and providing resources to promote mental and physical health. Our dedicated SharePoint

page offers a wealth of tips and tricks for maintaining overall wellbeing, ensuring that our employees have access to the support they need to thrive.

View page 45 of the 2022 Franke Sustainability Report for further examples of wellbeing support across various Franke locations.

# Training and Education

Fostering a lifelong learning mindset is a crucial aspect of Franke's approach to our people, with training and education as fundamental pillars of the Franke strategy. At Franke we are curious and seek to open up a world of opportunities. Therefore, enabling people is a key driver for our success. We develop employees at every level and career stage. We create learning experiences that are global, local, personal, and above all, transformational.

As part of the One Franke Journey and ongoing cultural transformation process introduced in the 2022 Franke Sustainability Report, we are committed to creating a culture that promotes learning and thinking across boundaries.

A learning culture can help increase employee engagement, satisfaction and overall wellbeing as well as drive business performance.

## Training and development programs

Franke provides a variety of training and professional development opportunities for its employees under the Franke Academy (detailed below). Our divisions also provide product and sales training; these are managed at the divisional or local entity level.

### Leadership Development Programs

We believe that we can only achieve our ambitious goals if we further develop our culture, our skills and behaviors, which goes hand in hand with developing our leadership.

Our Leadership Development Programs (LDPs) aim to develop Franke leaders so they can confidently manage the current transformation and lead the business effectively as One Franke. This is an integral part of Franke's cultural journey towards successfully executing our One Franke Strategy.

Since the LDPs were redeveloped in 2022, we set a goal of training 500 leaders over a two-year period. By the end of 2023,

361 employees had been trained on one of the three levels of the LDPs, and we are confident that we will reach our target by the end of 2024.

Feedback on the programs has been overwhelmingly positive, with 92 percent of participants saying that the programs created a positive impact on their teams and Franke as a whole, and 94 percent reporting that the programs are important for driving our culture at Franke.

### Project management training

We support our employees in running efficient and effective projects under an aligned methodology through our project management trainings. The skills and tools learned in these trainings help us drive our strategic projects at all levels and deliver defined results in a timely manner. 118 employees were trained in project management skills during 2023.

### One Franke Talent Program (OFTP)

The OFTP offers ambitious, high-performing employees the opportunity to develop their skills and apply them to real projects, while promoting exchanges with one another as well as with senior management.

### Graduate and Early Careers (GEC) Program

Our GEC Program paves the way for new talent at Franke. The 18-month program prepares recent graduates for future roles in one of our divisions or group, e.g., one of our divisions or group functions. Participants gain valuable experience on global and local projects, exposure to various levels of management, and are provided with a safe space to grow professionally through individual coaching and support from mentors.

### Apprenticeships and partnerships with educational institutions

Franke also runs apprenticeship programs and establishes long-term partnerships with educational institutions in several countries to provide practical training, help boost young people's future job prospects and benefit from the fresh perspectives they bring to Franke. Our apprenticeships take place in Switzerland and Germany. Additionally, in these countries as well as in France, Philippines, Poland, Spain, Sweden and the US, we maintain educational partnerships with a variety of schools, colleges, and universities.

### LinkedIn Learning

All office-based employees have unlimited access to the LinkedIn Learning platform. In 2023, Franke employees spent more than 3,000 hours on various trainings through the platform.

### English language training

As a global organization operating with English as our main business language, we offer English language training to all non-native English-speaking employees. In 2023, Franke employees spent 10,788 hours on English-First (EF) language courses.

Our divisions also provide product training and sales training for relevant employees. These are managed on a division or local entity level rather than a Group level.

### Successful onboarding for new recruits

We further invested in our onboarding processes in 2023 to complement our local programs. We launched a global onboarding learning journey in June which combines multiple elements: movies, presentations and one-pagers to provide our office employees with a self-learning journey from the moment they join Franke. Since its launch, more than 200 employees have visited and used the self-learning journey resources.

### Empowering our teams

As part of our OneFranke approach, we seek to empower effective team work. Throughout 2023 we held more than 1,000 team activation sessions – workshops, guided by managers, that focus on team goals and priorities, defining concrete actions on how to work better as a team. Best practices are utilized in addition to webinars and the knowledge gained by our leaders during the Leadership Development Programs. 70 percent of Franke employees have taken part in our team activation sessions to date, and we have noted an increase in engagement rates for those that have taken part: 78 percent engagement rates compared to 68 percent for those who have not taken part in these sessions.



# Talent management and succession plan

At Franke, we believe in developing the talents and skills of our diverse people, and supporting them in their roles and career aspirations. Our goal is to provide individualized career paths, enabling their development and progression through our range of trainings (outlined on the previous page). This helps us to fill our pipeline of future leaders and experts by promoting our people from within. In 2023, 74 percent of our Global Leadership Team (GLT) member vacancies were filled through internal promotions.

## Talent sessions

One key element of Franke's Talent Management and Succession Plan (TMSP) activities are our "talent sessions". During these sessions, managers discuss their team members based on their performance, how they role-model Franke's culture, their own career aspirations and development opportunities. Moreover, managers define potential successors, concrete development actions for their people (such as the One Franke Talent Program) and discuss how they can further fill their pipeline of talents, for example by defining new Graduate and Early Careers (GEC) Program positions (see page 31).

In 2023, Franke invested significantly into its TMSP. We increased the coverage of employees who are discussed in talent sessions, on a divisional, regional, functional and local level. This led to an increase of more than 300 percent in employees who were discussed as part of the talent sessions (approximately 2,100 in 2023 compared with 700 in 2022).

Franke also introduced more active elements, motivating its employees to take their journeys into their own hands,

expressing their aspirations and developing their own career paths together with their managers. For example, talent presentations were introduced to Franke Foodservice Systems, in which regional talent were invited to present themselves and their key achievements to the divisional management team, providing both sides the opportunity to get to know each other and define the right development actions.

## My Contribution Dialogue

The My Contribution Dialogue (launched in 2022) forms another key component of the TMSP. It is a holistic dialogue format which supports employees and managers in discussing four key topics: performance goals, living Franke's culture, development opportunities and career aspirations. The My Contribution Dialogue gives guidance to both employees and managers for how to approach such conversations, while empowering them to adapt the format to their needs (for example in terms of frequency, length, focus topics). With this format, Franke encourages its employees to proactively reflect on their own goals and development and define concrete actions together with their managers, creating a two-way dialogue rather than a one-way assessment.

In 2023, more than 50 percent of Franke's employees had at least one such dialogue with their managers. Overall, our data shows that those who used the dialogue tool had a significantly higher engagement level. More than 80 percent of the users agreed that the My Contribution Dialogue is a very helpful tool for formulating and aligning on clear goals, clarifying expectations and discussing development opportunities.

## Employee engagement

We conducted one Pulse Check in 2023. These surveys enable us to listen to Franke employees on a large scale and understand overall Engagement levels.

- Over 4,000 employees (56 percent) took part in the Pulse Check in 2023
- An increase of more than 1,000 participants compared with 2022
- 4.78 overall engagement rating for 2023
- 69 percent overall engagement score for 2023

The engagement score is calculated as follows: There are six questions measuring the engagement of our people in the Pulse Checks, with participants answering using a six-point Likert scale (1 = do not agree at all, 6 = strongly agree). The overall engagement score is the percentage of participants who had an average score of 4.5 or higher on the six engagement questions.

# Product Responsibility and Sustainable Innovation

At Franke, we transform change into opportunities to shape a better living. We act on this purpose every day through our approach to product responsibility and sustainable innovation. We create high-quality, safe, efficient and aesthetic products that simplify and enrich people's lives. Our customer-centric approach drives us to continuously seek innovative, sustainable solutions for today's demands as well as anticipating those of tomorrow. We also contribute to society where we can, through product and financial donations to local communities and volunteering initiatives.

## Quality management and product safety

We are committed to product responsibility by meeting high quality and safety standards, complying with technical and food safety regulations, and delivering outstanding solutions to our customers.

As part of our product responsibility, we follow the precautionary approach to product design and production, prioritizing risk prevention over remediation. We have implemented a quality management system at our production sites which helps us ensure the consistency and quality of our products, comply with mandatory technical and food safety standards, and drive continuous improvements to meet our customer needs.

We are proud to have 24 production sites (out of 25 in total) that meet the internationally recognized standards of quality management (ISO 9001). This is a remarkable achievement that reflects our commitment to excellence and continuous improvement in all aspects of our business. We are working hard to ensure that the remaining one (a new site in Mexico)

will become certified soon. As shown in the table below, the total number of sites decreased due to two plant closures.

### Quality management systems

	2023	2022
Production sites with certified quality management systems (ISO 9001)	24/25	25/27

In addition to our quality management systems, we also implement specific quality assurance measures for product development and production. For example, we use failure mode and effects analyses (FMEA) to enhance the technical reliability of our products. Products that fail our internal tests undergo a revision process or, if they have major defects, are disassembled and their raw materials are recycled as much as possible. We track process quality by collecting data on our scrap materials generated from this process.



## Society

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.<sup>4</sup> This gives us our service call rate: the percentage of defective products compared to the total number of products sold.<sup>5</sup> We maintained a low service call rate of 1.29 percent in 2023 which demonstrates our commitment to high quality standards.

# Sustainable innovation

Sustainable innovation is vital for the long-term success of Franke. It not only supports business profitability and job security for our people, it supports the development of more resource-efficient, responsible products and production processes, and enables our business customers to meet the evolving needs of their own customers in a responsible manner. An innovative mindset is enshrined in our company value, "We are curious", and reflects our eagerness to challenge the status quo, explore new solutions and draw on data, insights, and best practices to shape better processes and products, and ultimately, better ways of living.

By continuously innovating our products and processes, we can develop ways to integrate sustainability considerations into our operations and end products; for example, by prioritizing materials from renewable sources and optimizing efficiency in production.

We invest in research and development to help innovate for a cleaner production process in terms of lower levels of energy consumption and waste; to offer products that minimize resource use over their lifespans; and to develop products that meet the demands of today and the future. Integrating sustainability considerations into our research and development processes further enables us to integrate our findings from research into practice.

Our approach to innovative design has helped us develop products that contribute to the health of our customers, for example by promoting hygienic behavior through the

## Oversight of product responsibility

Product responsibility at Franke is managed in various departments: Product Development, Quality, Marketing, Risk Management and Legal. Franke's Head of Quality is responsible for coordinating the Group-wide quality assurance, control and improvement activities.

installation of contactless fittings, and through our Air Hubs which sanitize the air in addition to removing cooking odors.

## Franke Home Solutions Innovations in 2023

Franke continued its R&D activity on cooker hoods to prepare for the upcoming New Energy Label regulation (NEL) in the EU and has introduced several new products with exceptional energy efficiency. These include the Mythos T-Shelf Hood in A class, Mythos Vertical Pro Hoods in A++ class, and Maris Vertical Pro Hoods in A+ class. Franke also introduced the Mythos Air Hub, energy rating A+, featuring an integrated system combining a powerful hood and a state-of-the-art air sanitization system with dedicated UV-C lights abating up to 99.99 percent of viruses and bacteria from air in the kitchen, with no ozone production and in total safety.

## Franke Foodservice Systems Innovations initiated in 2023

- Energy-efficient food service chest freezers in collaboration with RegenT Lab in the Netherlands. The simulations show potential for up to 40 percent energy reduction compared to existing models.
- A Forced Air Cold Food Table for food preparation with an open cooled well at the top and refrigerator at the bottom.

The design has the potential for a 36 percent energy reduction.

- A Forced Air innovation (wall-hung freezer) for a Franke Foodservice Systems global client – we expect significant energy reductions from this design but do not have data on this yet.
- A Chip Dump for TB which uses a lamp heat recuperator to reduce energy consumption. Current models use Ceramic Infrared Emitters to generate heat through radiation. This process is not fully efficient as it generates waste heat around the emitter. Our design uses fans to cool the enclosure and reuse this excessive heat for heating fries held in the unit.

## Franke Foodservice Systems Innovations further developed in 2023

- Franke Frozen Product Dispenser Next Generation, which ensures fry-able food stays fully frozen until it's ready for heating, was further developed in 2023 to achieve 30 percent energy reductions compared to existing versions.
- VariVent 2.0 – an AI-based demand control ventilation system allowing more than 30 percent energy reductions for kitchens was further developed in 2023.
- Continuous improvements to our products following market regulatory requirements for European Product Registry for Energy Labelling (EPREL) and related US regulation (DOE).

### LOCAL INITIATIVE



## Champion of Sustainability Award for Faber Italy

Faber Italy received the Champion of Sustainability 2023-2024 award from the German Institute for Quality and Finance (ITQF) for its commitment to ESG initiatives. The award recognizes a company's efforts towards sustainability and ethics, with special attention to actions relating to environmental, social, and governance principles. The award adds validation to Faber's aims of ensuring a better future for all, particularly its focus on air purification.

## Customer-centric approach

We actively seek customer feedback on our products through surveys, either conducted independently or through standardized third-party surveys. This helps us identify areas for improvement, for which we develop routine plans to guide our continuous development. We also apply the precautionary approach when reviewing product developments and adaptations in terms of their future safety and health impacts to mitigate potential risks and to ensure we maintain our exceptional quality standards.

The Franke Home Solutions sustainability team in the UK has been working to make it easier for UK customers to find out information about sustainability at Franke. This includes information about our products, packaging, safety, risk assessment or policies like the ones required by UK law such

as the modern slavery policy. The team has developed a library of guidance for customers (FAQs) and in 2024, they will focus on gaining a deeper understanding of the sustainability needs of UK customers and what is required to support them.

"Sustainability being high on the agenda of all our retailers is now a necessary element of doing business. We are regularly being asked for information relating to packaging, emissions, and decarbonization plans to support the retailers' emission reduction targets." – Lauren Gifford, National Account Manager – Sales Force, Franke UK. Read more about the sustainability initiatives in the UK on the next page.

Many of the retailers are not only aiming to lower their own emissions but also those in their supply chains and are approaching us to share our initiatives to support their targets.

<sup>4</sup> Not all data on defective products is available as some of our markets discharge product liability to intermediaries (dealers).  
<sup>5</sup> KPIs are taken from the divisions instead of at Group level to improve the quality of data. Markets or product groups are disregarded if not enough data was available.

## LOCAL INITIATIVE

### Driving Sustainability on a Local Level in the UK

In 2023, Franke Home Solutions in the UK, which has around 100 employees across four sites, established a local sustainability team. The team consists of cross-functional members from all areas and sites, including Sales and Operations, aiming to mobilize the Group's sustainability ambitions on a country level.

In addition to their regular functions, the team members develop and monitor sustainability initiatives in line with Franke's global sustainability strategy.

Key achievements to date:

- CO<sub>2</sub> tracking is now available on all deliveries – allowing the UK to understand customers, profiles and downstream transportation impacts.
- Switching to movement-activated lighting which reduced the use of lighting by 40 percent.
- The implementation of initiatives to prioritize the wellbeing of employees, ensuring their mental and physical health is supported and nurtured within the workplace. This includes a designated Health and Safety Coordinator for each site.
- Offering mental health training to four employees to become mental health first aiders, with intentions to provide training to additional staff members in the future.
- Regular volunteering and charity events.
- Introduction of a sustainability agenda point at each monthly Townhall meeting.

From upgrading infrastructure, to meeting customers' sustainability queries through comprehensive guidance and policies like the modern slavery policy, Franke Home Solutions in the UK is dedicated to operational excellence and customer satisfaction, guided by Franke's core value of acting responsibly. The commitment extends to supporting employee wellbeing and engaging with society through initiatives like mental health first aid training, regular volunteering, and charity events, showcasing Franke's holistic approach to responsible business practices.

# Community engagement

We believe in giving back to society. For Franke, sustainability is not just a corporate responsibility but a collective effort to create a better future for all. By supporting our employees and society, we strive to make a positive impact that extends far beyond the walls of our company. Here are some examples of our work with communities in 2023.

### Donation to improve school facilities in South Africa

As part of Franke's philanthropic efforts, we donate various Franke products to support our local communities. In 2023, among other donations in the region, we supported a local primary school in Durban, South Africa, with the donation of new water facilities for students and staff.

M.L. Sultan St. Mary's Primary School is located a few kilometres from our manufacturing plant and our regional headquarters in Durban. The primary school is a registered non-profit organization and level BB-BEE, which means it's part of the broad-based black economic empowerment (BEE) government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian South African citizens) in the South African economy.

Around 1,000 students attend the school and use the drinking water facilities in the playground, which needed urgent repair due to their age (more than five decades). The facilities are also used by the surrounding community for meetings and events.

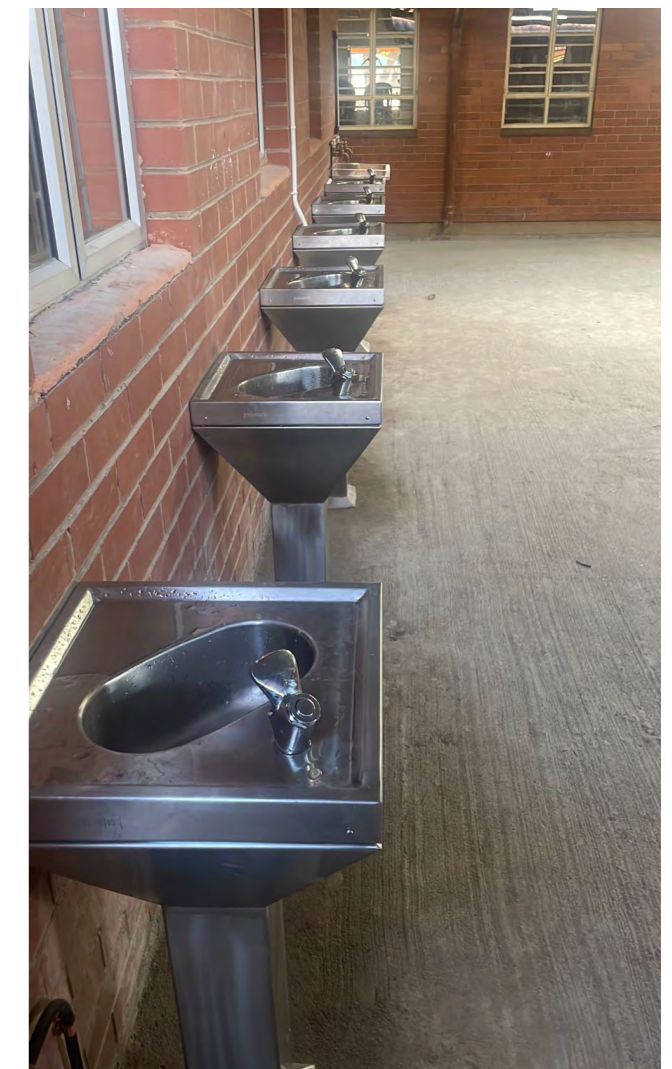
Franke donated 15 commercial drinking fountain stations in 2023, each station comprising a Grade 304 Stainless Steel Drinking Fountain plus a Bubbler tap. Additionally, three wash troughs were installed for filling buckets and related uses.

### Fundraising at Franke UK

From hosting a Christmas Jumper event to raise money for charities, to collecting clothes for Cancer Research, Franke

UK actively engages its employees in fundraising efforts to support those in need. These initiatives not only foster a sense of community within the organization but also make a meaningful difference in the lives of others.

"We are dedicated to making a positive impact on the environment and society. We strongly believe in our company's values, which guide our actions and unite us as a team. It's truly rewarding to support our team in putting these plans into action and working towards a better future together." – Anna Klus, Cluster Head of HR responsible for Franke UK.





# Appendix I

# Appendix I: GRI Content Index

<b>GRI 1 USED</b>	GRI 1: Foundation 2021.
<b>APPLICABLE GRI SECTOR STANDARD(S)</b>	None.
<b>TOPIC STANDARDS USED</b>	GRI 301 Materials 2016, GRI 302: Energy 2016, GRI 305: Emissions 2016, GRI 306: Waste 2020, GRI 403: Occupational Health and Safety 2018, GRI 404: Training and Education 2016, GRI 416: Customer Health and Safety 2016 and 417: Marketing and Labeling 2016.
<b>LEGEND</b>	SR: Sustainability Report 2023.

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>GRI 2: General disclosures 2021</b>				
<b>2-1 Organizational details</b>	a. Legal name	Franke Holding AG. Commonly known as 'Franke Group', 'Franke'.		
	b. Nature of ownership and legal form	Franke Holding AG is a limited company operating under Swiss law. It is 100 percent owned by Artemis Holding AG (Artemis Group), with one shareholder.		
	c. Location of headquarters	Aarburg, Switzerland.		
	d. Countries of operation	Franke operates with companies in 35 countries. Appendix II, Franke Locations, page 59.		
<b>2-2 Entities included in the organization's sustainability reporting</b>	a. List of entities	61 entities are included in Franke's sustainability report. Appendix II, Franke Locations as of 1.1.2024, page 59.		
	b. Differences between entities in sustainability report and financial report	Franke does not publish its financial reports.		
	c. Approach for consolidation of information	This report covers all entities under Franke's operational control. We clearly state any instances in which the report contents relate to partial entities within the Franke Group, such as Franke Divisions, manufacturing plants, offices etc., which are included from a data perspective or as case studies. This report does not cover outsourced activities. Our Home Solutions entity in Mexico is jointly owned between Franke (55 percent) and Mabe México S. de R.L. de C.V. (45 percent). Although Franke Beverage Systems is still legally part of Franke, the company has followed a new reporting line to the Artemis Group since January 2016. Similarly, Franke Industrie AG (a manufacturer of hot gas components for industrial gas turbines and aerospace) also reports directly to the Artemis Group since 2017. As such, these entities are not included in the scope of this report.		
<b>2-3 Reporting period, frequency, and contact point</b>	a. Sustainability reporting	Franke Group has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023. Franke publishes a sustainability report every year.		
	b. Financial reporting	Franke does not publish its financial report.		
	c. Publication dates of reported information	18 July 2024.		
	d. Contact points for reported information	Sunniva Bitschnau Sustainability Reporting Manager <a href="mailto:sustainability@franke.com">sustainability@franke.com</a>		
<b>2-4 Restatements of information</b>	a. Report restatements	Appendix II, Restatements of information, page 62.		
<b>2-5 External assurance</b>	a. Policy & practice			
	b. Assurance statement(s)	No external confirmation was obtained for this report.		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>2-6 Activities, value chain, and other business relationships</b>	a. Active sectors	The Franke Group specializes in food and beverage preparation solutions for commercial and residential use. In the commercial segment, we equip foodservice kitchens with integrated systems, as well as away-from-home coffee preparation. In the private segment, we equip household kitchens with integrated kitchen systems for food preparation, cooking, and exhaust air cleaning.		
	b. Value chain	Appendix II, Value Chain, page 62.		
	c. Other business relationships		Information unavailable/incomplete	We currently do not have any information to report on other relevant business relationships beyond those organizations which are described in Franke's value chain.
	d. Significant changes from previous reporting period	As Franke streamlines its product portfolio, it has consolidated stainless steel sink production within Europe. It closed its production plants in Warsaw, Poland in 2023, and Bad Säckingen, Germany in 2024 and shifted production to Peschiera del Garda, Italy. A further competence center for the production of stainless steel worktops and bowls has been established in Aarburg, Switzerland. These changes have affected the data and the changes have been reported accordingly with each relevant disclosure.		
<b>2-7 Employees</b>	a. Total number of employees by gender & region	Appendix II, Employees and workers who are not employees, page 63.		
	b. Breakdown of the total number of employees			
	c. Methodology	From the reporting year 2022 and onwards, we calculate employee numbers by using full-time equivalents (FTE) at year-end, instead of the yearly average. This enables us to report on information such as gender and employment type. For some statements, we use headcount instead of FTE. These instances are clearly stated in the data.		
	d. Contextual information	Appendix II, Employees and workers who are not employees, page 63.		
	e. Fluctuations in the number of employees	There were no significant fluctuations in the number of employees in 2023 compared to the previous reporting period.		
<b>2-8 Workers who are not employees</b>	a. Total number of workers who are not employees	Appendix II, Employees and workers who are not employees, page 63.		
	b. Methodology	Please see 2-7-c above.		
	c. Fluctuation in the total number of workers who are not employees	There were no significant fluctuations in the number of workers who are not employees in 2023 compared to the previous reporting period.		
<b>2-9 Governance structure and composition</b>	a. Governance 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. 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 members of the Board of Directors have various nontransferable, irrevocable duties in accordance with the Swiss Code of Obligations. The Board of Directors and the committees met regularly in 2023.		
	b. Committees of governance body	Under the leadership of the Group's Chief Executive Officer (CEO), the Management Board implements the strategic guidelines and resolutions of the Board of Directors and leads Franke's business operations. Although Franke does not have sustainability committees at the C-suite level, the Chief Human Resources Officer (CHRO), the Chief Operating Officer (COO) and the Chief Executive Officer (CEO) are responsible for sustainability at the Management Board level.		
	c. Composition of governance body	At the end of 2023, the Board of Directors consisted of 5 members (4 male and 1 female), and the Management Board consisted of 8 members, (7 male and 1 female). As of the time of this report's publication (July 2024), the situation had changed: the Board of Directors consisted of 6 members (5 male and 1 female). This current data is used in the tables presented in this report. Appendix II, Members of the Board of Directors and Management Board, page 66.		
<b>2-10 Nomination and selection of the highest governance body</b>	a. Nomination and selection process	The Human Resources (HR) Committee defines desired profiles and conducts interviews for new Management Board members, with the CEO and Chief Human Resources Officer (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.		
	b. Criteria for nomination and selection	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.		
<b>2-11 Chair of the highest governance body</b>	a. Chair is a senior executive	Alexander Pieper is the Chairman of the Board of Directors. Franke's Board of Directors and its committees are fully independent from the operational management of the company. For additional information, please see Appendix II, Members of the Board of Directors and Management Board, page 66.		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>2-12 Role of the highest governance body in overseeing the management of impacts</b>	a. Role of governance body	<p>Franke has a Corporate Sustainability Team and an internal network of sustainability practitioners ('Sustainability Network') who provide input to the highest governance body on a regular basis. Based on this feedback, there are discussions that result in the highest governance body and senior executives developing, approving, and updating the organization's purpose, values, mission statements, strategies, policies, and goals related to sustainable development.</p> <p>The Chairman of Franke Group's Board of Directors reviews and approves the annual sustainability report, while the Corporate Sustainability Team and the internal Sustainability Network are responsible for implementing, driving, and tracking progress on the various sustainability goals and targets. The Corporate Sustainability Team reports to a member of the Management Board. The COO, CEO and CHRO act as ambassadors for the environment, society and our people pillar of the sustainability strategy respectively.</p>		
	b. Due diligence and other processes	We do not follow a formal due diligence process for the Board of Directors to identify and manage Franke's impacts on the economy, environment and people. Instead, we hold ad-hoc reviews in which our Corporate Sustainability Team informs and discusses topics with the Management Board. Topics are then raised with the Board of Directors as and when necessary.		
	c. Effectiveness of organization's processes and frequency of review			
<b>2-13 Delegation of responsibility for managing impacts</b>	a. Delegating responsibility	Franke's Board of Directors has assigned the operational management and implementation of the strategy to the Management Board (which is Franke's 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.		
	b. Process and frequency to report	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.		
<b>2-14 Role of the highest governance body in sustainability reporting</b>	a. Reviewing and approving information	The Chairman of Franke Group's Board of Directors reviews and approves the annual sustainability report.		
<b>2-15 Conflicts of interest</b>	a. Process for prevention and mitigation	Members of the Board of Directors have a duty to avoid any situation which may give rise to a conflict of interest. This duty extends to any affiliate or person closely linked to them. 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.		
	b. Disclosure to stakeholders	The Franke Code of Conduct states that all conflicts of interest must be disclosed to and approved by the employee's line manager and in case of doubt, the Local Compliance Officer must be consulted. Any hiring of, rewards given to, or promotions awarded to family members within the Franke Group must receive prior approval as per the Franke policy to ensure a fair and unbiased process at all times.		
<b>2-16 Communication of critical concerns</b>	a. Communication process	<p>Recommendations or concerns from the shareholder can be submitted to the Board of Directors directly by Michael Pieper, the owner and CEO of Artemis Group and member of the Board of Directors of Franke Group.</p> <p>Recommendations or concerns from employees in Europe 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 annually with members of the Management Board of Franke. Outside of Europe, local regulations and practices are followed for communicating recommendations or concerns.</p> <p>Serious systematic compliance cases are presented to the Chairman of the Board of Directors.</p>		
	b. Total number and nature of critical concerns		Confidentiality constraints	This information is categorized as confidential and therefore cannot be publicly reported.
<b>2-17 Collective knowledge of the highest governance body</b>	a. Measures to advance sustainable development	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.		
<b>2-18 Evaluation of the performance of the highest governance body</b>	a. Evaluating performance			
	b. Independent evaluations	There is no formal procedure for evaluating the performance of the Board of Directors from a holistic sustainability perspective.		
	c. Actions as a result of evaluations			
<b>2-19 Remuneration Policies</b>	a. Describe policies	<p>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 in addition to their regular salaries.</p> <p>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 annually. All salary changes undergo a two-level approval process. Remuneration of the Management Board is discussed and approved by the HR Committee.</p>	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.
	b. Objectives and performance	The remuneration policies for members of the highest governance body and senior executives do not currently relate to the members' objectives and performance concerning the management of the organization's impacts on the economy, environment, and people.		



GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>2-20 Process to determine remuneration</b>	a. Designing and determining remuneration policies	<p>Franke's total compensation strategy is formulated on both internal and external (market) data. Internal equity and external market data are considered in combination when determining employee base pay. Salary increases are generally the result of individual performance and demonstrated improved competency in the role over time. Variable incentives are primarily based on financial target achievement.</p> <p>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 in our organization. Global grades provide basis for compensation structures and internal and external benchmarking. Global grades are also utilized to determine different aspects of our incentive plans (e.g., target bonus as percentage of base salary).</p>		
	b. Voting on remuneration policies	Franke does not have a voting system on remuneration policies and proposals.		
<b>2-21 Annual total compensation ratio</b>	a. Ratio of total compensation for employees		Confidentiality constraints	This information is categorized as confidential and, therefore, cannot be publicly reported.
	b. Ratio of % increase in total compensation for employees			
	c. Contextual information			
<b>2-22 Statement on sustainable development strategy</b>	a. Report statement	SR, CEO Statement, page 8.		
<b>2-23 Policy commitments</b>	a. Describe policy commitments	<p>We strive for the highest ethical standards and expect the same across our value chain. Franke's commitment to responsible business conduct is described in its Code of Conduct and its Supplier Code of Conduct (the "Supplier Code"), which are publicly available on the company's website. These documents set out Franke's expectations that all employees, suppliers, and third-party intermediaries respect and comply with all applicable laws and regulations where we operate, apply the precautionary principle, and support 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.</p>		
	b. Human rights policy commitments	<p>The protection of human rights is integral to Franke's strategy and operations and is a requirement across the entire value chain. We are committed 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.</p> <p>Our 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. It prohibits discrimination on the basis of gender, age, skin color, nationality, ethnicity, religion, disability, or other legally protected characteristics of a person. The Code of Conduct also sets out our commitment to respecting the rights of our employees to freedom of association and collective bargaining within the limits of applicable local laws.</p> <p>Franke's Supplier Code requires all suppliers and their sub-suppliers to prohibit forced, bonded, prisoner, military, or compulsory labor and from any form of human trafficking.</p>		
	c. Links to policy commitments	<p>Externally available policies:</p> <p><a href="#">Code of Conduct</a></p> <p><a href="#">Supplier Code of Conduct</a></p> <p>We also adhere to a range of other policies that guide our business operations and conduct; these are available internally.</p>		
	d. Approval of policy commitments	The development of both Codes of Conduct 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's Code of Conduct was last updated and approved in 2019, while the Supplier Code was updated and approved in January 2020.		
	e. Policy applicability to the organization's activities	<p>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.</p> <p>Franke's Code of Conduct applies to all Franke employees worldwide. Franke employees commit themselves to observe 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.</p> <p>The Supplier Code stipulates that all suppliers and their respective supply chains comply with labor practices, environmental protection, and business integrity requirements.</p>		
	f. Communication	<p>All Franke employees have access to the Code, it is available in 13 languages and also available for public view on Franke's website. Around 60 percent of Franke employees worldwide (those with access to a computer for their work) are eligible and required to complete the online Code of Conduct training courses (see 2-24-a for more details).</p> <p>Compliance with the Franke Supplier Code of Conduct 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.</p> <p>Updates on the standards and compliance requirements at Franke are regularly published in the OneFranke employee magazine.</p>		
<b>2-24 Embedding policy commitments</b>	a. Process for embedding policy commitments	Appendix II, Strategy, Policies and Practices, page 69.		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>2-25 Processes to remediate negative impacts</b>	a. Commitments to remediations	Franke has an integrity line for employees to raise concerns (see 2-26-a). Employees in Europe can also raise concerns through the European Works Council. We do not have any formal processes in place for identifying and addressing grievances reported by other stakeholders. Instead, we address grievances on a case-by-case basis and are committed to achieving remediation outcomes to satisfy the situation and all parties involved.		
	b. Grievance identification approach			
	c. Processes for remediation	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.		
	d. Stakeholder involvement			
	e. Tracking effectiveness			
<b>2-26 Mechanisms for seeking advice and raising concerns</b>	a. Mechanisms for seeking advice and raising concerns	Franke employees can raise any integrity or ethical concerns, including human rights complaints, regarding Franke and its operations through the SpeakUp@Franke Integrity Line. This hotline (telephone and online) is available in 26 languages and can be used confidentially and anonymously, if required. 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. We do not tolerate any retaliation against anyone who reports a concern in good faith or who cooperates in an investigation.		
		Employees are also encouraged to seek advice from their line managers or HR representatives if they have any questions relating to any aspects of the Code of Conduct or other responsible business conduct policies.  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.		
<b>2-27 Compliance with laws and regulations</b>	a. Total number of significant instances of non-compliance with laws		Confidentiality constraints	This information is categorized as confidential and, therefore, cannot be publicly reported.
	b. Total number and monetary value of instances of non-compliance with laws			
	c. Describe significant instances of non-compliance			
	d. Determining significant instances of non-compliance			
<b>2-28 Membership associations</b>	a. Report industry or membership associations	Appendix II, Membership Associations, page 70.		
<b>2-29 Approach to stakeholder engagement</b>	a. Process for engagement	Appendix II, Stakeholders, page 70.		
<b>2-30 Collective bargaining agreements</b>	a. % of total employees covered by collective bargaining agreements	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. 33.7 percent of the average number of FTEs in 2023 were covered by a collective bargaining agreement. Following corrections to the data for 2022 (documented in the restatements of information on page 62), the percentage remains almost the same for both years (33.8 percent in 2022).		
	b. Employees not covered by collective bargaining agreements	The working conditions and terms of employment of employees not covered by collective bargaining agreements are not influenced or determined based on other collective bargaining agreements.		
<b>GRI 3: Material topics 2021</b>				
<b>3-1 Process to determine material topics</b>	a. Process description	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 this assessment were used to inform Franke's reporting practices during the 2023 reporting cycle.  A more detailed description of our materiality analysis can be found in Appendix II, Process to determine material topics, page 72.		
	b. Stakeholder involvement			

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>3-2 List of material topics</b>	a. List	<p>The following areas have been identified as the topics that represent Franke’s most significant impacts on the economy, environment, and people, including impacts on their human rights; and the impacts that external actions or events could have on Franke’s business operations:</p> <ul style="list-style-type: none"> <li>• Climate and Energy</li> <li>• Resource Use and Circularity</li> <li>• Health and Occupational Safety</li> <li>• Education and Training</li> <li>• Product Responsibility and Sustainable Innovation</li> </ul>		
	b. Changes compared to the previous reporting period	<p>Our previous report included the topics identified during a materiality analysis conducted in 2017 in accordance with the GRI Standards 2016. These material topics were:</p> <ul style="list-style-type: none"> <li>• Energy efficiency in production</li> <li>• Material efficiency in production</li> <li>• Water and wastewater management</li> <li>• Resource-efficient products (energy)</li> <li>• Leadership development</li> <li>• Occupational health and safety</li> <li>• Profitability</li> <li>• Business integrity</li> <li>• Human rights</li> <li>• Product reliability and longevity</li> <li>• Product safety and product innovation</li> </ul> <p>All of these topics were considered during our most recent materiality assessment, and most of them are still part of Franke’s material topics. However, the topics “Profitability”, “Business integrity”, and “Water and wastewater management” are no longer material and therefore are not included in our current reporting. The topic of “Human rights” is now addressed across our material topics in line with the GRI Universal Standards released in 2021 which integrate the UN Guiding Principles on Business and Human Rights across the reporting framework.</p>		
<b>Climate and energy</b>				
<b>3-3 Management of material topic</b>	a. Actual and potential impacts	SR, Climate and Energy, page 13.		
	b. Involvement with impacts			
	c. Policies or commitments			
	d. Actions to manage material topics			
	e. Tracking effectiveness			
	f. Stakeholder engagement			

GRI STANDARDS			OMISSION		
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION	
302-1 Energy consumption within the organization	a. Total fuel consumption from non-renewable sources	<p>SR, Energy Consumption, page 16.</p> <p><b>Consumption of natural gas fell in absolute terms by 13.7 percent in 2023.</b> This was largely due to a switch at Franke Home Solutions Poland from natural gas to oil for heating and a reduction at Franke Home Solutions Italy due to lower heating requirements and reduced consumption for painting purposes. Other contributors were reduced production at Franke Home Solutions Argentina; a warmer winter at numerous locations in Europe and in the US – although conversely there was an increase in consumption of natural gas at sites in the Czech Republic and Turkey due to colder temperatures over winter. Consumption reduced for Franke Home Solutions Germany due to a change of washing machine which relies on heating oil rather than gas. Greater efficiency led to lower consumption levels for Franke Foodservice Systems UK – more efficient boilers with thermostats for better temperature control were fitted at the premises; and greater efficiency in Franke Home Solutions Turkey as a result of investments in paint shops.</p> <p><b>Consumption of gasoline increased by 16.1 percent in absolute terms.</b> This was caused by an increase in business travel in China due to fewer Covid restrictions coupled with a 10 percent increase in sales in the region; an increase in trips made by car in southern Russia owing to flight restrictions in the region; and an increase in customer visits in South Africa. There were some reductions in gasoline use which helped minimize the overall increase, for example due to lower demand at Franke Foodservice Systems Romania and fewer number of gasoline-powered leased cars at Franke HQ in Switzerland as part of the switch to hybrid/electric vehicles.</p> <p><b>Absolute consumption of diesel decreased in 2023 by 3.3 percent.</b> This decrease was largely due to significant reductions at Franke Coffee Systems and Franke HQ in Switzerland as they gradually switched to a leased fleet of vehicles and relied less on company-owned vehicles. It was impacted by lower production levels for Franke Home Solutions Sweden, requiring less use of the diesel-powered tractor. One notable increase occurred however: a higher usage of the diesel generator at Franke Home Solutions India as a result of increased production.</p> <p>We have also added a new KPI in 2023 to report on Franke's use of LPG, propane and butane. Since this is the first reporting year for these gases, there is no comparison to be made with previous years.</p>			
	b. Total fuel consumption from renewable sources	SR, Energy Consumption, page 16.			
	c. The total electricity consumed, heating, cooling, and steam consumed	<p>SR, Energy Consumption, page 16.</p> <p><b>Consumption of non-renewable electricity increased by 12.9 percent in 2023.</b> Reasons for the increase: Stronger sales for Franke Foodservice Systems China and Mexico resulting in increased production; greater use of air conditioning at Foodservice Systems China due to prolonged periods of hot weather; an increase for Franke Home Solutions Spain due to increased events in the showroom; and an increase for Franke Coffee Systems Shanghai due to office expansion and renovation. Franke Home Solutions Slovakia also saw a significant increase as it was not purchasing renewable electricity for half of the year due to budget constraints, therefore relied more on non-renewable electricity.</p> <p>Franke Foodservice Systems US switched to a new electricity supplier as part of its move to new premises, which are also smaller than the previous location, consuming less electricity.</p> <p>Reduced production at various Home Solutions plants due to lower demand; the closure of a Franke Home Solutions office and showroom in Singapore; the closure of Franke Home Solutions production plant in the Netherlands and in Poland also impacted the final figure. Franke Home Solutions Canada, Franke Home Solutions Turkey and Franke Foodservice Systems US procured more renewable electricity (100 percent for Franke Foodservice Systems US).</p> <p><b>Consumption of heat from district heating fell in absolute terms by 15.4 percent in 2023.</b> Reasons: warmer winter at the Franke Home Solutions plant in Russia; greater reliance on heat pumps (self-generated heat) at the Franke Home Solutions offices in Ukraine compared to central heating in the previous year; and the closure of the Franke Home Solutions plant in the Netherlands. However, Franke Home Solutions Sweden consumed a larger amount of district heating in 2023 due to a fault in the ventilation system.</p> <p><b>Consumption of purchased renewable electricity decreased by 25.6 percent in 2023,</b> largely due to more electricity being generated on-site through existing or new solar PV plants at Franke Home Solutions Slovakia, Franke Home Solutions China, Franke Coffee Systems Germany and Franke Foodservice Systems Poland; and the existing solar PV system at Franke Home Solutions Italy (FFI site). Reduced consumption was also due to the reasons listed for the reduction of non-renewable energy.</p> <p><b>The share of renewable energy consumed in Franke's total energy mix reduced by 13.1 percent in 2023 to 57.1 percent,</b> largely for the reasons detailed in the explanations above.</p>	Information unavailable/incomplete	Franke does not have data on cooling consumption or its generation of cooling and steam which are not consumed. As such, these have not been factored into the energy consumption calculations.	
	d. Electricity, heating, cooling, and steam sold			Not Applicable	To the best of our knowledge, Franke does not sell any electricity, heating, cooling or steam.
	e. Total energy consumption	SR, Energy Consumption, page 16.			
	f. Standards, methodologies, assumptions, and/or calculation tools used	Energy data for this report was taken from the COGNOS system. The data for the 2023 financial year was reported by all the production, logistics, and sales companies. The environmental data was determined 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.			
	g. Source of the conversion factors used	We applied the 2023 emission factors for non-electricity energy consumption from the UK Department for Environment, Food and Rural Affairs (Defra). For electricity consumption, we asked our legal entities to provide information about their individual emission factors.			

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
302-2 Energy consumption outside of the organization	a. Energy consumption outside of the organization	<p>SR, Scope 3 emissions, page 17.</p> <p><b>Consumption of electricity for leased vehicles increased significantly – by more than 380 percent</b> as Franke continues its transition to electric or hybrid vehicles, particularly at Franke Coffee Systems Switzerland and Germany (in Germany the EV fleet is growing but they also did not report this data in 2022 which contributes to the overall increase in 2023).</p> <p><b>Consumption of diesel for leased vehicles increased by 1.6 percent in 2023.</b> This was largely due to the transition in Switzerland from owned vehicles to a leased fleet; and increase in customer visits across multiple locations; and a recalculation of data for Franke Home Solutions Italy. The increase was kept minimal due to significant reductions in diesel consumption for Franke Foodservice Systems Germany and Franke Home Solutions Sweden due to a switch to hybrid/electric vehicles.</p> <p><b>Consumption of gasoline for leased vehicles also increased in 2023, by 22.1 percent in absolute terms.</b> This was due to a number of reasons including an increased number of business trips as Covid restrictions lifted for Franke Home Solutions Turkey; increased customer visits for Franke Home Solutions UK as part of a customer engagement drive and due to frequent train strikes in the country, and similarly, an increase in the number of technicians visiting customers for Franke Coffee Systems UK.</p> <p>Our products consumed 142,139,124 GJ in their use phase in 2023.</p>		
	b. Standards, methodologies, assumptions, and/or calculation tools used	All calculations are based on the Greenhouse Gas (GHG) Protocol and set up to comply with SBTi requirements. Calculation methods are clearly described in the GHG Protocol. Where available, we used primary data in the calculations. Whenever this was not possible, we based the calculations on assumptions – these either stem from previous years' calculations or assumptions based on sales numbers.		
	c. Source of the conversion factors used	Emission factors are derived primarily from Ecoinvent, DEFRA/BEIS, Ökobaudat, and the ClimatePartner's emissions factor database. Conversion factors are mainly based on information from product experts within the Franke Group. All calculations have been performed in Microsoft Excel.		
302-3 Energy intensity	a. Energy intensity ratio	Appendix II, Energy Consumption (in Relation to Net Sales), page 73.		
	b. Organization-specific metric (the denominator) chosen to calculate the ratio			
	c. Types of energy included in the intensity ratio			
	d. Whether the ratio includes consumption inside, outside, or both			
302-4 Reduction of energy consumption	a. Reductions as a direct result of conservation and efficiency initiatives	SR, Energy optimizations in production, page 16.	Information/unavailable incomplete	We are currently unable to report the exact amount of energy reductions in joules or multiples, resulting directly from conservation and efficiency initiatives.
	b. Types of energy included in the reductions			
	c. Basis for calculating reductions			
	d. Standards, methodologies, assumptions, and/or calculation tools used			
305-1 Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions	SR, CO <sub>2</sub> emissions, page 17.		
	b. Gases included in the calculation	The individual greenhouse gases emitted at Franke sites are CO <sub>2</sub> , CH <sub>4</sub> , and N <sub>2</sub> O, which have been converted into CO <sub>2</sub> equivalents for this report, according to the 2023 GHG emission factors from the UK Department for Environment, Food and Rural Affairs (Defra).		
	c. Biogenic CO <sub>2</sub> emissions	A wood chip heater is installed in Aarburg (Switzerland). The wood comes from the forestry community of Aarburg which owns the forest, produces the chips, and sends them to us. The energy produced is directly used in our Aarburg location for heating purposes for instance. Within the scope 1 conversion factors for biofuels, the CO <sub>2</sub> emissions value is set as net '0' to account for the CO <sub>2</sub> absorbed by fast-growing bioenergy sources during their growth. Therefore, according to the GHG Protocol Corporate Standard, direct CO <sub>2</sub> emissions from the combustion of biomass (in this case, wood chips) are reported separately from the scopes. The scope 1 conversion factors contain values for N <sub>2</sub> O and CH <sub>4</sub> emissions (which are not absorbed during growth). The corresponding emissions are included in our scope 1 emissions.		
	d. Base year for the calculation, including rationale, emissions in the base year, and context for any changes	We are using 2020 as our base year as this is the year with the most complete data set for emissions across the Franke Group (since we began a more granular approach to emissions reporting). However, we acknowledge that the emissions in 2020 were the most impacted by the Covid-19 pandemic and therefore lower than in non-Covid years. See SR, Scope 1 and 2 emissions reductions over the past 5 years, page 17 for our emissions in the base year and subsequent years.		
	e. Source of the emission factors and the global warming potential (GWP) rates used	Direct GHG emissions from fossil fuels (heating oil, natural gas, diesel, and petrol; scope 1 of the GHG Protocol) are based on the 2023 emission factors of the UK Department for Environment, Food and Rural Affairs (Defra). These are CO <sub>2</sub> e factors which include GWP rates.		
	f. Consolidation approach for emissions	Operational control.		
	g. Standards, methodologies, assumptions, and/or calculation tools used	Franke's emissions are calculated in metric tons of CO <sub>2</sub> e following guidance from the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standard.		

GRI STANDARDS			OMISSION			
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION		
<b>305-2 Energy indirect (Scope 2) GHG emissions</b>	a. Gross location-based energy indirect (Scope 2) GHG emissions	SR, CO <sub>2</sub> emissions, page 17.	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.		
	b. Gross market-based energy indirect (Scope 2) GHG emissions					
	c. Gases included in the calculation	All GHGs are included in the calculations because the calculations are based on CO <sub>2</sub> e.				
	d. Base year for the calculation, including rationale, emissions in the base year, and context for any changes	2020. See 305-1-d for an explanation and SR, Scope 1 and 2 emissions reductions over the past 5 years, page 17 for our emissions in the base year and subsequent years.				
	e. Source of the emission factors and the global warming potential (GWP) rates used	GHG emissions for electricity and district heating (scope 2) were calculated on the basis of the emission factors reported by the Franke companies.				
	f. Consolidation approach for emissions	Operational control.				
	g. Standards, methodologies, assumptions, and/or calculation tools used	Franke's emissions are calculated in metric tons of CO <sub>2</sub> e following guidance from the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standard.				
<b>305-3 Other indirect (Scope 3) GHG emissions</b>	a. Gross other indirect (Scope 3) GHG emissions	SR, Scope 3 emissions, page 19.				
	b. Gases included in the calculation	All GHGs are included in the calculations because the calculations are based on CO <sub>2</sub> e.				
	c. Biogenic CO <sub>2</sub> emissions				Not applicable	We do not have any scope 3 biogenic CO <sub>2</sub> emissions.
	d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation	Purchased goods and services (category 1), capital goods (category 2), upstream transportation and distribution (category 4), use of sold of products (category 11).				
	e. Base year for the calculation, including rationale, emissions in the base year, and context for any changes	2020. See 305-1-d for an explanation and Appendix II, Scope 3 CO <sub>2</sub> e inventory 2020 and Scope 3 CO <sub>2</sub> e emissions breakdown, page 74 for our emissions in the base year and subsequent years.				
	f. Source of the emission factors and the global warming potential (GWP) rates used	To calculate our emissions for 2020, 2021, and 2023, we used emission factors from Ecoinvent 3.8, Ecoinvent 3.9.1, Ökobaudat 2021, and other customized spend factors from our consultants at ClimatePartner.				
	g. Standards, methodologies, assumptions, and/or calculation tools used	Franke's emissions are calculated in metric tons of CO <sub>2</sub> e following guidance from the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standard.				
<b>305-4 GHG emissions intensity</b>	a. GHG emissions intensity ratio for the organization	Appendix II, CO <sub>2</sub> emissions, page 73.				
	b. Organization-specific metric (the denominator) chosen to calculate the ratio	Net sales constitute a key indicator to calculate our ratio: Mt/m CHF.				
	c. Types of GHG emissions included in the intensity ratio	The intensity ratio includes direct (scope 1) and energy indirect (scope 2) GHG emissions.				
	d. Gases included in the calculation	All GHGs are included in the calculations because the calculations are based on CO <sub>2</sub> e.				

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>305-5 Reduction of GHG emissions</b>	a. GHG emissions reduced as a direct result of reduction initiatives	SR, Climate and Energy, page 19.	Information unavailable/incomplete	We present our GHG emissions reductions in the Climate and Energy chapter and the initiatives implemented to reduce our emissions. We believe these initiatives have contributed significantly to the reductions but we do not have full information for some Franke entities.
	b. Gases included in the calculation	All GHGs are included in the calculations because the calculations are based on CO <sub>2</sub> e.		
	c. Base year or baseline and rationale	2020. See 305-1-d for an explanation.		
	d. Scopes in which reductions took place	All 3 scopes.		
	e. Standards, methodologies, assumptions, and/or calculation tools used	Franke's emissions are calculated in metric tons of CO <sub>2</sub> e following guidance from the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standard.		
<b>Resource use and circularity</b>				
<b>3-3 Management of material topic</b>	a. Actual and potential impacts	SR, Resource Use and Circularity, page 21.		
	b. Involvement with impacts			
	c. Policies or commitments			
	d. Actions to manage material topics			
	e. Tracking effectiveness			
	f. Stakeholder engagement			
<b>301-1 Materials used by weight or volume</b>	a.i. Total weight of non-renewable materials used to produce primary products	SR, Materials by weight, page 22. The total weight of non-renewable materials used to produce primary products (including semi-finished products) is 59 654 metric tons.		
	a.i. Total weight of non-renewable materials used to package primary products	SR, Materials by weight, page 22. The total weight of non-renewable packaging increased by 1.4 percent, largely due to a lack of data being reported in 2022 for this KPI for some entities.		
	a.ii. Total weight of renewable materials used to produce primary products	SR, Materials by weight, page 22. The total weight of renewable materials used to produce primary products is 229 metric tons. <b>Water consumption across all Franke business processes, including offices:</b> 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. We collect data on water consumption across the Franke Group but we do not report this data as it is not a material topic for Franke.		
	a.ii. Total weight of renewable materials used to package primary products	SR, Materials by weight, page 22. <b>The weight of renewable packaging decreased by 3.4 percent</b> , largely due to the following: lower production volumes at various Franke Home Solutions locations; improvements in data collection at Franke Home Solutions UK; increased focus on reducing total packaging at Franke Home Solutions Turkey; and discontinued production at Franke Home Solutions Netherlands and Poland. There were some increases in use of renewable packaging, for example due to increased sales at Franke Coffee Systems Switzerland and Franke Foodservice Systems US, and Franke Home Solutions China and India; and a recalculation of data at Franke Home Solutions Canada which found that a higher proportion (99 percent) was from renewable material compared to data previously reported.		
<b>301-2 Recycled input materials used</b>	a. Percentage of recycled input materials used to manufacture primary products	SR, Resource use and materials, page 22.		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>301-3 Reclaimed products and their Packaging materials</b>	a. Percentage of reclaimed products and their packaging materials for each product category		Information unavailable/incomplete	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, but 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.
<b>306-1 Waste generation and significant waste-related impacts</b>	a.i. Inputs, activities, and outputs  a.ii. Where they occur	Waste occurs throughout Franke's value chain: during the manufacture of purchased raw materials and of semi-finished and finished products; during transportation and production; and during the installation and utilization of products as well as their disposal at end-of-life.	Information unavailable/incomplete	We are unable to report a full process flow of inputs, activities and outputs that lead to or could lead to significant waste-related impacts outside of Franke's direct operations. We will work to gather this information for future reports.
<b>306-2 Management of significant waste-related impacts</b>	a. Actions, including circularity measures, taken to prevent waste generation and manage significant impacts  b. Processes used to determine third-party management criteria	SR, Waste, page 25. In terms of upstream waste generated by our suppliers, our Supplier Code of Conduct requires suppliers to increase resource efficiency and comply with all applicable environmental laws, including precautionary measures to environmental challenges. Further to this, 22 out of our 25 production sites are ISO 14001 certified which requires the establishment and implementation of recycling measures at each site.		
<b>306-2 Management of significant waste-related impacts</b>	c. Processes used to collect and monitor waste-related data	Franke collects data on waste generated within Franke's own operations. It uses an internal COGNOS system for recording and monitoring this data and reports this information annually.		The extent to which waste managed by third parties complies with contractual or legal obligations cannot be verified at the moment. Our first high-level analysis of all waste management service providers planned for the 2023 reporting cycle has been postponed until 2024-2025 due to other sustainability activities that had to be prioritized.
<b>306-3 Waste generated</b>	a. Total weight of waste generated and breakdown by composition  b. Contextual information to understand data and how it has been compiled	SR, Waste, page 25. Franke's legal entities compile waste-related data from administrative records issued by the waste management companies that handle their waste.		



GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>306-4 Waste diverted from disposal</b>	a. Total weight of waste diverted from disposal and breakdown by composition	SR, Waste, page 25.		
	b. Total weight of hazardous waste diverted from disposal and breakdown by recovery operations	SR, Waste, page 25. The amount of hazardous waste that was reused or recycled decreased by 5.7 percent. This was due to the closure of production at Franke Home Solutions Netherlands and Poland; lower production levels across some other sites; a reporting error in the previous year for Franke Home Solutions Slovakia (its data should have been 0 tons of hazardous waste in 2022); and oil being contaminated due to maintenance works at Franke Home Solutions South Africa meaning it was now classified as hazardous waste that could not be recycled.	Information unavailable/incomplete	Franke gathers data on the total amount of hazardous waste being recycled and/or reused but does not have a more detailed breakdown of the recycling/reuse of this waste or other recovery uses for this waste.
	c. Total weight of non-hazardous waste diverted from disposal and breakdown by recovery operations	SR, Waste, page 25. The amount of non-hazardous waste that was re-used or recycled decreased by 4.6 percent. This was partly due to lower levels of production at certain locations, and the closure of the Franke Home Solutions plants in the Netherlands and Poland. The data for Franke Home Solutions Canada was also lower than for 2022 because in that year they needed to replace obsolete equipment which raised their waste levels. It was also due to improved processes leading to less scrap, for example at Franke Home Solutions Turkey and due to pallet recycling initiatives introduced at Franke Home Solutions Spain.	Information unavailable/incomplete	Franke gathers data on the total amount of non-hazardous waste being recycled and/or reused but does not have a more detailed breakdown of the recycling/reuse of this waste or other recovery uses for this waste.
	d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight of waste diverted from disposal onsite and offsite		Information unavailable/incomplete	Franke collects data on waste that is reused and recycled as one category, as explained above. Further, our waste data is compiled from waste generated onsite, we do not have information about waste generated offsite (outside of Franke's operational boundaries).
	e. Contextual information necessary to understand the data and how the data has been compiled	Franke's legal entities compile waste-related data from administrative records issued by the waste management companies that handle their waste.		
<b>306-5 Waste directed to disposal</b>	a. Total weight of waste directed to disposal and breakdown by composition	SR, Waste, page 25.		
	b. Total weight of hazardous waste directed to disposal and breakdown by disposal operations	SR, Waste, page 25.		
	c. Total weight of non-hazardous waste directed to disposal and breakdown by disposal operations	The amount of non-hazardous waste (by weight) that went to landfill or was incinerated decreased by 16.7 percent in 2023. This was due to an increased focus on recycling at Franke Home Solutions Slovakia and Czech Republic, improved efficiency resulting in less waste at Franke Home Solutions Philippines, and lower levels of production in the aforementioned plants.	Information unavailable/incomplete	In our Cognos data system we do not have separate categories for recording waste sent to incineration separately from waste sent to landfill, they are combined. We also only record data on the waste collected onsite, we do not have a data on any further separation of the waste that may occur offsite.
	d. For each recovery operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight of waste directed to disposal onsite and offsite			
	e. Contextual information necessary to understand the data and how the data has been compiled			
<b>Safety and occupational health</b>				
<b>3-3 Management of material topic</b>	a. Actual and potential impacts	SR, Safety and Occupational Health, page 27.		
	b. Involvement with impacts			
	c. Policies or commitments			
	d. Actions to manage material topics			
	e. Tracking effectiveness			
	f. Stakeholder engagement			

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>403-1 Occupational health and safety</b>	a. Whether an occupational health and safety system has been implemented	Based on our internal risk assessments, we have implemented and certified management systems for occupational health and safety (ISO 45001) at 88 percent of Franke production locations. As part of this certification, we commit to continuously improving these systems to ensure they remain aligned with work processes and international standards.		
	b. Scope of workers, activities, and workplaces covered and not covered	Our safety and occupational health management system covers all of the activities and workers under Franke's Operations Function, including contractors (however we do not have full oversight of all contractor-related incidents). Our system includes all employees and workers at the physical locations that are ISO 45001 certified, including those that are office-based in those locations (approximately 4,346 FTEs in total). Three Franke locations do not hold ISO 45001 certification for the following reasons: one is a new entity (as of 2023), one has closed production, and one certification has been postponed due to the situation in Russia.		
<b>403-2 Hazard identification, risk assessment, and incident investigation</b>	a. Processes used, their quality, and use of results	Our management team members execute so-called "Safety Gemba walks": On the shop floor, they observe employees at work. During a timeout, they discuss with them how operational risks are managed and how this process can be optimized. This has an impact on the error culture. We want to encourage all employees to openly discuss difficult situations and dangers, as well as their own errors, so that they can learn from them.  Our operational management teams at all locations worldwide are responsible for the safety of their employees and undergo a two-day training as per the Franke Risk Assessment, LOTOTO, Internal Transport and Leadership standards for safety and health. The training includes informing them about how to raise awareness of safety aspects among their teams and how to actively incorporate safety considerations into risk assessments. Around 150 managers attended the 2-days workshop in 2023.		
	b. Processes for workers to report work-related hazards and protection against reprisals	SR, Employee engagement on safety and health, page 28.		
	c. Policies and processes for workers to remove themselves from situations that could cause injury or ill health and protection against reprisals	According to our Code of Conduct, Franke Group is committed to providing safe and healthy working conditions to warrant safety at the working space. Accidents shall be prevented and unsafe equipment and workplaces shall be reported.  We train people in hazard recognition and risk assessment and teach them how to mitigate the risk. Our program "Raise your Voice" compliments them for flagging any issues.  The Franke Group maintains non-retaliation and leniency principles for good faith reporting of Code of Conduct violations and complies with the applicable data protection law when processing personal data.		
	d. Process used to investigate work-related incidents	We launched an incident reporting and investigation process in 2023 across Franke production sites to formalize our existing practices. See Annex II page 76, Hazard identification, risk assessment and incident investigation, for full details.		
<b>403-3 Occupational health services</b>	a. Occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks	Franke utilizes the services of various occupational health professionals or service providers at the different Franke sites. These measures vary per location and are dependent on the type of work and the risk classification of the particular activity.  As a minimum, we comply with all local legal requirements and in some cases we implement measures beyond these minimum requirements.	Information unavailable/incomplete	We do not have a description for the services provided at all Franke locations, but are working on improving this data for the upcoming reporting cycles.

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>403-4 Worker participation, consultation, and communication on occupational health and safety</b>	a. Processes for worker participation and consultation	<p>All employees are represented through a local Safety and Health Steering Committee (S&amp;H SC), in which employer and employee representatives discuss occupational health and safety issues.</p> <p>The S&amp;H SC is held and headed by the plant manager. The safety officer and other S&amp;H SC members are expected to actively participate and prepare relevant documents and data.</p> <p>Regarding the supply chain manager (SCM) or plant manager, the people involved in the local S&amp;H SC is dependent on the local organization.</p> <p>A standard organization includes:</p> <ul style="list-style-type: none"> <li>• Warehouse manager/Operation manager</li> <li>• Safety officer</li> <li>• Other key functions in direct or dotted line to the SCM or plant director, for example maintenance manager or planning manager.</li> <li>• Other key functions of the organization could also take part (CFO, MD, HR Director).</li> </ul> <p>It is also preferable if shopfloor representatives of the different departments/value streams are nominated to participate in the S&amp;H SC. In many cases these representatives are members of the local work council Safety &amp; Health committee as they are specially trained in the national/local safety and health regulations and have the duty to participate in the specific S&amp;H meetings with the management.</p>		
	b. Formal joint management-worker health and safety committees	<p><b>Responsibilities:</b> Local S&amp;H SC are formed of employees from a range of functions from Franke departments to ensure balanced employee representation. The Committees conduct the following:</p> <ul style="list-style-type: none"> <li>• Plan and develop accident prevention programs for the company;</li> <li>• Direct the accident prevention efforts for the company in accordance with the safety programs, safety performance, and government regulations in order to prevent accidents from occurring in the workplace;</li> <li>• Conduct safety meetings at least once a month;</li> <li>• Review reports of inspection, accident investigations and implementations of the program;</li> <li>• Submit meeting and activity reports to the Safety Manager;</li> <li>• Provide necessary assistance to government inspecting authorities to enable the proper conduct of their activities such as the enforcement of the provisions of these Standards;</li> <li>• Initiate and supervise safety training for employees.</li> </ul> <p><b>Meeting frequency:</b> The S&amp;H SC should meet monthly, at least 10 times a year as a minimum.</p> <p><b>Decision-making authority:</b> The local S&amp;H SC is an operational group that makes directional decisions and governance to implement and deploy the group health and safety strategy. Therefore, its role is to organize, provide advice, ensure delivery of the project outputs and the achievement of health and safety outcomes. It makes decisions according to results.</p> <p>The S&amp;H SC meetings have to be organized in four sections:</p> <ul style="list-style-type: none"> <li>• KPI review</li> <li>• Health and Safety local events</li> <li>• Local projects review</li> <li>• S&amp;H SC Capitalize action plan review and Minutes</li> </ul> <p>The Steering Committee has to define roles (time-keeper, minute taker) for each meeting.</p>		
<b>403-5 Worker training on occupational health and safety</b>	a. Occupational health and safety training provided	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 higher-risk environments. Protective equipment is provided to those employees whose roles require it.		
<b>403-6 Promotion of worker health</b>	a. Worker's access to non-occupational medical and healthcare services	Franke offers various non-occupational medical and healthcare services and programs on a localized level, tailored to the local environment. More details are provided in the SR, Supporting our people's wellbeing, page 29.	Information unavailable/incomplete	We do not have a description of the services provided at all Franke locations, but are working on improving this data for the upcoming reporting cycles.
	b. Voluntary health promotion services and programs			
<b>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b>	a. Prevention and mitigation of significant negative occupational health and safety impacts by business relationships	Clause 18 of the Franke Supplier Code of Conduct requires suppliers to act in accordance with applicable statutory and international standards regarding occupational health and safety and to provide employees with safe and healthy workplaces, including the company-provided living quarters.		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>403-8 Workers covered by an occupational health and safety management system</b>	a. Number and percentage of employees and workers covered by the system	Approximately 4,346 FTEs in total (55.1%) are covered by the certified Franke Operations Function. Please refer to 403-1 for further information.	Information unavailable/incomplete	We do not have data regarding the number and the percentage of all employees and workers who are not employees for this indicator. We expect to have this information for the next reporting cycle.
	b. Excluded workers	No workers/functions covered by ISO 45001 are excluded.		
	c. Contextual information such as standards, methodologies, and assumptions used	Please refer to 403-1 for further information.		
<b>403-9 Work-related injuries</b>	a. Number and rate for all employees	Franke did not have fatalities resulting from work-related injuries nor high-consequence work-related injuries in 2023. However, a total of 59 recordable work-related injuries were reported. The most frequent injuries were cuts from sharp objects, slips, and manual handling related incidents. This resulted in a rate of 8.58 per one million working hours, which was calculated based on 6,875,132 hours worked in 2023 by Operations employees. Further information about the activities undertaken to eliminate or minimize risks can be found on SR, Safety and Occupational Health, page 27.	Information unavailable/incomplete	These figures include employees and workers who are not employees, excluding contractors. We are unable to provide a split of the data (workers and non-workers) during this reporting period. We also do not have data on all types of work-related injuries, only those categorized as "Lost Time Accidents", as explained in point g of this disclosure
	b. Number and rate for other workers			
	c. Work-related hazards that pose a risk of high-consequence injury	Franke did not have any high-consequence work-related injuries in 2023. Through our risk assesment approach, we have identified two main risks: machine safety and machine maintenance (if the safety procedures are not applied). A further risk (road safety) has been identified as relatively high number, due to the number of employees in technical service functions that frequently travel. Please see the chapter on Safety and Occupational Health, starting on page 27 of this report for more details on our approach to minimize work-related risks.		
	d. Actions taken or underway to eliminate any other work-related hazards and minimize risks	Across Franke's production plants, a range of measures have been implemented over the past years to systematically promote a safety-conscious approach among employees and reduce risk from human error. SR, Safety and Occupational Health, page 27.		
	e. Calculation of the rates	The rates are calculated based on 1,000,000 hours worked.		
	f. Excluded workers	The data for this disclosure excludes contractors. Even though contractor accidents are reported, the total hours worked are not reported. Therefore, no rate can be calculated for contractors.		
	g. Contextual information such as standards, methodologies, and assumptions used	The information for the number and rate of injuries was obtained from our Digital Shop Floor Management System and COGNOS. The types of injuries we report in 403-9-a only relate to LTAs; we are in the process of collecting data on the other categories of injuries (RWA and MTA).		
<b>403-10 Work-related ill health</b>	Cases, hazards, risks, exclusions, contextual information		Information unavailable/incomplete	We currently only collect data about work-related injuries – this does not include all forms of work-related ill health such as (for example), mental health complaints arising from work-related situations. We are in the process of updating our internal reporting guidelines to reflect other forms of work-related ill health.
<b>Training and education</b>				
<b>3-3 Management of material topic</b>	a. Actual and potential impacts	SR, Training and Education, page 30.		
	b. Involvement with impacts			
	c. Policies or commitments			
	d. Actions to manage material topics			
	e. Tracking effectiveness			
	f. Stakeholder engagement			

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>404-1 Average hours of training per year per employee</b>	a. Average hours of training	Appendix II, Training and Education, page 77.	Information unavailable/incomplete	Our training data currently only includes training organized centrally, it does not include training given on a divisional or local/regional level. We are working to improve the quality and scope of this data and expect the initial results to be available for the 2024 Sustainability Report
<b>404-2 Programs for upgrading employee skills and transition assistance programs</b>	a. Type and scope of programs and assistance to upgrade employee skills	SR, Training and development programs, page 30.		
	b. Transition assistance programs	We are not aware of any transition assistance programs at any of the Franke entities at this time.		
<b>404-3 Percentage of employees receiving regular performance and career development reviews</b>	a. Employees who received a regular performance and career development review	SR, Talent management and succession plan process, page 32. Appendix II, Training and Education, page 77.		
<b>Product responsibility and sustainable innovation</b>				
<b>3-3 Management of material topic</b>	a. Actual and potential impacts	SR, Product Responsibility and Sustainable Innovation, page 35.		
	b. Involvement with impacts			
	c. Policies or commitments			
	d. Actions to manage material topics			
	e. Tracking effectiveness			
	f. Stakeholder engagement			
<b>302-5 Reductions in energy requirements of products and services</b>	a. Reductions in energy requirements of sold products		Information unavailable/incomplete	The data for assessing the reduction in energy demand for 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.
	b. Basis for calculating reductions			
	c. Standards, methodologies and/or calculation tools used			
<b>416-1 Assessment of the health and safety impacts of product and service categories</b>	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		Information unavailable/incomplete	As this is a new KPI for Franke, we have not yet integrated the data collection into our reporting processes. We aim to do this within the next 1 to 5 years.
<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	a. Total number of incidents	<p>Franke records the total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services within the reporting period, by:</p> <ol style="list-style-type: none"> <li>Incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>Incidents of non-compliance with regulations resulting in a warning;</li> <li>Incidents of non-compliance with voluntary codes.</li> </ol>	Information unavailable/incomplete	The reported cases relate to Foodservice Systems only, and we also do not have complete information for all entities within this division. We are working to improve this data for future reporting cycles.
		<p>Total incidents of non-compliance increased from 13 to 16 in 2023. These incidents were for non-compliance with voluntary codes and occurred as a result of improper use of the products rather than product faults.</p> <p>The reported cases relate to Franke Foodservice Systems, and countermeasures were taken for the products concerned. Franke's Head of Quality, who is responsible for coordinating Group-wide quality assurance, control, and improvement activities, is in the process of understanding how best to integrate this KPI into the other two Franke divisions.</p> <p>Significant incidents of non-compliance are identified as those which result in a fine or penalty. There were no significant instances of non-compliance regarding product safety during the reported period.</p>		

GRI STANDARDS			OMISSION	
DISCLOSURE TITLE	DISCLOSURE	RESPONSE	REASON FOR OMISSION	EXPLANATION
<b>417-1 Requirements for product and service information and labeling</b>	a. Types of information required	Franke complies with all legal requirements related to product and service information and labeling.		
<b>417-2 Incidents of non-compliance concerning product and service information and labeling</b>	a. Total number of incidents		Information unavailable/incomplete	As this is a new KPI for Franke, we have not yet integrated the data collection into our reporting processes. We aim to do this within the next 1 to 5 years.
<b>417-3 Incidents of non-compliance concerning marketing communications</b>	a. Total number of incidents			
<b>Own indicator</b>	a. Service call rate	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. This gives us our service call rate: the percentage of defective products compared to the total number of products sold. Our service call rate for 2023 was 1.29 percent, compared to 1.37 percent in 2022.		
	b. Contextual information	<ul style="list-style-type: none"> <li>• KPIs are taken from the divisions instead of at legal entity level to improve the quality of data.</li> <li>• Markets or product groups are disregarded if not enough data is available.</li> <li>• Not all data on defective products is available as some of our markets discharge product liability to intermediaries (dealers).</li> </ul>		



## Appendix II

# Data and further information

## Franke and its Reporting Practices

### Franke Locations\*

- Franke Home Solutions
- Franke Foodservice Systems
- ▲ Franke Coffee Systems

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\* As of 1.1.2024.



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## Restatements of information

All of the numbers below are restatements of information for the reporting year 2022:

- Number of FTEs covered by a collective bargaining agreement: +817.3 FTEs
- Consumption of natural gas: +194,083 m<sup>3</sup>
- Consumption of gasoline for leased vehicles: +16,003 liters
- Consumption of diesel: +14,923 liters
- Consumption of diesel for leased vehicles: -14,923 liters
- Consumption of non-renewable electricity: -4,932,875 kWh
- Consumption of renewable electricity: +4,932,875 kWh
- CO<sub>2</sub> emission factor for non-renewable electricity: quantification not possible
- Scope 1 CO<sub>2</sub>e emissions: +427 tons
- Scope 2 CO<sub>2</sub>e emissions: -2,295 tons
- Water consumption: +15 m<sup>3</sup>
- Water discharge: +7,788 m<sup>3</sup>
- Renewable materials used in production of our goods: -61 tons
- Non-renewable packaging materials: +81 tons
- Renewable packaging materials: -13 tons
- Non-hazardous waste (incl. scrap) that is reused or recycled: +25 tons
- Non-hazardous waste (incl. scrap) that goes to landfill or incineration: -219 tons
- Hazardous waste that is reused or recycled: -16 tons

## Activities and Workers

### Value Chain

The three Franke divisions share some similarities of activities within their value chains, but also some differences. Some Franke 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). The main activities across Franke's value chain are summarized here.

Upstream activities include sourcing raw materials, components and finished goods; logistics (e.g., inland, warehousing, global forwarding); services (e.g., marketing and communications, IT, consulting, business travel); facilities management (e.g., water, energy, fuel supply); and maintenance, repair and operations.

Direct operational activities include energy use management (heat and electricity); production/assembly processes; transportation within Franke; waste and wastewater management; employee management; infrastructure maintenance; IT; R&D; and water use management.

Downstream activities include use phase of our products; distribution (mainly B2B); customer safety (B2B compliance and support); end of life; and end-product waste and packaging.

## Employees and workers who are not employees

### Employees by region 2023

IN FTES AT YEAR END	AMERICAS	ASIA PACIFIC	CENTRAL & EASTERN EUROPE	MIDDLE EAST & AFRICA	WESTERN EUROPE	TOTAL
Total number of employees	1 373	1 375	1 145	529	2 766	7 188
Permanent employees	1 371	1 098	962	501	2 689	6 621
Temporary employees	2	278	183	28	77	568
Non-guaranteed hours employees	-	-	-	-	-	-
<b>Full-time employees</b>	<b>1 369</b>	<b>1 367</b>	<b>1 134</b>	<b>529</b>	<b>2 607</b>	<b>7 006</b>
<b>Part-time employees</b>	<b>4</b>	<b>8</b>	<b>11</b>	<b>0</b>	<b>159</b>	<b>182</b>

### 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	1 197	1 349	1 118	512	2 778	6 954
Permanent employees	1 193	1 037	968	506	2 700	6 404
Temporary employees	4	312	151	6	78	550
Non-guaranteed hours employees	-	-	-	-	-	-
<b>Full-time employees</b>	<b>1 182</b>	<b>1 331</b>	<b>999</b>	<b>511</b>	<b>2 416</b>	<b>6 439</b>
<b>Part-time employees</b>	<b>15</b>	<b>18</b>	<b>119</b>	<b>1</b>	<b>362</b>	<b>515</b>

### Employees by region difference 2023/2022

IN FTES AT YEAR END	AMERICAS	ASIA PACIFIC	CENTRAL & EASTERN EUROPE	MIDDLE EAST & AFRICA	WESTERN EUROPE	TOTAL
Total number of employees	14.8%	1.9%	2.4%	3.3%	-0.4%	3.4%
Permanent employees	15.0%	5.8%	-0.6%	-1.0%	-0.4%	3.4%
Temporary employees	-50.0%	-11.1%	21.6%	366.7%	-0.7%	3.2%
Non-guaranteed hours employees	-	-	-	-	-	-
<b>Full-time employees</b>	<b>15.8%</b>	<b>2.7%</b>	<b>13.5%</b>	<b>3.5%</b>	<b>7.9%</b>	<b>8.8%</b>
<b>Part-time employees</b>	<b>-70.9%</b>	<b>-55.3%</b>	<b>-91.0%</b>	<b>-100.0%</b>	<b>-56.0%</b>	<b>-64.6%</b>

The significant decrease in the total number of part-time employees at Franke in 2023 (64.6 percent decrease) is largely due to the data collection in 2022 whereby workers on short-term contracts were incorrectly categorized as part-time workers (across all regions). This has been corrected for the 2023 data.

The increase in temporary workers at Franke locations in the Middle East and Africa appears high (366.7 percent increase), however in absolute numbers the change was an additional 22 employees. The largest number of temporary workers in those regions are located in Turkey, however these workers only account for a small proportion of the total workforce (6 percent) at Franke locations in Turkey.

Temporary employees at Franke locations in Central Europe increased by 21.6 percent in 2023. In Poland and Slovakia, where the majority of our temporary workers in the region are located, it is common practice to award contracts of a limited duration before providing a permanent contract, and this increase in temporary employees generally reflects the increase in new employees recruited in 2023 in the region.

Franke locations in China account for our largest number of temporary employees. This is again due to the common practice in China of awarding contracts of a limited duration (typically three years) before providing a permanent contract. Franke locations in China account for 98 percent of temporary employees at Franke in the Asia Pacific region.

## Employees by gender 2023 (in FTEs at year end)

IN FTES AT YEAR END	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Total number of employees	1 955	5 209	3	22	7 188
Permanent employees	1 757	4 839	3	21	6 621
Temporary employees	197	369	-	1	568
Non-guaranteed hours employees	-	-	-	-	-
<b>Full-time employees</b>	<b>1 835</b>	<b>5 146</b>	<b>3</b>	<b>22</b>	<b>7 006</b>
<b>Part-time employees</b>	<b>120</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>182</b>

## Employees by gender 2022 (in FTEs at year end)

IN FTES AT YEAR END	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Total number of employees	1 902	5 028	-	24	6 954
Permanent employees	1 712	4 670	-	22	6 404
Temporary employees	190	358	-	2	550
Non-guaranteed hours employees	-	-	-	-	-
<b>Full-time employees</b>	<b>1 697</b>	<b>4 718</b>	<b>-</b>	<b>24</b>	<b>6 439</b>
<b>Part-time employees</b>	<b>205</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>515</b>

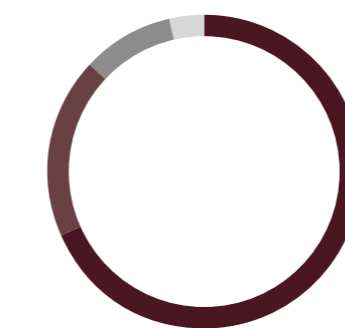
## Employees by gender difference 2023/2022 (in FTEs at year end)

IN FTES AT YEAR END	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Total number of employees	2.8%	3.6%	-	-8.3%	3.4%
Permanent employees	2.7%	3.6%	-	-4.5%	3.4%
Temporary employees	3.7%	3.2%	-	-50.0%	3.2%
Non-guaranteed hours employees	-	-	-	-	-
<b>Full-time employees</b>	<b>8.1%</b>	<b>9.1%</b>	<b>-</b>	<b>-8.3%</b>	<b>8.8%</b>
<b>Part-time employees</b>	<b>-41.7%</b>	<b>-79.8%</b>	<b>-</b>	<b>-</b>	<b>-64.6%</b>

The decrease in part-time employees for 2023 (by gender) is due to the earlier mentioned incorrect categorization of

workers on short-term contracts in 2022. This has been corrected for the 2023 data.

## Workers who are not employees



	2023	2022	DIFF. 2023/2022
Resource from Temporary Staffing Firm	483	479	0.9%
Apprenticeship	130	136	-4.8%
Contractor	66	76	-13.7%
Internship / Trainee	25	46	-44.9%
<b>Total</b>	<b>704</b>	<b>737</b>	<b>-4.5%</b>

The Internship/Trainee category naturally fluctuates throughout the year, and we do not have the same level of detail per Franke entity for this category in 2022 as we do for 2023, therefore we cannot provide details on the reason for

the 44.9 percent decrease. It should also be noted that the total number in this category accounts for a relatively small proportion of all workers who are not employees (3.6 percent).

## The type of work of all workers

IN FTES AT YEAR END	WORKERS WHO ARE NOT EMPLOYEES			EMPLOYEES		
	2023	2022	DIFF. 2023/2022	2023	2022	DIFF. 2023/2022
Operations - Direct Labour	360	327	10.1%	2 321	2 259	2.8%
Operations - Logistic Outbound	104	112	-7.2%	548	534	2.7%
Sales	81	110	-26.2%	1 522	1 463	4.1%
General Management and Administration	60	68	-11.1%	127	135	-5.8%
Operations - Material Overhead	34	39	-11.7%	594	605	-1.8%
Operations - Manufacturing Overhead	22	22	1.6%	862	794	8.5%
Information Services	12	17	-29.1%	199	193	3.1%
Finance and Controlling	14	12	16.7%	369	344	7.2%
Marketing and Product Management	8	10	-24.3%	271	262	3.5%
Research and Development	2	9	-76.7%	198	203	-2.6%
Facility and Office Management / Health and Safety	3	5	-38.8%	46	42	10.1%
Human Resources	3	5	-34.8%	124	113	9.8%
Communications and Public Relations	1	1	0.0%	2	2	25.1%
Legal and Compliance	-	-	0.0%	5	5	-1.9%
<b>Total</b>	<b>704</b>	<b>737</b>	<b>-4.5%</b>	<b>7 188</b>	<b>6 954</b>	<b>3.4%</b>

The overall difference in the total number of workers who are not categorized as employees, and workers who are categorized as employees between 2022 and 2023 is relatively small (4.5 percent fewer workers who are not employees, and 3.4 percent increase in workers who are employees). Most of the functions that show large proportionate changes (such as R&D, Facility and Office

Management etc.) had only small differences in absolute numbers.

While GRI requires us to only show the difference between functions for workers who are not employees, we are showing this detail for employees as well, in order to provide a complete picture.

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

	NUMBER OF WOMEN 2023	TOTAL 2023	% OF TOTAL 2023	NUMBER OF WOMEN 2022	TOTAL 2022	% OF TOTAL 2022
Supervisory Board	1	5	20%	1	5	20%
Management Board	1	8	13%	1	7	14%
Management Level 1 (reporting directly to Management Board)	20	79	25%	14	81	17%
Management Level 2 (reporting directly to Management Level 1)	71	292	24%	63	271	23%
<b>Total female employees*</b>	<b>2 018</b>	<b>7 279</b>	<b>28%</b>	<b>2 056</b>	<b>7 312</b>	<b>28%</b>

The percentage of women at Management Level 1 increased from 17 percent in 2022 to 25 percent in 2023. This increase is

important as it will contribute to improvements in the gender diversity of more senior employees in years to come.

## Governance

### Members of the Board of Directors

MEMBER	CITIZENSHIP	YEAR OF BIRTH	TENURE	OTHER SIGNIFICANT POSITIONS & COMMITMENTS	RELEVANT COMPETENCIES
<b>Chairman</b>					
Alexander Pieper	Swiss	1983	Member since 2018 and Chairman since 2023	Since 2016, Alexander Pieper has been the owner of the Kraftwerk Group AG, of which he was CEO from 2017 to 2023. He joined the Artemis Group in 2023 as a member of the Group Management and oversees a part of the Artemis Asset Management Group.	Alexander Pieper has a professional background in industrial engineering. He worked for the Franke Group for 13 years in various management positions in Switzerland and abroad. 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. Additionally, he belongs to the Artemis Group Management since 2023.
<b>Non-Executive Directors</b>					
Michael Pieper	Swiss	1946	Member since 2013	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 Duravit.	Michael Pieper holds a master's degree in Business Administration from the University of St. Gallen, Switzerland. He has owned Franke since 1989 and managed the Group until 2012. Prior to that, Michael Pieper worked for several years in the USA in various management positions in banking.
Patrick Naef	Swiss	1965	Member since 2018	Patrick Naef is a consultant to organizations involved in the digitalization and coaching of IT executives. He sits on several boards of start-ups and on advisory boards of technology companies and venture capitalist firms in Silicon Valley.	Patrick Naef holds a degree in Computer Science Engineering from ETH Zurich, Switzerland, and an Executive MBA from the University of St. Gallen, Switzerland. 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. He was also CEO of Mercator, a subsidiary of Emirates Group, from 2006 to 2014. Other professional positions include CIO at SIG and Swissair, as well as senior positions at Zurich Insurance, HP and Bank Julius Baer.
Martin Klöti	Swiss	1973	Member since 2024	Martin Klöti joined the Artemis Group in 2023 as CFO and member of the Group Management.	Martin Klöti is a chartered accountant and a federally certified fiduciary. He started his career with a Swiss fiduciary. Martin was an auditor for trade and industry at Deloitte, and later, CFO and a member of the Group Management at Schweiter Technologies Group where he spent over nine years.

MEMBER	CITIZENSHIP	YEAR OF BIRTH	TENURE	OTHER SIGNIFICANT POSITIONS & COMMITMENTS	RELEVANT COMPETENCIES
Dr. Michael Reinhard	German/ Swiss	1956	Member since 2018	Dr. Michael Reinhard is a member of the Board of Directors of the Swiss company Georg Utz Holding AG.	Dr. Michael Reinhard studied mechanical engineering at the Technical University of Darmstadt, Germany. 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.
Tanja Vainio	Finnish	1974	Member since 2021	Tanja Vainio is Country President Switzerland of Schneider Electric since 2022.	Tahja 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. She served for more than 20 years in various management roles for ABB in Switzerland, the Czech Republic, Finland, Hungary, Sweden and the USA. From 2018 to 2021, Tanja Vainio was also a member of the Board of Directors at Impact Coatings AB in Sweden.

## Members of the Management Board

MEMBER	POSITION	CITIZENSHIP	YEAR OF BIRTH	TENURE	RELEVANT COMPETENCIES
Patrik Wohlhauser	President/ CEO, Franke Group	Swiss	1964	Since 2018	Patrik Wohlhauser holds a master's degree in Business Administration from the University of Freiburg, Switzerland. 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.
Markus Bierl	Chief Information Officer, Franke Group	German/ American	1964	Since 2001	Markus Bierl holds a master's degree in Business Engineering IT/OR at the University of Karlsruhe, Germany. 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.

MEMBER	POSITION	CITIZENSHIP	YEAR OF BIRTH	TENURE	RELEVANT COMPETENCIES
Jürg Fischer	Chief Financial Officer, Franke Group	Swiss	1959	Since 2005	Jürg Fischer holds a master's degree in Business Administration from the University of St. Gallen, Switzerland. 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.
Beat Sigrist	Chief Human Resources Officer, Franke Group	Swiss	1970	Since 2014	Beat Sigrist holds a master's degree in Business Administration from the University of St. Gallen, Switzerland. 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.
Gianluca Mapelli	Chief Operating Officer, Franke Group	Italian	1970	Since 2016	Gianluca Mapelli holds a master's degree in Aeronautical Engineering from the Polytechnic University of Milan, Italy. 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.
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. <b>Other significant positions and commitments:</b> Barbara Borra is an independent Director on 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.

## Strategy, Policies and Practices

### Franke Risk Management Systems

Franke has a comprehensive system for controlling and managing 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. Franke Group Risk Management acts as the interface between all of these management systems, in line with the ISO 31000 standard. 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.

### Compliance

Franke's compliance management system is based on the pillars of prevention, detection, and control. Compliance activities are directly monitored by Franke's Management Board and the Audit Committee. Marcel Enz, General Counsel and Head of the Legal and Group Compliance department 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 2023, 8 internal audits were carried out, compared to 11 in the previous year.

Franke's 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.

### Responsible sourcing

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. 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.

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 conduct one-to-one engagements with suppliers where necessary or where requested. Our engagement with suppliers has helped improve the quality of their CDP responses, which in turn provides us with more accurate and reliable data for our emissions calculations.

Franke also works with Sedex to monitor sustainability practices within our supply chain. Sedex provides the world's largest data platform for supply chain assessment and helps us monitor human rights and labor rights as well as a safe working environment across 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 adequate for remediating the breach or the breach is not remediable, then Franke is entitled to terminate the contractual agreement.

### Code of Conduct

Fifteen clearly structured ethical principles comprise the Franke Code of Conduct. 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. We provide online Code of Conduct training courses covering 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. Training must be repeated in two-year cycles, with all new hires required to complete the training during the onboarding process. As per the reporting date of December 31, 2023, 2,494 employees (out of 4,451 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 (totaling 839 employees in 2023), and training must also be repeated in two-year cycles. By the end of 2023, 54 percent of applicable employees had completed the antitrust module, and 57 percent of applicable employees had completed the anti-corruption module.

### Membership associations

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:

- 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 is requesting its key suppliers disclose their environmental impacts through CDP.
- 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 verified its science-based emissions reduction 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 protect human rights and labor rights as well as provide safe working environments.

## Stakeholder Engagement

### Stakeholders

The visual on the next page depicts the stakeholders that Franke considered the most relevant to its operations and decision making in 2023 (similar to 2022), and the engagement methods for receiving their feedback. These stakeholders are considered most relevant 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 continue to work on developing a more unified engagement approach across the Franke divisions which will enable more targeted and structured dialogues with external stakeholders in the future.

## Most important stakeholders 2023



## Disclosures on Material Topics

### Process to determine material topics

Our choice of material topics is based on the double materiality approach set by the Global Reporting Initiative (GRI) Standards 2021 and the EU Corporate Sustainability Reporting Directive (CSRD). This means that we focus our sustainability efforts on 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.

### Impact identification

Between late 2022 and early 2023, a double materiality assessment was carried out with the external support of ELEVATE. The goal of the assessment was to update Franke’s material topics in line with the requirements of the GRI Standards 2021 and the CSRD. To achieve this, ELEVATE and Franke compiled a list of potentially relevant topics across the company’s activities and business relationships. The topic list formed the basis for assessing the impacts of Franke’s business activities (including upstream and downstream activities) on the environment, economy, society, and human rights, as well as all relevant sustainability topics affecting Franke’s business activities. The list was based on sustainability topics from internationally recognized sustainability standards (such as the GRI Standards, the Sustainable Development Goals, and the Sustainability Accounting Standards Board (SASB) Standards) and included all sustainability topics potentially relevant to Franke as well as regulatory requirements. The resulting list was then compiled into correlated or content-similar clusters, leading to 21 validated topics in three categories: Environment, Social, and Governance. The results were discussed and aligned with Franke’s internal experts, paying special attention to the completeness, balance, clarity, and accuracy of the list.

After the initial topic list was defined, ELEVATE conducted an objective, qualitative, and expert-based outward impact assessment to identify the areas where the business activities of Franke could have the greatest actual and potential, positive or negative impacts on society, the environment, and the economy. The goal of these steps was to ensure that the materiality analysis revealed the topics that are most relevant from a sustainability perspective. This impact assessment considered variables such as Franke’s business model, size, sector, and market share, and it assessed the direct and indirect effects that can occur when Franke carries out its business activities. Accordingly, all topics were assessed along internationally recognized categories (severity, scope,

irremediability and likelihood) within the three main value chain steps (upstream, own production and downstream). The results of this step were then shared and discussed with Franke’s Corporate Sustainability Team and a group of internal experts. Thereafter, Franke’s internal experts and the Corporate Sustainability Team conducted an inward impact assessment using ELEVATE’s methodology. The aim of this exercise was to assess Franke’s sustainability-related risks and opportunities according to predefined categories. Based on the results of the Impact Assessment and the Risk and Opportunity Assessment, a first workshop mediated by ELEVATE was then conducted with Franke’s Corporate Sustainability Team, internal experts, and ELEVATE’s advisors to review, discuss, and consolidate the assessments.

### Impact prioritization

Franke internally validated the result of the processes previously described and based on the results of both the Impact Assessment and the Risks and Opportunities Assessment, ELEVATE developed our Materiality Matrix. This matrix was presented at a second workshop mediated by ELEVATE in early 2023, which involved support from a selected group of internal experts and key stakeholders from all divisions and departments, ranging from Operations to Marketing. At this point, the threshold for the Materiality Matrix was set, and the following material topics were identified:

- Climate
- Energy
- Product Stewardship and Innovation
- Resources and Materials
- Waste
- Occupational Health and Safety
- Education and Training

Of the seven topics that are above the threshold, the topics “Climate” and “Energy” were combined, as they follow very similar management approaches and are strongly interrelated. Similarly, the topics “Resources and Materials” and “Waste” were later merged as “Resource Use and Circularity” to align them with the CSRD topics. The name of one material topic, “Product Stewardship and Innovation”, was updated at a later stage to “Product Responsibility and Sustainable Innovation” to ensure that it translates appropriately across Franke’s core business languages (for example, there is no corresponding word for “Stewardship” in the German language) and to emphasize the importance Franke places on developing our products sustainably. Additionally, the name of “Occupational Health and Safety” was updated to “Health and Occupational Safety” to align with internal use of the term at Franke.

The final list of material topics was then reviewed and approved by Franke Group’s Chief Human Resources Officer

(CHRO), who is responsible for sustainability at Franke at the Management Board level. These results were used to inform Franke's reporting practices during the 2023 reporting cycle.

## Stakeholder engagement

The materiality assessment process was conducted under the guidance of ELEVATE, a global market leader in Environmental,

Social and Governance (ESG), sustainability and supply chain consulting and advisory services. The entire process involved the views and expertise of members of Franke's Corporate Sustainability Team and experts from all divisions and different departments to ensure diversity of perspectives for sound risks and opportunities analyses, including members from the following internal bodies or functions: Management Board, Central Procurement, Central Engineering, Finance, Human Resources, Marketing Communication, Corporate Communication, Legal, IT, and Facility Management.

## Material Topics

### Climate and Energy

#### Energy consumption (in relation to net sales)

	UNIT	2023	2022*	DIFF. 2023/2022
Electricity	MWh/m CHF	27	29	-5.2%
Natural gas	m <sup>3</sup> /m CHF	1 569	1 728	-9.2%
District heating	MWh/m CHF	4	4	-11.0%
Heating oil extra light	Liter/m CHF	122	76	61.8%
LPG, Propane, Butane	kg/m CHF	1	0	-
Fuels (Consumption from scope 1 and scope 3)	Liter/m CHF	703	636	10.5%
<b>Total</b>	<b>GJ/m CHF</b>	<b>198</b>	<b>207</b>	<b>-4%</b>

\* Subsequent data corrections for 2022

The changes in Franke's energy consumption are explained in the chapter Climate and Energy (in absolute terms). The changes relative to net sales are slightly lower compared to the

changes for absolute numbers due to the decrease in net sales in 2023 compared to 2022 (4.9 percent decrease).

### CO<sub>2</sub>e emissions

	UNIT	2023	2022*	DIFF. 2023/2022
Scope 1 (from fuels and combustibles)**	Metric tons (t)	9 334	10 051	-7.1%
Scope 2 (from electricity and district heating)**	Metric tons (t)	15 741	17 066	-7.8%
<b>Absolute CO<sub>2</sub>e emissions (scope 1 and 2)</b>	<b>Metric tons (t)</b>	<b>25 075</b>	<b>27 117</b>	<b>-7.5%</b>
<b>Relative CO<sub>2</sub>e emissions</b>	<b>Mt/m CHF</b>	<b>10 377</b>	<b>10 668</b>	<b>-2.7%</b>

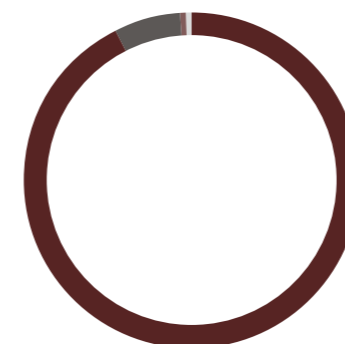
\* Subsequent data corrections for 2022

\*\* The biogenic emissions related to CO<sub>2</sub> from our wood chip heating system account to 1731 tonnes of CO<sub>2</sub> in 2023 and 1758 tonnes of CO<sub>2</sub> in 2022. According to the Greenhouse Gas Protocol, those are not part of scope 1 but need to be disclosed.

The changes in Franke's CO<sub>2</sub> emissions are explained in the chapter Climate and Energy. As with energy consumption, the changes relative to net sales are slightly lower compared to the

changes for absolute numbers due to the decrease in net sales in 2023.

## Scope 3 CO<sub>2</sub>e inventory for baseline year 2020



SCOPE 3 CATEGORY	TCO <sub>2</sub> 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%
<b>Total</b>	<b>21 115 168</b>	<b>100.0%</b>

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

For completeness, we are including our scope 3 emissions for our base year (2020) here. We are not reporting our 2022 data as we decided to focus our internal resources on capturing the higher quality 2021 data (required for SBTi) and the 2023 data (required for this report), prioritising these years and their quality over 2022 data.

Our total scope 3 emissions increased in 2023 compared to 2021 due to the following:

- Franke business activities in 2021 were still being affected by the Covid-19 pandemic.
- A new internal taxonomy was introduced for products that we purchase, which had significant effects on scope 3 categories 1, 2 and 4. This taxonomy and the availability of CDP data (we had to use 2022 CDP data as the CDP data for 2023 was not available in time) have improved the data quality significantly.
- We changed some of the emissions factors that we used for our calculations because some of the previously used ones were based on a system that is being phased out. Furthermore, our improved data quality enabled us to use more emissions factors that are not spend-based but activity-based (per weight unit, volumes, pieces, etc.), also contributing to the overall change.

#### Category 1 data change explanations:

- Based on the new taxonomy, for the Franke Foodservice Systems division the spend on machinery products (the highest spend category for this division) increased 3.6 times, leading to an increase in emissions by

3.2 times, but this cannot be compared directly with the data from 2021 due to the changes in the new taxonomy.

- For the Franke Home Solutions division, the same reasoning applies: the increase of 75 percent in emissions for stainless steel raw material and purchased products was due to the new taxonomy.

#### Category 2 data change explanations:

- We recorded significantly less spend-based calculations for capital goods due to the improvement of the allocation to categories: 50 percent of capital goods remain spend-based while 50 percent are now weight-based (in 2021 it was 100 percent spend-based).
- Proportionally more products purchased with high emission factors.

#### Category 4 data change explanations:

- Our spend on upstream transportation and distribution has stayed almost the same but emissions have increased.
- More spends have been assigned to warehousing due to improved data quality, which has a higher emission factor.

#### Category 11 data change explanations:

- Sales for buyouts has increased by 29 percent, which increased the emissions by 11 percent (this explains the total increase for this category).

- There was also a slight change in the emissions calculation of the usage of the products: a higher number of opening hours since 2021 was still affected by Covid opening hour restrictions.

Our scope 3 emissions have not reduced in line with our 2023 targets due to similar reasons provided on page 74 to explain the increase in scope 3 emissions from 2021 to 2023. As we

begin to implement actions outlined in our scope 3 reductions plan, we expect to see progress against our future targets.

We are not reporting on progress against our 2028 customer engagement SBTi target this year (customers accounting for 74 percent of emissions generated by use of Franke products will have science-based targets in place by 2028) as the actions to achieve this are still being defined and implemented in our roadmap to net zero.

### Scope 3, categories 1, 2 and 4 CO<sub>2</sub>e emissions 2023 vs. SBTi targets for 2033

IN METRIC TONS (T)	2023	SBTI TARGET VALUE 2023	DIFF. 2023/TARGET VALUE
Cat. 1: Purchased Goods and Services	1192 526	1294 508	-7,9%
Cat. 2: Capital Goods	63 831	82 288	-22,4%
Cat. 4: Upstream Transportation and Distribution	41 360	82 272	-49,7%
<b>Total Scope 3 CO<sub>2</sub>e emissions relevant for near-term targets</b>	<b>1 297 717</b>	<b>1 459 068</b>	<b>-11,1%</b>

### Scope 1 and 2 CO<sub>2</sub>e emissions 2023 vs. SBTi near-term targets 2030

IN METRIC TONS (t)	2023	SBTI TARGET VALUE 2023	DIFF. 2023/TARGET VALUE
Scope 1*	9 334	12 801	-27,1%
Scope 2	15 741	24 708	-36,3%
<b>Total</b>	<b>25 075</b>	<b>34 295</b>	<b>-26,9%</b>

\*The biogenic emissions related to CO<sub>2</sub> from our wood chip heating system account to 1731 tonnes of CO<sub>2</sub> in 2023 and 1758 tonnes of CO<sub>2</sub> in 2022. According to the Greenhouse Gas Protocol, those are not part of scope 1 but need to be disclosed.

### Resource Use and Circularity

Total water consumption increased by 1.7 percent in absolute terms in 2023 (5,699 m<sup>3</sup>) to 349,875 m<sup>3</sup> and total water discharge increased by 2.0 percent in absolute terms (6,826 m<sup>3</sup>) to 350,568 m<sup>3</sup>.

## Safety and Occupational Health

### Hazard identification, risk assessment, and incident investigation

Franke has a documented incident reporting and investigation procedure which includes the following actions subsequent to an accident in the workplace:

- Plant management informs respective operations responsible within 24 hours;
- The current shift is informed in a meeting on the same day as the accident or the following day at the latest;
- A call with the Head of Global SHE and the respective Head of Operations takes place within 3 working days;
- A summary page and analysis template are prepared;
- If needed, a second call to review the analysis, dynamics, immediate and preventive actions and lessons learned takes place;
- The incident report is updated in the NeXt tool/DSFM within 7 days of the call;
- The incident report is circulated to the operations community after the call. The report is translated for a

toolbox meeting and the presence of operators to be signed off.

The investigation process is as follows: The (plant-) manager organizes the following:

- Care for the victim, colleagues and the family;
- Secure and lock the incident location and relevant (machine/system) data;
- Appoint investigation leader;
- Have a close look at other similar situations (horizontal expansion);
- Take photos and map the incident location;
- Obtain evidence;
- Take statements of key persons and witnesses;
- Formally approve clearance of the incident location.

If the incident involved a supplier, the supplier's manager or supervisor will be notified. The supplier will support the investigation of the incident and will provide all necessary information. Procurement, being the liaison with the supplier, must also be informed.

### Safety and Occupational Health

	2023
Recordable work-related injuries	59
High-consequence work-related injuries	0
Fatalities as a result of work-related injuries	0
Rate of recordable work-related injuries	8.58
Rate of high-consequence work-related injuries	0
Rate of fatalities as a result of work-related injuries	0
Production facilities certified according to ISO 45001	22/25

**Note:** Data for Franke Home Solutions and Foodservice Systems production and warehousing facilities; Franke Coffee Systems and our office facilities are not included in these figures. We have calculated these figures in accordance with GRI 403 Occupational Health and Safety disclosure requirements and adjusted the numbers we report based on these requirements. This means we cannot compare to previous years as we followed a slightly different methodology for collecting this data.



## Training and Education

### Average training hours

AVERAGE TRAINING HOURS PER CATEGORY	LEADERSHIP DEVELOPMENT PROGRAM	FRANKE PROJECT MANAGEMENT TRAINING	ONE FRANKE TALENT PROGRAM (OFTP)	LINKEDIN LEARNING	EDUCATION FIRST ENGLISH TRAINING	SHARPIST	TOTAL ACROSS ALL TRAININGS
<b>Total across all categories</b>	<b>1.11</b>	<b>0.46</b>	<b>0.12</b>	<b>0.43</b>	<b>1.48</b>	<b>0.02</b>	<b>3.62</b>
<b>Split by gender</b>							
Women	1.37	0.85	-	-	-	-	2.22
Men	1.01	0.31	-	-	-	-	1.32
<b>Split by function</b>							
Communications and Public Relations	0.00	0.00	-	-	-	-	0.00
Finance and Controlling	0.08	0.01	-	-	-	-	0.09
General Management and Administration	0.03	0.00	-	-	-	-	0.03
Human Resources	0.05	0.02	-	-	-	-	0.07
Information Services	0.06	0.03	-	-	-	-	0.09
Legal and Compliance	0.01	0.00	-	-	-	-	0.01
Marketing and Product Management	0.06	0.02	-	-	-	-	0.08
Operations	0.25	0.13	-	-	-	-	0.38
Others	0.05	0.01	-	-	-	-	0.06
Research and Development	0.04	0.05	-	-	-	-	0.09
Sales	0.23	0.18	-	-	-	-	0.41

<b>Headcount 2023</b>	7 279
Female headcount 2023	2 018
Male headcount 2023	5 261

We have collected this data and presented it in accordance with GRI 404-1 Average hours of training per year per employee, providing employee participation in trainings

according to gender and function where possible. Only trainings organized centrally are included in this table. Trainings that are organized on a divisional or local level (e.g. product and sales training) are not yet tracked or consolidated at the Group level. We are working on including this in future reporting cycles. Since this is the first year of collecting and presenting the training data in this way, we cannot make historical comparisons.

### My Contribution Dialogues per gender

This table shows the number and percentage of employees per gender who have either used the My Contribution Dialogue

(MCD) tool or not, based on the total number of people who answered this question in our survey.

MCD: YES OR NO	NO		YES	
GENDER	# OF RESPONSES	% OF RESPONSES	# OF RESPONSES	% OF RESPONSES
Female	754	56.69	576	43.31
Gender Diverse	15	55.56	12	44.44
Male	1285	46.09	1503	53.91
Not disclosed	47	64.38	26	35.62
<b>Total</b>	<b>2 101</b>	<b>49.81</b>	<b>2 117</b>	<b>50.19</b>

## My Contribution Dialogues for managers vs non-managers

This table shows the number and percentage of employees who have used the MCF tool or not, categorized by whether

they manage people or not, again based on those who answered this question in our survey.

MCD: YES OR NO	NO		YES	
MANAGING PEOPLE	# OF RESPONSES	% OF RESPONSES	# OF RESPONSES	% OF RESPONSES
No	1599	53.26	1403	46.74
Yes	502	41.28	714	58.72
<b>Total</b>	<b>2 101</b>	<b>49.81</b>	<b>2 117</b>	<b>50.19</b>

### My Contribution Dialogues per type of worker

This table shows the number and percentage of employees who have used the MCF tool or not, categorized by their work

function (office-based or production), again based on those who responded to the question in the survey.

MCD: YES OR NO	NO		YES	
OFFICE VS PRODUCTION	# OF RESPONSES	% OF RESPONSES	# OF RESPONSES	% OF RESPONSES
Office	1796	50.91	1732	49.09
Production	305	44.20	385	55.80
<b>Total</b>	<b>2 101</b>	<b>49.81</b>	<b>2 117</b>	<b>50.19</b>

This data relates to GRI 404-3 Percentage of employees receiving regular performance and career development reviews. The My Contribution Dialogue (MCD) is a tool that supports employees and managers in discussing performance

goals and development opportunities (among others). Please see the section on Talent management and succession plan process for further details.

## Other

The table below is intended to provide additional financial context about the Franke Group. Among others, it shows our net sales – a figure we have used in the calculation of some

disclosures to demonstrate the situation relative to the year's financial performance.

### Profitability

IN M CHF	2023	2022	DIFF. 2022/2021
Net sales	2 416	2 542	-4.9%
Organic growth	1.7%	5.5%	-69.1%
EBIT	193	216	-10.6%
Investments	90	73	23.7%

# Impressum

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