

FRANKE GROUP SUSTAINABILITY REPORT 2013



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1. Strategy and analysis

1.1 CEO Statement

Dear Stakeholders,

I am pleased to introduce the sustainability report 2013 of the Franke Group to you. After having made sustainability a strategic topic in 2010, the third sustainability report of Franke is a commitment to pursuing building value for the company, the employees and all stakeholders.

New strategy for sustainable, profitable growth

Franke is a systems integrator that offers industrial and technological expertise and deploys its service strengths to create value added for customers. To further realize this vision, we need an even stronger customer and market focus, greater creativity and a strong operating base, characterized by efficiency and effectiveness. In 2013, we have added a new element to this vision: One Franke. We are moving away from divisional silos towards a culture based on cooperation, collaboration and integration.

Franke has grown consistently and positively for over 100 years and has developed an extremely strong brand. We have a sound reputation across all sectors. And we have very competent employees at all levels. When we combine that talent and expertise in innovative, market-focused projects, we can create unique values and position Franke even better as a brand in the global marketplace.

Continued progress in sustainability topics

In the year under review, we have continued to pro-actively address topics that are relevant to our business. I am pleased to report that the Franke Group was able to reduce total CO₂ emissions in relation to net sales by 12.1% between 2011 and 2013. The health & safety performance has also significantly improved compared to 2011. On the other hand, we did not achieve our targets related to reducing our energy and water consumption and waste. We are about to analyze the reasons and will have to strengthen our efforts in order to improve our performance in these topics.

We have rolled out an updated version of our Code of Conduct and implemented an integrity line in 2013. Also, the Franke Group Management Board has approved a Supplier Code of Conduct that defines the minimum requirements regarding employment practices, environmental protection and business integrity that must be met by all our suppliers.

Franke remains committed to making the UN Global Compact and its principles in the areas of human rights, labour standards, the environment and anti-corruption part of our day-to-day operations.

We hope you find this report useful and welcome any feedback you may have.

Yours sincerely

Alexander Zschokke
President/CEO Franke Group

May 2014

1.2 Key impacts, risks, and opportunities

The Franke Group feels obliged to continuously improve the resource-efficiency (energy, water, and material), safety and durability of its products. We provide fair and safe working conditions for over 9,000 employees across the world. This implies a social responsibility for different kinds of workers – from office to shop floor – and their families.

No production is possible without the consumption of resources or the generation of waste. We strive to constantly reduce the environmental impact of our operations, taking into account the commercial viability and the availability of environmentally friendly technology.

The Franke Group purchases raw material, components and buyouts for over 1 billion Swiss francs every year. Rooted in a Swiss tradition of high ethical, social and environmental standards, the Franke Group aims to be a role model and set standards for suppliers and other business partners.

The Franke Group is impacted by a number of sustainability trends that pose either a risk or an opportunity for our long-term business success. The most important trends are:

- Globalization and the strong growth of emerging economies offer new market opportunities for our products and services. At the same time, increased competition in these economies requires the Franke Group to remain innovative and cost-efficient and to offer solutions/systems rather than single products.
- In many countries we face a scarcity of skilled employees. The Franke Group has to stay an attractive employer in order to attract and retain talented people.
- Customers generally ask for more information about sustainability aspects such as energy efficiency, water consumption, labor standards or hygiene of our products, services, operations or supply chain. Also, there is a trend towards “green building” including the spread of labels such as LEED which is beneficial for our innovative, resource efficient products and services.
- The regulatory environment is getting more complex and tighter for legal (US Foreign Corrupt Practices Act, UK Bribery Act etc.) and technical (EU energy-related products directive, water saving standards etc.) issues.
- Last but not least, the construction-related divisions Kitchen Systems and Washroom Systems are still exposed to weak demand in Europe and fierce competition, foremost in Southern Europe.



2. Organizational profile

2.1 Name of the organization

Franke Group

2.2 Brands, products, and/or services

The Franke Group includes Franke Kitchen Systems (world-leading provider of kitchen systems consisting of sinks, taps, waste systems, cooker hoods and cooking appliances) as well as Franke Foodservice Systems (kitchen systems and services for quick service restaurants), Franke Washroom Systems (washroom and sanitary systems in the public and semi-public sector), Franke Coffee Systems (superautomatic, professional and semi-professional coffee machines), Franke Beverage Systems (beverage containers) and Franke Industrial Engineering. For detailed information on the product range, see www.franke.com → **Businesses**.

The majority of products that are manufactured by the Franke Group are sold under the Franke or other brands. Some products are manufactured by third-parties. The Franke Group also manufactures products or components that are purchased by other companies and retailed under the purchasing companies' brand names (OEM - Original Equipment Manufacturer).

2.3 Organizational structure

The Franke Group is divided into six businesses:

- Franke Kitchen Systems
- Franke Foodservice Systems
- Franke Washroom Systems
- Franke Coffee Systems
- Franke Beverage Systems
- Franke Industrie AG (Industrial Engineering)

For more details about the organizational structure, see www.franke.com → **About us** → **Franke Group**.

2.4 Headquarters location

The Franke Group (Franke Holding AG) has its headquarters in Aarburg, Switzerland.

2.5 Countries with business operations

The Franke Group has production companies and/or own representatives in 37 countries:

- Europe (21 countries): Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovak Republic, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom
- Americas (5 countries): Argentina, Brazil, Canada, Mexico, USA
- Asia/Oceania (7 countries): China/Hong Kong, India, Japan, Kazakhstan, Philippines, Singapore, Thailand
- Africa/Middle East (4 countries): Egypt, Morocco, South Africa, United Arab Emirates

2.6 Ownership and legal form

The Franke Group (Franke Holding AG) is a private company under Swiss law. It is fully owned by Artemis Holding AG (Artemis Group) which is also a private company.

2.7 Markets served

The products of the Franke Group are sold to various business customers such as restaurant chains, wholesale trade, kitchen studios or real estate developers through different channels.

The products of the Franke Group are sold in over 100 countries.

2.8 Scale of the reporting organization

The Franke Group generated sales of 2,070 million Swiss francs in 2013 (2,012 million Swiss francs in 2012). At the end of 2013, the Group had 9,237 employees (8,523 employees at the end of 2012) and total assets of 1,997 million Swiss francs.

Net sales by regions (in million Swiss francs):

- Europe 1,122 (54% of total net sales)
- Americas 571 (28%)
- Asia/Oceania 215 (10%)
- Africa/Middle East 162 (8%)

Employees by regions are shown under LA1. The number of operations is listed under 2.5. For more information on the Franke Group, see www.franke.com → About us → Figures.

2.9 Significant changes regarding size, structure or ownership

In 2013, the Franke Group acquired three companies: Nokite Co. Ltd. (China; increase of participation from 10% to 90%), KWC AG (Switzerland) and FundaMetal Design Inc. (Canada). Also, Franke and Mabe have signed a joint-venture agreement (55% Franke/45% Mabe) to develop the cooker hoods business in Americas. Cornerstone of this joint venture is the establishment of a manufacturing plant in Mexico. The three acquisitions and the joint-venture led to an increase of the total workforce by over 600 employees.

2.10 Awards received

The FoamMaster 800 (FM800) of Franke Coffee Systems has won four awards during the year including the Kitchen Innovation Award at the NRA (National Restaurant Association) in the USA and the Intergastra Innovation Prize in Germany. Different Franke products have been awarded the prestigious “Red Dot Award” for product design.

Franke in Poland has been awarded the emblem “Leader in Corporate Social Responsibility – Good Employer 2013”.

3. Report parameters

3.1 Reporting period

The report covers the financial year 2013 (1 January to 31 December 2013). Information from previous years is included when deemed necessary to give the reader a comprehensive picture of Franke's sustainability approach and performance. Information that is not from the year 2013 is clearly marked as such.

3.2 Date of most recent previous report

The Sustainability Report 2012 of the Franke Group was published in May 2013. For reports from previous years, see www.franke.com → Sustainability.

3.3. Reporting cycle

The Franke Group publishes a sustainability report every year. We plan to publish our next report in May 2015.

3.4 Contact point for questions regarding this report

Should you have any questions concerning sustainability at Franke in general or this report in particular, please contact:

Oliver Johner
Head of Sustainability Franke Group
Email: oliver.johner@franke.com

3.5 Process for defining report content

The "GRI guidance on defining report content" was followed to define the priorities for Franke. The basis for our sustainability reporting is a materiality analysis for the identification of those aspects that are of significance for Franke and our stakeholders. The basis for stakeholder selection and their key concerns are described under 4.15 and 4.17.

In spring 2013, we consulted over 30 external stakeholders and over 30 internal staff from different regions and functions. They have rated sustainability topics according to their importance for the business success of Franke and the interest of stakeholders. The topics were prioritized according to the principle of materiality and the results discussed and verified with the Group Management Board.

The sustainability topics listed below were identified as most relevant by the Group Management Board and are central in our Sustainability Report 2013:

- Products and services: Innovation; quality, safety and impact
- Production: Energy; CO₂ emissions; water; waste
- Employees: Occupational health & safety; business integrity

Other topics that are seen as important for both Franke and our stakeholders – customer service & satisfaction, supply chain management, risk management, employee development & training and

employee satisfaction – as well as the ten principles of the UN Global Compact are briefly addressed in this report.

3.6 Boundary of the report

The report covers the entire Franke Group (see 2.5 and 2.8 for details). If only part of the company is meant (as example or due to the availability of data), this is clearly indicated. The report does not cover outsourced operations.

3.7 Special limitations

There are no special limitations.

3.8 Joint ventures, subsidiaries, outsourced operations, etc.

There were no significant changes related to joint ventures, subsidiaries, or outsourced operations during the period under review which significantly influence reporting.

3.9 Data measurement techniques and bases for calculations

Franke has been measuring non-financial data for many years. Yet, consolidation of non-financial data according to the GRI indicators at the Group level was first done for the financial year 2011.

The data presented in this report stems from two sources: Financial, headcount, environmental and occupational health & safety data was collected with a Group wide reporting tool. Specific employee data was extracted from a Group wide HR tool that covers about 40% of the total workforce (mainly office workers).

Environmental and occupational health & safety data was reported by all 38 production companies, three major logistics sites as well as the corporate headquarters of the Franke Group. Yet, not all companies/sites were in a position to report data for all indicators and/or for the years 2011 to 2013. We linearly extrapolated data based on reported data and clearly state what percentage of employees is covered by the reported data.

The CO₂ emissions for fossil energy (heating oil, natural gas, diesel and gasoline; scope 1 as defined by the Greenhouse Gas Protocol) are based on emission factors from the Swiss Federal Office for the Environment. The CO₂ emissions for electricity (scope 2) were calculated with the emission factors provided by the production companies.

The relative environmental and occupational health & safety data on Group level was calculated by dividing the absolute values by the net sales in Swiss francs.

3.10 Effects of any restatements of information provided in earlier reports

Both the availability and quality of sustainability data has improved since it was first consolidated at Group level in 2012. The more robust data for 2013 allowed for uncovering and solving data quality issues for previous years. This led to a number of restatements of data for the years 2011 and 2012.

The key figures presented at the end of this report generally cover the years 2011 to 2013 which allows for a comparison of performance over time.

The financial figures for the year 2012 were restated following the implementation of IAS 19 revised.

3.11 Changes from previous reporting periods in scope, boundary, or measure

There were no significant changes during the reporting period with regard to scope, reporting boundary or measuring methods.

3.12 GRI Content Index

The Franke Group Sustainability Report 2013 serves as our GRI content index. We self-declare this report to GRI application level "B".

This year's report follows the same structure than the Franke Group Sustainability Report 2012 whose GRI application level "B" was confirmed by the Global Reporting Initiative in May 2013.

3.13 External assurance for the report

No external assurance was obtained for this report.

4. Governance, commitments and engagement

4.1 Governance structure, committees under the Board of Directors

The Franke Group has a four-tier governance structure:

1. Board of Directors of Artemis Holding AG (Artemis Group, holding company of Franke Holding AG, see 2.6)
2. Group Management of Artemis Holding AG (Artemis Group)
3. Board of Directors of Franke Holding AG (Franke Group)
4. Group Management Board of Franke Holding AG (Franke Group)

Each body has clearly defined purposes, duties and responsibilities defined by the organizational regulations and the terms of reference. The two Boards of Directors are responsible for the strategic direction of the Artemis Group and the Franke Group and have a number of inalienable and non-transferable duties pursuant to the Swiss Code of Obligations.

The Board of Directors of the Artemis Holding AG is composed of six members. The Board has three standing committees: the Finance & Audit, the Information Security, and the Human Resources Committee. The Board and the standing committees held regular meetings in 2013. The Group Management of the Artemis Group is composed of three members. For more information about the governance structure of the Artemis Group, see www.artemis-holding.com → **About us**.

The Board of Directors of the Franke Holding AG is composed of four members. The Board has no committees. The Franke Group Management Board is composed of 11 members. For more details about the governance structure of the Franke Group, see www.franke.com → **About us**.

4.2 Separation of chair of Board of Directors and executive management

Thomas A. Erb, chairman of the Board of Directors of Artemis Holding AG and Franke Holding AG, is neither a member of the Group Management of the Artemis Group nor of the Franke Group.

4.3 Independent members of the Board of Directors

No member of the Board of Directors of Artemis Holding AG and its committees is involved in operative management. Three of the four members of the Board of Directors of Franke Holding AG have executive positions within the Artemis Group.

4.4 Mechanisms for shareholders and employees to address recommendations to the Board of Directors

Michael Pieper, owner and President/CEO of the Artemis Group, is in regular dialogue with the Board of Directors of the Artemis Holding AG and is the vice-chairman of the Board of Directors of the Franke Holding AG.

There is no employee representative on the Board of Directors. The employee representatives of the European companies meet regularly in the context of the Franke Forum (European Works Council) with a Member of the Franke Group Management Board. Selected concerns can be addressed to the Board of Directors through this channel.

4.5 Linkage between compensation and the organization's performance

The remuneration of the members of the Board of Directors is not linked to the performance of the company.

Members of the Franke Group Management Board as well as other employees are incentivized by a combination of personal and financial objectives. Depending on the function, personal objectives may be linked to social and environmental performance.

4.6 Processes for the Board of Directors to avoid conflicts of interest

The organizational regulations for the Board of Directors stipulate how conflicts of interests of Board members are avoided. Board members are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company or person with which they have an affiliation.

4.7 Qualifications of the Board of Directors with regard to sustainability

There are no formal procedures for determining the qualifications of members of the Board of Directors in social and environmental matters. Two members of the Board of Directors of Artemis Holding AG have significant experience in strategic and operational sustainability management.

4.8 General principles and codes of conduct

Different sustainability topics are addressed in policy documents and a number of internal guidelines deal with details related to sustainability and business ethics:

- Code of Conduct: Legal compliance; health & safety; fundamental labor standards such as child/forced labor and non-discrimination; (sexual) harassment; anti-corruption; gifts and entertainment; theft, fraud and dishonesty; disclosure of information. The Code of Conduct was updated and the new version communicated to all employees in 2013. The Code applies worldwide and is available on the intranet in 12 languages. In addition, an integrity line that can be used by all employees as a last resort to report integrity concerns in a confidential and anonymous manner was rolled-out in 2013.
- Supplier Code of Conduct: Minimum requirements regarding employment practices, environmental protection and business integrity that must be met by all our suppliers. The supplier Code was approved by the Franke Group Management Board in 2013.
- Group Policy: Equal opportunity and diversity; employee relations; personal safety and emergency planning; business travel; information security.
- Sustainability Principles: Framework for improving the economic, environmental and social performance of the Franke Group.
- UN Global Compact principles in the areas of human rights, labour, the environment and anti-corruption (see 4.12 below).

4.9 Oversight of sustainability performance by Board of Directors

The Finance & Audit Committee of the Board of Directors of Artemis Holding AG discusses risks and opportunities that are relevant for the Franke Group as part of the approval of the annual risk report.

Randolf Hanslin, member of the Board of Directors of Artemis Holding AG, was delegated to the Sustainability Steering Committee of the Franke Group. The Sustainability Steering Committee steered the environmental and social activities and performance of the Franke Group in 2013.

4.10 Evaluation of sustainability performance of Board of Directors

There is no formal process for assessing the performance of the Board of Directors from a holistic sustainability perspective.

4.11 Precautionary approach

The precautionary principle plays an important role for the Franke Group both as a production and a sales organization. The precautionary principle is reflected in the management systems (quality, environment, occupational health & safety) that are implemented at different sites. In operations, the precautionary principle is implemented by means of preventive approaches for environmental protection, occupational health & safety and quality assurance.

The Franke Group has a comprehensive system for the control and management of all risks involved in business activities in place. In accordance with the norm ISO 31000 Corporate Risk Management is at the intersection of all management systems. All Franke companies are required to conduct an annual risk analysis which identifies the key risks. In addition, all companies must have a clearly defined crisis organization as well as a business continuity management plan that guarantees a quick and competent reaction in the event of an emergency.

4.12 External agreements and initiatives

The Franke Group has been an active member of the UN Global Compact since January 2011 (www.unglobalcompact.org). We also participate in the activities of the local Global Compact network in Switzerland.

Through the voluntary application of the Global Reporting Initiative's Reporting Guidelines (GRI G3.1) we aim at making a contribution towards ensuring transparency and comparability in sustainability reporting.

4.13 Membership in associations and organizations

The Franke Group and its subsidiary companies are active in a wide range of industry associations and initiatives in various countries. Many of these organizations deal with sustainability topics e.g. define best practice standards or develop product labels, including but not limited to:

- U.S. Green Building Council (USGBC; www.usgbc.org), an organization committed to a sustainable future through cost-efficient and energy-saving buildings. USGBC is the owner of the LEED building standard.
- European Committee of Domestic Equipment Manufacturers (CECED; www.ceced.eu), a business association that represents the household appliance industry in Europe.
- Oebu (www.oebu.ch), a Swiss association and think tank for sustainable business.

For a list of significant memberships, see www.franke.com → Sustainability → Our Mission.

4.14 Relevant stakeholder groups

The Franke Group believes the following stakeholder groups to be relevant:

- Customers and consumers
- Employees
- Suppliers and business partners
- Local communities, media, authorities, regulators
- Potential future employees
- Owner

4.15 Basis for selection of stakeholders

The Franke Group is aware that business does not act in isolation but is interacting with various stakeholder groups. The stakeholders listed under 4.14 have been identified as important for systematic stakeholder dialog as they fulfill at least one of two criteria: Either the stakeholder group exerts a strong influence on the economic, environmental or social performance of Franke and/or the stakeholder group is strongly affected by the economic, environmental or social performance of Franke.

4.16 Approaches to stakeholder engagement

So far, dialogue with external stakeholders has been highly decentralized. We plan to formalize interactions with representatives of relevant stakeholder groups in the future. The newly established central purchasing function, for example, is about to coordinate and standardize the supplier management.

In principle, engagement of stakeholders according to stakeholder group and type has taken place as follows:

Customers and consumers:

- Customer contacts: Around 350 Franke service technicians working in the field are in contact on a daily basis with kitchen studios, architects, restaurant owners, real estate developers etc. Our key account managers are dedicated to large customers in order to better serve their needs and meet their expectations.
- Training: During the year under review, many customers were provided with training in Franke systems and products.
- Trade fairs: Franke businesses are present at leading trade fairs in many countries in order to display new products and foster customer relations.
- Customer service and surveys: See PR5.

Employees:

- Franke Forum: Annual meetings of the employee representatives of the European companies with a member of the Franke Group Management Board.
- Consultation of the various works councils at plant level by the local Human Resources organization and/or the local Management.
- Communication through internal channels.
- Employees attend an introduction program when joining the company.
- Engagement opportunities and employee participation at plant level (for appraisal process see LA12).

Suppliers and business partners:

- Initial contact as part of the supplier pre-screening and evaluation process, mainly on issues related to quality and lead time.
- Regular discussions between buyers and suppliers, both on-site and in the context of audits.

Local communities, authorities, media, regulators:

- Consultation with and inclusion of the neighbors of production sites in larger construction projects.
- Outsourcing of work such as assembling and packaging of products to institutions that provide home and work for disabled adult people by different Franke companies.
- Open days at various production sites.
- Participation in technical standard setting bodies.
- Annual press briefings in Germany and Switzerland.

Potential future employees:

- Career days: Participation at recruitment days at universities including interviews with talented people.
- Presentation of case studies at universities and support of University projects.

Owner:

- Since the owner of the Franke Group is the CEO/President of the Artemis Group (holding company of the Franke Group), he is well informed and consulted for major strategic decisions.

4.17 Response to key topics and concerns of stakeholders

Sustainability topics are increasingly at the heart of many of the discussions with both internal and external stakeholders. The key topics and concerns that were raised include:

- Resource and energy efficiency, safety and quality of our products and services:
We are conducting ecodesign workshops to better understand the impact of our products along their life-cycle. We are also working on better highlighting the topics that matter both in interactions with customers as well as in labeling our products.
- Guidance in how products from the Franke Group help meet building standards:
We have applied the criteria of the LEED and Minergie building standards to some of our products in order to identify which products are best for complying with these standards.
- Social and environmental standards in the supply chain:
A central purchasing function was established in 2013 with the aim to better coordinate and standardize the supplier management. At the same time, the Franke Group Management Board approved a new Supplier Code of Conduct that defines minimum requirements regarding employment practices, environmental protection and business integrity that must be met by all our suppliers.
- More robust performance data on relevant sustainability topics:
We continuously improve both the availability and the quality of key performance data. The data reported for 2013 covers more entities and more employees than in previous years. Also, data quality has improved by comparing 2013 data with older data.

5. Economy (EC)

Management Approach – Economy

The economic performance, market presence and indirect economic impact of the Franke Group are under the strategic control of the Board of Directors and the operational management of the Franke Group Management Board.

The strategies of the Franke Group and its divisions are regularly reviewed and revised if required, taking into account the economic performance, market situation and other factors.

EC1 Economic performance

Relevant indicators on the Franke Group's generation and distribution of economic value in the year 2013 are presented at www.franke.com → About us → Figures.

The key figures below are in million Swiss francs:

Key figures	2013	2012*	Difference 2012-2013
• Net sales	2,070	2,012	2.9%
• Operating expenses	300	297	1.0%
• Cost of materials	1,077	1,066	1.0%
• Personnel expenses	510	455	12.1%
• EBIT	112	119	-6.1%
• Investments	227	92	146.6%

* Restated following the implementation of IAS 19 revised.

EC2 Risks and opportunities due to climate change

Climate change is a strong driver for energy and water-efficiency. The need to use resources more wisely in the future will increase the demand for products that use less energy and/or water along their life-cycle. Franke is confident that our innovative products are meeting the requirements of customers in this regard.

Based on the annual risk analysis, we believe that the exposure of the Franke Group to the risks of climate change (e.g. natural perils for production plants or transportation) is moderate. Also, there are currently no specific CO₂ regulations such as emission caps. Yet, Franke is aware that rising energy prices are directly linked to our production costs. This is why Franke has set the goal to further reduce energy consumption in the future.

6. Environmental (EN)

Management Approach – Environmental

No production is possible without the consumption of resources or the generation of waste. Since Franke was founded over 100 years ago, many individual initiatives related to environmental protection were launched, triggered by legislation, stakeholder concern or cost-reduction.

The activities of the Franke Group have an impact along the value chain. In order to bundle our resources, it was decided to initially focus on segments of the value chain that we can strongly influence. We will gear product development and innovation towards resource-efficiency (focus on material, energy, water and waste). And we will invest in environmental friendly production processes. In the long run, however, we will also intensify our work with suppliers to ensure that global environmental standards are met and we will further reduce the environmental footprint of our logistics and transportation.

The Franke Group strives to constantly reduce the environmental impact of its operations, taking into account the commercial viability and the availability of environmentally friendly technology. A number of measures ensure that our environmental footprint is reduced:

- Compliance with environmental laws and regulations is the minimum requirement for all Franke operations.
- All production companies are required to implement and certify environmental management systems in accordance with the standard ISO 14001 by 2014. By the end of 2013, 21 out of all 38 production companies were certified according to ISO 14001.
- Environmental targets in the areas of energy consumption, CO₂ emissions, water consumption and waste were approved by the Sustainability Steering Committee.
- Good practices are exchanged across Franke businesses to learn from examples that have shown good results (e.g. recycling of heat from presses or server rooms; substitution of materials; closed water loops in production processes).
- The new position of Corporate Real Estate Management was created in 2012 to support the construction and renovation of buildings. This includes considering sustainability aspects such as the optimal use of property, reduction of energy and water consumption or the use of recycled materials in construction projects.
- Both the availability and quality of environmental data has improved since it was first consolidated at Group level in 2012. The monitoring of the environmental data allows for checking progress over time and for defining additional improvement measures. Key environmental figures are presented at the end of this report.

EN1 Materials used by weight or volume

The Franke Group uses a wide range of materials of different quantity and quality. The most important materials that we use in our production are metals (mainly stainless steel), plastics, cardboard as well as semi-finished and finished products. We have just started to collect data for materials and are currently not in a position to report details.

This information covers the requirements of the GRI indicator partially.

EN2 Percentage of materials used that are recycled input materials

Chrome-nickel stainless steel which is the main component of many of our products is made of roughly

80% recycled material. Cardboard that we use for packaging mainly stems from recycled content (estimated 90% of total cardboard use). We estimate that the share of recycled material of the total input materials is about 25%.

This information covers the requirements of the GRI indicator partially.

EN3 Direct energy consumption

The Franke Group generally uses externally purchased energy. The direct energy carriers (Scope 1) include heating oil extra light, natural gas as well as fuels (i.e. diesel and gasoline).

Consumption of natural gas increased by 6.9% (7.58 mio m³ in 2013 compared to 7.09 mio m³ in 2012). Consumption of heating oil extra light increased by 67% (1,196,692 liters in 2013 compared to 716,537 liters in 2012) mainly due to the acquisition of KWC AG. This company is about to switch the heating system from heating oil to natural gas. Franke owned vehicles consumed 1.75 million liters of diesel and gasoline in 2013 (up from 1.49 million liters in 2012; comparison to previous years is limited due to lack of robust data). Total direct energy consumption was 377 TJ in 2013 (up from 333 TJ in 2012).

Direct energy consumption in relation to net sales (TJ per million Swiss francs) was 9.2% higher in 2013 than in 2012 and 4.7% higher than in 2011. The target to reduce the relative consumption of natural gas and heating oil by 10% between 2011 and 2013 was therefore not achieved.

The figures are extrapolated based on reported data from 82% of employees (84% of employees in 2012). Detailed data on energy consumption is presented at the end of this report.

EN4 Indirect energy consumption

Electricity is the only significant form of indirect energy (Scope 2) consumed by the Franke Group.

Consumption of electricity increased by 7.8% (123.7 GWh or 445 TJ in 2013 compared to 114.7 GWh or 413 TJ in 2012) mainly due to the acquisition of KWC AG.

The electricity consumption in relation to net sales (MWh per million Swiss francs) was 4.8% higher in 2013 than in 2012 but 2.6% lower than in 2011. The target to reduce the relative electricity consumption by 10% between 2011 and 2013 was therefore not achieved.

The figures are extrapolated based on reported data from 82% of employees (84% of employees in 2012). Detailed data on electricity consumption is presented at the end of this report.

EN5 Energy saved due to conservation and efficiency improvements

It is not possible to quantify the overall energy savings of conservations measures such as:

- Thermal insulation of building walls, roofs and windows: In 2013, Franke Washroom Systems extended its production facility in Ras Al Khaimah, United Arab Emirates. The new offices and logistics center have been built to the highest ecological and environmental standards.
- Improved lighting in buildings with energy-saving bulbs (e.g. LED), partitioning, motion sensors and daylight dimmers;
- Modernization, reduction or downsizing of machinery such as presses, transformers, pumps and compressors;

- Process improvements such as lower temperature in the washing process;
- Binding CO₂ limits are in force since 2012 for the purchase of company-owned cars and service vans. The limits also reduce fuel consumption and thus reduce operating costs of our fleet.

The Franke Group tries, however, to measure the return of individual improvement projects. Examples are:

- Recycling of heat from press lines at Franke Poland saves 30,000 liters of heating oil per year.
- New fiber optic laser at Franke in the USA reduces electricity consumption by 40%.
- Regrouping and partition of lighting system at Franke Aquarotter in Germany resulted in electricity savings of 45%.

Systematic energy management has been expanded further at different Franke sites. Software for online and real time monitoring of energy consumption and the installation of additional metering points increase transparency of energy flows and ultimately allow for defining additional improvement measures. Franke in the Netherlands signed the "Helmond Energy Covenant" thus committing to a reduction of CO₂ emissions by using less fossil energy sources and also to a saving in energy of at least 10 % in five years.

This information covers the requirements of the GRI indicator partially.

EN6 Energy-efficient products and services

The biggest environmental contribution of our products lies in the efficient use of energy and (warm) water, which indirectly also saves on energy. Since 2012, we conduct ecodesign workshops to further reduce the environmental footprint of our products and services along their life-cycles.

Current examples of products that save energy include:

- F3D3 freezer is 30-40% more energy efficient than comparable freezers. In addition, the propane powered F3D3 emits less HFCs ('Hydrofluorocarbons') thus reducing the negative impact on the climate.
- The hood "Mirror" uses a highly efficient brushless motor as well as LED lights which combined reduce the energy consumption by 40% compared to a standard hood.
- The electronic lavatory tap Protronic-S reduces the consumption of water and energy by up to 50%. Thanks to the fully automatic mode of operation, water flows only when it is actually needed.
- EcoView™ by Franke Foodservices Systems is a wireless energy management system that is designed specifically for quick-service, casual dining and fast casual restaurants and is the ideal way to help manage rising energy costs and improve profits.

This information covers the requirements of the GRI indicator partially.

EN8 Water consumption

The Franke Group uses mainly fresh water from the public water system and some water from wells. Despite savings measures, the consumption of fresh water increased by 27.0% in 2013 (665,891 m³ in 2013 compared to 524,337 m³ in 2012). The main reasons for this significant increase are a leakage at our plant in Turkey as well as the acquisition of Nokite Co. Ltd. and KWC AG.

Water consumption in relation to net sales (m³ per million Swiss francs) was 23.5% higher in 2013 than in 2012 and 0.5% higher than in 2011. Thus, the target to reduce water consumption by 5% between 2011 and 2013 was not achieved.

The figures are extrapolated based on reported data from 82% of employees (84% of employees in 2012). Detailed data on water consumption is presented at the end of this report.

EN9 Water sources significantly affected by withdrawal of water

The water consumption of our production plants does not place a significant burden on water sources as defined in the GRI guidelines.

EN16 Greenhouse gas emissions

The calculation of greenhouse gas (GHG) emissions includes both direct emissions (scope 1) from the burning of combustibles (see EN3) and indirect emissions (scope 2) resulting from electricity consumption (see EN4). Franke does not report on scope 3 emissions, i.e. GHG emissions that are a consequence of Franke's activities but not owned or controlled by the company. Examples of scope 3 activities are the purchasing of raw materials, transportation and logistics, or use of products by consumers.

In absolute terms, CO₂ emissions (scopes 1 and 2) increased by 3.7% (79,136 metric tons in 2013 compared to 76,324 metric tons in 2012). In relation to net sales (tons of CO₂ per million Swiss francs), CO₂ emissions in 2013 increased by 0.8% compared to 2012 but were 12.1% lower than in 2011. The target to reduce the relative CO₂ emissions by 10% between 2011 and 2013 was therefore achieved.

With 56,363 metric tons (71% of total CO₂ emissions), electricity consumption is by far the largest source of CO₂. The purchase of green electricity in our Dutch operations reduces the CO₂ emissions by more than 2,800 metric tons.

The figures above are extrapolated based on reported data from 82% of employees (84% of employees in 2012). Detailed data on CO₂ emissions is presented at the end of this report.

EN18 Reductions of greenhouse gas emissions

The Franke Group has set the goal to voluntarily reduce CO₂ emissions in relation to net sales by 10% between 2011 and 2013. With a reduction of 12.1% (see EN16), this goal was achieved. We intend to define a longer-term goal for the reduction of our CO₂ emissions.

Our approach to curb CO₂ emissions is twofold:

1. Save energy and increase energy efficiency: Some measures are listed under EN5.
2. Switch to renewable or low-carbon energy sources: The building standard of the Franke Group promotes the use of renewable energy sources, heat pumps, recycled heat from production processes and district heating upon availability.

Franke Schweiz AG (manages all facilities at Franke headquarters in Aarburg with around 800 employees) has a master plan to manage energy and is collaborating closely with the Business Energy Agency (EnAW) in Switzerland to develop federally approved targets to save CO₂ emissions and energy. Target agreements are part of the voluntary measures under the Energy Act as well as the CO₂ Act of the Swiss Confederation.

EN21 Total water discharge

The Franke Group treats domestic waste water and process waste water. In 2013, 310,882 m³ of waste water was discharged into a communal waste water treatment plant (51% of total waste water), and 301,680 m³ (49%) was pretreated and discharged into surface or subsurface waters. A small quantity of waste water was disposed by professional third-party companies.

The Franke Group does not engage in the unplanned discharge of waste water.

The figures are extrapolated based on reported data from 82% of employees (84% of employees in 2012).

EN22 Total weight of waste

In 2013, there were 19,792 tons of non-hazardous waste including metal scrap (18,866 tons in 2012) and 2,646 tons of hazardous waste (1,841 tons in 2012; comparison to previous years is limited due to lack of robust data). Of the total waste, around 17,297 tons (77%) was reused or recycled.

Total waste in relation to net sales (tons of waste per million Swiss francs) was 5.4% higher in 2013 than in 2012 and 3.5% higher than in 2011. Thus, the target to reduce the relative waste by 5% between 2011 and 2013 was not achieved.

The figures are extrapolated based on reported data from 82% of employees (82% of employees in 2012). Detailed data on waste and the disposal destination is presented at the end of this report.

This information covers the requirements of the GRI indicator partially.

EN23 Significant spills of chemicals

There were no significant spills of chemicals in 2012.

EN26 Initiatives to mitigate environmental impacts of products and services

The Franke Group aims at proactively adapting to rising customer expectations, regulatory changes, emerging product labels or buildings standards. At the same time, environmental risks and impacts of our products and service – material, energy and water, and the generation of waste – shall be reduced.

In 2013, we have continued to applying the eco-design approach to existing product groups or at a product's early development stage. Eco-design workshops help us better understand what matters and eventually improving our products and services. Also, Franke Beverage Systems commissioned a study to compare the environmental impact of returnable/reusable chromium steel kegs with single-use plastic containers. The study covered the entire life-cycle of the kegs, i.e. raw materials, production, transport to breweries and restaurants as well as waste streams. The study shows that the more often a steel keg is used, the lower become the environmental impacts per keg usage. Hence the reuse rate (number of turns) is a critical parameter. With a reuse rate of 20 times or more, the steel kegs cause lower climate change, energy use and water use impacts compared to those of the plastic containers. For a summary of the study, see <http://www.franke.com/content/beveragesystems/de/en/home/eco2.html>.

Examples from our product range that help to reduce the environmental impact include:

- High filtering hood (HFH) technology applied at Franke and Faber hoods is an active carbon filtering system that offers high filtering efficiency of 95%; long-term performance; less noisy than traditional active carbon filters; easy maintenance and possibility to wash the filter up to five times.
- Wood that is used to reinforce worktops and drip trays for the beverage industry is no longer glued underneath but just fixed by staples and a smarter construction. Thus, products are perfectly recyclable at the end of their life cycle.
- AQUA 3000 Open Water Management System reconciles the two conflicting objectives of water management: It ensures highest hygiene standards through prevention of water stagnation; and it conserves water through innovative technology at the same time.
- The Argos Eco and other taps dispense warm water only when raised to an angle above 45° which reduces both water and energy use by 30%.
- For energy efficient products see EN6.

EN28 Fines and sanctions for non-compliance with environmental laws and regulations

No significant fines or non-monetary penalties were imposed in 2013.

7. Employer responsibility (LA)

Management Approach – Labor Practices and Decent Work

Responsibility for labor practices at the Franke Group lies with the Head of Corporate Human Resources who directly reports to the President/CEO Franke Group. The only exception is occupational health and safety for which the Head of Corporate Risk Management is responsible.

Employees are a very important stakeholder group for Franke and we take their concerns seriously. The different human resources (HR) functions at Franke – Corporate HR, division HR and company HR – recruit and retain qualified employees, provide training and education to promote individual success and encourage a high level of employee morale through recognition, communication and feedback. The HR Committee of the Board of Directors supervises HR-related activities.

The Franke Group Management Board has set the goal that all production companies shall implement and certify an occupational health and safety management system (OHSAS 18001) by 2014. By the end of 2013, 15 out of 38 production companies were certified according to the standard OHSAS 18001.

Franke aims at conducting business in line with high ethical and moral standards. The Code of Conduct and internal policies (revised and updated in 2013) define our business principles and serve as an authoritative source of guidance in various topics including occupational health & safety, (sexual) harassment, non-discrimination, equal opportunity and diversity, employee relations, and compliance with fundamental labor standards.

The “SpeakUp@Franke” integrity line that was launched in September 2013 can be used by all employees as a last resort to report integrity concerns in a confidential and anonymous manner and in 26 languages, thereby making an important contribution towards the upholding of high compliance standards.

LA1 Total workforce

At the end of 2013, the Franke Group employed 9,237 people worldwide, which is 714 FTE (full time equivalents) more than in 2012.

The strong increase in Africa/Middle East is due to the fact that employees in Turkey are attributed to Middle East while they were counted to Europe in previous years. The reduction of employees in Europe was partly offset by the acquisition of KWC AG. The increase of employees in Asia/Oceania is primarily due to the acquisition of Nokite Co. Ltd.

All figures below are in FTE (full time equivalents):

	2013	2012	Difference 2012-2013
• Europe	4,820	5,026	-4%
• North America	1,277	1,159	+10%
• South America	365	361	+1%
• Asia/Oceania	1,588	1,267	+25%
• Africa/Middle East	1,187	710	+67%
• Total	9,237	8,523	+8%

	2013	2012	Difference 2012-2013
• Permanent employees	8,489	7,831	+8%
• Temporary employees	582	547	+6%
• Apprentices	166	145	+14%
• Total	9,237	8,523	+8%
• Full-time office staff	3,581	3,549	+1%
• Part-time office staff	171	159	+8%
• Total office staff	3,752	3,708	+1%

LA2 Employee fluctuation and new hires

The average fluctuation rate (of permanent employees) was 13.4% (14.0% in 2012). The figures below show the number of permanent leaving employees in 2013 and the turnover rate by regions:

	Permanent leaving employees 2013	Turnover rate 2013
• Europe	332	7.4%
• North America	123	10.5%
• South America	114	33.1%
• Asia/Oceania	488	33.4%
• Africa/Middle East	82	8.0%
• Total	1,139	13.4%

While the fluctuation rate in China (around 20%) is comparable to other companies, the relatively high rate in Asia/Oceania is due to a special situation in Thailand where in-store product consultants of external retail shops are employed by Franke. The high turnover rate in our operations in Brazil explains the high rate in South America.

This information covers the requirements of the GRI indicator partially.

LA3 Benefits

The Franke Group essentially grants the same benefits to full-time and part-time employees. However, employees with temporary contracts are not always entitled to the same benefits as permanent employees. For example, employees in Switzerland with temporary employment contracts of less than three months are not insured in the pension fund. The Franke Group bases its employee benefits on country-specific standards.

LA4 Employees covered by collective bargaining agreements

We estimate that around half of the total workforce is currently covered by collective agreements (e.g. collective labor agreements, wage agreements). In Austria, France, Germany, Italy and Switzerland, over 90% of employees are governed by a collective labor or wage agreement. There are no collective agreements with employees in the USA and China (19% of total workforce).

LA5 Notice periods regarding operational changes

Apart from country-specific obligations (e.g. statutory requirements or collective agreements), there are no formal rules as to when and how often employees are to be informed. In cases of major structural changes, the Franke Group makes every effort to involve the employees at an early stage. Communication to employees takes place by means of Corporate messages, intranet and the annual meeting of the Franke Forum (European Works Council).

LA7 Accidents, injuries, fatalities

The lost day rate (LDR, lost days per 100 employees) was 153 in 2013 (up from 142 in 2012). The LDR is calculated as days lost due to occupational accidents or diseases (12,120 lost working days in 2013) divided by the working hours (15.9 mio hours in 2013) multiplied by 200,000 (50 working weeks at 40 hours per 100 employees). The Group-wide absenteeism rate was 2.8% in 2013 (2.9% in 2012).

The figures above are extrapolated based on reported data from 82% of employees (84% of employees in 2012). More detailed data on health & safety is presented at the end of this report.

No fatal accident was recorded in 2013 (same for 2012).

LA11 Programs for skills management and lifelong learning

The Franke Group offers internal training modules for selected candidates on their way to management positions. A total of 28 individuals participated in the internal training modules in 2013. In addition, Franke offers external trainings to selected candidates on a case-by-case basis.

LA12 Employees receiving performance and career development reviews

The Franke Group supports the personal and professional development of individual employees. In 2013, around 80% of all employees attended appraisal interviews, out of which 1,670 had structured objective-agreement meetings according to the Management Incentive Plan (MIP). This also includes the identification of development opportunities whereby objectives and implementation measures are defined jointly by the employee and the supervisor.

LA13 Workforce diversity and equal opportunity

The proportion of female employees (only data for 3,752 mainly office workers is available at Group level) was 33% in 2013 (up from 32% in 2012). In senior management (Group Leadership Team), four out of 75 people are women. The 11 members of the Franke Group Management Board are all men.

	Female	% of total	Male
Franke Group Management Board	0	0%	11
Senior Management	4	5%	71
Employees (mainly office workers)	1,232	34%	2,434

No data on age group and minority group membership is currently being collected as the Franke Group does not consider this to be relevant.

8. Human rights (HR)

Management Approach – Human Rights

By signing up to the UN Global Compact in 2011, the Franke Group committed to “support and respect the protection of internationally proclaimed human rights” (principle 1) and to “make sure that we are not complicit in human rights abuses” (principle 2).

The responsibility for raising awareness and controlling of internal human rights issues (e.g. non-discrimination, equal opportunity and diversity, freedom of association and the right to collective bargaining) is with Corporate Human Resources. The purchasing functions are in charge of ensuring that human rights and fundamental labor standards are respected in the supply chain.

In its Code of Conduct, the Franke Group commits to respect and fully comply with all applicable laws and regulations and to support international human as well as fundamental labor laws as defined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

The Supplier Code of Conduct of the Franke Group requires from all suppliers and their respective supply chain that they all comply with minimum requirements regarding employment practices, environmental protection and business integrity. The supplier code was approved in 2013 and is now being integrated into purchasing processes.

HR1 Human rights aspects in investment agreements

There are no significant investment agreements or contracts which include human rights clauses or which underwent human rights screening.

HR3 Human rights training for employees

In 2013, no employees have received formal training in human rights issues. Franke employees worldwide have access to the Code of Conduct that is available in 12 languages. The revised Code of Conduct was communicated to all employees and a brochure distributed in 2013.

HR4 Incidents of discrimination

The Code of Conduct of the Franke Group forbids discrimination because of gender, age, color, national origin, race, religion or any other legally protected personal characteristic. Yet, security rules may restrict certain work to specific individuals.

Compliance with the Code of Conduct is verified annually as part of a binding Group-wide survey. No cases of discrimination were discovered in 2013.

HR5 Guarantee of freedom of association and collective bargaining

In its Code of Conduct, the Franke Group commits to respect the right of its employees to freedom of association and collective bargaining within the boundaries of the local law.

The Supplier Code of Conduct of the Franke Group requires from all suppliers and their respective supply chain that they respect the rights of employees to freely associate and bargain collectively, free of any restrictions or consequences.

HR6 Risk of and precautionary measures against child labor

Franke's exposure with respect to child labor is considered low because of its industry and the countries in which business activities are carried out. In its Code of Conduct, the Franke Group commits to respect fundamental labor laws. Child labor is not tolerated.

The Supplier Code of Conduct of the Franke Group requires from all suppliers and their respective supply chain that they reject child labor.

HR7 Risk of and precautionary measures against forced labor

Franke's exposure with respect to forced labor is considered low because of its industry and the countries in which business activities are carried out. In its Code of Conduct, the Franke Group commits to respect fundamental labor laws. Forced labor is not tolerated.

The Supplier Code of Conduct of the Franke Group requires from all suppliers and their respective supply chain that they reject forced, bonded, prison, military or compulsory labor or any form of human trafficking.

9. Society (SO)

Management Approach – Society

The Chief Financial Officer is responsible for issues such as corruption, anti-competitive behavior and conflicts of interest. The Managing Directors deal with questions of social responsibility related to local communities.

In 2013, an updated version of the Code of Conduct of the Franke Group was communicated and rolled-out. The Code commits to respect and fully comply with all applicable laws and regulations and support international human rights. Compliance with laws and regulations is coordinated by the Compliance Officer of the Franke Group and monitored as part of an annual binding survey at all companies. The Internal Audit department carries out on-site audits. In addition, the “SpeakUp@Franke” integrity line can be used by all employees as a last resort to report integrity concerns in a confidential and anonymous manner. In the event of misconduct, corrective measures are taken.

SO2 Analysis of business units for risks of corruption

The Internal Audit department carried out 14 on-site audits in 2013 (up from 13 audits in 2012). Yet, these audits do not particularly focus on risks related to corruption.

According to the annual binding survey carried out at all companies of the Franke Group, there were no cases of corruption in 2013.

SO3 Training on anti-corruption policies

In 2013, no employees have received formal training in anti-corruption policies and procedures. Franke employees worldwide have access to the Code of Conduct that is available in 12 languages. The revised Code of Conduct as well as the new “SpeakUp@Franke” integrity line were communicated to all employees and a brochure distributed in 2013.

SO4 Actions taken in response to incidents of corruption

No measures were necessary, as no case of corruption was revealed in 2013.

SO5 Political positions and exercise of influence

The Franke Group issues no political statements and does not involve itself in political lobbying.

10. Product responsibility (PR)

Management Approach – Product Responsibility

Products and services are what our customers pay for. Therefore, we are constantly challenging ourselves to ensure that our products and services provide value to our customers. It is only through ongoing innovation and by meeting the highest quality and safety standards that we can maintain our leading position in the market.

At Franke, product responsibility lies with several departments: product development, quality, marketing, risk management, and legal.

By the end of 2013, 34 out of 38 production companies had a certified quality management system in accordance with the standard ISO 9001. Quality management systems ensure that our products comply with mandatory technical and other standards. In addition, quality management leads to continuous improvements.

PR1 Health and safety impacts of products

Products of the Franke Group have to comply with a number of technical and food safety regulations. We follow a preventive approach as part of our quality management to ensure that health and safety requirements of all products are met. Among other things, a FMEA (Failure Mode and Effects Analysis) is performed to prevent errors and increase the technical reliability of products.

We ensure traceability of our critical products to the first external customer. This would allow us to recall products in case of serious malfunction. We are pleased that no product recall was required in the over 100 year history of Franke.

PR3 Product information

While only very few of our products require specific information on their sustainability impacts (e.g. taps, hobs and ovens in the European Union), the Franke Group voluntarily uses a number of labels that allow our customers and end users to make informed purchasing choices.

The list of labels includes:

- EU energy label (energy efficiency of hobs and ovens)
- PEFC Chain of Custody (origin of wood)
- Sanitized (hygiene)
- WELL, WRAS and EnergieSchweiz (water efficiency of taps and shower heads)

PR5 Practices related to customer satisfaction

Franke divisions and companies assess customer satisfaction in different ways. This topic is generally part of the quality management system and follows clear procedures. Different indicators such as “service call rate” or “claims from the market” are used to quantify customer satisfaction.

While some companies conduct customer surveys on their own, others run third-party administered surveys with standardized questions. Performance improvement plans are routinely developed for those questions with weakest results. In 2013, different “voice of the customer” surveys were performed that analyzed customer satisfaction.

PR8 Customer privacy

There are no known cases of complaints based on violations of data protection.

PR9 Non-compliance with laws and regulations concerning the provision and use of products and services

No fines have been imposed in connection with products and services of the Franke Group.

Key financial, employee and environmental figures

Financial figures

	2011 (million CHF)	2012 * (million CHF)	2013 (million CHF)	Difference 2012-2013
Net sales	1'894	2'012	2'070	2.9%
Operating expenses	297	297	300	1.0%
Cost of materials	992	1'066	1'077	1.0%
Personnel expenses	447	455	510	12.1%
EBIT	84	119	112	-6.1%
Investments	65	92	227	146.6%

* Restated following the implementation of IAS 19 revised.



NET SALES BY DIVISION

in CHF m

- 970.8 Franke Kitchen Systems
- 616.4 Franke Foodservice Systems
- 203.4 Franke Washroom Systems
- 158.3 Franke Coffee Systems
- 113.3 Franke Beverage Systems
- 23.0 Other Activities



NET SALES BY REGION

- 54.2% Europe
- 27.6% Americas
- 10.4% Asia/Oceania
- 7.8% Africa/Middle East

Employee figures

Workforce

	2011	2012	2013	% of total in 2013	Difference 2012-2013
Europe	na	5'026	4'820	52%	-4%
- <i>Thereof Switzerland</i>	na	745	1'140	12%	53%
North America	na	1'159	1'277	14%	10%
South America	na	361	365	4%	1%
Asia/Oceania	na	1'267	1'588	17%	25%
Africa / Middle East	na	710	1'187	13%	67%
Total	8'128	8'523	9'237	100%	8%

Permanent employees	7'505	7'831	8'489	92%	8%
Temporary employees	471	547	582	6%	6%
Apprentices	152	145	166	2%	14%
Total	8'128	8'523	9'237	100%	8%

Full-time office staff	na	3'549	3'581	95%	1%
Part-time office staff	na	159	171	5%	8%
Total office staff		3'708	3'752	100%	1%



HEADCOUNT PER REGION

- 52.2% Europe
- 17.8% Americas
- 17.2% Asia/Oceania
- 12.8% Africa/Middle East

Diversity: Female employees

	2012	% of total in 2012	2013	% of total in 2013
Franke Group Management Board	1	11%	0	0%
Senior Management	6	8%	4	5%
Employees (mainly office staff)	1'191	33%	1'232	34%
Total office staff	1'198	32%	1'236	33%

Employee turnover: Leaving permanent employees

	2012	Turnover rate 2012	2013	Turnover rate 2013
Europe	478	10%	332	7%
North America	113	10%	123	10%
South America	108	30%	114	33%
Asia/Oceania	450	36%	488	33%
Africa / Middle East	30	4%	82	8%
Total	1'179	14%	1'139	13%

Occupational health & safety

	2011	2012	2013	Difference 2012-2013
Lost days due to occupational accidents or diseases	15'072	10'220	12'120	19%
Lost day rate (LDR) **	219	142	153	8%
LDR per Net Sales (per million Swiss francs)	0.12	0.07	0.07	5%
Fatal accidents	0	0	0	0%
Production companies certified in accordance with OHSAS 18001	8	14	15	7%

** Lost day rate (LDR) = Lost days per performed total working hours times 200'000 hours (50 working weeks at 40 hours per 100 employees). By using this factor, the resulting rate is related to the number of employees, not the number of hours.

Environmental figures

Energy consumption (absolute)

	Unit	2011	2012	2013	Difference 2012-2013
Electricity	MWh	116'203	114'727	123'725	7.8%
Heating oil extra light	liters	703'909	716'538	1'196'692	67.0%
Natural gas	m ³	6'965'157	7'090'868	7'578'823	6.9%
Subtotal excluding fuel	GJ	695'163	694'842	761'997	9.7%
Gasoline ***	liters	437'397	465'768	463'002	-0.6%
Diesel ***	liters	988'609	1'029'957	1'287'459	25.0%
Total	GJ	744'224	746'277	822'490	10.2%

*** Comparison of diesel and gasoline consumption is limited due to lack of robust data for 2011 and 2012.

Energy consumption (relative to net sales)

	Unit	2011	2012	2013	Difference 2012-2013
Electricity	MWh per million CHF	61	57	60	4.8%
Heating oil extra light	liters per million CHF	372	356	578	62.4%
Natural gas	m ³ per million CHF	3'677	3'524	3'662	3.9%
Total	GJ per million CHF	367	345	368	6.6%

CO₂ emissions

	Unit	2011	2012	2013	Difference 2012-2013
Scope 1 (from fuels and combustibles)	Metric tons	19'402	19'864	22'773	14.6%
Scope 2 (from electricity)	Metric tons	63'028	56'460	56'363	-0.2%
Absolute CO₂ emissions	Metric tons	82'430	76'324	79'136	3.7%
Relative CO₂ emissions	Metric tons per million CHF	44	38	38	0.8%

Water and waste water

	Unit	2011	2012	2013	Difference 2012-2013
Fresh water consumption	m ³	606'131	524'337	665'891	27.0%
Relative water consum.	m³ per million CHF	320	261	322	23.5%
Waste water	m ³	519'232	444'783	612'562	37.7%
Relative waste water	m³ per million CHF	274	221	296	33.9%

Waste

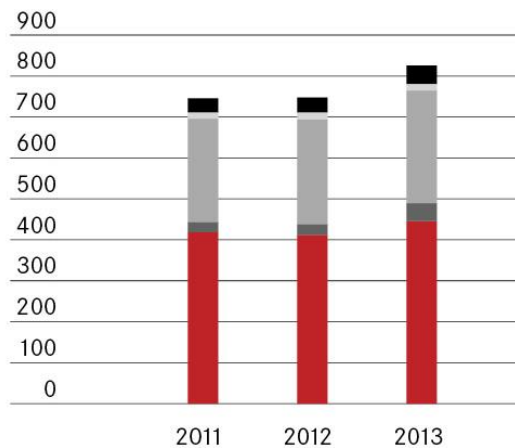
	Unit	2011	2012	2013	Difference 2012-2013
Non-hazardous waste	Metric tons	18'182	18'866	19'792	4.9%
Hazardous waste ****	Metric tons	1'650	1'841	2'646	43.7%
Total waste	Metric tons	19'832	20'707	22'438	8.4%
Relative waste	Metric tons per million CHF	10.5	10.3	10.8	5.4%

**** Comparison of hazardous waste is limited due to lack of robust data for 2011 and 2012.

**Environmental
management systems**

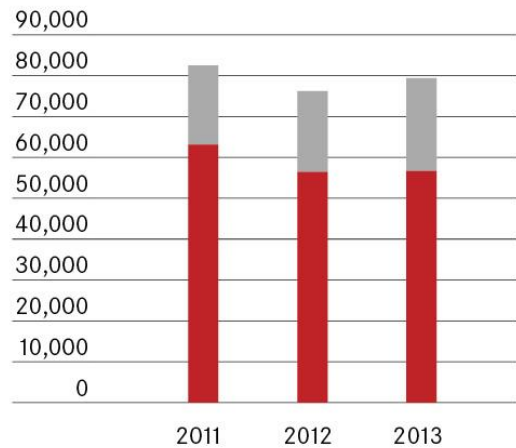
	Unit	2011	2012	2013	Difference 2012-2013
Production companies certified in accordance with ISO 14001	Companies	10	20	21	5.0%

ENERGY CONSUMPTION (TERAJOULES)



Diesel
 Heating oil
 Gasoline
 Electricity
 Natural Gas

CO₂ EMISSIONS (METRIC TONS)



Scope 1 (from combustibles and fuels)
 Scope 2 (from electricity)