



Franklin Electric

2020 Sustainability Report



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MOVING WATER. MOVING FUEL.
MOVING FORWARD.



MESSAGE FROM CHAIRPERSON & CEO

At Franklin Electric, sustainability means more than understanding and addressing our impact on the environment. It also means more than simply measuring our commitment to improving the lives of our employees and the communities in which we operate. At Franklin Electric, sustainability means building upon the successes of the last 75 years and positioning our business for substantial growth well into the future, while continuing to provide value to our shareholders, employees, and customers.

With the full support of our Board of Directors and through the work of our executive-led Environmental, Social & Governance Committee, I am pleased to present Franklin Electric's first Sustainability Report. While this report is our first public disclosure of some important environmental and social measurements, principles of sustainability are the foundational tenets of Franklin Electric's culture and have long contributed to our success: a commitment to safety, ethical compliance with established policies, care for the well-being of our employees, and a history of innovation, environmental protection, continuous improvement and lean manufacturing practices.

The long-term financial stability of our company and return on our shareholders' investment is paramount, but we recognize that our actions affect our customers, employees, business partners, and the residents of the communities we touch, and it is our responsibility to do so in positive ways. We directly employ more than 5,000 people in our global locations, partner with thousands of suppliers, customers and other businesses, and touch the lives of millions of end-users of our products.

Safety always comes first at Franklin Electric, and we are committed to protecting the health and safety of our employees, customers, and end-users. Our Product Review Committee works to ensure that the products we introduce into the market are inherently safe. We actively promote a culture in which we continually train employees on health and wellbeing best practices with the goal of zero work-related injuries. While this Sustainability Report will present metrics regarding employee safety, I assure you that I find any employee injury unacceptable, and I will not be satisfied until every employee of Franklin Electric goes home safe and returns to work safe on a daily basis. We seek opportunities to provide safe work environments for employees in every role and support their health by offering competitive health insurance benefits and promoting wellness programs. In 2020, we responded and continue to respond to the effects of the COVID-19 pandemic through additional investments in personal protective equipment as well as implementing remote and flexible working options to provide job stability while maintaining productivity.

We value and depend upon the diverse backgrounds, experience, knowledge, and talents of our entire workforce. We embrace and reflect the ethnic, cultural, and lifestyle diversity of the communities where we live and work. We strive to create a corporate culture characterized by ethical conduct and a commitment to our people and the industries we serve. Our core values foster respect, trust, and integrity, through which we build strong relationships with each other and our stakeholders.

Through our innovative product designs, we blend the product performance our customers demand with critical safety features and proven energy efficiency that promote a smaller environmental footprint and a lower total cost of ownership. We dedicate significant resources to research and development, focusing on improvements to the efficiency of our products, easing their reliance on fossil fuels. As you will see throughout this Sustainability Report, we have created a framework through which we can hold ourselves accountable for the environmental and social impact of our business operations, relying heavily on global standard metrics.

Clean and readily available groundwater is vital to the health and well-being of the world's population, and the success of our water systems business is inextricably linked to this necessity. Pollution of groundwater aquifers represents a danger to human health, the environment, and our business. We therefore do our part to lower our own environmental impact by mandating clean, sustainable manufacturing and distribution processes, and by designing products that themselves protect against environmental damage. We are investing in technologies that allow people to treat their water in environmentally responsible ways, without releasing chemical contaminants back into nature.

We believe we have a responsibility to support communities around the globe through charitable contributions, and we seek opportunities to leverage our unique strengths to achieve meaningful progress in solving human crises. With that in mind, *Franklin Wells for the World Foundation* (FWWF) was founded in 2010 by R. Scott Trumbull, Chairperson and Chief Executive Officer of Franklin Electric from 2002 to 2014. Scott's vision for FWWF was to provide safe, reliable, and cost-effective water supplies to suffering communities, focusing on Africa where the need is greatest.

Since its founding, FWWF has made a significant difference in the lives of over 180,000 people by installing and helping those people maintain wells to provide dependable access to clean water. Scott passed away in August 2020, and we will honor his memory and celebrate his many contributions to the company by continuing to serve communities around the world through FWWF and other charitable endeavors.

Our fueling business provides products and services that reduce the risk of contamination from liquid fuels. We pioneered advances in petroleum piping and containment systems, electronic leak detection and overfill protection, all of which make it possible to safely keep up with the world's energy needs. Through our *FFS PRO: University* program, we provide the industry's premier training for petroleum equipment installation professionals. We focus not only on training and certification, but we also aim to serve as the industry leader in fueling system safety and continued learning.

In this first report, we are reporting Franklin Electric's 2019 performance against certain environmental, social, and governance metrics, which will establish a baseline for holding ourselves accountable for improvements. Over the next several years, we will continue to expend resources and leverage our culture of innovation, continuous improvement, and lean manufacturing to reduce our environmental footprint, increase employee safety and wellbeing, and create a more inclusive work culture. I look forward to sharing the evolution of our sustainability program with you. As we turn to the future, I assure you that, as we continue to grow and provide value to our stakeholders, we will thoughtfully consider and continuously recognize the impact we make on the people and the environment in the communities we serve.

Gregg C. Sengstack
Chairperson of the Board and Chief Executive Officer

COMMITMENT TO SAFETY

Franklin Electric is committed to protecting the health and safety of our employees, customers, and end users. We actively promote a culture in which we continually train employees on health and safety best practices with the goal of zero work-related injuries. We encourage employees to not only look out for themselves, but also for each other. Ultimately, our goal is to minimize potential safety risks in order to protect our people and assets, and to better position Franklin Electric for future growth.

There are a number of risks inherent in producing, assembling, distributing, and servicing our products. In order to achieve our goal of zero work-related injuries, we work diligently to identify and reduce these risks through awareness, training, and clear procedures. An Environmental, Health and Safety (EHS) Committee meets biweekly to conduct assessments of reported incidents, review and revise policies and procedures, and communicate best practices across locations. Safety metrics are reviewed with our CEO and other senior leadership at least monthly.

Training Hours by Location

Location	Hours
Brno, Czech Republic	933
China	1216
Fueling Asia	100
South Africa	1,288
Italy	600
Turkey	2,197
Mexico	29,850
Brazil	6,286

Safety Performance Improvement



Total Recordable Rate (TRR)

Work-related injury or illness requiring medical treatment beyond first aid, days away from work, restricted work, or transfer to another job.

Lost Time Rate (LTR)

Work-related injury or illness that results in days away from work.

Days Away Restricted Transferred (DART)

Work-related injury or illness that results in days away from work, restricted work, or transfer to another job.

Rates are based on 100 employees working 40 hours per week for 50 weeks out of the year.



Our **Key Factors for Success** are a roadmap to ensure we consistently offer the best value to our customers.

QUALITY: Above all, we are committed to providing high quality products and services to our customers.

AVAILABILITY: We are committed to delivering our products and services when and where our customer needs them.

SERVICE: We are passionate about providing industry-leading technical service, robust training programs, and unwavering support and communication.

INNOVATION: We are driven to evaluate new technologies and develop new products, services, and processes. Our drive to innovate is at the core of what we do.

COST: We consider cost in every decision we make. We strive to control cost for the benefit of all our stakeholders.



COMPANY OVERVIEW

Franklin Electric Co., Inc. (NASDAQ: FELE) is a global leader in the manufacturing and distribution of products and systems focused on the movement and management of water and fuel. We offer pumps, motors, drives, and controls for use in a wide variety of residential, commercial, agricultural, industrial, and municipal applications.

At Franklin Electric, we strive to achieve market and financial success, guided by our core values and focus on our Key Factors for Success – Quality, Availability, Service, Innovation, and Cost. Along with maintaining a culture of safety and continuous improvement, every Franklin Electric employee is expected to make decisions based on our Key Factors for Success to ensure we offer the best value to our customers. We do this not solely because it is good business, but because it is the right thing for our customers, employees, shareholders, and business partners.

Franklin Electric has grown from a small motor manufacturing company into a leading global provider of systems and components for the movement of water and fuel. Named after America's pioneer electrical engineer, Benjamin Franklin, we continue to follow the core of our founders' strategy by continuously improving our products and processes to deliver valuable and innovative solutions that better serve our customers' needs.

Our vision is to be an indispensable partner to our customers. We consistently deliver products of the highest quality available in the market, provide training that reflects the importance of the safety of our customers and end-users, and develop innovative products that deliver unparalleled performance, protect the environment and support sustainable energy sources. Our goal is to accomplish these objectives in ways that deliver value to our customers and shareholders.

From driving greater productivity in our plants to delivering more efficiency in our global projects, Franklin Electric is committed to operational excellence. In our manufacturing locations, we rely on leading best practices to increase machine availability, yields, and value. We are always looking for better ways to turn inputs into quality products; this forward-thinking approach is crucial to our long-term success.

OUR HISTORY

- 1944** • Founded by Edward J. Schaefer & T. Wayne Kehoe in Bluffton, Indiana
Introduced the first fully submersible electric motor for water pumping.
- 1963** • First international location established in Germany
- 1988** • Established FE Petro Fueling Business
First explosion-proof submersible motor for fueling systems.
- 2004** • Entered water systems pump market with acquisition of JBD Pumps
- 2006** • Expanded into the water systems plumbing, heating, ventilation, and air conditioning (P/HVAC) market with acquisition of Little Giant
- 2013** • Corporate Headquarters relocated to Fort Wayne, Indiana
- 2017** • Entered the water systems distribution business with establishment of Headwater Companies and the acquisition of DSI, 2M and Western Hydro



T. Wayne Kehoe

Edward J. Schaefer

CORPORATE GOVERNANCE



Board of Directors

Franklin Electric’s Board of Directors drives our culture of compliance and commitment to safety, employee and customer training and engagement, innovative and efficient product offerings, and lean manufacturing activities. The primary responsibility of the Board is to oversee the affairs of the Company for the benefit of the Company’s shareholders.

Board Structure & Governance

The Board has three standing committees: Audit, Management Organization and Compensation, and Corporate Governance. The Company’s Corporate Governance Guidelines provide for an independent non-executive director to act as Lead Independent Director. The Lead Independent Director is appointed by a majority of the independent directors and serves for a two-year term. David T. Brown currently serves as the Company’s Lead Independent Director.

The principal functions of the Board of Directors are to:

- Review and approve the long-term strategic objectives and direction of the Company, including with respect to environment, social and governance initiatives
- Select, advise, counsel, encourage, and evaluate the Chief Executive Officer and to select his or her successor
- Review and support the actions required to provide the necessary resources to pursue the objectives, strategies and plans of the Company
- Evaluate the performance of senior management
- Review the way the Company operates to help assure that it is managed both effectively and responsibly
- Nominate suitable candidates for election to the Board and to establish and carry out an effective system of board governance

Read More About the Board of Directors

www.franklin-electric.com/company/board-of-directors



*Pictured from left to right. First Row: Jennifer Sherman, Renee Peterson, David Roberts
Second Row: Gregg Sengstack, David Wathen, David Brown, Vic Grizzle, Thomas VerHage*

Name	Age*	Director Since	Principal Occupation	Independent	Committees		
					Audit	Compensation	Governance
Gregg Sengstack	62	2014	Chief Executive Officer and Chairperson, Franklin Electric	CEO			
David Brown	72	2008	Retired; Formerly, CEO of Owens Corning	Yes		✓	✓
Vic Grizzle	59	2020	CEO, Armstrong World Industries	Yes	✓		
Renee Peterson	59	2015	CFO, The Toro Company	Yes	✓		
Jennifer Sherman	55	2015	CEO, Federal Signal Corporation	Yes		✓	✓
David Wathen	68	2005	Retired; Formerly, CEO, TriMas Corporation	Yes		✓	✓
Thomas VerHage	67	2010	Retired; Formerly, CFO, Donaldson Company	Yes	✓		
David Roberts			Retired from the Board May 2020				

* As of publication

Executive Officers

Under Gregg Sengstack’s leadership, the executive team is responsible for the development and implementation of Franklin Electric’s strategies, policies and goals related to economic, environmental and social impacts.



Gregg C. Sengstack
Chairperson of the Board and Chief Executive Officer

Gregg Sengstack joined the Company in 1988. Since then, Mr. Sengstack has held positions in various departments, with significant leadership experience both domestically and internationally. His long tenure with the company provides us with a unique depth of understanding into our markets and businesses and helps guide our strategy.

Elected Chairperson of the Board in 2015, Mr. Sengstack has served as Chief Executive Officer since 2014, at which time he also became a director. He served as President and Chief Operating Officer from 2011-2014. Prior thereto, he was Senior Vice President and President, Franklin Fueling Systems and International Water Group and has held numerous positions in the Company’s Finance organization before becoming Chief Financial Officer in 1999. He also serves on the board of Woodward, Inc. (WWD: NASDAQ).



John J. Haines
Vice President, Chief Financial Officer

Prior to joining Franklin Electric in 2008, Mr. Haines was Managing Director and Chief Executive Officer of HSBC Auto Finance. He previously held a number of executive and financial positions with General Electric.



Paul Chhabra
Vice President, Global Product Supply

Dr. Chhabra has over fifteen years of experience in global supply chain and manufacturing management, most recently serving as the Vice President, Global Supply Chain, Semiconductor and Service divisions for Applied Material, Inc. Dr. Chhabra earned a bachelor’s degree in Engineering from the University of Illinois, a master’s degree and PhD in Engineering from Purdue University, and an MBA from the University of California at Berkeley.



DeLancey W. Davis
Vice President and President, Headwater Companies

Mr. Davis served as Vice President of Sales and Marketing for Flexcon Industries prior to joining Franklin Electric in 2005. Previously, he was a practicing attorney with the Washington D.C. office of Holland & Knight, LLP and for many years represented the water systems industry as a lobbyist for the Water Systems Council. In 2017 he was named Vice President and President, Headwater Companies, assuming responsibility for the Distribution segment of the Company.



Donald P. Kenney
Vice President and President, Global Water

Mr. Kenney was hired as FE Petro employee number three in 1991, eventually becoming President of FE Petro in 2001, and then President of Franklin Fueling Systems in 2005. In 2013, Mr. Kenney was promoted to President, Energy Systems, then appointed to President, North America Water Systems in 2017. In 2019 Franklin Electric established a Global Water Organization, naming Mr. Kenney President, Global Water, responsible for all geographically arranged commercial organizations.



Jonathan M. Grandon
Chief Administrative Officer, General Counsel and Secretary

Mr. Grandon joined Franklin Electric in September 2016. He had most recently been Senior Vice President, General Counsel and Secretary of Biomet Inc., a leading multi-national health care and medical device company. He had also previously been a partner in the Chicago office of Ropes & Gray LLP and prior to that was a partner at Mayer Brown LLP.



Jay J. Walsh
Vice President and President, Franklin Fueling Systems

Mr. Walsh has served as President of Franklin Fueling Systems since 2017 and is responsible for the growth and continued success of our Fueling and Grid Solutions businesses. He started with Franklin Electric in 1995 in the fueling business then known as FE Petro. Prior to taking over as the President of Franklin Fueling Systems, he was responsible for that division's marketing and sales.

Committees

The Board of Directors have adopted a Committee Charter for each of its committees that set forth the duties and responsibilities of each committee. In accordance with independence standards set forth in the Company’s Corporate Governance Guidelines and under the applicable NASDAQ rules, all members of every committee are determined to be “independent directors.”

Read the Company Committee Charters

www.franklin-electric.com/company/governance

Audit Committee

The current members of the Audit Committee are Renee J. Peterson (Chairperson), Victor D. Grizzle and Thomas R. VerHage. The Board of Directors has determined that each member of the Audit Committee is an “audit committee financial expert” as defined by Item 407(d)(5)(ii) of Regulation S-K of the Exchange Act.

Under its charter, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the Company’s financial information and internal controls; the Company’s processes for monitoring compliance with laws and regulations; and the Company’s audit and risk management processes, including an annual risk assessment process. The Audit Committee is also responsible for the review, approval, or ratification of transactions between the Company and “related persons”, as required by the Company’s policies.

Management Organization and Compensation Committee

The current members of the Management Organization and Compensation Committee (the “Compensation Committee”) are Jennifer L. Sherman (Chairperson), David T. Brown, and David M. Wathen. Under its charter, the Compensation Committee recommends to the Board of Directors the annual salary and bonus for the Chief Executive Officer, determines and approves the equity awards for the Chief Executive Officer and the annual salary, bonus and equity awards of the other executive officers of the Company; reviews and submits to the Board of Directors recommendations concerning bonus and stock plans; periodically reviews the Company’s policies in the area of management benefits; and oversees the Company’s management development and organization structure. The Compensation Committee will also consider the extent to which improvement upon the ESG metrics identified in this Sustainability Report will be tied to future executive compensation.

Corporate Governance Committee

The current members of the Corporate Governance Committee (the “Governance Committee”) are Jennifer L. Sherman (Chairperson), David T. Brown, and David M. Wathen. Under its charter, the Governance Committee reviews the size of the Company’s Board of Directors and committee structure and recommends appointments to the Board and the Board Committees; reviews and recommends to the Board of Directors the compensation of non-employee directors, including awards to non-employee directors under the Company’s equity-based compensation plans; and develops and recommends to the Board corporate governance guidelines deemed necessary for the Company.

Director Nomination Process

The Governance Committee is responsible for identifying and recommending to the Board candidates for director. The Governance Committee considers diversity when identifying candidates for directorships. Although the Company does not have a written policy regarding diversity, the Governance Committee seeks to identify persons from various backgrounds and with a variety of life experiences who have a reputation for, and a record of, integrity and good business judgment and the willingness to make an appropriate time commitment. The Governance Committee takes into account the current composition of the Board and the extent to which a person’s particular expertise, experience and ability will complement the expertise and experience of other directors. Candidates for director should also be free of conflicts of interest or relationships that may interfere with the performance of their duties. Based on its evaluation and consideration, the Governance Committee submits its recommendation for director candidates to the full Board of Directors, which is then responsible for selecting the candidates to be elected by the shareholders.

Environmental, Social and Governance Committee

In 2020, the Board empowered an executive-led Environmental, Social and Governance (“ESG”) Committee to focus on sustainability initiatives, including the compiling and disclosure of this Sustainability Report. The ESG Committee, which includes cross-functional representation from Global Product Supply, Human Resources, Legal, Internal Audit, and Information Technology, meets throughout the year and reports to the Governance Committee of the Board of Directors during its regularly scheduled meetings. The ESG Committee is also tasked with driving improvement of ESG targets and monitoring the ESG program alignment with the Company’s strategic objectives.

Product Review Committee

As part of our commitment to safety, we maintain a cross-functional Product Review Committee (the “PRC”) which includes representation from Global Engineering, Global Product Supply, Commercial Leadership and Legal. The PRC is responsible for overseeing the evaluation of new products prior to launch to mitigate the risk of personal injury or property damage as a result of the product’s installation, application or utilization by an end-user. The PRC also reviews reports of potential safety issues identified in the field and responds accordingly, with Franklin’s commitment to quality and safety guiding all decisions.

FINANCIAL SUMMARY

FINANCIAL SUMMARY

Financial Summary

(in millions, except per share amounts and ratios)

Operations		2019	2018	2017	2016	2015
Net sales	\$	1,314.6	1,298.1	1,124.9	949.9	924.9
Operating income	\$	127.1	132.0	107.2	112.1	90.4
Operating income as a percent of sales	%	9.7	10.2	9.5	11.8	9.8
Balance Sheet						
Debt net of cash, equivalents and investments	\$	50.6	147.2	158.8	85.9	139.2
Shareholders' equity	\$	796.5	733.9	700.7	613.4	557.7
Net debt as a percent of equity	%	6.4	20.1	22.7	14.0	25.0
Cash Flow						
Net cash flow from operating activities	\$	177.7	128.4	66.8	115.4	99.6
Capital expenditures, net	\$	21.0	21.7	33.3	33.1	26.0
Acquisitions	\$	20.8	45.0	51.8	1.0	3.9
Investment Data						
Return on average invested capital ⁽¹⁾	%	14.4	15.0	14.7	16.0	13.5
Weighted average common shares outstanding		46.8	47.0	47.0	46.7	47.6
Income Per Share						
Per weighted average common share, assuming dilution	\$	2.03	2.23	1.65	1.65	1.50
Dividends per common share	\$	0.5800	0.4675	0.4225	0.3975	0.3825

(1) Return on average invested capital = (earnings before interest, taxes divided by average year-end net debt plus equity)

2019 Highlights

Investor Relations

www.franklin-electric.com/company/investor-relations

\$1.3 B

RECORD SALES

\$2.03

EARNINGS PER SHARE

STRATEGIC ACQUISITION OF WATER TREATMENT BUSINESS

FOCUS ON OPERATIONAL EXCELLENCE & GLOBAL PROCESS STANDARDIZATION

CONTINUED FOCUS ON WORKING CAPITAL IMPROVEMENTS

FREE CASH FLOW

163%

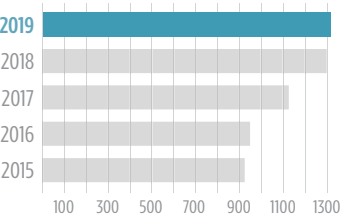
OF NET INCOME

IMPROVED FROM

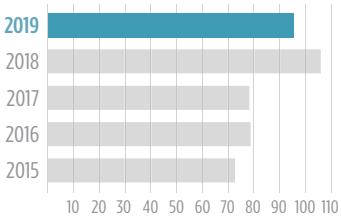
101%

IN 2018

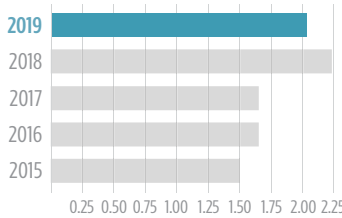
Net Sales: \$1,314.6
(\$ millions)



Net Income: \$95.5
(\$ millions)



Earnings per Share: \$2.03
(\$ millions)



OPERATIONS

In our engineering center and test labs around the world, each one of our more than 40,000 products is engineered to provide a reliable solution to our customers' challenges. From our global headquarters in Fort Wayne, Indiana, to our more than three million square feet of manufacturing and distribution facilities across the globe, the same uncompromising quality standards apply.





OVER 5,000 EMPLOYEES
LOCATED IN 18 COUNTRIES

- GLOBAL HEADQUARTERS
- MANUFACTURING FACILITIES
- OFFICE/WAREHOUSE FACILITIES

OPERATIONS MAP

Every day, the world's population uses approximately three trillion gallons of fresh water and consumes approximately one billion gallons of fuel. And, every day, Franklin Electric produces 20,000 pumps, motors, drives, and controls that make that possible. We understand how essential our products are to people's lives and livelihoods. Together we assure their reliability and availability to our millions of customers around the world.

OPERATIONS

Water Systems

Water is critical to communities around the world. The vast majority of the world’s fresh water supply is held in underground aquifers, and Franklin Electric products have become a trusted solution to bring that water to the surface. Franklin Electric has been able to leverage its expertise in motor applications to grow and serve a number of different markets. Franklin offers pumps, motors, drives, and controls for use in a wide variety of residential, commercial, agricultural, industrial, and municipal installations, for both clean and grey water applications.

Water Systems: Regions

US & Canada

Fort Wayne, Indiana



At Franklin Electric, innovation and sustainability work together to enhance our R&D process. We see these as catalysts that drive the development of solutions that add value to global markets. Providing efficient products of the highest quality will continue to be a cornerstone of our success and growth. From our Global Headquarters and Engineering Design Center, we collaborate with teams around the globe to meet the needs of our customers and markets.

Latin America

Linares, Mexico



To meet the tough water demands of Latin America, our strategic distribution partners and centrally located distribution centers offer complete groundwater pumping systems for submersible and surface pumps, submersible motors, and a robust family of electronics.

EMENA

Dueville, Italy



Offering a full line of submersible motors and pumps that can be used for residential, commercial, and industrial pumping applications, our EMENA business is responsible for sales, distribution, and service in Europe, the Middle East, and North Africa.

South Africa

Johannesburg, South Africa



Our presence in this region allows us to bring our expertise, along with a complete line of high quality submersible and surface pumps and motors, to key developing markets throughout southern Africa.

Asia-Pacific

Suzhou, China



The Asia-Pacific (APAC) region includes both mature and emerging markets and we serve these diverse markets, and others around the world, from our manufacturing facilities and sales offices in Korea, Thailand, Singapore, China and Australia

Water Systems: Brands

Pioneer Pump®



Leading-edge hydraulic engineering makes our centrifugal Pioneer Pumps the highest performing pumps on the market. These pumps provide better flow, higher head, greater efficiency, and unparalleled service designed to meet unique challenges.

Engineered Products



Franklin Electric offers a range of wastewater, centrifugal, and booster pumps configurable to meet our customers' specific demands, offering the advantage of quality, availability, sizing, design, and customized configuration support.

Franklin Control Systems



Franklin Electric has been a leader in the development of smarter and more efficient controls for decades. Our dedication to innovation and customer service has led the company from a small startup to an international supplier of drives, starters and industrial components.

Little Giant® Pumps



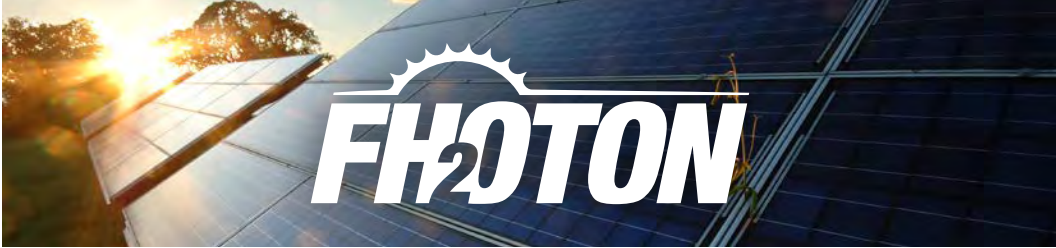
The Little Giant brand specializes in the water transfer market with products including wastewater, sump, sewage, effluent, dewatering, condensate, magnetic drive, and utility pumps; as well as low pressure sewer systems, and water garden pumps and products.

Red Lion® Pumps



The Red Lion brand is an integral part of the retail hardware pump industry. Today we continue to improve and increase our product line with new and innovative products and features by gathering extensive market research on our customers' needs.

Solar Pumping Systems

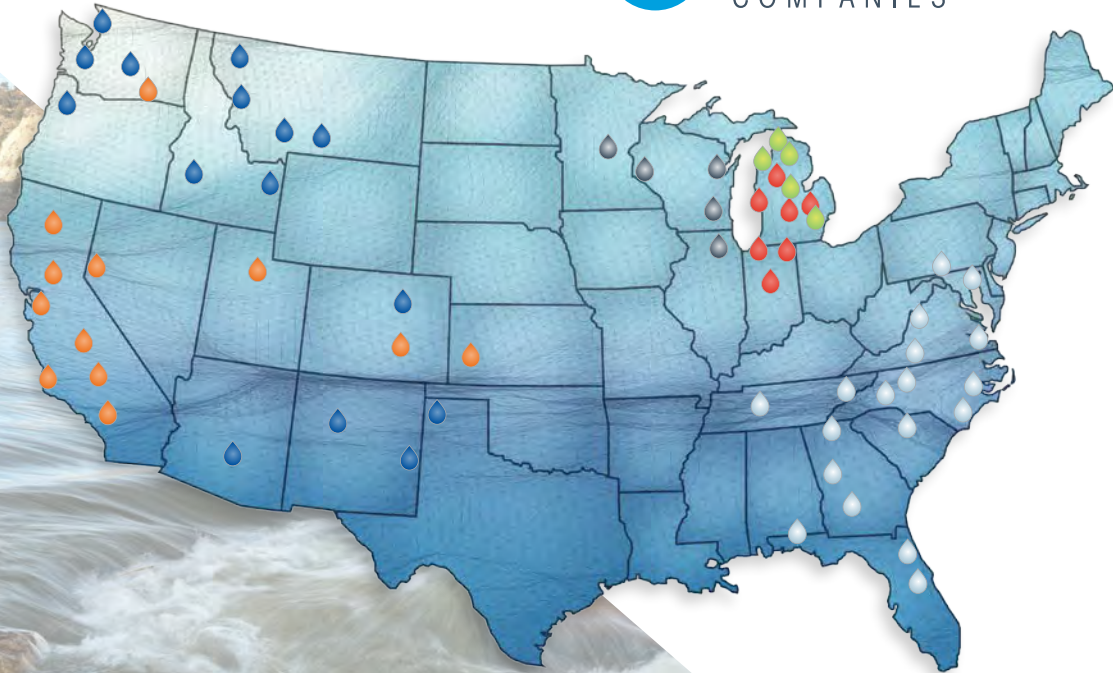


In many remote locations around the world, operating submersible pumps and motors is challenging due to unavailable or unreliable power sources. We are committed to developing new systems for renewable energy while using our proven system technologies.

Headwater Companies



Headwater Companies, LLC is a collection of leading groundwater distributors. This collective and vested group ensures a focused groundwater distribution organization that delivers quality products and leading brands to the U.S. market, providing contractors with the availability and service they demand to meet their application challenges.



Fueling Systems

Franklin Fueling Systems

Madison, Wisconsin



Franklin Fueling Systems has established itself as the global leader in total system solutions for underground gasoline, diesel, and biofuel systems. We offer a vast array of components between the tank and the dispenser, including submersible pumps, station hardware, piping, sumps, and electronic controls. We work with our customers to design safe forecourt systems with the lowest total cost of ownership, and, consistent with the Company's commitment to safety, FFS is driven to be the world leader in petroleum equipment training for installers and maintenance, utilizing the FFS Pro platform to deliver the industry's premier global online and live training.

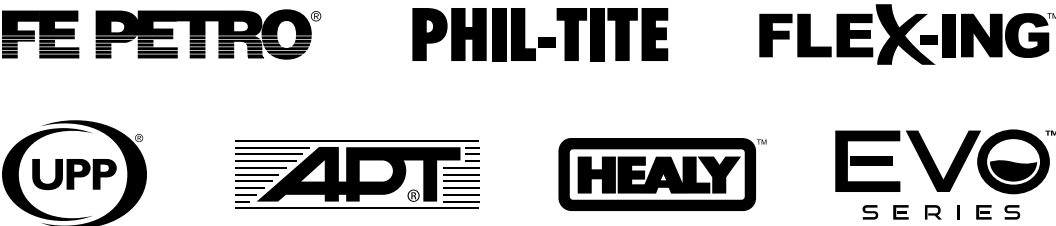
Fueling Systems: Brands

Grid Solutions



Our Grid Solutions products include intelligent electronic devices that are designed for online monitoring for the power utility, hydroelectric, and industrial markets.

Franklin Fueling Systems



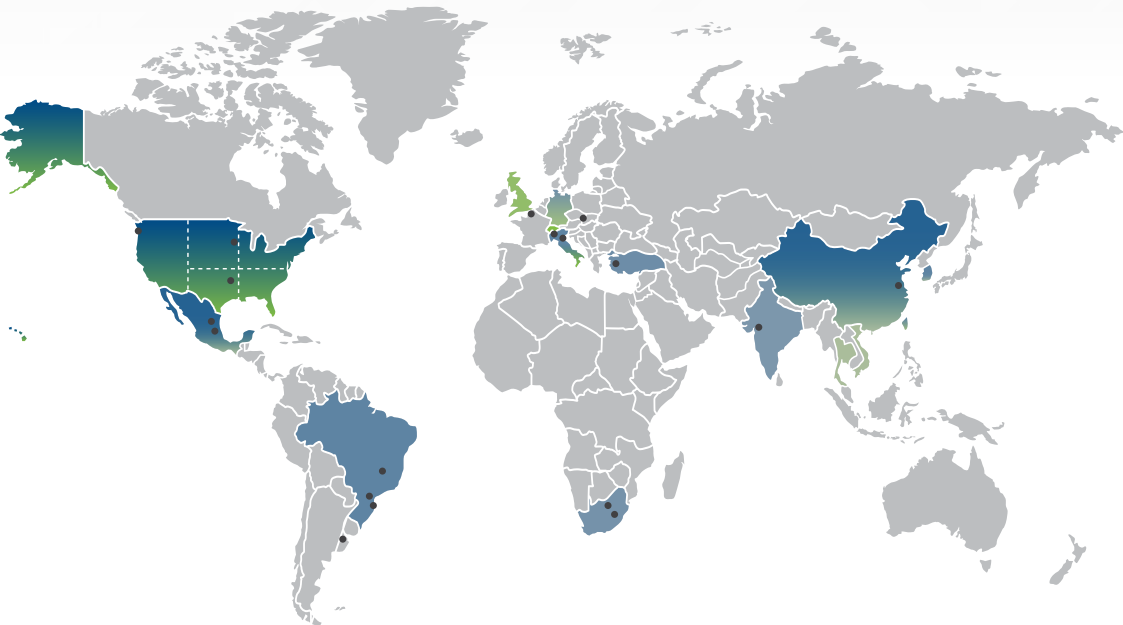
SUPPLY CHAIN

To build the almost 20,000 products produced by Franklin Electric each day, we must have a robust and efficient supply chain, focused on quality and availability.

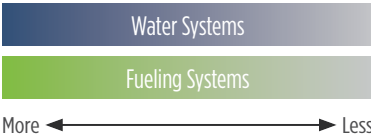
OVER
2,500
SUPPLIERS

ALMOST
31,000
PARTS & COMPONENTS

18
MANUFACTURING
LOCATIONS



Supplies: Country of Origin (by spend)



Water Systems			
1 United States	7 Turkey		
2 China	8 Germany		
3 Mexico	9 South Africa		
4 Italy	10 South Korea		
5 Brazil	11 India		
6 Taiwan	12 Other		

Fueling Systems			
1 United States	7 Taiwan		
2 United Kingdom	8 Vietnam		
3 China	9 Thailand		
4 Germany	10 Mexico		
5 Switzerland	11 South Korea		
6 Italy	12 Other		

Manufacturing: Facility Locations

● Manufacturing Facility

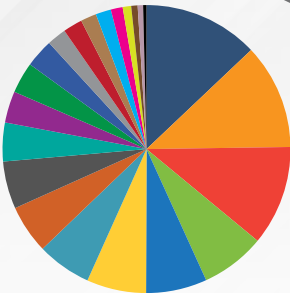
Water Systems	
United States	Brazil
Czech Republic	South Africa
Italy	China
Turkey	India
Mexico	

Fueling Systems	
United States	
China	
Mexico	
United Kingdom	
India	

Water Systems

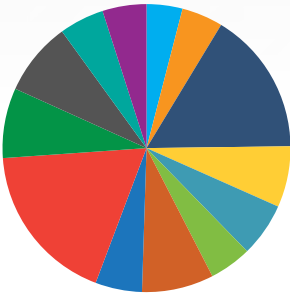
Supplies

Commodities (in order of spend)					
1 Finished Goods	9 Fabrication, OSP, Sub Contractor	16 Fasteners & Hardware			
2 Motors, Electric	10 Electrical	17 Outside Operations			
3 Metal Products	11 Engines	18 Bearings			
4 Castings	12 Packaging Materials	19 Forgings			
5 Components, Electronics	13 Bar Stock, Rods & Extrusions	20 Tubing, Blanks			
6 Wire	14 Elastomers & Seals	21 Insulation			
7 Components, Specialized	15 Chemicals	22 Sintered			
8 Plastic Compound					



Manufacturing

Product Types & Number of Products					
Residential Water Systems	200	Surface Products	235	Water Garden	390
Submersible Products	230	Water Transfer Systems	400	Grid Solutions	410
Controls, Drives, Protection	800	Parts & Accessories	260	Artificial Lift	250
HVAC	340	Large Dewatering	900	Solar Products	245
Wastewater	300				



Distribution

Headwater Companies U.S. Locations & Number of Branches									
North Central		North East		South Central		South East		West	
Valley Farms Supply	7	Drillers Service, Inc.	9	HW Wholesale	5	Drillers Service, Inc.	6	ZM Company	15
Milan Supply Co.	5	Western Hydro, LLC	2					Western Hydro, LLC	10
Drillers Service, Inc.	3								
TOTAL	15		11		5		6		25

Headwater Corporate Office: Littleton, Colorado

Markets

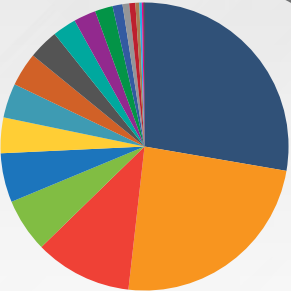


OPERATIONS

Fueling Systems

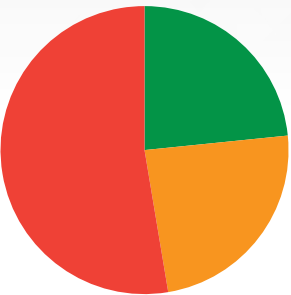
Supplies

Commodities (in order of spend)		
1 Plastic Compound	8 Tubing, Blanks	15 Bearings
2 Fabrication, OSP, Sub Contractor	9 Castings	16 Insulation
3 Specialized Components	10 Packaging Materials	17 Motors, Electric
4 Elastomers & Seals	11 Chemicals	18 Bar Stock, Rods & Extrusions
5 Components, Electronics	12 Electrical	19 Finished Goods
6 Fasteners & Hardware	13 Wire	20 Sintered
7 Outside Operations	14 Metal Products	



Manufacturing

Product Types & Number of Products	
Fueling	400
Grid Solutions	410
Parts & Accessories	900



Distribution

Number of Franklin Fueling Systems Distributor Locations			
US/Canada	475	Europe	73
Latin America	32	Russia	6
Asia	46	W. Asia & Middle East	34
Australia	106	Africa	30
China	97	India	26
TOTAL		925	

Number of Grid Solutions Distributor Locations			
US/Canada	235	China	6
Latin America	12	Europe	6
Asia	29	Middle East	3
Australia		India	2
		TOTAL	
		295	

Markets



Supplier Compliance

Conflicts Minerals

An important factor in supply chain sustainability is responsible sourcing practices, particularly the sourcing of minerals used in our products. Tin, tungsten, tantalum and gold (3TG), commonly known as “conflict minerals,” are associated with human rights violations in the Democratic Republic of the Congo (DRC) and neighboring countries. We expect all of our suppliers to have policies and procedures in place to ensure that any 3TGs used in the production of the products sold to Franklin Electric are DRC conflict-free. This means that the products must not contain 3TGs that directly or indirectly finance or benefit armed groups in the covered countries.

Supplier Code of Conduct

To ensure that our suppliers conduct business with the same standards of integrity and compliance we hold ourselves to, we provide a Supplier Code of Conduct that applies to all direct suppliers. This Supplier Code of Conduct is based on industry and internationally accepted principles such as the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. The Supplier Code permits us to audit supplier compliance with our policies and applicable laws. The Supplier Code of Conduct is reviewed annually to ensure it continues to align with industry best practices.

Moving Forward

Our Global Product Supply team is focused on sustainability initiatives and is working collaboratively to improve our environmental, economic, and social metrics. In the interest of continued transparency and to assist in understanding our reporting, we have identified the following areas. We have begun work in several of these areas and will continue to assess and examine each for continuous improvement opportunities.

Lighting

- Smart LED
- Integrated light controls with occupancy sensors

HVAC Systems

- Smart thermostats
- Regular maintenance on outdoor condenser units
- Filter changes
- Adjusting thermostats +/- a few degrees depending on the season
- Window UV protection

Air Compressors

- Install variable frequency drives
- “Right-size” units and variable speed control compressors
- Pressure optimization
- Repair air leaks/regular maintenance
- Install storage tanks
- Review intake air quality and humidity
- Upgrade controls and monitoring systems

Water Consumption

- Ensure we have “closed loop” systems where possible
- Recycle and re-use
- Upgrade to “low flow” toilets
- Rain water collection

Waste-Stream Audits

- Dumpster dive to assess waste generation
- Determine types and quantity
- Identify opportunities
- Aggressively tackle hazardous waste
- Work toward a zero landfill certification/focus on recycling

Furnace/Oven/Boiler Tuning

- Regular air/fuel checks
- Filter replacement schedules
- Inspect heating equipment for energy loss due to leaks and improper settings

COMPLIANCE WITH LAWS

Franklin Electric's core principles will never be compromised for short-term results. We aspire to be the industry leader that endures, thereby providing genuine value to our customers, employees, and stakeholders. Franklin Electric takes a strong and unwavering position on ethics, business conduct, and compliance with laws.



COMPLIANCE WITH LAWS

Code of Conduct

Our Code of Conduct is our commitment to doing business with honesty and integrity. All employees of Franklin Electric have a duty to act with integrity and to treat our colleagues, customers, and suppliers with dignity and respect. Integrity requires, among other things, being honest, ethical, and candid.

The Code of Conduct requires that each director, officer, and employee:

- Act ethically, consistent with our policies
- Observe all government rules and regulations
- Adhere to a high standard of business ethics

The Code of Conduct provides guidance for ethical decision-making and outlines our responsibility to abide by the law. The Code of Conduct touches on many topics and is enhanced by separate policies we require employees to acknowledge, including policies covering Anti-Bribery and Anti-Corruption, Environmental Matters, and Anti-Discrimination. All employees are provided training on the Code and other compliance policies through a combination of in-person and online programs. Targeted training is conducted with specific groups based on risk and need.

Read the Full Code of Conduct www.franklin-electric.com/company/governance

Supplier Code of Conduct

In addition, we expect our suppliers to acknowledge a Supplier Code of Conduct which prohibits bribery, corruption, and forced labor, and requires suppliers to abide by local health, safety, and environmental standards. More information regarding our commitment to a sustainable supply chain can be found in the “Supplier” section.

Read the Full Supplier Code of Conduct www.franklin-electric.com/company/for-our-suppliers

Ethics and Integrity

Our Code of Conduct outlines the ways an employee or stakeholder can report a concern or ask a question, and employees are trained to understand that each of them has a duty to speak up. We encourage employees to speak with their supervisor, the Company’s Compliance Officer, or a Human Resources representative if they need assistance or to report a concern. The Company also maintains an Ethics and Integrity Hotline, which is a third-party service providing 24/7 confidential reporting over the phone or through a website portal. Reporting assistance is provided in over 100 languages. Individuals may report anonymously, where permitted by law.

Ethics and Integrity Hotline ethics.fele.com

Anti-Corruption and Anti-Bribery

We strive to be an industry leader, but success without fair competition is not acceptable. We operate globally and have a responsibility to actively address the risks of corruption and bribery, including in our supply chain. We maintain high ethical standards throughout the value chain. Franklin Electric does not tolerate bribery or corruption by any person associated with our company. Generally speaking, our Anti-Bribery Policy prohibits the making of improper or unethical payments to government officials anywhere in the world. In some cases, the laws of the United States prohibit activities that may not be illegal under the laws of the countries where the activity occurs. Other business activities may raise concerns under both U.S. and local laws. For this reason, and as a general matter, we must not act in a manner in any country that would violate either U.S. or local law.

Read the Full Anti-Corruption Policy www.franklin-electric.com/policies/#anticorruptionpolicy

Discrimination

To ensure our commitment to the principles of anti-discrimination and in furtherance of our commitment to a diverse and inclusive workplace, we prohibit discrimination in hiring, promotion, demotion, treatment during employment, rates of pay, and termination of employment on the basis of race, sex, sexual orientation, gender identity, age, color, religion, national origin, disability, citizenship status, Veteran status, or any other category protected under federal, state, or local law.

Equal Employment Opportunity www.franklin-electric.com/policies/#equalemploymentopportunity

Forced Labor

Franklin Electric will not tolerate, engage in or support human trafficking, forced labor or child labor in any of our business practices, including our international supply chain. It is our policy not to enter a business relationship with any supplier that uses or is suspected of using any form of these practices at any stage of the production process or at any point in its own supply chain. If it is suspected that a supplier or any of the supplier’s subcontractors or other business partners is engaged in human trafficking or using forced or child labor, we will immediately commence an investigation and take necessary steps to ensure compliance with our Human Rights Policy, including termination of the supplier relationship if compliance is not achieved.

Senior management is fully committed to ensuring that we source product in compliance with all laws and in a socially responsible manner. Franklin Electric employees receive recurring training, appropriate to their responsibilities, to enable them to fulfill their obligations in accordance with this policy. We also endeavor to provide training on forced and child labor prohibitions to our direct suppliers and, to the extent possible, suppliers beyond the first tier in the supply chain.

Prohibition on Human Trafficking, Forced Labor and Child Labor www.franklin-electric.com/policies/#trafficking

Human Rights Policy Statement www.franklin-electric.com/policies/#humanrightspolicy

Conflicts of Interest and Related Party Transactions

We believe that each of us has a duty to avoid conflicts of interest, including any activity, enterprise, relationship, or association which might compromise or interfere with the obligations of Franklin Electric. Conflicts of interest and related party transactions are reported to the Compliance Officer and Internal Audit, and are reviewed and approved, as required, by the Audit Committee of the Board.

Read the Full Conflicts of Interest Policy www.franklin-electric.com/policies/#conflictsofinterestpolicy

Non-Retaliation Policy

We want our employees to feel safe when reporting behavior that may conflict with company policy. No retaliation of any kind is permitted against any employee for complaints or concerns made in good faith. No employee or other person acting on behalf of Franklin Electric who is attempting to comply with our reporting policies will be:

- Dismissed or threatened with dismissal
- Penalized in the terms or conditions of employment
- Disciplined, suspended, or threatened with either
- Intimidated or coerced

Read the Full Non-Retaliation Policy www.franklin-electric.com/policies/#non-retaliation

Environmental Compliance

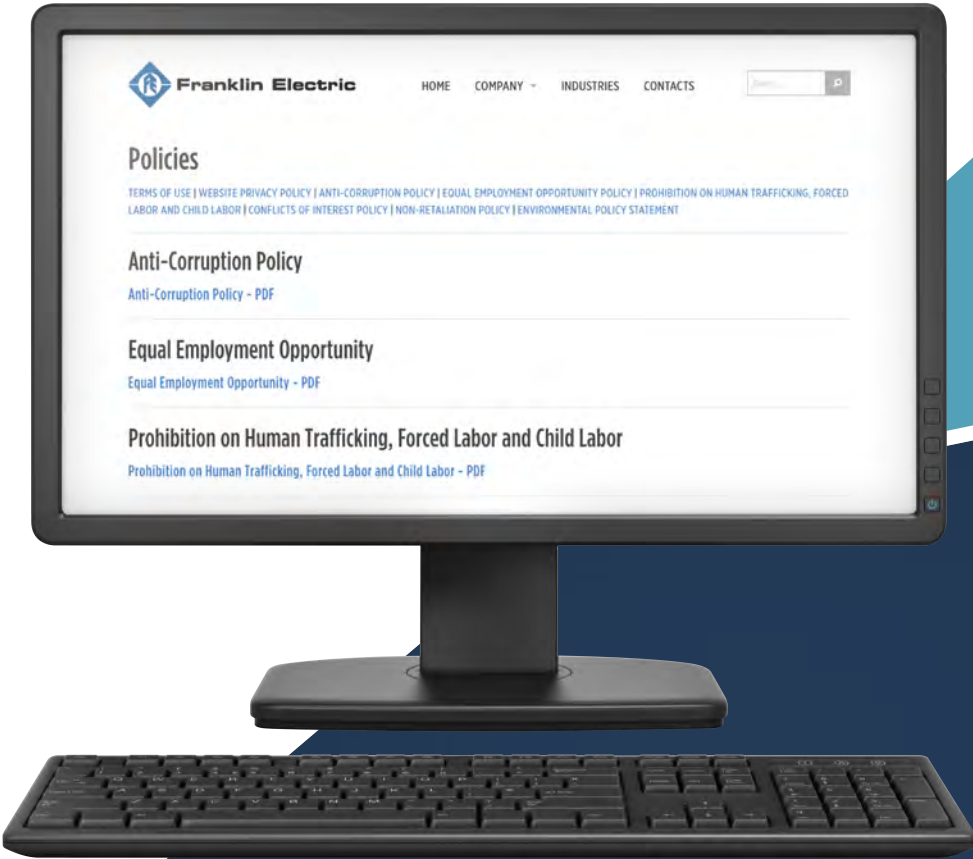
Franklin Electric holds a strong commitment to both environmental performance and compliance. As a manufacturer with a widespread global footprint, this means that we must uphold this commitment at over 100 locations around the world. As part of our commitment to integrity, we have internal procedures and guidelines that govern the manner in which employees must handle, use, store, transport, and dispose of environmentally sensitive materials. Our goal is to develop and maintain an environmental management system that sets high standards on pollution prevention, resources preservation, and compliance with applicable laws.

We are committed to:

- Communicating sound environmental policies and practices
- Minimizing waste through source reduction, reuse, and recycling
- Utilizing energy-efficient measures in all facilities
- Reducing and preventing pollution where possible
- Establishing and reviewing environmental objectives annually, including, to an extent, practicable key performance indicators
- Reviewing our environmental management system for continuous improvement opportunities
- Effectively communicating environmental performance to external stakeholders

Read the Full Environmental Policy Statement www.franklin-electric.com/policies/#environmental

To read these and more policies in full, visit franklin-electric.com/policies.



EMISSIONS

At Franklin Electric, we manufacture products that improve lives and benefit society. Investing in our manufacturing processes ensures that we deliver value to our customers and foster growth within the business.



Environmental Impact

We are committed to decoupling business growth from negative environmental impact. We dedicate significant resources to research and development, focusing on improvements to the efficiency of our products, all of which ease the reliance on fossil fuels. For example, our investment in innovation led to the development of our solar-powered Photon™ Drive, which provides a high-quality, sustainable solution for agricultural and commercial markets.



Water Systems

Pollution of groundwater aquifers represents a clear danger to human health, the environment, and our business. We are committed to lowering our own environmental impact by mandating clean, sustainable manufacturing and distribution processes, and by designing products that themselves protect against environmental damage. Additionally, Franklin Electric is a supporting member of the Water Systems Council, an organization that encourages the sustainable design and use of wells in the United States. We work through the Water Systems Council to address policy issues which promote sensible regulations for small water systems development and to support a sustainable approach to groundwater and source water management.

Fueling Systems

Our fueling business pioneered advances in petroleum piping and containment systems, electronic leak detection, and overfill protection, all of which make it possible for providers to safely keep up with the world’s liquid fuel needs. Through our *FFS PRO: University* program, we provide the industry’s premier training for petroleum equipment installation professionals. We focus not only on training and certification, but we also aim to serve as the industry leader in fueling system safety and continued learning. *FFS PRO: University* takes a system approach to training, giving installers a complete view of a fueling system and a more comprehensive understanding of how one system component affects another – with the goal of eliminating installation errors that could negatively impact the environment.

CONSERVATION IN ACTION:
REDUCING OUR WATER CONSUMPTION

Zero Water Waste

Our goal is to reduce water consumption by eliminating the washing process for circuit boards in our Guadalupe, Mexico manufacturing facility. Replacing the current flux for a no-clean flux that requires no washing will save 5.9 million gallons of water per year.

Currently, the washing process needs per year includes:

- 5.9 million gallons of water
- \$32,218 USD spent on water to sustain the washer process
- \$6,825 USD for maintenance in filters for deionized water
- \$14,000 USD on spare parts for maintenance
- 260 technician labor hours for maintenance
- 19,200 machine hours to wash 288,000 circuit boards
- 62 m² of space for equipment

By 2022, these numbers will be:

- ZERO



EMISSIONS

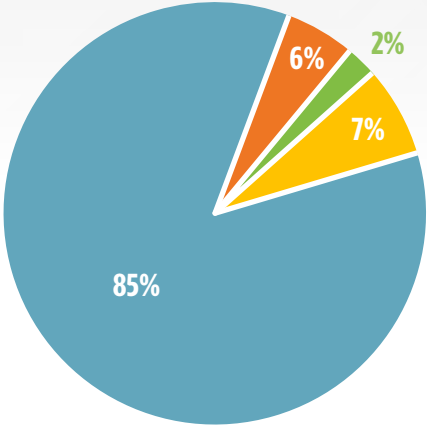
The measurements on pages 52 and 53 include Greenhouse Gas Emissions, Water and Electric Power Usage, and Waste Generation for the Company’s 19 largest manufacturing facilities and the Global Headquarters.

“Intensity” is a measurement of the total usage of each resource per U.S. dollar of manufacturing revenue. In 2019, global manufacturing revenue totaled \$1.075 billion.

Greenhouse Gas Emissions

Source	Metric Tons	Intensity* Metric Tons/\$USD
TOTAL CO ₂ EMISSIONS**	7,512	0.000007
CO ₂ from Diesel	524	0.0000005
CO ₂ from Gasoline	181	0.0000002
CO ₂ from Natural Gas	6,405	0.000006
CO ₂ from Propane	402	0.0000004
Other Significant Air Emissions	3,985	0.0000037

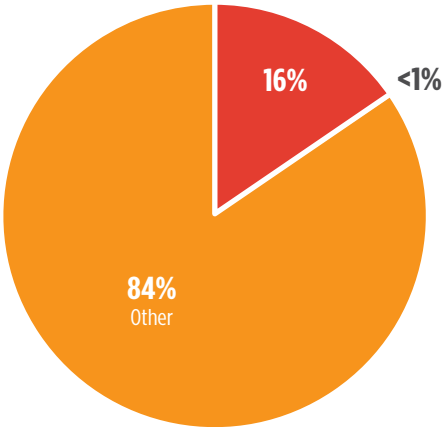
* Measured using 2019 Revenue for FE Manufacturing Segment
** All GHG CO2 equivalent calculations were calculated using established U.S. EPA conversion factors. All air emission data is calculated based on fuel usage and was not physically measured.



Electric Power Usage

Source	kWh	Intensity* kWh/\$USD
TOTAL ELECTRIC POWER USED	45,177,520	0.042
Electric Power from Renewable Sources	7,007,596	0.0065
Electric Power Generated On-Site	2,837	0.0000026
Greenhouse Gas Emissions	Metric Tons	Intensity* Metric Tons/\$USD
GHG Emissions from Electric Power Used	26,986	0.0000251
GHG Emissions Avoided by Using Renewable Energy Sources	4,954	0.0000046

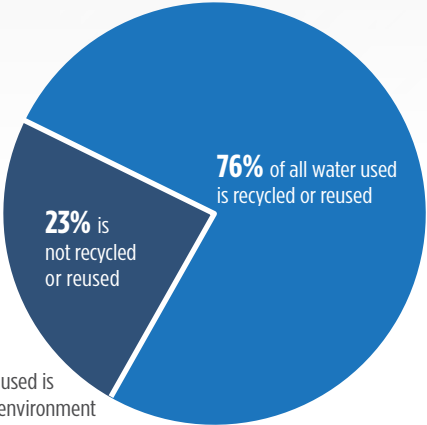
* Measured using 2019 Revenue for FE Manufacturing Segment



Water Usage

Water Usage	Gallons	Intensity* Gallons/\$USD
TOTAL WATER USAGE	145,553,821	0.1354
Water Recycled or Reused	110,428,627	0.1027
Wastewater (Used Water) Discharged to the Environment	50,028	0.0000465

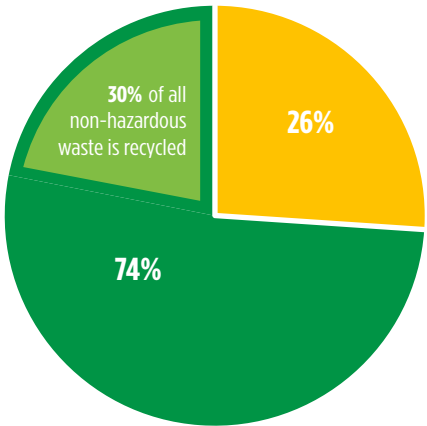
* Measured using 2019 Revenue for FE Manufacturing Segment



Waste Generation

Type	Metric Tons	Intensity* Metric Tons/\$USD
TOTAL WASTE GENERATED	131,668	
Total Hazardous Waste Generated	34,374	0.000032
Total Non-Hazardous Waste Generated	97,294	0.0000905
Non-Hazardous Waste Recycled	28,843	0.0000268
Greenhouse Gas Emissions	Metric Tons	Intensity* Metric Tons/\$USD
GHG Emissions Reduction from Recycling Waste	76,928	0.0000716

* Measured using 2019 Revenue for FE Manufacturing Segment



PRODUCT SPOTLIGHTS

Franklin Electric invests heavily in innovative new products, meeting customer needs and solving industry challenges every day. We are driven to evaluate new technologies and develop new products, services, and processes, often focused on energy efficiency and environmental protection. Our drive to innovate is at the core of what we do.



Water Systems



MagForce™ High Efficiency Motor System

In the early 1950s, Franklin Electric pioneered the development of fully submersible electric motors for water-well applications. The company continues to innovate to this day, recently introducing the MagForce™ High Efficiency Motor System. This system, when paired with a variable frequency drive, provides electrical cost savings via a 90 percent motor efficiency rating that is 10 to 12 percent higher than previous submersible motor designs. The system offers a typical investment payback of less than two years in long- or continuous-run applications at a 100 percent duty cycle. This groundbreaking permanent magnet motor design allows users to obtain the same horsepower and pump output in a simplified, compact package, and results in lower installation and maintenance costs. Of course, lower electrical usage saves money for our customers, but also reduces the carbon footprint associated with the application.



Fueling Systems



Corrosion Control™ System

Several years ago, our customers made us aware of a challenge facing the retail fueling industry – ultra-low sulfur diesel storage tanks were experiencing fast-acting corrosion issues. Prior to 2006, diesel fuel could contain up to 500 parts per million (ppm) of sulfur. To reduce pollutants from diesel-powered engines, the EPA and other world regulatory agencies restricted the allowable sulfur content in diesel fuel phasing in standards that would limit diesel fuel to no more than 15 ppm sulfur. At the same time, ethanol and biodiesel fuels were being blended into petroleum-based fuels. While reduced sulfur levels delivered on the EPA’s goal to reduce exhaust pollutants, there were some unintended effects, among them, a decrease in the inhibitors to biological growth. The result: increased microbial growth has lead to increased corrosion of the storage tank.

Franklin Electric’s engineers quickly recognized the environmental threat of corroding underground storage tanks, and they worked with Franklin Electric’s customers to create a Corrosion Control™ System that is unique to the market. This system fits within the underground tank and sump to attack corrosion before it has a chance to develop, by proactively removing the main corrosion-causing elements including water and humidity. The system keeps fuel systems running at peak performance, avoiding costly maintenance, equipment replacement, downtime, and even system failure. The system pairs with Franklin Electric’s submersible turbine pumps and fuel management systems to use Corrosion Control™ Sensors to detect and alarm on the presence of corrosion formation on a sacrificial sample, and to detect and alarm with the presence of humidity levels that could lead to corrosion.



COMMITMENT TO OUR COMMUNITIES

Franklin Electric's efforts in the community are driven by our passion to serve, respond, and assist, focusing on the causes that matter most to our employees and customers. Our overall goal is to have a positive impact in the areas where we live and work.



Franklin Wells for the World

Nearly one billion people in the world do not have access to safe, clean drinking water. As a world leader in designing and manufacturing pumps and motors used to access groundwater, Franklin Electric is positioned to make a substantial impact on the availability of clean water in developing regions through our *Franklin Wells for the World Foundation* (FWWF). Through FWWF, our mission is to provide safe, reliable, and cost-effective water supplies to affected communities, focusing on Africa where the need is greatest. To date, the FWWF has impacted the lives of over 180,000 people by bringing clean water to the surface.

In 2019, the FWWF focused its efforts on several villages in Namibia in southern Africa. Extended droughts in Namibia have reduced access to fresh water, typically acquired from hand-dug wells. This lack of water led to an increase in deaths of both people and animals, and what little water was available was contaminated with pollutants. Villagers must travel 10 to 15 kilometers to collect water for cooking, bathing, and more. Without access to clean water near school buildings, sanitation becomes impossible for students and faculty, leading to illness and death. Many female children are forced to leave school as they reach puberty, leaving them unable to participate in educational activities.

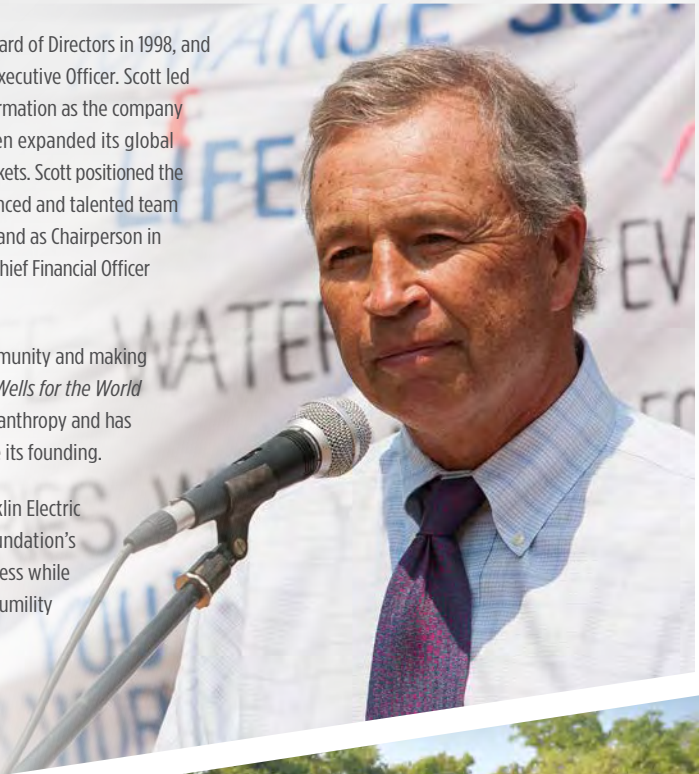
Using Franklin Electric's groundwater expertise and efficient product offerings, FWWF partnered with six public schools and community organizations throughout multiple villages in Namibia to provide the equipment needed to access safe water for drinking and sanitation. Utilizing innovative Franklin Electric solar pumping systems, FWWF was able to provide new water wells for efficient access to fresh, potable water. Providing the equipment necessary to access clean water increases the overall quality of life for years to come. *Franklin Wells for the World* is our tangible commitment to help alleviate the global water crisis, one well at a time.

Scott Trumbull

R. Scott Trumbull joined the Franklin Electric Board of Directors in 1998, and in 2002 he was named Chairperson and Chief Executive Officer. Scott led Franklin through a significant period of transformation as the company forward integrated into the pump market, then expanded its global footprint to focus on emerging high growth markets. Scott positioned the company for success by developing an experienced and talented team of senior leaders before retiring as CEO in 2014 and as Chairperson in 2015. Prior to joining Franklin Electric, Scott was Chief Financial Officer and Executive Vice President of Owens-Illinois.

Scott was committed to giving back to his community and making an impact wherever he was able. The *Franklin Wells for the World Foundation* was born of Scott's passion for philanthropy and has impacted the lives of over 180,000 people since its founding.

Scott passed away in August of 2020, and Franklin Electric continues to honor his legacy through the Foundation's work and by building upon the company's success while demonstrating the principles of integrity and humility he exhibited in his everyday life.



A majority of the world's fresh water
is buried hundreds of feet below the ground.
We've impacted the lives of over 180,000 people
by bringing this water to the surface.



Franklin Electric Charitable and Educational Foundation

The Franklin Electric Charitable and Educational Foundation contributes collectively to non-profit organizations that are primarily located in communities where we have a business presence. Through the Franklin Electric Charitable and Educational Foundation, we support organizations such as United Way, Boys & Girls Clubs, Big Brothers/Big Sisters, and other non-profit organizations in a number of communities. We also encourage employee giving by supporting the causes our employees support, and in many cases will provide a company match.

Scholarships

Franklin Electric is committed not only to the wellbeing and development of its employees, but also of the families that make up our community. We believe that education plays an important role in preparing children for successful futures, thus the Franklin Electric Charitable and Educational Foundation awards two scholarships annually to college-bound high school seniors who have demonstrated outstanding scholastic ability and strength of character. In 2019, the Franklin Electric Charitable and Educational Foundation made donations of \$317,000 – \$48,000 of which went to 24 scholarship recipients. The remainder of the contributions were provided to various education, community service, and arts and culture organizations in line with the mission of the Foundation.



TALENT DEVELOPMENT

We want to attract, develop and retain talented employees who will drive performance of our strategic objectives and contribute to the company's success. We utilize learning and performance management platforms to engage and develop our employees and to ensure we are focused on both individual and company performance.



TALENT DEVELOPMENT

Recruiting and Promoting a Diverse Workforce

A diverse workforce and inclusive culture help drive our vision and deliver on our strategic objectives. Through development, training, and hiring the best talent for the job, we continue to build a team that provides varied perspectives and creativity in discussion and decision-making. We provide employee training to better understand diversity, unconscious biases, and how to be more inclusive in the workplace

Franklin Electric’s recruiting and retention efforts will continue to evolve, allowing the company to further embrace a wide range of backgrounds, diverse leadership, and skill sets.

Employee Training

In addition to safety training, employees have the opportunity to utilize LinkedIn® Learning, Rosetta Stone®, and Diversity and Inclusion training to develop and apply skills that position them for future growth. The company invests in providing these opportunities because we believe that developing internal talent is an important factor in employee engagement and is a contributing factor in our success.

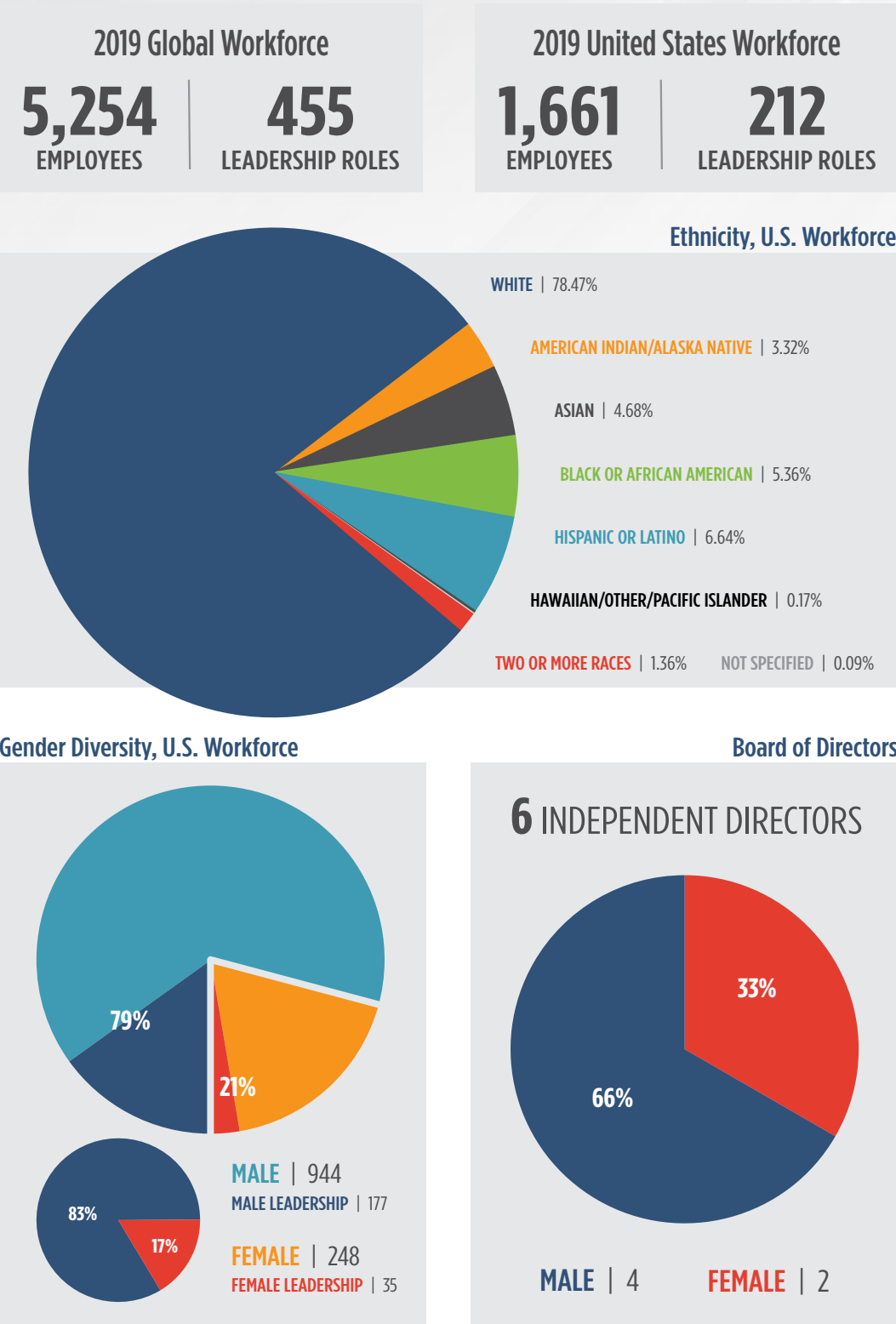
Tuition Assistance

Employees are also encouraged to continue their education through company-sponsored tuition assistance programs. In 2019, 38 employees took advantage of this program, with the company granting approximately \$150,000 in tuition assistance.

Launch and Learn

We want our employees to be knowledgeable about the products and services we provide, even those employees who work in functions with limited customer or market contact. We believe this strengthens employee engagement and fosters pride in the company’s reputation for quality products. A deeper understanding of our products and the markets we serve also encourages innovative problem-solving, allowing us to operate more efficiently and serve our customers more effectively.

To enhance our employees’ knowledge base, in 2018 we began offering Launch and Learn sessions lead by our product management and marketing teams. These sessions are designed to provide an understanding of some of our foundational products and markets. In 2020, we expanded these offerings to include an introduction to new products before they launch.



EMPLOYEE HEALTH & WELLNESS

The wellbeing of our employees is vital to our continued success. We believe that the workplace can improve the wellbeing of employees, leading to greater fulfillment at work, at home, and in our communities. In addition to seeking opportunities to promote safe work environments for employees in every job, we support employee health by offering competitive health insurance benefits and promoting wellness programs.



EMPLOYEE HEALTH & WELLNESS

Health and Wellness Highlights

Franklin Electric is dedicated to providing a culture of health and wellness, and we are committed to offering both hourly and salaried employees a comprehensive benefit package at a competitive cost. Our employees have access to high quality healthcare coverage, either through state-sponsored programs in our international locations or through self-insured or fully insured medical plans in the United States. We offer a generous and expansive benefits program, including employer sponsored disability, life insurance, and medical and dental options. We see our benefits program as a reflection of Franklin Electric’s dedication to its employees. As such, we assume significant costs as part of our commitment to providing a holistic benefit program.

In addition to a robust benefits package for hourly and salaried employees, direct labor force employees may receive any or all of the following, depending on their country of employment:

- Food coupons
 - Holiday bonuses
 - Heating benefits
- Pension plan
 - Housing allowance
 - Transportation allowance

COVID-19 Pandemic Support

To mitigate the impact of the COVID-19 pandemic, in 2020 we created and implemented policies that enabled flexibility for employees:

- Remote work technology
 - Flexible work schedule
 - Additional safety measures
- Emergency paid time off (PTO) to care for self or family
 - Emergency Sick Leave policy

Retirement Plan (FERP)

Franklin Electric provides employees in the United States the opportunity to invest in the Company-sponsored 401(k) plan. If the employee elects to contribute to the plan, Franklin Electric will provide an annual Company Matching Contribution up to 3.5% on the first 5% the employee contributes: These employees are also eligible to receive an additional Company Service Contribution based on their years of credited service.

Employee Contribution	Company Match	Years of Credited Service	Percentage of Earnings Credited Annually
1%	1%	Less than 5	3%
2%	2%	5-9	4%
3%	2.5%	10-14	5%
4%	3%	15-19	7%
5%	3.5%	20 or more	9%

82% OF U.S. EMPLOYEES
ARE ENROLLED IN MEDICAL COVERAGE



938
EMPLOYEES

2,094
DEPENDENTS

Wellness Plans

We offer two competitive Cigna® medical plans: Preferred Provider Organization (PPO) and a High Deductible Health Plan (HDHP), both with access to a national network of physicians and medical providers.

- Health Savings Account (HSA) offered with HDHP
- Affordable vision and dental plans
- Telehealth options



Preventative Care

- 100% coverage of preventative care
- Premium discounts for completing preventative care items

Biometrics Screenings

- Offered through onsite events, Quest Diagnostics labs, or primary care physicians
- Onsite events held at locations with a minimum of 25 employees
- Fort Wayne, IN; Madison, WI; Oklahoma City, OK; Wilburton, OK; and Canby, OR held events in 2019
- 513 employees participated in 2019

Employee Assistance Program

- Financial, legal, senior care, child or pet care, and mental health assistance
- All U.S. employees and dependents are eligible at zero cost

Zero-Cost Prescription Programs

- Rx ‘n Go maintenance medication program

Childcare

- Nine weeks of paid parental leave
- Dependent day care accounts

Cigna MotivateMe® Incentive Program

- Help employees with their health and wellness goals
- Wellness perks
- Incentive awards and premium reductions

Income Protection

- Life insurance
- Long- and short-term disability
- Accidental injury
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102-20	Executive-level responsibility for economic, evironmental, and social topics	page 21 herein; and 2020 Proxy, page 15
102-22	Composition of the highest governance body and its committees	pages 14-15 herein; and 2020 Proxy, pages 13-14
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102-49	Changes in reporting	This is the first report prepared
102-50	Reporting period	Identified where data is disclosed throughout report
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Safe Harbor Statement

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein, including those relating to market conditions or the Company’s financial results, costs, expenses or expense reductions, profit margins, inventory levels, foreign currency translation rates, liquidity expectations, business goals and sales growth, involve risks and uncertainties, including but not limited to, risks and uncertainties with respect to general economic and currency conditions, various conditions specific to the Company’s business and industry, weather conditions, new housing starts, market demand, competitive factors, changes in distribution channels, supply constraints, effect of price increases, raw material costs, technology factors, integration of acquisitions, litigation, government and regulatory actions, the Company’s accounting policies, future trends, epidemics and pandemics, and other risks which are detailed in the Company’s Securities and Exchange Commission filings, included in Item 1A of Part I of the Company’s Annual Report on Form 10-K for the fiscal year ending December 31, 2019, Exhibit 99.1 attached thereto and in Item 1A of Part II of the Company’s Quarterly Reports on Form 10-Q. These risks and uncertainties may cause actual results to differ materially from those indicated by the forward-looking statements. All forward-looking statements made herein are based on information currently available, and the Company assumes no obligation to update any forward-looking statements.





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