



Franklin Electric

2021 Sustainability Report



TABLE OF CONTENTS

Welcome	4	Emissions	51
About this Report	4	Environmental Impact	52
Message from the Chairperson & CEO	5	Zero Water Waste	53
Company Overview	7	Emissions and Resource Consumption Data	54
Our History	8	Greenhouse Gas Emissions	55
Corporate Governance	11	Electric Power Usage	56
Board of Directors	12	Water Usage	57
Executive Officers	14	Waste Generation	58
Committees	18	Product Spotlights	61
Financial Summary	21	Water Systems	62
2020 Highlights	23	Fueling Systems	63
Operations	25	Commitment to Our Communities	65
Water Systems	28	Franklin Wells for the World	66
Regions	28	Franklin Electric Charitable and Educational Foundation	68
Brands	30	Scholarships	69
Water Treatment	32	Talent Development	71
Headwater Companies	34	Recruiting and Promoting a Diverse Workforce	72
Fueling Systems	35	Employee Training	73
Brands	35	2020 Global Workforce	74
Supplier Compliance	39	Employee Health & Wellness	77
Moving Forward	40	Health and Wellness Highlights	78
Commitment to Safety	42	Retirement Plan (FERP)	78
Compliance with Laws	45	Index	81
Code of Conduct	46	Safe Harbor Statement	86
Anti-Corruption and Anti-Bribery	47		
Discrimination	47		
Forced Labor	47		
Conflicts of Interest and Related Party Transactions	48		
Non-Retaliation Policy	48		
Environmental Compliance	48		

MOVING WATER. MOVING FUEL.
MOVING FORWARD.

About this Report

We are pleased to present our 2021 Sustainability Report, providing transparency and insight into our Environmental, Social, and Governance (ESG) initiatives and progress. The report houses details on ESG topics that are or may be pertinent to our internal and external stakeholders and provides details on our 2020 performance.

This report was produced following the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the Institutional Shareholder Services (ISS) Environmental and Social Disclosure QualityScore™ Framework. This set of standards creates a common language for organizations to report on their sustainability impacts in a consistent and credible way. Beyond the set of universal GRI Standards, Topic Standards are then selected based on an organization’s material topics.

Information in this report covers our fiscal year ended December 31, 2020, unless otherwise indicated.

We are proud to be a company that strives toward continuous ESG improvement and hope this report reflects that desire and dedication.



MESSAGE FROM THE CHAIRPERSON & CEO

Adaptability and problem-solving. These skills are two of the employee competencies we measure through our annual performance evaluation process, and I can’t think of two skills that were more important to our success in 2020.

We adapted constantly throughout the year – to changing health and safety guidance, to travel restrictions, to new technology that facilitated collaboration during remote work – and we had to think creatively to address global supply chain issues and maintain production levels in our facilities. And we did all of this with the goal of continuing to supply products that deliver critical resources around the globe while maintaining the health and safety of our employees.

The products we design, manufacture and distribute are essential to the world’s critical infrastructures. Our products monitor generators in hospitals, deliver fuel to the supply chain that transported crucial supplies to fight the pandemic, and provide water to the homes, farms, research laboratories and medical centers that served as our lifelines last year. Through the dedication of our global workforce in the face of exceptional challenges, we ended 2020 in a strong position and we are already realizing the benefits of that position through the first months of 2021.

Our first Sustainability Report was published in October 2020 and we have worked diligently over the last several months to update the information we provided and to improve the transparency of our disclosures. I am pleased to release our Annual Sustainability Report for 2021, which presents important corporate

governance, environmental, health and safety information and measurements for the last fiscal year. We will continue to provide updates to this report as we adapt to an evolving sustainability landscape.

In our pursuit of operational excellence, we continuously look for opportunities to improve and I, along with our Board of Directors, am encouraged by the advancements we have made in recent months. Among the initiatives described in this report are investments in diversity and inclusion training and the development of a more robust environmental, health and safety architecture that advances our Goal Zero stance.

I am exceedingly proud of our employees around the world and, on behalf of the Board, I thank them for their continued focus on serving our customers, colleagues and communities. Their collective dedication to the mission, vision and values of Franklin Electric enables our sustainable, responsible growth and continued success in serving the world’s essential needs.

A stylized, handwritten signature in black ink, appearing to read 'Gregg C. Sengstack'.

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

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
- 2019** Entered the water treatment market with the acquisition of First Sales, LLC, and subsequent acquisitions of Waterite and Puronics



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, approve and provide accountability for the long-term strategic objectives and direction of the Company, including oversight of the Company’s investment in environmental, 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



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	✓		
Alok Maskara	50	2021	CEO, Luxfer Holdings	Yes	✓		

* 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.

Included in the Audit Committee’s oversight of risk management activities is a review of the Company’s cybersecurity risks and mitigation plans. The Company’s current Cybersecurity Response Statement is available online under the Company Committee Charters.

Read the Cybersecurity Response Statement

[Cybersecurity Response Statement PDF](#)

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		2020	2019	2018	2017
Net sales	\$	1,247.3	1,314.6	1,298.1	1,124.9
Operating income	\$	130.5	127.1	132.0	107.2
Operating income as a percent of sales	%	10.5	9.7	10.2	9.5
Balance Sheet					
Debt net of cash, equivalents and investments	\$	(36.6)	50.6	147.2	158.8
Shareholders' equity	\$	847.8	796.5	733.9	700.7
Net debt as a percent of equity	%	(4.3)	6.4	20.1	22.7
Cash Flow					
Net cash flow from operating activities	\$	211.8	177.7	128.4	66.8
Capital expenditures, net	\$	22.8	21.0	21.7	33.3
Acquisitions	\$	55.9	20.8	45.0	51.8
Investment Data					
Return on average invested capital ⁽¹⁾	%	15.3	14.4	15.0	14.7
Weighted average common shares outstanding		46.7	46.8	47.0	47.0
Income Per Share					
Per weighted average common share, assuming dilution	\$	2.14	2.03	2.23	1.65
Dividends per common share	\$	0.6200	0.5800	0.4675	0.4225

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

2020 Highlights

Investor Relations

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

\$1.2 B

SALES

STRATEGIC ACQUISITION OF WATER TREATMENT BUSINESS

FOCUS ON OPERATIONAL EXCELLENCE & GLOBAL PROCESS STANDARDIZATION

FREE CASH FLOW

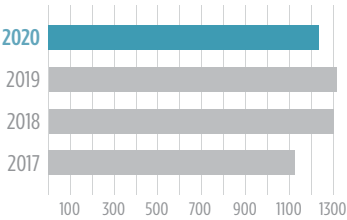
187%

OF NET INCOME

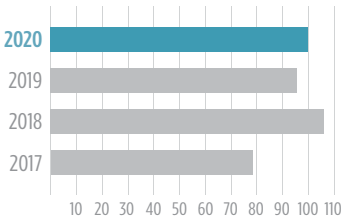
IMPROVED \$30M FROM 2019

CONTINUED FOCUS ON WORKING CAPITAL IMPROVEMENTS

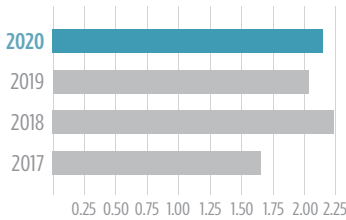
Net Sales: \$1,247.3
(\$ millions)



Net Income: \$100.5
(\$ millions)



Earnings per Share: \$2.14
(\$ 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 gray water applications, as well as water treatment systems for residential and commercial use.

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



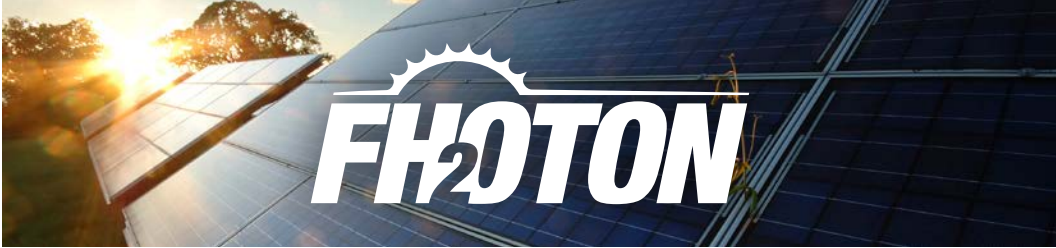
The Little Giant brand specializes in the water transfer market with products including wastewater, sump, sewage, effluent, dewatering, condensate, magnetic drive, and utility pumps; as well as low pressure sewer systems, and water garden pumps and products.

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.

Water Systems: Water Treatment

Avid Water Systems



Avid Water Systems is a supplier of water treatment equipment to the plumbing and well supply trade. Avid offers a complete line of innovative filters, softeners, and reverse osmosis systems. These products are available through licensed plumbers, well drillers, and pump installers nationwide.

Sterling Water Treatment



A wide range of components including both residential and commercial water treatment control valves are manufactured in Sterling's Indiana facility. Our products are far more efficient, easier to service, and provide more value to the customer.

Waterite, Inc.



Waterite, Inc. is a manufacturing and distribution company that specializes in products for the water treatment, conditioning and purification industry. Its national Canadian network of distributors and water quality specialists supply the residential, industrial, institutional and municipal markets.

Purronics®

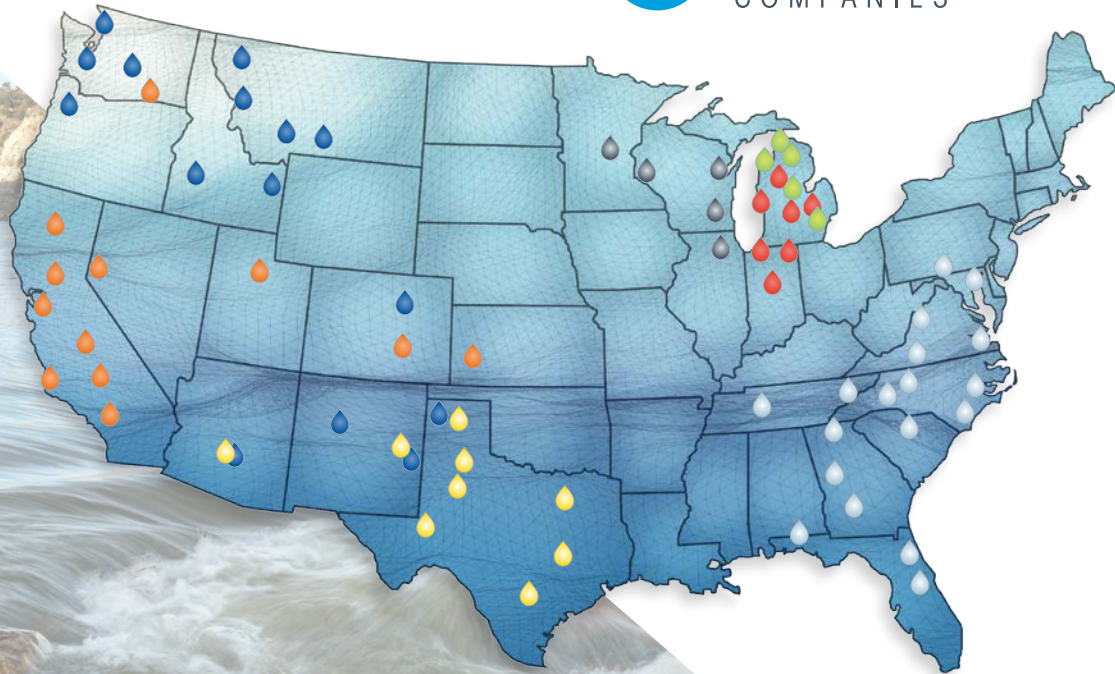


Purronics® provides whole-house water softener treatment systems that filter drinking water to improve the quality of municipal or well water. Products include residential units, under-counter options, full commercial systems, solar-powered units, and even no-salt tank options.

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.

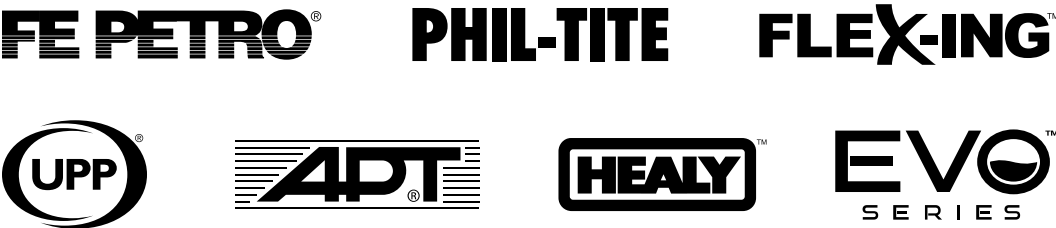
Fueling Systems: Brands

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



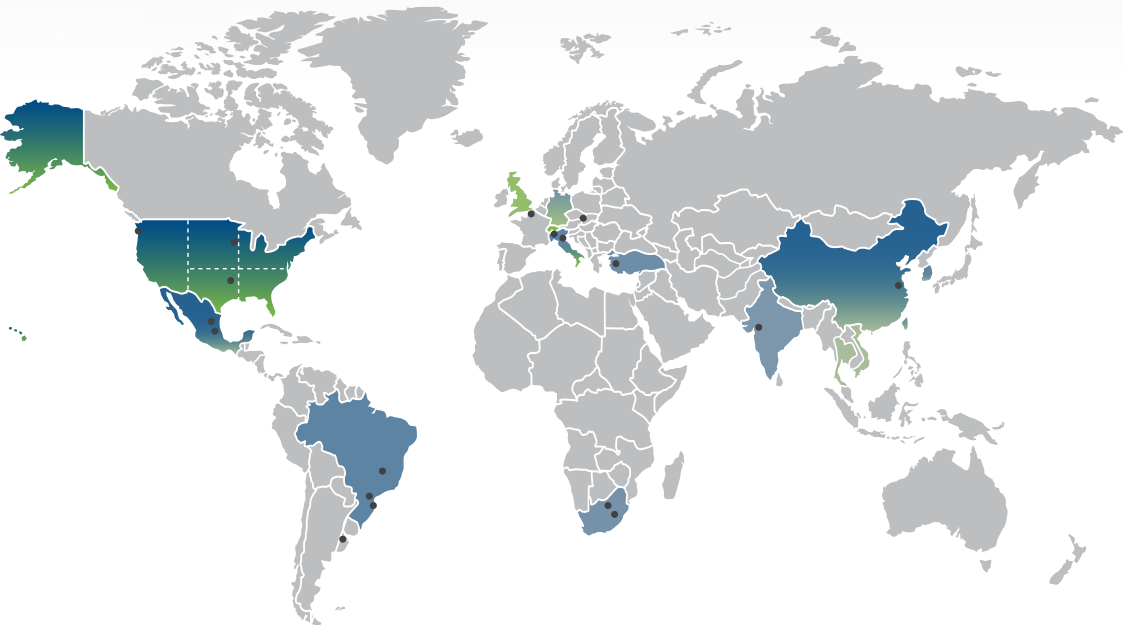
SUPPLY CHAIN

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.

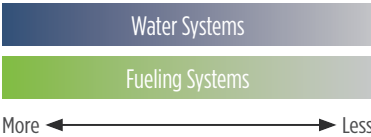
OVER
2,500
SUPPLIERS

ALMOST
31,000
PARTS & COMPONENTS

18
MANUFACTURING
LOCATIONS



Supplies: Country of Origin (by spend)



Manufacturing: Facility Locations



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

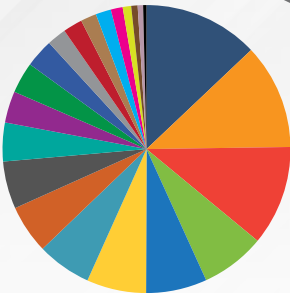
Water Systems	
United States	Brazil
Czech Republic	South Africa
Italy	China
Turkey	India
Mexico	

Fueling Systems	
United States	
China	
Mexico	
United Kingdom	
India	

Water Systems

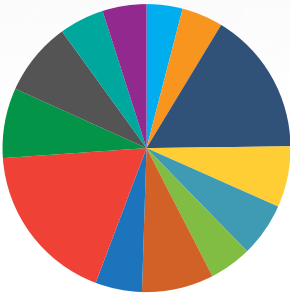
Supplies

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



Distribution

Headwater Companies U.S. Locations & Number of Branches					
North Central		North East		South Central	
Valley Farms Supply	7	Drillers Service, Inc.	9	HW Wholesale	5
Milan Supply Co.	5	Western Hydro, LLC	2	Gicon Pumps & Equipment	9
Drillers Service, Inc.	3				
TOTAL	15		11		14

South East		West	
Drillers Service, Inc.	6	ZM Company	15
		Western Hydro, LLC	10
	6		25

Headwater Corporate Office: Littleton, Colorado

Markets

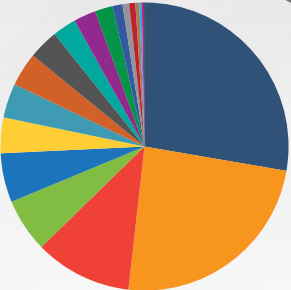


OPERATIONS

Fueling Systems

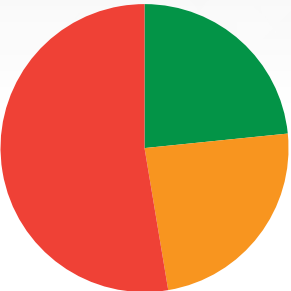
Supplies

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. In addition, we are piloting an initiative to have suppliers not only acknowledge, but agree to, the Code of Conduct.

Moving Forward

Our Global Product Supply team is focused on sustainability initiatives and is working collaboratively to improve our environmental, economic, and social metrics. We identified the following as facility improvement opportunities that further our sustainability goals. In 2020, we began work on these initiatives in several of our facilities.

ESG Highlights: Progress Toward our Vision

UPGRADES & IMPROVEMENTS

The Wilburton facility is undergoing a remodel to replace lighting with LED options, install sensing faucets and low-flush toilets, and upgrade exterior windows to improve heating and air efficiency

2%

In Linares, air compressor dryers have been installed to keep humidity levels as low as possible, resulting in an increase of air flow and power. Newly installed smart thermostats have also accommodated a 2% increase in temperature.

OPTIMIZATION & EFFICIENCY

In Guadalupe, UV light has been reduced with a window treatment, compressors have been optimized, receiver tanks have been installed to reduce the loading and unloading of the compressor (increasing efficiency and reducing pulsation, and a closed loop recycling fire system has been installed to reduce water consumption.

40%

The Joinville facility has installed automatic faucets and is now generating 40% of their power from solar panels.

CONVERSION & PERFORMANCE

Araquari, Monte Azul Paulista, Joinville, and Linares have converted either mostly or entirely to LED lighting, and motor performance has been optimized with the installation of variable frequency drives on air compressors in three of these facilities.



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
- Sensing faucets

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
- Infrared heaters

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
Asia Pacific	2,588
Czech Republic	242
Linares	7,816
Guadalupe	800
Araquari	361
Joinville	504
Monte Azul Paulista	257
Italy	300
South Africa	108
Turkey	519
UK	640
USA	5,607
2020 TOTAL	19,742

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.

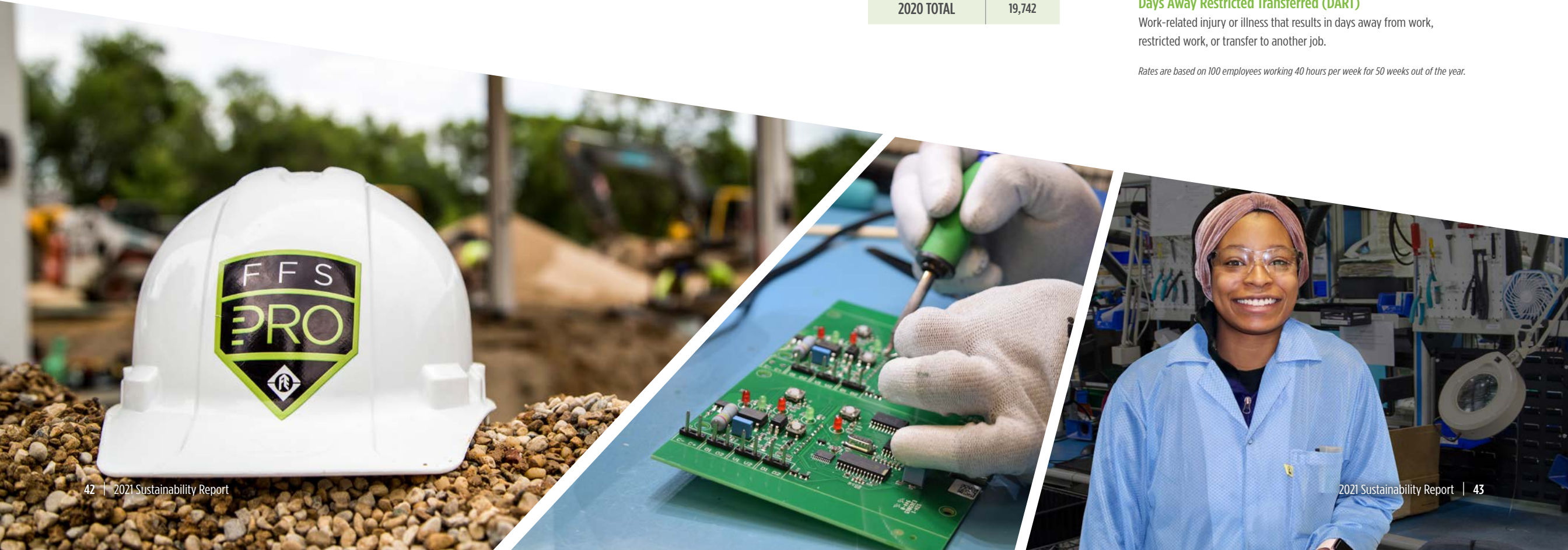
Lost Time Rate (LTR)

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.



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

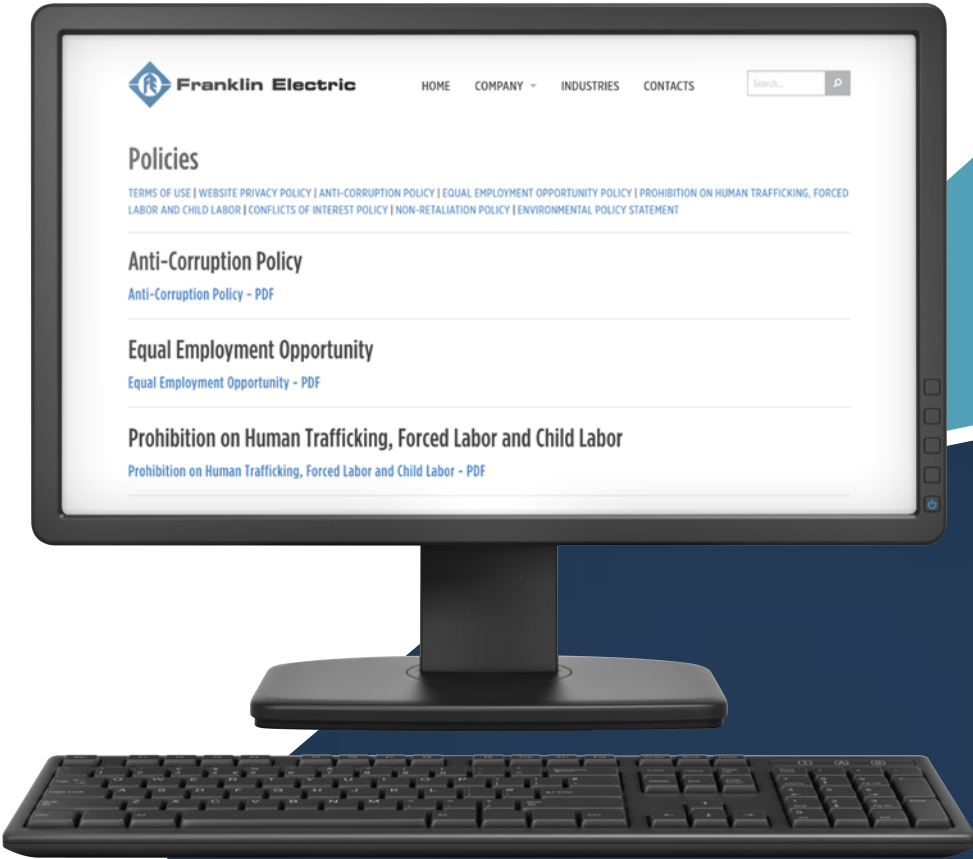
Franklin Electric holds a strong commitment to both environmental performance and compliance. As a manufacturer with a widespread global footprint, this means that we must uphold this commitment at over 100 locations around the world. As part of our commitment to integrity, we have internal procedures 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 and Resource Consumption Data

The following pages provide emissions and resource consumption data for 2020 and compare those values to the 2019* data. During 2020, our manufacturing operations were impacted by the COVID-19 pandemic. Certain facilities experienced short-term closures, significant changes in production activities, and reduced in-person staffing to protect the health and safety of our global workforce. These measures resulted in larger year over year variances in our emissions and resource usage than we would anticipate during an average year, and are not necessarily reflective of long-term changes in the resource consumption and environmental impact of our operations.

** In the interest of transparency, the 2019 data published in our last Sustainability Report has been revised to present the most accurate information available as we continue to improve our data gathering and validation processes.*

Intensity

“Intensity” is a measurement of the total usage of each resource per U.S. dollar of manufacturing revenue. In 2020, global manufacturing revenue totaled \$979.8 million.

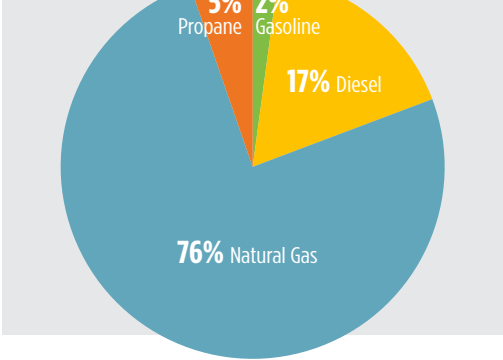
Greenhouse Gas Emissions

Source	2019		2020		
	Metric Tons	Intensity* Metric Tons/\$USD	Metric Tons	Intensity Metric Tons/\$USD	Intensity % Change
TOTAL CO ₂ EMISSIONS**	8,008	0.000007	6,183	0.000006	↓ - 14.29%
CO ₂ from Diesel	849	0.000008	1,059	0.000001	↑ 25%
CO ₂ from Gasoline	309	0.000002	132	0.000001	↓ - 50%
CO ₂ from Natural Gas	6,406	0.000006	4,664	0.000005	↓ - 16.67%
CO ₂ from Propane	444	0.000004	328	0.000003	↑ - 25%
Other Significant Air Emissions	3,985	0.000004	4,565	0.000005	↑ 25%

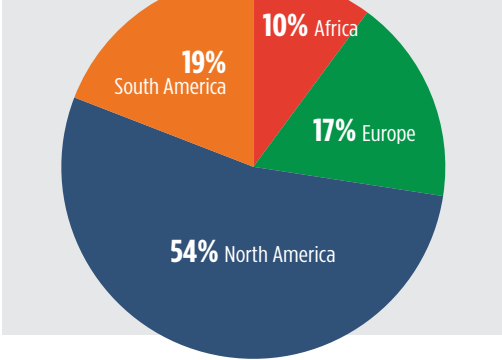
** Measured using 2019 Revenue for FE Manufacturing Segment*

***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.*

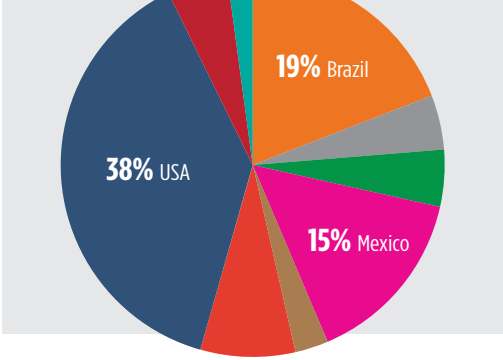
Source



Region

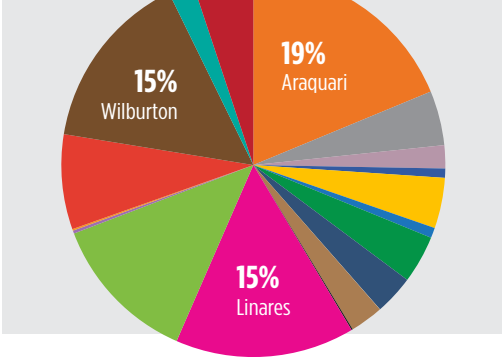


Country



8% South Africa
2% Botswana
5% Italy
5% Czech Republic
5% UK
3% Turkey

Facility



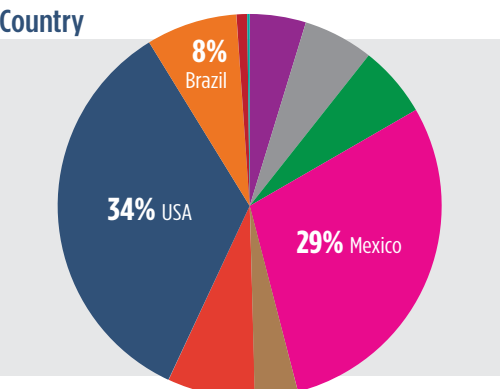
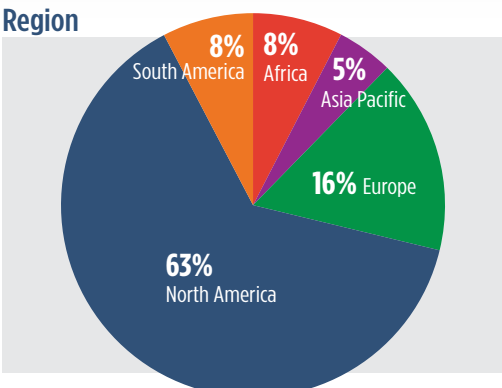
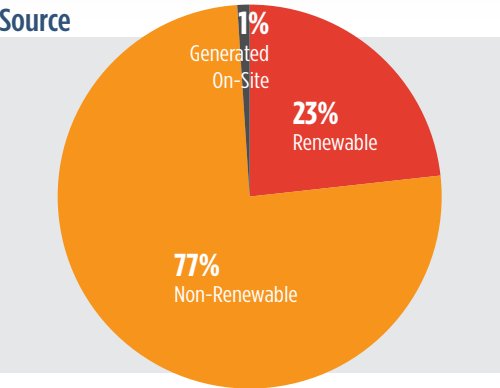
8% Sebenza
2% Gaborone
4% Dueville
1% Cedegolo
5% Brno
5% Hadleigh
3% Izmir
< 1% Guadalupe
2% Canby
3% Fort Wayne
< 1% Rossville
4% Churubusco
13% Madison
1% Deforest
< 1% Joinville
< 1% Monte Azul Paulista

EMISSIONS

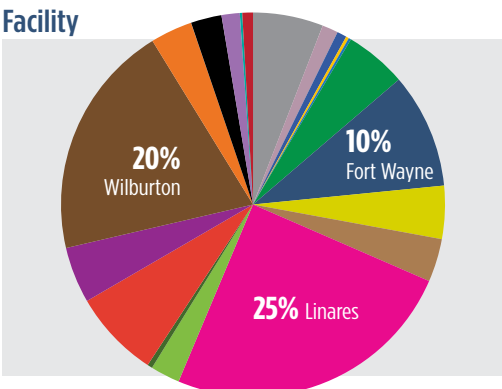
Electric Power Usage

Source	2019		2020		
	kWh	Intensity* kWh/\$USD	kWh	Intensity kWh/\$USD	Intensity % Change
TOTAL ELECTRIC POWER USED	50,509,091	0.047	46,836,952	0.048	↑ 2.13%
From Renewable Sources	7,488,000	0.007	10,890,041	0.011	↑ 57.14%
Generated On-Site	2,837	0.0000026	485,634	0.0005	↑ 19,130.8%
Greenhouse Gas Emissions	kWh	Intensity* kWh/\$USD	kWh	Intensity kWh/\$USD	Intensity % Change
From Electric Power Used	30,416	0.0000283	25,414	0.0000259	↓ - 8.5%
Avoided Using Renewable Energy	5,294	0.000005	7,699	0.000008	↑ 60%

* Measured using 2019 Revenue for FE Manufacturing Segment



7% South Africa
< 1% Botswana
5% China
6% Italy
6% Czech Republic
1% UK
4% Turkey
< 1% Argentina



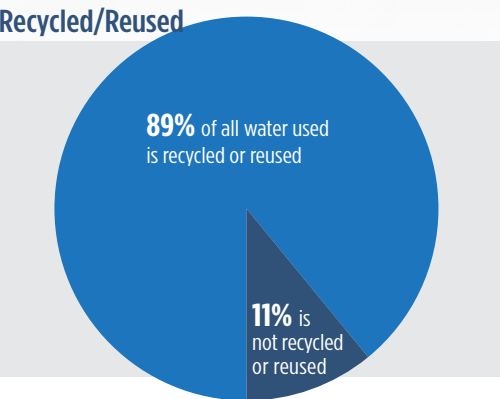
7% Sebenza
< 1% Gaborone
5% Suzhou
5% Dueville
1% Cedegolo
6% Brno
1% Hadleigh
4% Izmir
4% Guadalupe
1% Canby
< 1% Rossville
< 1% Churubusco
2% Madison
< 1% Deforest
< 1% Martinez
4% Araquari
3% Joinville
2% Monte
Azul Paulista

Water Usage

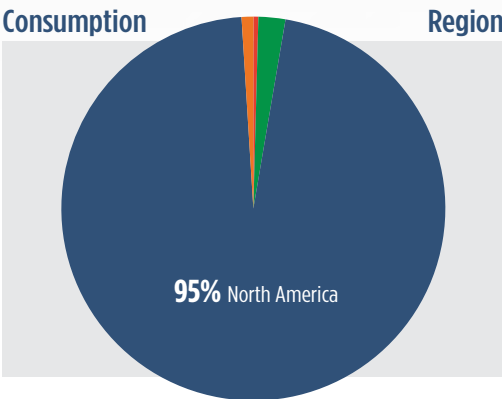
Usage	2019		2020		
	Gallons	Intensity* Gallons/\$USD	Gallons	Intensity Gallons/\$USD	Intensity % Change
TOTAL WATER USAGE	132,832,374	0.1236	188,811,061	0.1927	↑ 55.9%**
Water Recycled or Reused	110,428,623	0.1027	168,255,228	0.1717	↑ 67.19%
Wastewater (Used Water) Discharged to the Environment	50,026	0.0000465	50,100	0.0000511	↑ 9.9%

* Measured using 2019 Revenue for FE Manufacturing Segment

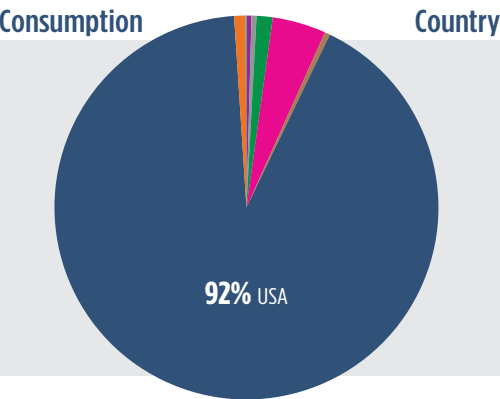
**Our facilities consumed more water during 2020 as they adjusted production and operational activities to meet the health and safety demands of the COVID-19 pandemic.



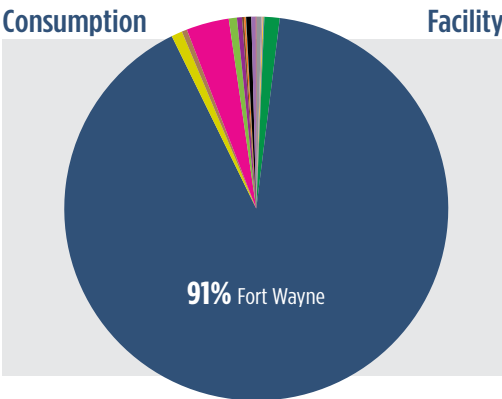
< 1% of all water used is discharged to the environment



< 1% Africa 1% Asia Pacific 2% Europe 1% South America



< 1% South Africa
< 1% Botswana
< 1% China
1% Italy
< 1% Czech Republic
< 1% UK
1% Turkey
5% Mexico
< 1% Argentina
1% Brazil



< 1% Sebenza
< 1% Gaborone
< 1% Suzhou
1% Dueville
< 1% Cedegolo
< 1% Brno
< 1% Hadleigh
< 1% Izmir
1% Guadalupe
4% Linares
< 1% Canby
< 1% Rossville
< 1% Churubusco
1% Madison
< 1% Deforest
< 1% Martinez
< 1% Araquari
< 1% Joinville
< 1% Monte
Azul Paulista

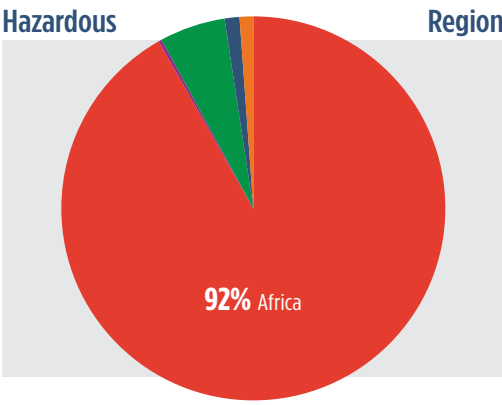
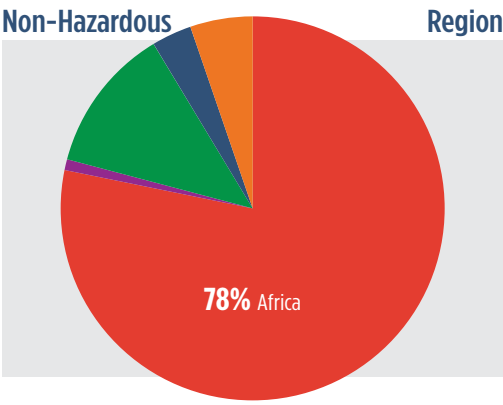
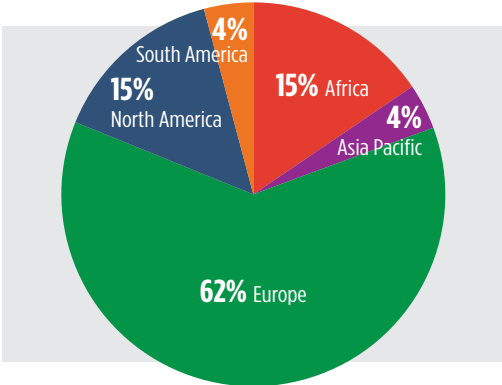
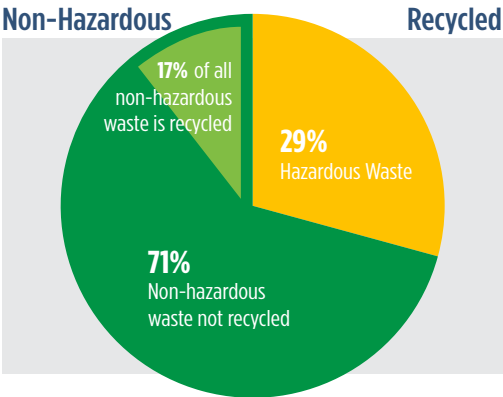
EMISSIONS



Type	2019		2020		
	Metric Tons	Intensity* Metric Tons/\$USD	Metric Tons	Intensity Metric Tons/\$USD	Intensity % Change
TOTAL WASTE GENERATED	208,142	0.00019	108,453	0.00011	↓ - 42.1%
Hazardous Waste Generated	123,162	0.000115	31,717	0.0000324	↓ - 71.83%
Non-Hazardous Waste Generated	84,980	0.0000667	76,736	0.0000783	↑ 17.39%
Non-Hazardous Waste Recycled	14,118	0.0000131	12,760	0.000013	↓ - 0.76%
Greenhouse Gas Emissions	Metric Tons	Intensity* Metric Tons/\$USD	Metric Tons	Intensity Metric Tons/\$USD	Intensity % Change
GHG Reduction from Recycling	37,656	0.000035	34,032	0.000035	= no change

* Measured using 2019 Revenue for FE Manufacturing Segment

GHG Emissions Reduction Due to Recycling Non-Hazardous Waste - Region



1% Asia Pacific 4% North America
12% Europe 5% South America

< 1% Asia Pacific 1% North America
6% Europe 1% South America

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 led 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.

The global COVID-19 pandemic had a devastating impact not only on the South African healthcare system, but also on its infrastructure growth during 2020. Despite these challenges, FWWF was able to accomplish the goal of providing clean, safe and sustainable water and sanitation solutions within the remote communities of Sutherland in South Africa, Chikuluma, Malawi, and in Mongu, Zambia. This region has continued to experience an increase in fluctuating climate conditions including floods and droughts — intensifying the limited access to safe water, wiping out crops and crippling much of its food production.

In 2020, FWWF purchased 100 solar kits for \$132,000 from FESA. This was donated to Gift of the Givers for a joint project installing wells in Central Karoo. The Gift of the Givers Foundation (GOGF) is the largest disaster response non-governmental organization of Africa. Founded by medical doctor Imtiaz Sooliman, the Foundation has earned a solid reputation for its outstanding aid assistance in providing food, water and other essentials to those in need, as well as providing medical care and establishing infrastructures to enable self-sufficiency. Dr. Sooliman reached out to FWWF with an urgent need for Sutherland’s Eastern Cape where communities had run out of drinking water as their springs had dried out. This not only affected the 65,000 population but also the 30,000 sheep still left after the 430,000 seven years ago, which were desperately needed to support their livelihood.

Understanding the burden and immediate needs, FWWF donated 100 solar water pump kits including all ancillary equipment and installation assistance to bring water access to these communities with the hope that this small token would aide in empowering the communities to accommodate and care for themselves in a sustainable manner.

“The people of Sutherland’s Central Karoo area have experienced severe drought for over seven years,” stated Attie Jonker, Vice President, Commercial Group – South Africa at Franklin Electric. “The opportunity to partner with GOGF in giving water and some relief to those who have been gravely affected by the drought is gratifying for our organization. As we continue our mission of bringing clean water to the people in these communities, we are committed to restoring hope for the next generations.”

The \$300,000 2021 Wells for the World proposal includes ten projects and approximately 50,000 beneficiaries over the course of the next ten years. The scope of this project includes Botswana, the Democratic Republic of Congo, Eswatini, Kenya, Madagascar, Malawi, Mozambique, Uganda, South Africa, and Zambia.

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 2020, the Franklin Electric Charitable and Educational Foundation made donations of \$264,000 – \$43,000 of which went to 25 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.



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

In late 2020, we invested in a pilot program called United Front, offered through Fort Wayne United. During this year-long initiative, a pilot group of employees, including US Human Resources, Executives, and Managers, engage with a keynote address and virtual discussion group on topics such as bias, microaggressions, active allyship, and difficult conversations.

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.

2020 Pilot Participants

Employee	#
US Human Resources	11
Executives	7
People Leaders	224

Training Hours

Platform	Hours
LMS	5,117
LinkedIn Learning	1,390
Rosetta Stone	427
Total	6,934

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 2020, 22 employees took advantage of this program, with the company granting approximately \$100,000 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.

U.S. Global Leadership Coalition (USGLC) Next Generation Global Leaders Network

The brand new Next Gen Global Leaders Network is a year-long program that will engage a group of diverse, bipartisan young professionals. Throughout the year, they will be immersed in global policy issues while strengthening advocacy and engagement skills. At the end of the program, they will become members of USGLC’s State Advisory Committee. Franklin Electric currently has three employees, selected through a rigorous application process, in the program.

TALENT DEVELOPMENT

2020 Global Workforce
Global Retention Rate: 83% in 2020

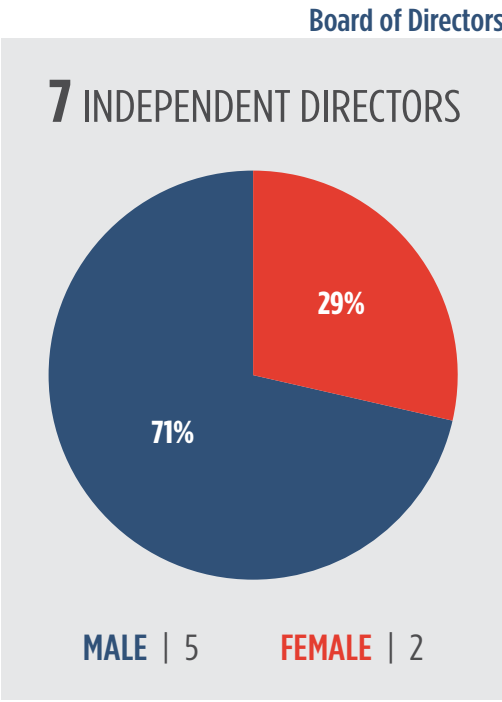
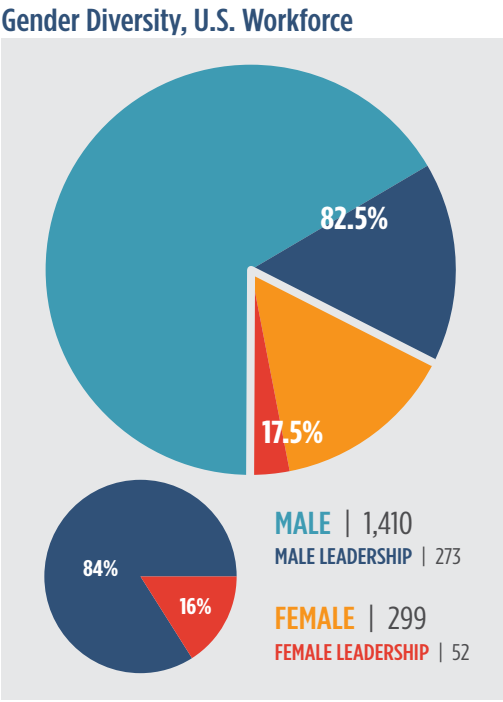
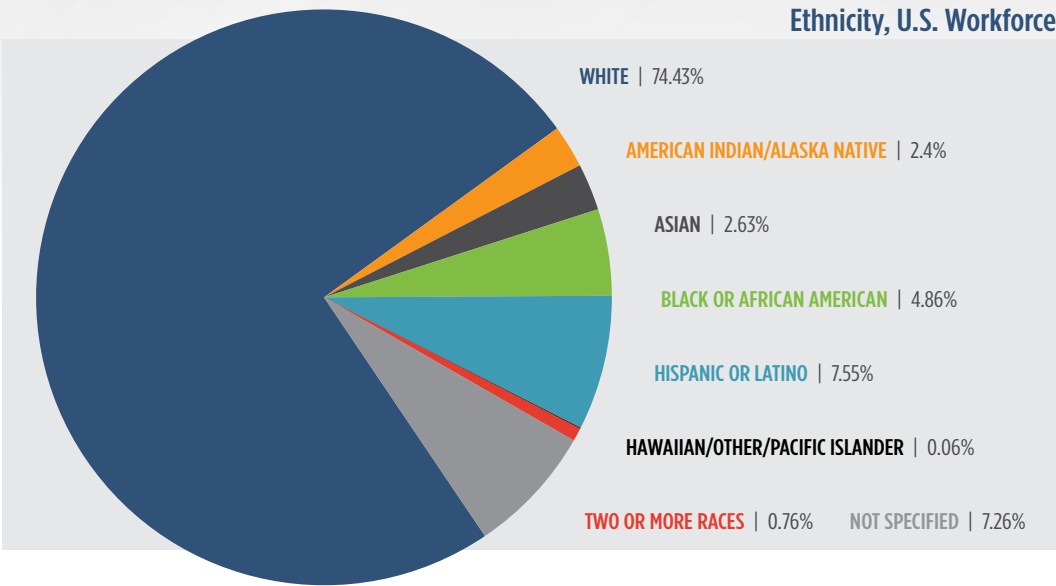
5,228
EMPLOYEES

589
LEADERSHIP ROLES

2020 United States Workforce

1,709
EMPLOYEES

325
LEADERSHIP ROLES



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 award-winning 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. We are proud recipients of the 2020 Cigna Well-Being Award in recognition of our Honorable Culture of Well-Being. 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%



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 and premium discounts for completing preventative care items

Biometrics Screenings

- Offered through on-site events, Quest Diagnostics labs, or primary care physicians
- On-site events held at locations with a minimum of 25 employees
- Fort Wayne, IN; Madison, WI; Oklahoma City, OK; Wilburton, OK; Canby, OR; and Hillsboro, OR held events in 2020
- 439 employees participated in 2020

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
- 15.4% of employees utilized program
- Stress/anxiety and depression were the top presenting topics in 2020
- Legal and financial concerns were the top work/life subjects

Childcare

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

Zero-Cost Prescription Programs

- Rx ‘n Go maintenance medication program

Cigna MotivateMe® Incentive Program

- Help employees with their health and wellness goals with wellness perks
- Incentive awards and premium reductions
- Cigna Fitness Challenge, local fitness program offerings and rewards

Omada Program

- Digital lifestyle change program that inspires lasting healthy habits, such as diabetes and heart disease prevention
- Includes a wireless smart scale, weekly online lessons, professional Omada health coach, and small group support

Other

- Sit-to-stand workstations
- 5K, 10K, 1/2 or full marathon reimbursement

Income Protection

- Life insurance
- Long- and short-term disability
- Accidental injury
- Critical illness



INDEX

Indicator	Brief Description	Location of Information
Organizational Profile		
102-1	Name of the organization	Franklin Electric Co., Inc.; page 7
102-2	Activities, brands, products and services	pages 27-39, 61-63
102-3	Location of headquarters	Fort Wayne, Indiana; page 28
102-4	Location of operations	pages 26-35
102-5	Ownership and legal form	page 7
102-6	Markets served	pages 28-35
102-7	Scale of the organization	pages 23, 28-35, 74
102-8	Information on employees and other workers	page
102-9	Supply chain	pages 36-38
102-10	Significant changes to the organization and its supply chain	2020 Form 10-K
102-11	Precautionary principle or approach	pages 12, 18
102-12	External initiatives	pages 65-69
102-13	Membership of associations	
Strategy		
102-14	Statement from senior decision maker	page 5
102-15	Key impacts, risks, and opportunities	page 5
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	page 6
102-17	Mechanisms for advice and concerns about ethics	page 5
Governance		
102-18	Governance Structure	pages 11-19 herein; and included in the Company's 2020 Definitive Proxy Statement, filed with the Securities and Exchange Commission on March 19, 2021 (2020 Proxy), pages 9-15
102-19	Delegating authority	2020 Proxy, pages 12-15
102-20	Executive-level responsibility for economic, environmental, and social topics	page 19 herein; and 2020 Proxy, page 14
102-22	Composition of the highest governance body and its committees	pages 12-13 herein; and 2020 Proxy, pages 12-14
102-23	Chair of the highest governance body	pages 13-14 herein; and 2020 Proxy, page 12
102-24	Nominating and selecting the highest governance body	pages 18-19 herein; and 2020 Proxy, pages 13-14
102-25	Conflicts of interest	page 18 herein; and 2020 Proxy, page 14
102-26	Role of highest governance body in setting purpose, values, and strategy	page 12 herein; and 2020 Proxy, page 12
102-27	Collective knowledge of highest governance body	pages 12-13 herein; and 2020 Proxy, pages 9-11
102-28	Evaluating the highest governance body's performance	2020 Proxy, page 12-15
102-29	Identifying and managing economic, environmental, and social impacts	page 12 herein; and 2020 Proxy, page 13-14
102-30	Effectiveness of risk management processes	pages 18-19 herein; and 2020 Proxy, page 13
102-31	Review of economic, environmental, and social topics	2020 Proxy, page 13
102-32	Highest governance body's role in sustainability reporting	2020 Proxy, page 14
102-33	Communicating critical concerns	2020 Proxy, page 14-15
102-35	Remuneration policies	2020 Proxy, pages 17-31
102-36	Process for determining remuneration	2020 Proxy, pages 17-31
102-37	Stakeholders' involvement in remuneration	2020 Proxy, pages 17-31
102-38	Annual total compensation ratio	2020 Proxy, page 36
102-39	Percentage increase in annual total compensation ratio	2020 Proxy, page 36

Indicator	Brief Description	Location of Information
Stakeholder Engagement		
102-41	Collective bargaining agreements	none
102-44	Key topics and concerns raised	pages 3-5
Reporting Practice		
102-45	Entities included in the consolidated financial statements	2020 Form 10-K, Exhibit 21
102-46	Defining report content and topic boundaries	pages 3-5
102-47	List of material topics	page 3
102-48	Restatements of information	none
102-49	Changes in reporting	none
102-50	Reporting period	Identified where data is disclosed throughout report
102-51	Date of most recent report	October 27, 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Back Cover
102-54	Claims of reporting in accordance with GRI standards	page 4
102-55	GRI content index	pages 82-84

Topic-Specific Disclosures

Indicator	Brief Description	Location of Information
Management Approach		
103-1	Explanation of the material topic and its Boundary	pages 3-5
103-2	The management approach and its components	throughout the report
103-3	Evaluation of the management approach	throughout the report
Environmental		
Energy		
302-1	Energy consumption within the organization	pages 54-58
302-3	Energy intensity	page 54
302-4	Reduction of energy consumption	pages 52-53
302-5	Reductions in energy requirements of products and services	pages 52-53
Water		
303-1	Interactions with water as a shared resource	page 57
303-3	Water withdrawal	page 57
303-5	Water consumption	page 57
Emissions		
305-1	Direct (Scope 1) GHG emissions	page 55
305-4	GHG emissions intensity	page 55
305-5	Reduction of GHG emissions	page 55
Effluents and Waste		
306-2	Management of significant waste-related impacts	page 58
306-4	Waste diverted from disposal	page 58

INDEX

Indicator	Brief Description	Location of Information
Social		
Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	pages 77-79
Occupational Health and Safety		
403-1	Occupational health and safety management system	pages 42-43
403-2	Hazard identification, risk assessment, and incident investigation	pages 42-43
403-4	Worker participation, consultation, and communication on occupational health and safety	pages 42-43
403-5	Worker training on occupational health and safety	pages 42-43
403-6	Promotion of worker health	pages 42-43
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pages 42-43
Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	page 73
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	page 74
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	none
Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	none
Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	none
Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	none
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	pages 65-69
413-2	Operations with significant actual and potential negative impacts on local communities	none
Public Policy		
415-1	Political Contributions	none
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	none

NOTICES

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, 2020, 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.





Franklin Electric

franklin-electric.com

M1952

