



We operate
sustainably

Sustainability report 2023

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Foreword

**Ladies and Gentlemen,
Dear reader,**

It is very important for us at Franke GmbH in Aalen to set and adhere to ethical and moral standards in order to ensure responsible and sustainable business activities. Our Code of Conduct serves as a guide for our employees as well as for our business partners and suppliers to ensure that we always act in accordance with applicable laws and regulations and meet the highest standards of integrity and ethics.

We take our responsibility towards our employees, business partners, customers and the environment seriously and are committed to treating each other fairly, avoiding conflicts of interest, combating corruption and money laundering and complying with export control and customs regulations. In addition, we are committed to environmental protection, effective energy use and product safety and quality in order to make our contribution to sustainable development.

We are aware that compliance with these standards is not always easy and that there may be situations in which employees are confronted with doubts or conflicts. We have formulated a code of conduct for such cases.

It provides us all with a guideline for company-compliant, reliable behavior. We are proud of our commitment to these high standards and will continue to strive to implement them in all areas of our company:

- 1 Fair treatment internally and externally
- 2 Fair competition
- 3 Combating corruption
- 4 Dealing with company property
- 5 Protection of business secrets and IT security
- 6 Prohibition of insider trading
- 7 Avoiding conflicts of interest and private activities
- 8 Compliance with export control, customs regulations
- 9 Occupational health and safety
- 10 Product safety and quality
- 11 Environmental protection, energy efficiency and sustainability
- 12 Protection of personal data
- 13 Financial integrity and anti-money laundering
- 14 Conduct in cases of doubt and contact persons
- 15 Special responsibilities of managers



**What we have implemented
and years is contained in
this report.**



Daniel Groz

Managing director



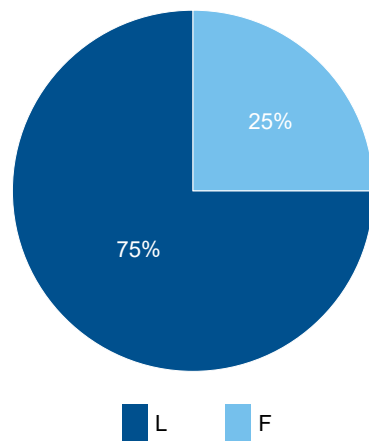
Sascha Eberhard

Managing director

General description of the organizational and accounting objectives, organizational and reporting boundaries

Franke GmbH, based in Aalen, is a manufacturer of linear guidance systems and rolling bearings. Franke is the inventor of the wire race bearing and uses this technology as the basis for all its products.

The company was founded in 1949, operates internationally and works with partners worldwide in sales and production. The location in Aalen is also the headquarters and the company does not operate any other locations beyond this. From here, Franke technology is supplied to many different industries in which the technological differentiation features offer attractive solutions for customer requirements.

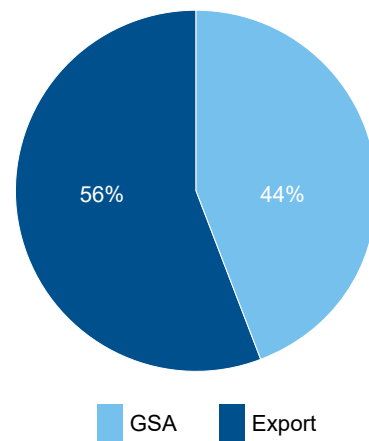


Delivery distribution by product group in 2023

With over 300 employees, currently in 5 plants at the headquarters, a further plant 6 is currently under construction, on a site of approx. 34,000m², with 28 agencies worldwide, individual products are developed in close cooperation with the customer, from the conception and construction of prototypes to extensive test series.

Turnover amounted to around € 55 million in the reporting year 2023.

Franke GmbH is an export-oriented company. In the 2023 reporting year, 56% of deliveries and services went abroad. The most important export countries in the reporting year were China, the USA and Japan, followed by other European countries.



Export share in 2023

The Franke principle for rolling bearings



The key difference between a conventional ball bearing and a Franke wire race bearing lies in the races. In a wire race bearing, the rolling elements do not roll on solid housing rings, but on delicate wires. The flexibility of the Franke principle makes it possible to design more freely and simply in order to develop better products.

Possibilities instead of specifications

Franke bearing elements can be used in a wide variety of constructions. The demands on the enclosing structure are low, as it is not directly exposed to the loads. The main load is borne by the wire race bearing. This means that you are virtually free to determine the ideal shape and material for your subsequent construction.

The Franke principle for linear systems

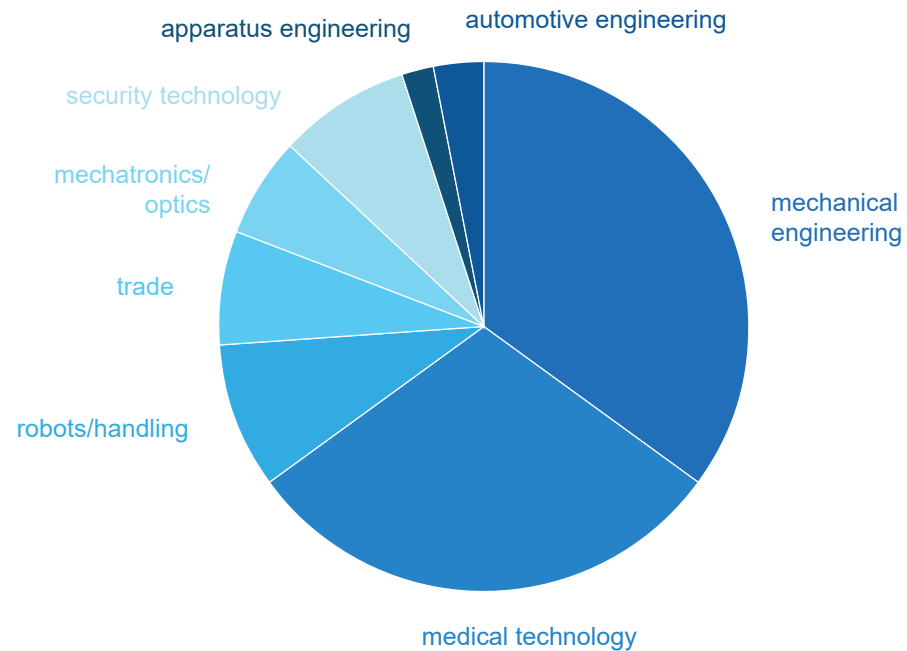


Franke linear guides transfer the ingenious principle of the wire race bearing to linear movements. Inserted raceways ensure load-bearing capacity on all sides.

This allows the rest of the construction to be made of lightweight aluminum. Large guided rollers ensure smooth running - maintenance-free over the entire service life. Thanks to their modular design, Franke linear systems can be individually adapted to requirements.

The best system for every customer

The customer's application and design alone determine which linear guide is the best for the individual. The Franke modular system makes it possible to put together or design an ideal linear system.



Industries supplied by Franke GmbH in 2023

In a sector comparison, medical technology and general mechanical engineering are the company's most important market segments.

Overall, however, Franke GmbH is very broadly positioned. This is reflected not only in the distribution of the company's sales across many national markets, but also

in the distribution across a large number of industries and applications. There are a large number of customers within these sectors.

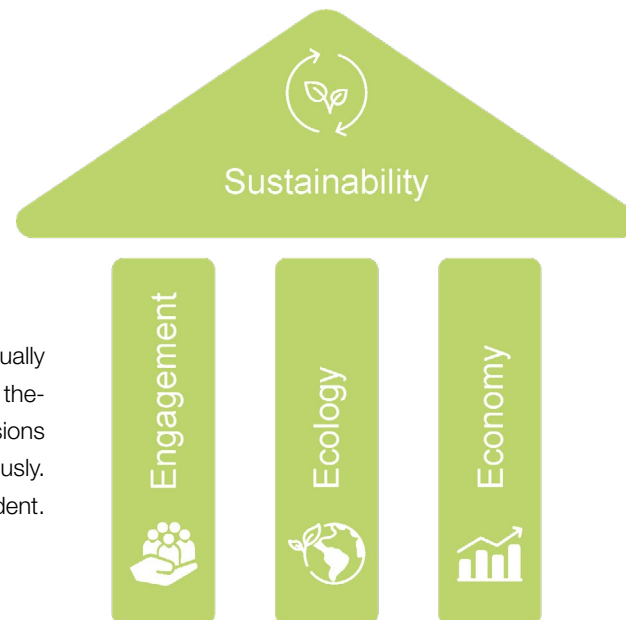
This high level of diversification enables the company to cushion risks arising from economic fluctuations in individual market segments.

Corporate mission statement Franke GmbH

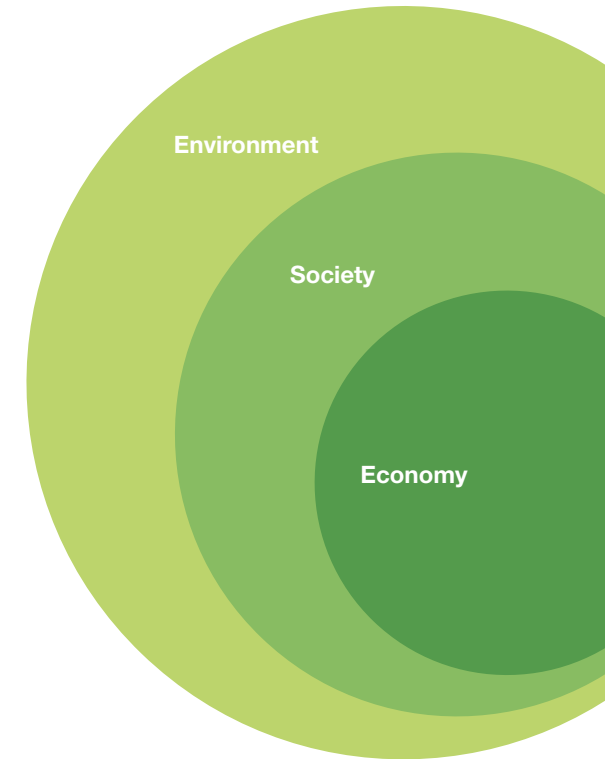
In order to meet the needs of today's generation - without compromising the opportunities of future generations - we consider a **balance between the environment, society and the economy to be essential.**

The goal of sustainable development is achieved by harmonizing the three pillars of sustainability (commitment/ecology/economy).

A sustainability team was set up specifically for this purpose, which comprises the MW (Marketing), RP (Human Resources) and BU (Energy/Environment) divisions and reports directly to the Management Board. The sustainability report for the respective calendar year is prepared in collaboration between the sustainability team and the departments involved.



The three pillars of sustainability are equally important. Sustainable development is therefore only possible if the three dimensions are implemented equally and simultaneously. They are mutually dependent.



The economy operates within society, which in turn is an important part of the big picture and is influenced by it: our environment.

Franke GmbH's mission statement is a description of the company's self-image and basic principles. It describes the mission and vision of the organization and forms the framework for strategies, goals and operational activities.

The Franke mission is: With our invention of the wire race bearing, we help our customers to be innovative. In turn,

the vision is to be realized through the defined goals: Franke is an agile technology company.

This mission statement forms the framework for the corporate goals of Franke GmbH, in which the topics of **efficiency and sustainability** are firmly anchored.

Conserving resources and avoiding waste not only improves the quality of life for us and our children.

Such measures also pay off in cash and make a company an attractive and preferred business partner. This is why the topic is firmly anchored in the company's objectives:

We are **economically successful** 

Economical

Economic success is the basis of Franke GmbH's actions. Turnover, productivity, delivery reliability, throughput time and quality are the fundamental building blocks for this.

We are **innovative** 

Innovative

Projects are driven forward in accordance with the innovation roadmap. Innovative projects are underway in all areas of the company to enable continuous improvement.

We are **digital** 

Digital

Digitalization has a very high priority and supports the continuous improvement and optimization of processes at Franke GmbH.

We are **efficient & sustainable** 

Ecological

In order to meet the needs of today's generation – without compromising the opportunities of future generations – the company strives for sustainable development.

We work **together** 

Social

Franke GmbH attaches great importance to respectful cooperation at eye level. Managers and employees see themselves as a team in which everyone plays a role.

Interested parties

Drivers of climate neutrality



Financial markets:

Effects on company valuation and financing (EU taxonomy)



Market perspective:

Customers ask for sustainability indicators



Laws:

- EU Green Deal
- Paris
- International



Society:

- Fridays for Future
- End consumers
- Human rights



Ressources & Nature:

- Loss of ecosystems
- Tipping points & irreversibility
- Price increase
- Security of supply

Implementation strategy

- 1 Commitment of the management
- 2 Definition of responsibilities
- 3 Definition of communication
- 4 Stakeholder analysis
- 5 Materiality analysis
- 6 Identify measures

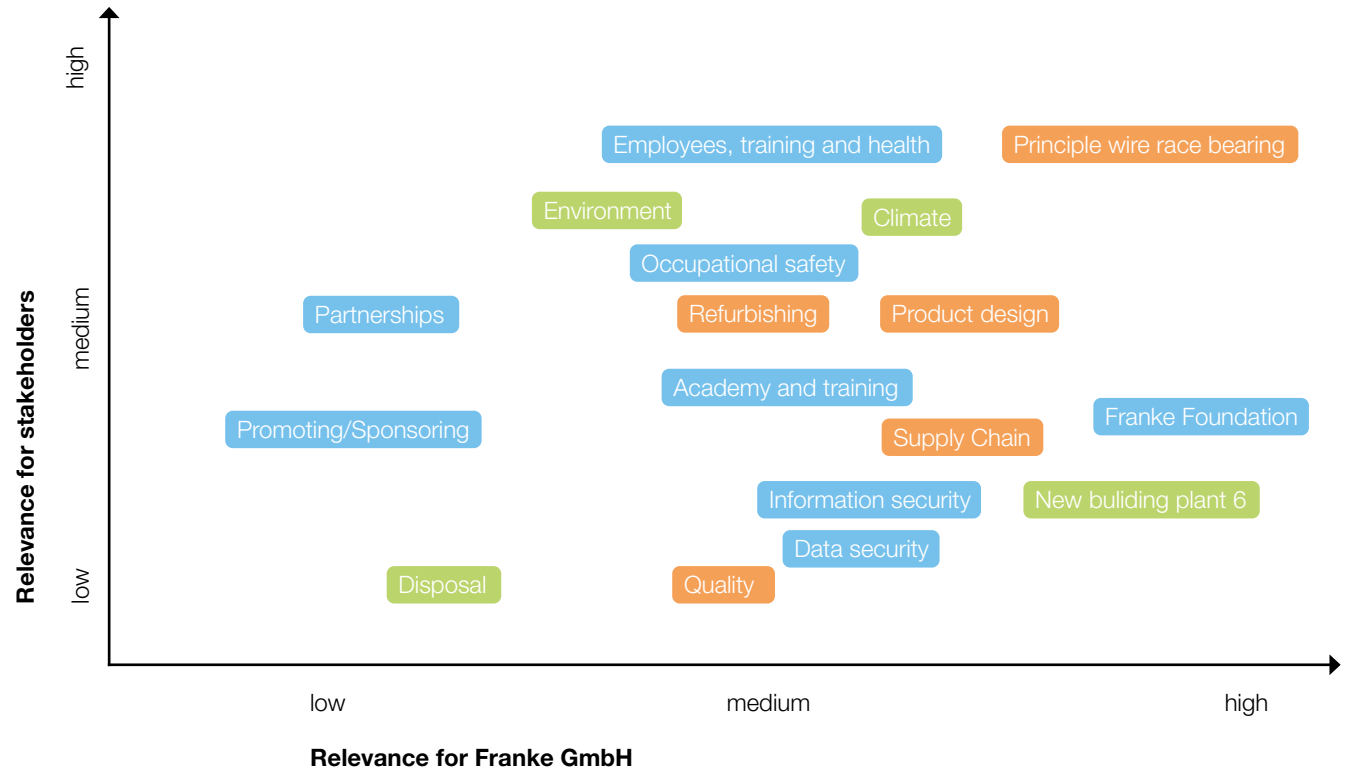
Interested parties	Examples of requirements/expectations	Derived voluntary commitment
Legislator	<ul style="list-style-type: none"> • Implementation of and compliance with legal regulations • Provision of appropriate documents • Adequate training and instruction • Appointment of legal representatives in the company • Prevention of accidents 	<ul style="list-style-type: none"> • Formulation of policy/code of conduct/product safety policy • Timely approval of products • Compliance with ongoing obligations • Maintaining a positive image on the market • Provision of current specification documents in drive V • Appointment of legal representatives in the company
Customer	<ul style="list-style-type: none"> • Evaluation of customer requirements, queries in the event of ambiguities • Ensuring product quality • Adherence to delivery dates • Ensuring spare parts deliveries for a specific period of time • Maintenance and service • Sufficient documentation for the product, in addition to comprehensible operating instructions • Low costs for maintenance of environmentally friendly products 	<ul style="list-style-type: none"> • Evaluation of trade fair visits • Processing customer enquiries/complaints • Evaluation of customer requirements
Owner	<ul style="list-style-type: none"> • Positive image of the company • Reputation • Entitlement to dividends • capital-efficient growth 	<ul style="list-style-type: none"> • Regular controlling
Auditor	<ul style="list-style-type: none"> • Regular business management information, notification of major deviations from plan 	<ul style="list-style-type: none"> • Provision of business management documents for the tax audit

Interested Parties	Examples of requirements/expectations	Derived voluntary commitment
House bank	<ul style="list-style-type: none"> Regular business management information, notifications of major deviations from plan 	<ul style="list-style-type: none"> A meeting with the bank is held twice a year, situation-related discussions, extraordinary investments
Trade union	<ul style="list-style-type: none"> Compliance with collective agreements, fair pay, accident prevention 	<ul style="list-style-type: none"> Regular discussions between management and works council
Community	<ul style="list-style-type: none"> Low emissions, no incidents, water protection 	<ul style="list-style-type: none"> Compliance with current obligations
Employees and relatives	<ul style="list-style-type: none"> Health protection, job security, profit sharing, recognition and satisfaction, development opportunities 	<ul style="list-style-type: none"> Compliance with current obligations
Visitors	<ul style="list-style-type: none"> Safety, health protection 	<ul style="list-style-type: none"> Notes on safety rules
Authorities	<ul style="list-style-type: none"> Fulfillment of requirements, compliance with laws 	<ul style="list-style-type: none"> Safety instruction
Neighborhood/neighbors	<ul style="list-style-type: none"> Compliance with laws 	<ul style="list-style-type: none"> Compliance with current obligations
Representatives	<ul style="list-style-type: none"> Innovative products 	<ul style="list-style-type: none"> Product innovation
Professional association	<ul style="list-style-type: none"> Compliance with laws 	<ul style="list-style-type: none"> Compliance with current obligations
Insurances	<ul style="list-style-type: none"> Compliance with laws 	<ul style="list-style-type: none"> Compliance with current obligations
External provider/ supplier	<ul style="list-style-type: none"> Orders, legally clear orders, mutual benefit, fair prices, complete specification, naming of contact persons, delivery schedule 	<ul style="list-style-type: none"> Contractual agreements, QAAs, framework agreements, early supplier selection, delivery scheduling

Significance analysis

The significance analysis was prepared by the sustainability team to ensure that the company's sustainability strategy takes into account precisely those economic, environmental and social issues that offer important opportunities and risks for the company and its stakeholders.

Interested parties can also access the existing information provided by Franke GmbH on the following portals on request:



Engagement	Ecology	Economy
Employees, training and health	Disposal	Principle wire race bearing
Academy and training	Climate	Quality
Occupational safety	Environment	Product design
Data protection	New building plant 6	Refurbishing
Information security		Supply Chain
Partnerships		
Funding/Sponsoring		
Franke Foundation		

1. Engagement



Working at Franke

1.1 Employees, training and health

At Franke, it is primarily about increasing the attractiveness of our company as an employer and being perceived as an attractive employer. Building an attractive employer brand not only enhances our image, but also has very specific advantages when it comes to finding and retaining trainees, specialists and managers. It is therefore becoming increasingly important for us to offer benefits to potential applicants.



It is therefore becoming increasingly important for us to offer benefits to potential applicants.

We use the following channels to position ourselves externally as an attractive employer: Website, social media posts on LinkedIn or Instagram, for example, advertisements in daily and trade journals, training, study and career fairs, career orientation internships such as Technolino, Bogy / Bors and Girls Days, presentations at schools and universities.



Interns, vacation workers and students from colleges and universities are well looked after by our internal mentors and contacts. Through our established networks, we create additional opportunities to exchange information on topics and recruit employees for Franke.

Personnel planning

In order to meet the targeted demand for future specialists, we have significantly increased our training quota and are offering new apprenticeships and dual study programs in line with the changing requirements of an agile working world.

Workplace conditions

Environmental factors, work organization and work processes are constantly put to the test with the aim of creating optimal working conditions. Our employees feel

comfortable in a modern and appealing working environment. Targeted training with the aim of job rotation helps them to be agile and flexible.

Active health care

Workplace-related causes of illness are to be identified and eliminated as early as possible. Preventive measures that contribute to keeping our employees healthy are promoted. With workshops on health and well-being, we help our employees to maintain a good work-life balance.

We also offer other measures to promote health in the workplace, such as ergonomic workstations, leasing a company bicycle, the option of mobile working and regular team events.

Health promotion

The health and safety of employees is a top priority for Franke GmbH. With the help of systematic documentation of all processes and the associated documents, the occupational safety and health protection of employees is regulated and continuously improved. Training courses, information services and a range of other services and measures are designed to prevent accidents and ensure the safety of employees.

All employees should retain their ability to work and enjoy healthy leisure time. Occupational health management (OHM) measures are designed to support this. In this regard, there are offers such as mobile working (including e-learning on this topic, which includes ergonomic working), flexible working hours, driver safety training and company bicycles. In addition, team events and workshops are intended to promote a sense of social community.



Equal treatment and equal opportunities are all fundamental principles for Franke GmbH that promote a fair and inclusive society. This means that regardless of gender, ethnicity, sexual orientation, social background or other characteristics, everyone should have the same opportunities to develop their full potential. In the context of the world of work, this means ensuring gender equality, including equal pay for work of equal value.

Women and men have the opportunity to develop their skills and advance, whether through training or professional development.

The employment and inclusion of people with disabilities is another important aspect of the company's activities. The company seeks to remove barriers and provide appropriate support to ensure that people with disabilities can participate equally in the workplace.

Measures against violence and harassment in the workplace are essential in order to create a safe and respectful working environment. Everyone should be free from any form of discrimination, harassment or violence.

Diversity is a strength, Franke GmbH is committed to promoting and protecting a diverse workforce. This means that people from different backgrounds and with different perspectives are welcome.

Ultimately, promoting equal treatment and opportunity for all is not only an ethical obligation, but also a prerequisite for a thriving and equitable workplace where everyone can reach their full potential.

Working conditions

are a decisive factor for the well-being of our employees and the efficiency of workplaces. The most important aspects include secure employment, reasonable working hours and fair wages.

Secure employment means that employees are protected from arbitrary dismissal and enjoy reasonable notice periods and legal security. Flexible working time arrangements and mobile working should help employees achieve a healthy work-life balance. For example, we offer discounted access to gyms, leisure pools and other public facilities in cooperation with our partner „Egym Wellpass“.

Our employees have the opportunity to lease bicycles, e-bikes or pedelecs at low cost through the company „Eurorad“.

At Franke Health Days, which take place annually, we want to raise awareness of the topic of „health“ and focus on both physical and mental health.

We have also trained two employees in the company as MHFA first aiders. They are to be the first point of contact for everyone when it comes to mental health. They are the link to our occupational health service and the company chaplain.

The social dialog promoted by the existence of works councils, trade unions and collective bargaining is of great

importance. This enables employees to represent their interests and strengthen their rights. Collective agreements set minimum standards and guarantee fair pay and working conditions.

Information, consultation and co-determination rights are also important to ensure that their voices are heard and that they can participate in decisions that affect them. This strengthens trust between employers and employees and promotes cooperation.



Work-life balance is another key aspect. Flexible working time models, parental leave and support for family responsibilities are crucial to meeting the needs of employees and increasing productivity.

Adequate and fair pay is crucial in order to secure a livelihood and enable a dignified life. This also includes access to social security systems such as health insurance and pensions.

Finally, health and safety in the workplace is of paramount importance. Employers should ensure that their workplaces are safe and take all necessary measures to protect the health and safety of their employees. This includes involving them in safety measures and providing appropriate training and equipment.



**Respect for human rights,
fundamental freedoms and democratic principles**

are fundamental elements of a just and free society. These principles are enshrined in a number of international documents, including the International Bill of Human Rights and other fundamental human rights conventions of the United Nations. For us at Franke, it is a matter of course to take this into account.

The United Nations Convention on the Rights of Persons with Disabilities and the United Nations Declaration on the Rights of Indigenous Peoples are other important documents that protect the rights and dignity of all people, regardless of their origin or abilities.

The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its fundamental conventions emphasize the importance of labor rights and standards that protect the dignity and rights of workers, including the right to freedom of association and collective bargaining.

In addition, regional instruments such as the European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter and the Charter of Fundamental Rights of the European Union play

an important role in ensuring human rights and fundamental freedoms at European level.

Overall, these international and regional legal instruments

are crucial to ensure that human rights and fundamental freedoms are respected, protected and enforced worldwide and to promote a just and democratic society.



1.2 Academy and training

Academy: Attracting, promoting and retaining talent

In today's fast-paced and dynamic world, companies face the challenge of attracting, developing and retaining talented employees in order to compete successfully. However, simply finding and recruiting talent is not enough to ensure long-term success.

Companies must continuously support their employees and offer them opportunities to develop further in order to keep pace with the demands of a constantly changing world of work.



In order to offer employees access to a wide range of learning opportunities, Franke GmbH has implemented an internal learning platform (Learning Management System LMS). This LMS enables employees to access training courses, e-learning modules and resources, such as a skills matrix. These help them to expand their skills and keep their knowledge up to date.

The learning content is diverse and ranges from technical skills to leadership and communication training. In addition, a mentoring program has been established in which experienced employees pass on their expertise and experience to new colleagues. This exchange of knowledge and best practices enables employees to learn from and support each other.

Another important building block is the development of managers. To this end, Franke GmbH is constantly deve-



At Franke GmbH, lifelong learning is therefore at the heart of a progressive corporate culture. Franke recognizes the importance of the continuous development of its employees and has therefore implemented a variety of measures to promote lifelong learning.

loping new training concepts on the topics of leadership and error culture as well as agile leadership. Last fall, all managers were sent on a „journey“ (Franke Management Journey). The aim of this journey was for managers to act as role models for the mission statement. A transparent management culture is cultivated and all employees have the opportunity to rate their manager in various categories as part of a 360° feedback process.

Employees are also encouraged to participate in external training programs, retreats and workshops. The company offers financial support and flexible working hours to ensure that employees have the opportunity to expand their knowledge and skills beyond the boundaries of the company.

Another feature of lifelong learning at Franke GmbH is the regular organization of internal training courses and keynote speeches. These informal learning events enable employees to share their specialist knowledge, discuss new trends and develop innovative solutions together. With the help of internal trade fairs, such as the „Learning Days“, employees from all areas are introduced to software tools that are used internally. Through so-called „shoulder looks“, employees are given the opportunity to get a taste of other specialist areas for a day and look over the shoulder of another employee.

The internal training program shows which internal training courses can be carried out in the company. With the help of a profile, the necessary information can be read out.

Training and studies

At Franke GmbH, first-class training is the focus of the company. Sound training is of great importance for the long-term success of its employees, which is why a comprehensive training program has been developed to

promote growth and innovation. The training portfolio is as focused as possible and concentrates on the technologies and developments relevant to the company. The aim is to prepare graduates in the best possible way for their employment at Franke GmbH.

Training begins as soon as new trainees are hired. All trainees undergo a structured induction program (flow-through plan) that gives them a comprehensive overview of the company, its values, goals and processes. This lays

the foundation for a successful career and fosters a strong connection to the company.

The training program includes both theoretical and practical training to ensure that trainees have the necessary expertise and practical skills to perform their tasks successfully. The training courses are conducted by experienced experts and professionals who share their knowledge and experience with the trainees. Great emphasis is placed on practical exercises and individual support in order to apply what has been learned in real-life situations.

New knowledge and skills are needed to be equipped for the digital future. These are systematically integrated into training and further education at Franke GmbH. Learning with mobile devices or in a modern learning workshop are just as much a part of this as the use of 3D printers and electronics.

Support measures of the Academy

- internal learning platform LMS
- Mentoring program
- Development of managers
- 360 degree feedback
- External training programs, retreats & workshops
- Internal training courses & keynote speeches
- in-house trade fairs
- shoulder view
- internal training program



Share of training at Franke 2023:



Trainees



Students



The trainees have also been undergoing digital training since 2021, in which they receive extensive training in teaching new, digital teaching methods and learning content. The trainees support the company in the digitalization process and are involved in the transformation right from the start.

Another important part of training at Franke GmbH is the individual support of all trainees. Each apprentice is assigned a mentor who serves as a point of contact and support. They accompany the trainees throughout their

training and offer them valuable advice, feedback and personal development opportunities.

In addition, trainees are offered regular training opportunities to ensure that they stay up to date and continue to develop. These training courses can take place both internally and externally and cover topics such as new technologies (e.g. 3D printing), current trends and soft skills.

A great deal is also invested in understanding the company's specific products. Apprentices learn about wire race

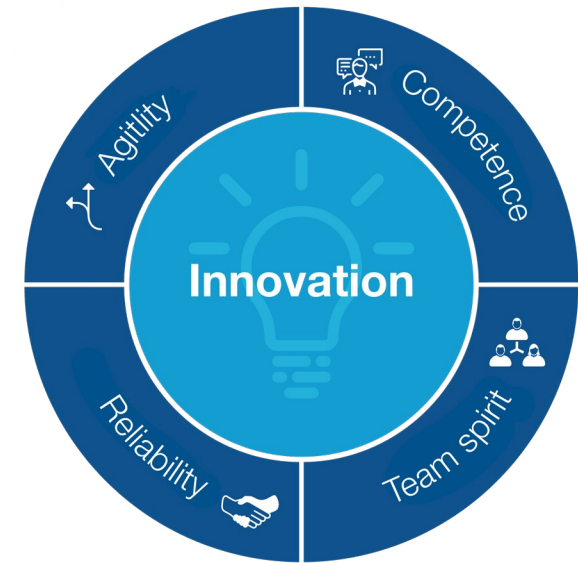
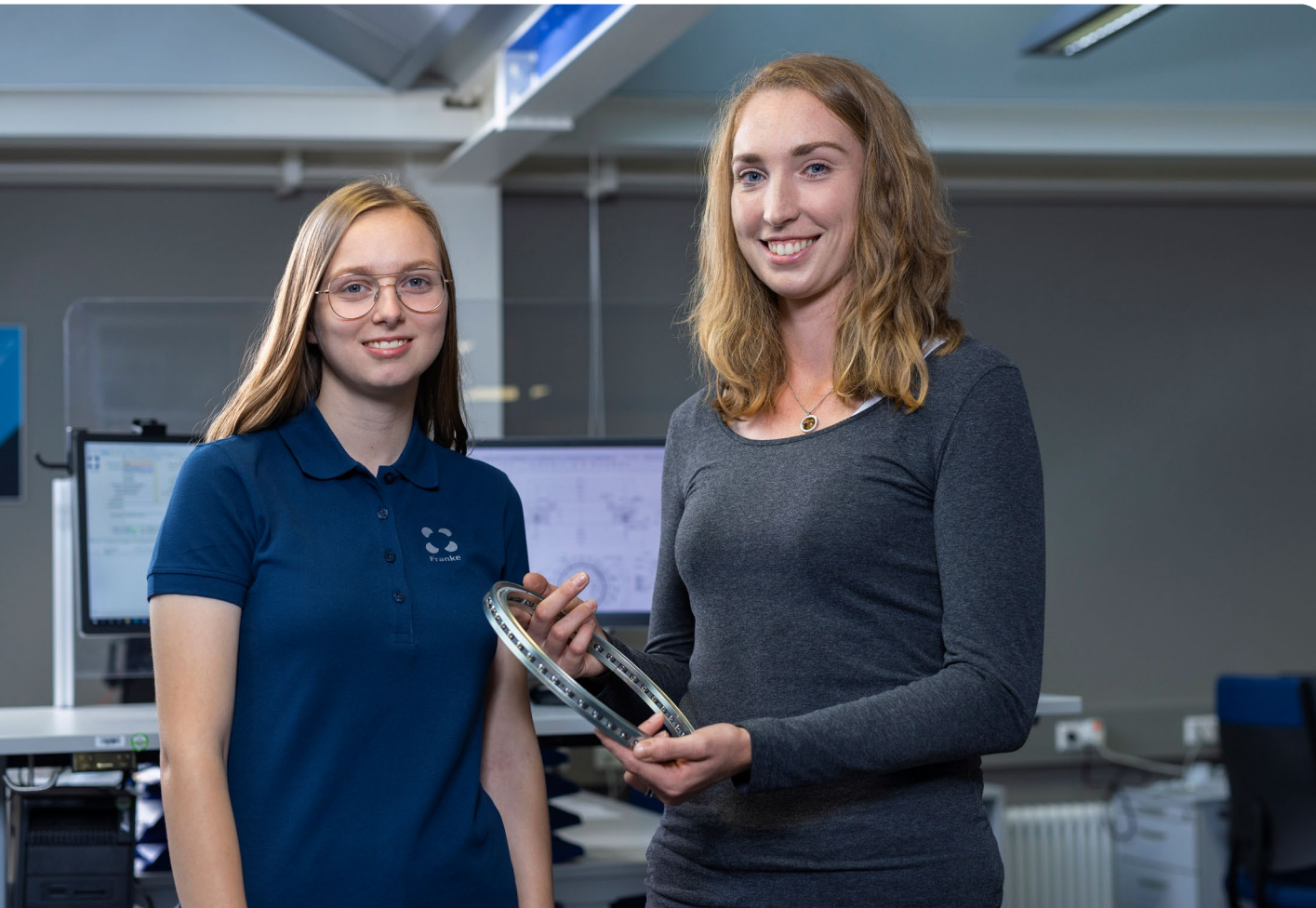
bearing technology from day one and develop their own exhibits for trade fairs.

Franke GmbH attaches great importance to a positive learning environment in which trainees are motivated, supported and encouraged to reach their full potential.

There is open communication in which questions can be asked and ideas exchanged. Trainees are encouraged to act independently, find solutions to problems and take responsibility.

This responsibility is transferred to the trainees in the “Junior Innovators” project. In this project, they have to organize themselves in a team across different professions and manage the processes independently. The trainees

are supported by experienced trainers and mentors using work instructions they have developed themselves. This helps to raise the trainees’ technical understanding to a new level.



Behind everything is an educational concept that teaches not only technical skills but also self-learning skills and promotes teamwork between different training groups. At Franke, this is called Matrix 4.0.

In conclusion, training at Franke GmbH is characterized by agility, team spirit, competence and reliability. Through a comprehensive training program, individual support and regular further training opportunities, Franke creates an environment in which trainees can develop their potential. This not only leads to highly qualified and motivated employees, but also to sustainable development and a strong competitive advantage for the company. Apprentices with excellent qualifications have the opportunity for further training in the form of technical colleges (business administrator/master craftsman) or a dual study program.

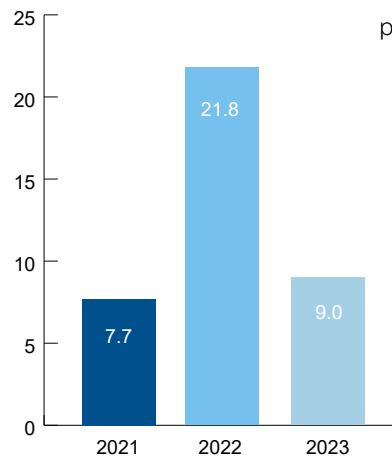
1.3 Occupational safety

Franke GmbH is responsible for the safety and health of employees at work and other persons who may be affected by their activities. This responsibility includes the promotion and protection of their physical and mental health. Occupational safety and fire protection are at the forefront of daily activities and compliance with all legal requirements is ensured.

Reducing the frequency and severity of accidents is enshrined in the company's objectives.

As part of our efforts in the area of occupational safety, we succeeded in reducing the number of reportable accidents compared to the 2022 reporting year.

(2022 rate DGUV (German Social Accident Insurance): 18.27; BGHM (Employers' Liability Insurance Association for Wood and Metal): 30.41).



Accident rate Franke GmbH
(reportable accidents at work/1000 employees)

Franke GmbH is gradually working on identifying the main accident black spots and taking appropriate measures to avoid hazards. Accidents are recorded, analyzed, communicated and processed using software.

All employees are involved in the topic of occupational safety. Particular emphasis is placed on training in the area of occupational safety. Needs are systematically identified and the resulting findings and measures are implemented. The Franke Wiki intranet, the Franke Rundum online portal and print magazine, as well as notices and information events are used to reach all employees in the company on the subject of occupational safety.



1.4 Data protection

Franke GmbH has always held the view that the protection of personal data is of great importance for a sound business model. The advent of increasingly far-reaching networking and the relevance of digitalization and AI once again demonstrates the accuracy and importance of this assessment.

Since almost all departments at Franke GmbH handle personal data and, in addition to even closer networking of departments and processes internally, an ever-increasing focus on individual and responsive communication is also becoming apparent externally in the future, avoiding potentially negative effects due to gaps in the protection of this data is a top priority.

Legal regulations and internal guidelines

In addition to the aforementioned, rapidly increasing requirements due to digitalization and networking, the ever-increasing regulation is also a driver for the further development of data protection processes at Franke GmbH. International and national regulations therefore form the framework for data protection.

The data protection standards of the European Union are particularly relevant here.



Binding internal guidelines on the handling of personal data have been in place for several years and have been usefully supplemented by the “Digital Services” company agreement since 2023. The guidelines themselves were updated in the reporting year.

Data protection means responsibility

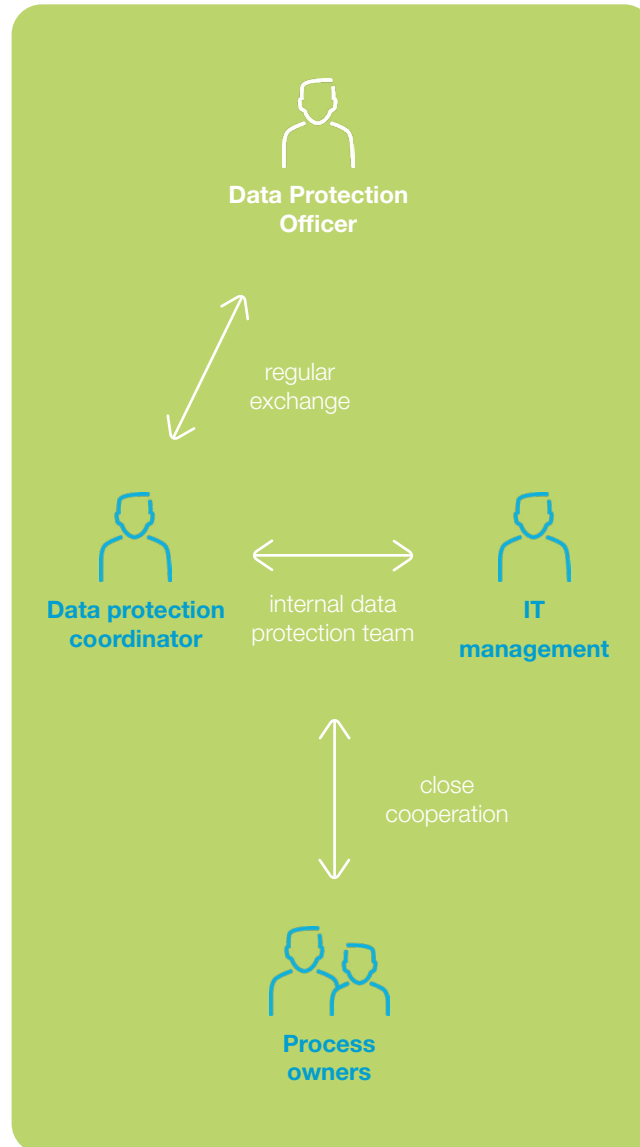
In addition to the regular IT security training already established, all employees with process responsibility and team leaders were sensitized to data protection at an on-site training event in 2023, and an expansion of the internal target group is planned for 2024.

A data protection team ensures security

In organizational terms, data protection at Franke GmbH is covered by an external staff unit (the data protection officer), which regularly exchanges information with the internal data protection coordinator and develops topic-specific concepts, advises management and process owners and is directly available to all employees as a point of contact.

The data protection officer and coordinator as well as the IT manager together form the data protection team and, in close cooperation with the process owners, define principles and rules for the protection of personal data, provide support and advice on implementation, monitor compliance and report to the management.

At the end of 2023, the “Data Protection Consultation Hour” project was also launched, during which the data protection officer is available to employees in person and on site once a month.



Das EU U.S. Data Privacy Framework

In 2023, in addition to internal qualification measures, the focus was on the EU-U.S. Data Privacy Framework, which (for the time being) puts transatlantic data transfers on a better footing than the Privacy Shield Agreement, which has already been overturned by the European Court of Justice in the past.

The regulations currently being discussed and expected in the near future in the areas of cyber security and artificial intelligence also have far-reaching implications for data protection, even in their drafts, and will therefore remain a focus for Franke GmbH in 2024 and certainly beyond.

Business relationships

In addition to the fulfillment of legal requirements, technical measures regarding the protection of personal data also play a decisive role - especially in business relationships with third countries such as China. Here, data protection at Franke GmbH benefits from a general level of IT protection that has also been massively increased in recent years. In addition to avoiding fines and reputational damage, good and functioning data protection is also increasingly a decision-making criterion when selecting partners and suppliers.

1.5 Information security

Information security in the focus of the sustainability strategy

Information security plays a key role in Franke GmbH's efforts to embed sustainability in all areas of the company. Protecting sensitive data and ensuring the integrity of information systems are not only legal obligations, but also a central component of our responsibility towards customers, employees and partners. The comprehensive efforts to ensure information security at the highest level are outlined below.

Information security policies and procedures

The company has established strict information security policies and procedures that are regularly reviewed and updated to keep pace with the latest technologies and threat scenarios. These guidelines define clear responsibilities and processes for handling company and customer data. In addition, regular risk analyses are carried out to identify and address potential vulnerabilities at an early stage.

Employee training and awareness-raising

Franke GmbH is aware that the security of its information depends largely on the awareness and behavior of its employees. For this reason, we continuously invest in training and awareness programs. These measures are designed to ensure that all employees understand the importance of information security and implement it in their daily work.

Technical safety measures

Advanced security technologies and procedures are used to secure the data. These include firewalls, encryption techniques and two-factor authentication mechanisms, to name but a few. These technologies are constantly moni-

tored and updated to provide protection against external attacks and internal security risks.

Sustainable development and information security

Information security contributes directly to the company's sustainability goals by ensuring the integrity and availability of data that is critical to the implementation of our environmental and social initiatives.

Protecting this data not only supports responsible corporate governance, but also promotes transparency and trust in sustainability efforts.

Future-oriented security strategies

In view of the constantly evolving digital landscape, Franke GmbH plans to continuously develop its information security strategies.

This includes investing in new security technologies, expanding the security infrastructure and continuously adapting processes to meet future challenges.



1.6 Partnerships

Franke GmbH not only acts as a consulting partner for its customers, but also maintains long-term partnerships

outside of customer relationships. Because more can be achieved together through cooperation and collaboration! To this end, alternating teams are strategically formed, and the customers and external partners are actively included

as integral members of these teams. The focus on constantly learning and maintaining and appreciating the exchange with external experts enables the company to develop further.

The partners of Franke GmbH come from the following sectors:

Partner for research, development and digitalization



Hochschule Aalen

BW≡BANK

LB≡BW

Deutsche Bank



Partner for consulting on methods, employee development and training



SÜDWESTMETALL

AA
Feuerwehr
Aalen

Partner for the development of products and components

Partner for collective bargaining, labor law and personnel development



IHK Ostwürttemberg



Partner for financing and funding issues



Partner for occupational safety, fire protection, health management



Partner for sustainability, environmental management and energy management



Stadtwerke
Aalen



LEANPARTNERS

1.7 Funding/sponsorship

Sponsorship can be a very effective marketing tool as it allows companies to showcase their brand, products or services in a broad and targeted way. Sponsorship generally refers to the financial or material support of events, people or organizations in the hope that the associated presentation of the brand will lead to a positive perception and increased customer loyalty.

At Franke GmbH, sponsoring consists on the one hand of providing free sample parts (wire race bearings, linear systems) for prototypes and research. Specific examples include bearing elements for hubless rims in racing or components for student research projects at universities. In return, we benefit from advertising measures on the racing cars or in the media as part of the reporting. In this way, we can appeal to a wide audience and associate our brand with speed, performance and innovation.

Sponsorship is also used at a local level, for example by supporting schools, sports clubs or cultural events. In this case, we can present our brand in the community and give something back at the same time. By supporting local initiatives, companies can gain the trust and loyalty of consumers.

1.8 Franke Foundation

To mark the 100th birthday of the inventor of the wire race bearing and founder of Franke GmbH, Egon and Eva Franke have established the “Erich Franke Foundation”. The Erich Franke Foundation is the legatee of Egon and Eva Franke.



Purposes of the foundation:

The promotion of science and research, the promotion of youth and elderly care, the promotion of welfare, the promotion of nature conservation and landscape conservation within the meaning of the Federal Nature Conservation Act and the nature conservation laws of the federal states and the promotion of charitable purposes within the meaning of § 53 AO.



The organs of the foundation are:

1. Management Board
Daniel Groz (Shareholder and managing director Franke GmbH)
2. Advisory Board
Sascha Eberhard (Chairman of the Advisory Board and managing director Franke GmbH)
Bernhard Richter (Pastor (off duty) of the city church of Aalen)
Frederick Brütting (Lord Mayor of the city Aalen)

Science & Research

Promotion of university projects and start-ups



The Franke Foundation is proud to support research projects at universities and start-ups. We believe in the transformative power of research and innovation and firmly believe that it can help improve the world and find new solutions to pressing problems. Through our financial support, we enable promising talents and ideas to realize their potential and drive groundbreaking developments.

Education & upbringing

Support for youth and elderly care initiatives



The Franke Foundation is actively involved in helping young people and the elderly in the Ostalbkreis region. We firmly believe that young people and senior citizens deserve special support to improve their quality of life and meet their individual needs. Through targeted programs and projects, we promote the integration, education and care of children, young people and the elderly in our region to create an inclusive and supportive community.

Erich Franke

The life of company founder Erich Franke is unique in many respects. How he worked his way up to become a leading design engineer at the global company Zeiss without any higher education, how he was uprooted from his homeland after the Second World War and shortly afterwards took the plunge into entrepreneurship, how he advanced his company with visionary drive on the one hand and a great sense of responsibility for the people in his “business family” on the other. All of this is remarkable - and at the same time a reflection of the history of the 20th century.

The Erich Franke Foundation was established in 2000 by the married couple Egon and Eva Franke on the occasion of the 100th birthday of the inventor of the wire race bearing.

The statutory purposes are realized in particular through the following areas.



Environment & Sustainability

Help with landscape conservation or species protection projects



The Franke Foundation is passionate about promoting habitat improvement and restoration. We understand the importance of intact ecosystems for our well-being and the environment and therefore support projects that contribute to the protection and restoration of natural habitats. By investing in this area, we are helping to preserve biodiversity and promote environmental sustainability.

Welfare & charity

Promotion of charitable institutions in the Ostalbkreis district



The Franke Foundation is actively committed to supporting charitable and non-profit organizations in the city of Aalen. We firmly believe that by supporting these organizations and institutions, important social needs in our community can be met.

Our aim is to support people in need and to sustainably improve the quality of life of our fellow citizens.

Erich Franke Foundation

At Franke, we are convinced that everyone strives to improve their lives and their world. The prerequisite for this is individual freedom. With the wire race bearing invented by Erich Franke, we support our customers in developing better products.

The Erich Franke Foundation applies this approach to research as well as to social and ecological commitment. It promotes and supports projects that make our world a better place. True to Erich Franke's guiding principle, a quote from the Jena doctor and professor Moritz Seidel:

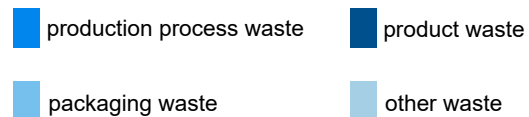
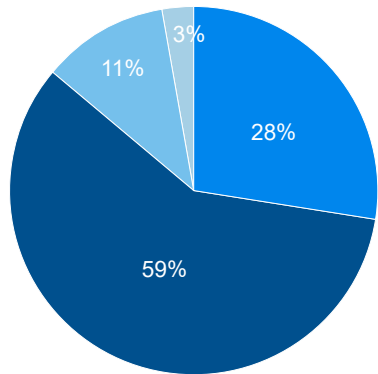
“ The earthly good that has come to the individual is the result of the work of many people and should therefore flow back to the community as far as possible.

2. Ecology



2.1 Waste disposal

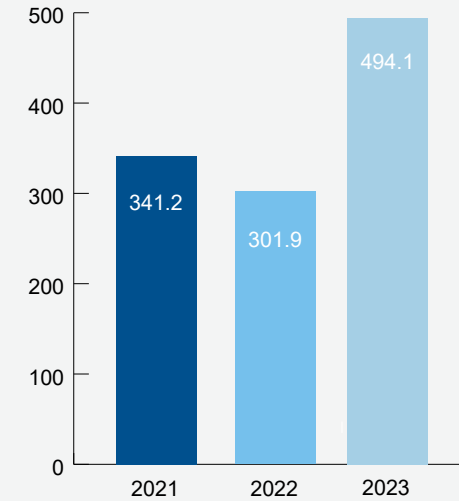
Franke GmbH strives to use resources responsibly in order to reduce the impact on the environment. To this end, the entire product life cycle is considered. Products with a long service life are targeted in order to avoid waste in the downstream value chain.



Waste allocation

The waste generated in our own plants should be avoided as a matter of principle, but at least minimized. Managers are required to take this into account when planning products and production processes, as well as when planning packaging. Any waste that does arise is separated and collected using a waste management system. It is then disposed of properly by selected specialist companies.

The absolute volume of waste increased in 2023 compared to 2022, after initially being reduced in 2022 compared to 2021. This is due to an increase in both hazardous and non-hazardous waste in 2023. In the case of hazardous waste, this is due to machine cleaning activities. For non-hazardous waste, this is due to significantly higher values for ferrous parts, iron filings and non-ferrous filings. A reduction in both categories is targeted and expected for 2024.



Total waste (t)

Business year	2021	2022	2023
total waste	341.2	301.9	494.1
hazardous waste	92.2	75.9	134.4
non-hazardous waste	249.0	226.0	359.7
hazardous waste/turnover (t/mio€)	16.9	11.2	2.5
non-hazardous waste/turnover (t/mio€)	3.5	2.1	6.6

2.2 Climate

Franke GmbH is aiming for CO₂ neutrality by 2025. Initially for Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased energy), but not for Scope 3 (indirect emissions within the value chain), in accordance with the GHG Protocol.

The greenhouse gas balance for the respective previous calendar year is determined, which contains all relevant key figures, as well as the other associated topics in the area of climate protection and the resulting potential measures. The determination of the CO₂-relevant key figures and the preparation of the greenhouse gas balance, which contains proposals for measures to reduce CO₂, is carried out within the Energy Management department. The base year for the greenhouse gas balance is 2021.

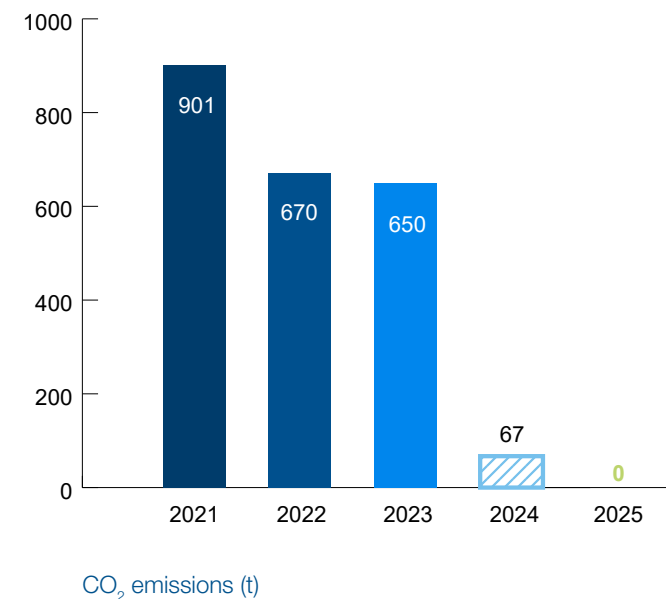
The CO₂ equivalents and their sources must be documented. The uncertainty of the data provided is to be assessed at +/- 5%. The documented greenhouse gas balance information is based on DIN EN ISO 14064-1.

With the new CSRD (Corporate Sustainability Reporting Directive) published in 2022, Franke GmbH will probably be obliged to prepare a sustainability report from 2025.

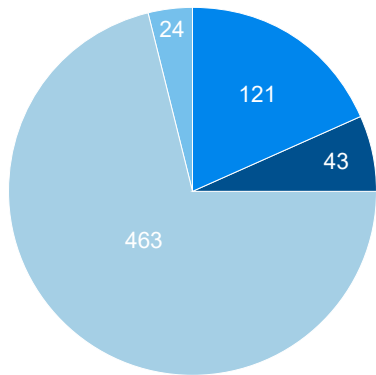
This will then probably also have to include Scope 3. As a result, the analysis of Scope 3 will begin in 2024. A detailed analysis of the individual plants in terms of sustainability will also be carried out.

Quantified balance sheet of greenhouse gas emissions (the greenhouse gas balance sheet is made available to interested parties by arrangement):

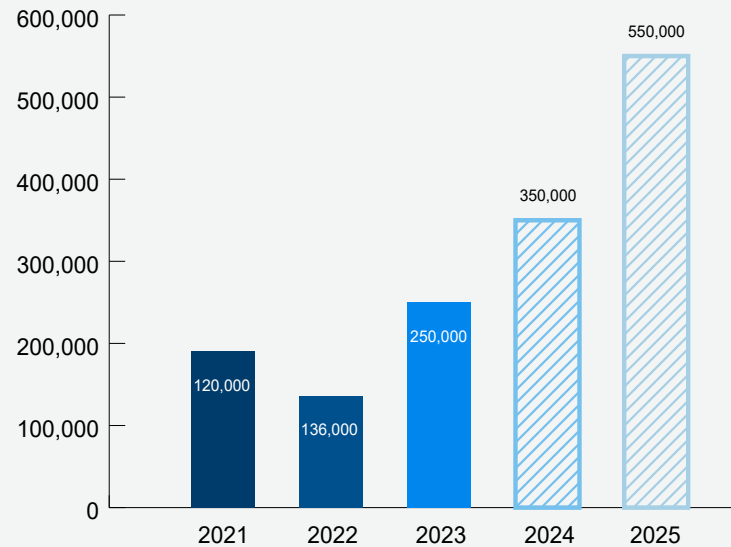
business year	2021	2022	2023	2024	2025
CO ₂ emissions (t)	901	670	650	67	0
scope 1	367	172	164	43	46
natural gas	282.5	147.6	121	0	0
heating oil	84.1	24.7	42.9	42.9	46.4
fugitive emissions (greenhouse gases)	0	0	0	0	0
scope 2	535	498	487	24	26
electricity	514.2	481.9	463	0	0
Fuels (vehicle fleet)	20.6	15.6	23.6	24.4	26.4
CO ₂ emissions/turnover (t/mio€)	17	11.2	11.9	1.2	0
CO ₂ emissions/employees (t/mio€)	3.5	2.1	2	0	0
CO ₂ compensations (t)	0	94.5	0	0	73



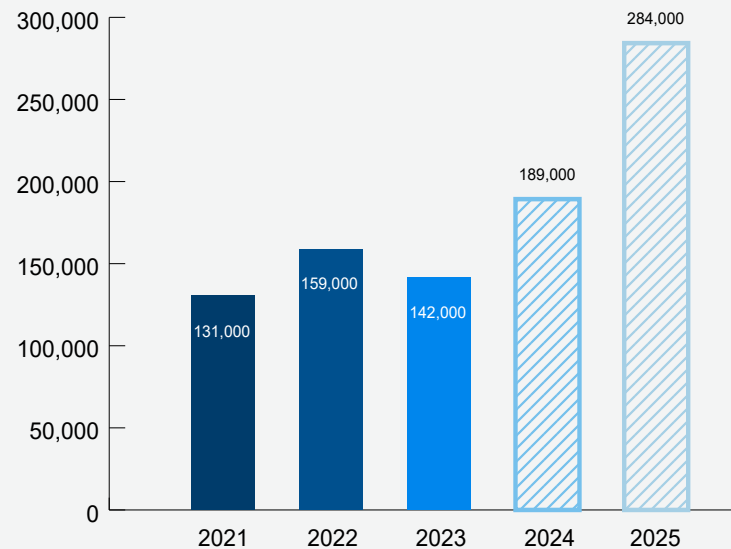
Franke is pursuing the goal of CO₂ neutrality by 2025 for Scope 1 and 2 emissions. If not all CO₂ emissions can be avoided, the remaining CO₂ emissions are to be offset. The CO₂ emissions shown for 2024 and 2025 are based on estimates. The calculations for electricity emissions are based on emission factors from the energy supplier, the emission factors for natural gas and heating oil are based on data from the Federal Environment Agency, and fuels are based on data from the Federal Office of Economics and Export Control.



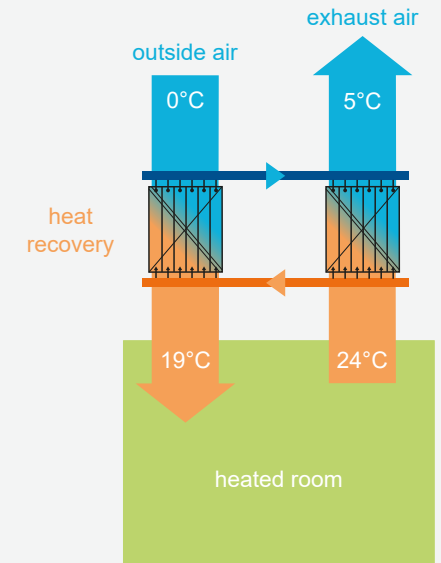
CO₂ emissions (t) in 2023



Heat recovery (kWh)



Photovoltaic yield (kWh)



The new building will increase internal energy yields from 2025.





Energy efficiency measures in implementation

- Relocation of production to an energy-efficient plant (2024)
- Lower capacity utilization and consumption in plants 1 and 4 (2024)
- Heat recovery for the compressors in plant 6 (2024)
- Optimization of the compressed air network (2024)
- Installation of a consumption data measurement strategy to detect new efficiency measures (2024)



Potential energy efficiency measures

- Expansion of LED lighting
- Heating renewal in plant 2 (retrofitting with a heat pump in plant 6)
- Reduction of our production waste
- Use electric motors instead of conventional motors for repairs
- Implementation of energy efficiency measures at plants 1 and 4



Climate neutrality measures in implementation

- Conversion to green electricity (2024)
- Introduction of bio natural gas (2024)
- Installation of PV systems in plant 6 (2024)



Potential climate neutrality measures

- Gradual conversion of vehicle fleet to e-mobility
- Installation of further PV systems in new parking garage
- Generate heat from electricity (heat pump technology)
- Gradually switch to efficient air conditioning units
- Acquisition of an electric forklift truck (powered by climate-neutral electricity)

2.3 Environment

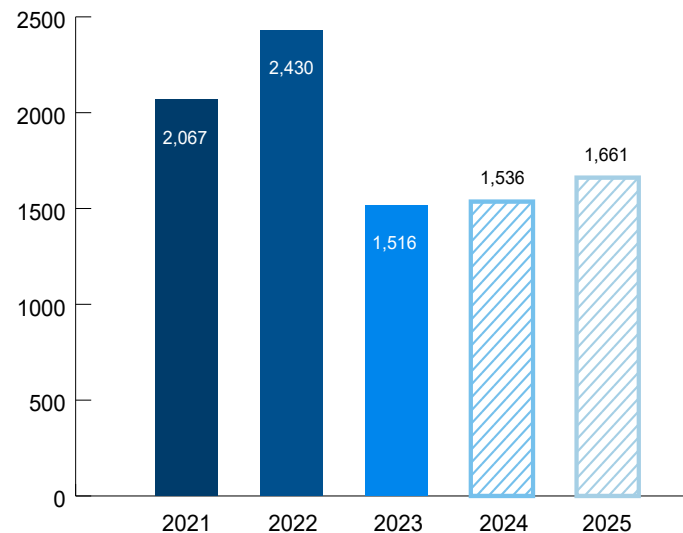
At Franke GmbH, raw materials, semi-finished products and preliminary products as well as energy and water are used. This results in emissions, waste water and substances that can no longer be used in the subsequent production process.

The company's activities also require the use of natural resources and therefore contribute to the fact that the required raw materials become scarcer and negative environmental impacts occur due to the extraction, processing and disposal of materials. The result can be – or already is – rising prices for energy, raw materials, materials and waste disposal, which in turn affect the company's competitiveness.

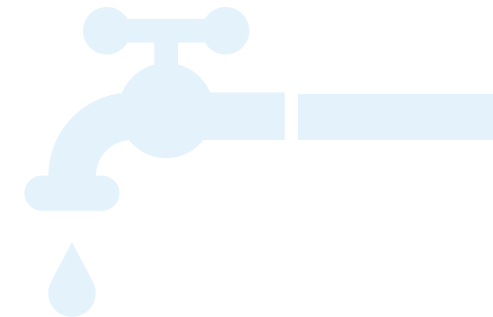
This is why Franke GmbH also optimizes its processes from an ecological and economic perspective and designs them in such a way that as few resources as possible are required. From product development through to use by customers, environmental aspects are taken into account in order to make downstream activities largely superfluous.

An environmental management system in accordance with the international ISO 14001 standard has been established.

Individual defined projects in the area of the environment, including with regard to PFAS (per- and polyfluoroalkyl substances) and POP (persistent organic pollutants), as well as environmentally friendly lubricants, are intended to contribute to achieving continuous improvement in this area in the future.



water consumption (m³)



business year	2021	2022	2023	2024	2025
water consumption (m³)	2,067	2,430	1,516	1,536	1,661
water consumption/employees (liter/person)	7,981	7,570	4,539	4,786	5,174

2.4 New construction plant 6

Franke & Groz GmbH & Co. KG is currently building Plant 6 at its site in Aalen, Baden-Württemberg, for use by Franke GmbH.

Due to an increase in incoming orders and the resulting turnover in recent years, new production areas are to be developed. With this in mind, the decision was made to build a new building.

After intensive research, the decision was made in favor of a sustainable efficiency house level 40 EE. The key figure 40 indicates that the efficiency house only requires 40% primary energy compared to a reference building (in accordance with the Building Energy Act). In addition, the transmission heat loss is only 55% of the reference building. The structural thermal insulation is therefore 45% better. This is achieved, among other things, with structural measures (e.g. thermal insulation), but also with modern infrastructure (e.g. heating technology).



The aim is to build a sustainable, efficient production facility. This also involves freeing up production space in outdated, non-efficient buildings, thereby making a further ecological contribution.



A photovoltaic system is also planned. In total, this should save 60,000 kWh per year in primary energy consumption compared to a reference building (which is roughly equivalent to the annual consumption of around 5,400 German citizens). Starting in 2024, the first production facilities will be relocated to the new building, which will then gradually be fully equipped.

3. Economy



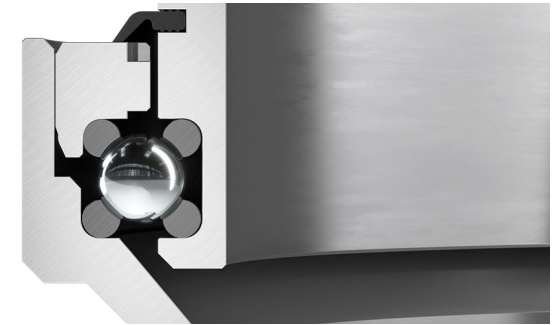
3.1 Wire race bearing principle

The key difference between a conventional ball bearing and a Franke wire race bearing lies in the races. In a wire race bearing, the rolling elements do not roll on solid housing rings, but on delicate wires. The flexibility of the Franke principle makes it possible to design more freely and simply in order to develop better products.

▼ Conventional bearing principle



▼ The Franke principle for rolling bearings:
With four wires for a better design



3.2 Product design

In a wire race bearing, four races made of spring steel absorb the loads from all directions. This saves both weight and space. This allows a free choice of materials and a customized design of the enclosing structure.

For example, by using aluminum instead of steel, a lower weight and thus a lower mass inertia can be achieved.

This requires less drive power and opens up completely new possibilities for designing components.

This design freedom allows the bearing to be integrated into the customer's housing, saving material and costs and greatly reducing the weight of the overall product.





3.3 Quality

The pursuit of quality determines Franke's entrepreneurial activities, which are always based on the requirements and interests of the customer.

Franke is a supplier of high-quality products based on its own market research, development and patents. At the same time, partnerships are formed with customers in order to find optimal solutions together. The company's responsibility towards its customers not only relates to the products, but also includes support beyond development and construction.



In detail, quality management means:

- precise knowledge of customer requirements and expectations
- development and production of market-driven and competitive products using our innovative skills in mastering technologies and methods
- consistent implementation of the zero-defect strategy by creating defect-free products through controlled processes
- structured project management and development of sustainably safe products and processes
- involvement of suppliers and contractors
- continuous improvement of processes and products
- error prevention before error detection
- definition of individual goals
- definition of overarching corporate goals
- definition of corporate policy
- provision of modern and efficient tools and methods to achieve controllable processes
- continuous improvement of all processes (CIPs)
- tracking and evaluating the effectiveness of CIPs
- constantly improving the level of knowledge and training of our employees
- practicing open information and communication for the purpose of efficient cooperation
- permanent evaluation of safety, order and cleanliness criteria

Certified quality management at Franke

Franke operates a strict quality management system to ensure the quality of products and services at all times and to improve them wherever possible. The entire quality management system is certified in accordance with DIN EN ISO 9001:2015, covers all quality-related activities and is binding for all employees.

We expect all employees to be committed to this common goal of continuously improving customer satisfaction and to support it to the best of their ability.

3.3 Refurbishing

Sustainability and resource conservation are also important issues in mechanical engineering. In many cases, repairing machines and components instead of scrapping them is the better approach to maintaining or even increasing the efficiency and profitability of a production plant.

Franke Wire Race Bearings support you in this. Bearing assemblies with integrated wire race bearings have a long service life. Once the service life has been reached, the elaborately manufactured housing parts can be reused. They are not directly exposed to the stresses of the bearing and are therefore often still in good condition.

Another alternative is regular inspection before the service life is reached in order to prevent possible failure when the service life is reached.

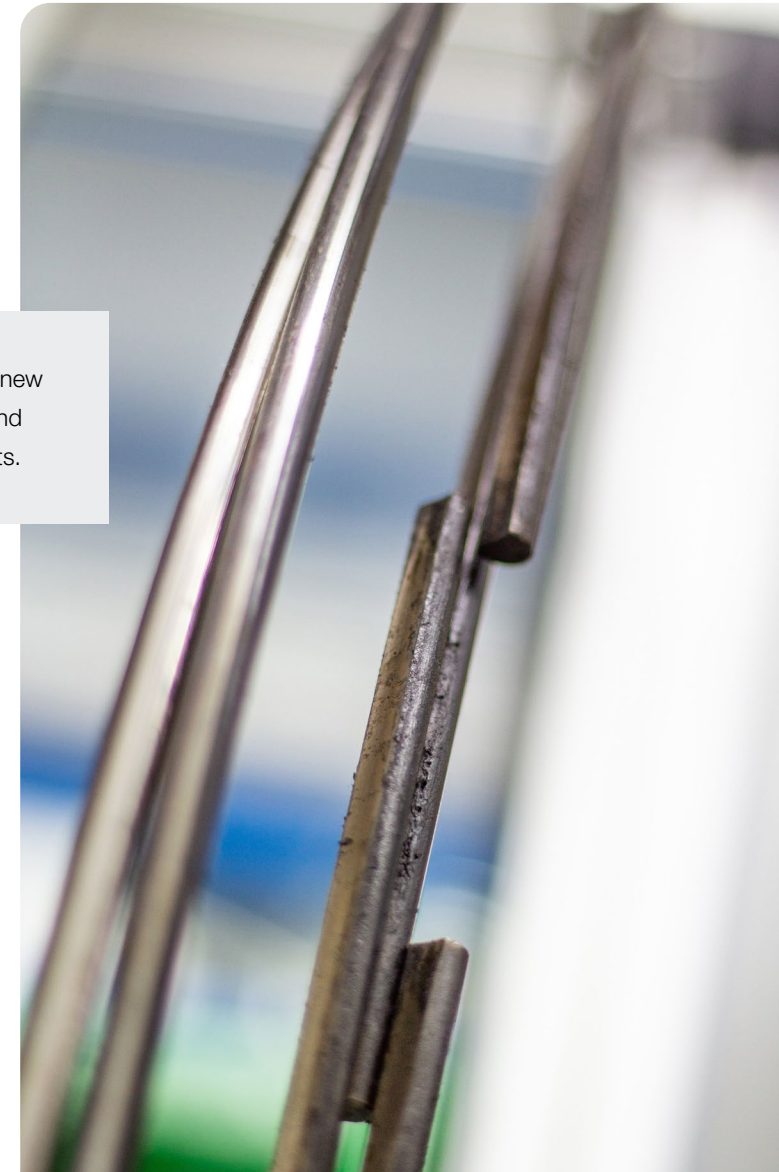
If Franke bearing assemblies are approaching the end of their estimated service life during use, the bearing is removed and sent to Franke for inspection. There, an initial visual and functional inspection is carried out to assess the possibility of retreading. Even at this stage, the Franke specialists recognize the existing recycling potential.

For the final diagnosis and determination of the repair frame, the bearing is opened and dismantled into its individual parts. The customer receives a report on the findings and a cost estimate with a defined delivery time after the investigations have been completed. Once the costs have been approved, the order is initiated accordingly.

”

In 80% of cases, it is sufficient to manufacture a new bearing element from races, rolling elements and cage and insert it into the existing housing parts.

After assembly, the bearing is inspected in accordance with current quality standards and, if necessary, undergoes test runs on suitable test benches. If all specifications are reliably met, the bearing is returned to the customer. The repaired bearing assembly now corresponds to the functional data of a new bearing.



3.3 Supply Chain

Franke's Code of Conduct, which can be viewed on the company website, is also the central guideline for action in procurement. Together with the purchasing conditions, it defines the basic understanding of a partnership-based cooperation with external suppliers.



Due to the high value-added contribution of suppliers, procurement is an important support process for the long-term success of Franke GmbH.

Around 50% of the total purchasing volume is generated from strategically relevant suppliers of raw materials and supplies. A risk-based approach is used to systematically manage suppliers with regard to sustainability aspects. Ecological and social aspects are playing an increasingly important role both in the selection process and in cooperation with suppliers.

This is because environmental pollution, inadequate occupational safety standards, human rights violations and child or forced labor pose risks in supply chains that Franke wants to counteract. On the other hand, business relationships based on partnership can create jobs and have a positive impact on environmental and social standards along the supply chain.

Cooperation is regularly monitored by means of an established supplier evaluation, which is also subject to continuous improvement. The assessments are carried out retrospectively and are performed after the end of the financial year for the previous calendar year. A process for monitoring compliance with the EU regulation on conflict materials has also been established.

Internal and external stakeholders can use the whistleblower system on the company website to report possible human rights violations within the supply chain.

In the reporting year, there were no known violations or complaints relating to human rights in the supply chain or at the company's own site.

The formation of an internal sustainability team in 2023 marked the start of a systematic approach to embedding social and environmental sustainability in the supply chain. Specific measures for supplier management were developed and their implementation will begin in 2024.



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Disclaimer

This report contains certain forward-looking statements concerning the development of Franke GmbH. The company currently assumes that these forward-looking statements are realistic. However, such forward-looking statements are based on both assumptions and estimates that are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Franke GmbH can therefore not be held liable for any such deviation. There are no plans to update the forward-looking statements for events occurring after the reporting date of April 1, 2024. Apparent differences may occur throughout the report due to mathematical rounding in the additions.

Franke on Social Media

