

INTRODUCTION

This is Franklin Electric Co., Inc.'s inaugural annual report issued under Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"). This statement sets out the steps taken to prevent forced labor and child labor in our operations and supply chains during the fiscal year ending in December 2023 and has been published in accordance with the Act.

OUR BUSINESS STRUCTURE AND SUPPLY CHAINS

Franklin Electric is a global manufacturing and distribution company proudly headquartered in Fort Wayne, Indiana, United States of America. We have around 6,500 employees and operations in more than 18 countries.

Franklin Electric is the ultimate parent of all the subsidiaries in Canada that are obliged to report under the Act. We strongly adhere to the strict global processes and controls that are mandated by Franklin Electric.

We have hundreds of direct and indirect suppliers who manufacture and transport raw materials and components globally. These suppliers include small to medium enterprises and larger scale companies, and we have suppliers globally. All our suppliers are required to operate in accordance with Franklin Electric's Code of Conduct (the Code of Conduct). This includes abiding by a commitment to ensure there is no forced labor or child labor activity within their organization and supply chains.

POLICIES RELATING TO FORCED LABOR AND CHILD LABOR

Our commitment to address modern slavery is supported by the provisions in the Code of Conduct. The Code of Conduct applies to all employees, business partners and the Board of Directors of Franklin Electric and, describes our fundamental principles related to ethics, social and environmental performance. Forced, bonded and compulsory labour is prohibited, and we do not accept child labour and other forms of exploitation of children. Business partners must abide by a commitment to ensure there is no slavery activity within their organization and a failure to adhere to the Code of Conduct will result in a termination of any business relationship unless material steps to comply are taken.

Employees and external stakeholders can easily raise concerns about ethics, human rights, compliance, or safety issues through our Ethics and Integrity Hotline and all reports are anonymous. Substantiated reports may result in disciplinary action, including termination and legal action, where appropriate.

DUE DILIGENCE PROCESSES

We are committed to continually developing our due diligence processes. Risks regarding slavery are dynamic and ever changing. We actively respond to potential risks in our business and supply chain.

Before we begin business with a supplier, we undertake an assessment and where necessary, a detailed audit of the supplier's premises. The type of due diligence method depends on the risk assessment performed at the initial stage of potential engagement. This includes criteria such as: quality, delivery, finance, environment, health, and safety.

Business partners, including suppliers and subcontractors, are made aware of our commitments and expectations in accordance with the Code of Conduct. If suppliers use subcontractors to produce our products or services, it is the responsibility of that supplier to ensure that all subcontractors throughout the supply chain comply with these requirements.

The Code of Conduct comports with the UN Global Compact, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the OECD's Guidelines for Multinational Enterprises. The checklist includes: 'elimination of all forms of forced and compulsory labour' and 'rejection of child labour' and "integrity". It is mandatory for business partners to fully comply with all requirements.

In addition, we systematically carry out internal assessments and audits of our own facilities against our internal management systems, the Code of Conduct and ISO standards.

RISK ASSESSMENT AND MANAGEMENT

We take steps to evaluate, verify and address modern slavery risks in our supply chain with the intention of protecting people and eliminating these risks. Risk assessment begins during the supplier selection process. Suppliers who seek to do business with us directly are expected to fully comply with our Code of Conduct and if a supplier is failing to comply with any aspect of our Code of Conduct, they're required to report this failure to us immediately, which helps us identify potential modern slavery risks.

If a supplier is selected, they must follow our terms of purchase which require suppliers to strictly comply with our Code of Conduct. We assess suppliers against the Code of Conduct criteria, which include health, safety, environment, ethics, labour and social rights, and management systems.

Areas of higher risk include temporary employment sourced from external services. This is closely monitored to reduce risk by Franklin Electric both internally and throughout the supply chain.

We take a number of steps as part of our due diligence to identify and assess risks of modern slavery and human trafficking within our global business and supply chains. Where we identify an elevated risk, we have in place systems to mitigate that risk and monitor potential risk areas going forward.

These include:

Expecting all suppliers to comply with the Supplier Code of Business Conduct that forbids slavery and human trafficking. Prohibiting the use of forced labour, child labour and human rights abuses: we contractually reserve the right to terminate any supply chain contract for violation of the Supplier Code in relation to these issues. Utilizing the Flowserve Ethics Hotline to anonymously report any concerns over noncompliance related to our suppliers.

TRAINING AND RAISING AWARENESS

Raising awareness of modern-day slavery, what it looks like, what it may appear to look like and how we address it are important parts of our strategy. We know that identifying possible cases requires training and upskilling individuals in vital roles to understand the drivers behind it, not just the possible signs. This is intended to create joint responsibility under our decentralized model.

All employees are required to sign the Code of Conduct compliance statement every year and participate in regular compliance training that covers a variety of topics including modern slavery.

Approval and Attestation

We continue to have an unwavering commitment to the highest ethical behavior, including zero tolerance for human rights abuses, bribery, and corruption. We are strong advocates for transparency and collaborate to eliminate risks of modern slavery in our supply chains.


This statement has been approved pursuant to Subsection 11(4)(a) of the Act on May 31, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Jonathan Grandon

Title: Corporate Secretary, General Counsel, and CAO

Date: May 31, 2024

Signature:  I have the authority to bind Franklin Electric Co., Inc.