



Sustainability in a cup

FRANCK Sustainability Report 2019

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Message from the Director

It is my pleasure and duty, as the current Director, to give recognition to all generations that have been enthusiastically making a name for Franck for decades, by cultivating product quality and innovative approach as values which have been the backbone of our business since the establishment in 1892.

Being aware of the role and responsibility that the status of one of the leading Croatian food companies entails, we are guided in our business by the principles of sustainability and responsibility. Our goal is to ensure much more than the long-term stability of our business.

We want to make our own contribution to the well-being of the entire community in which we live and operate. We have always nurtured the sense of responsibility, both towards consumers, employees and the community, as well as towards our planet and the ecosystems, which encourages us to think innovatively and constantly strive for most-effective solutions. Taking these goals in consideration, we are actively working to reduce the negative impacts on the environment as much as possible, to ensure the preservation of natural resources and also to contribute as much as we can to improving the quality of life of all stakeholders in the community. We are focused on the long-term sustainable value creation, therefore, we will continue informing stakeholders and the wider community about the achieved progress in regular intervals.

This report represents a continuation of our journey and our focus on UN Sustainable Development Goals (SDG) 2030. Accordingly, we have defined priority SDGs for our company, which we will aim to achieve through further development, product quality and responsible and sustainable procurement.

We strive to initiate positive changes in society and to be a reliable partner to our employees, suppliers, business partners and society, because a better future is not going to build itself. Therefore, we are proud that, as a full member of the International Coffee Partners, we participate in the implementation of innovative development projects as financial and advisor partners in order to empower and support small coffee farmers in the implementation of sustainable practices. The projects we support enable small coffee farmers to increase yields, improve crop quality, increase competitiveness, gain more efficient market access and improve working and living conditions. We also support the coffee&climate initiative, which helps small farmers to address the coffee production problems caused by climate change.

Above all, our business goals are focused on top quality as well as on justifying our status of a responsible and sustainable company, which is recognized by our shareholders and consumers. Today, consumers are increasingly inclined to choosing products which contribute to communities and environment, which is why we believe in open and transparent communication.

By working with coffee and tea, the products that have a great value to a large number of people around the world, including farmers and consumers, we have a unique opportunity to contribute to creating a better future. Each step that we can take in this direction, even the smallest one, is worth the effort and contributes to the progress of the company, the economy, and the entire community.

Imbued with a sense of responsibility and great ambition, we will continue to implement activities that will enable us to achieve the set goals. Join us in building a better present for us and a sustainable future for new generations.

Ivan Artuković

Director of the Franck d.d.

About the Sustainability Report

This Sustainability Report has been prepared in accordance with the internationally recognized framework for non-financial reporting – GRI Standards: core option for a one-year reporting period, covering the 2019 (from January 1, 2019 to December 31, 2019) fiscal year (hereinafter referred to only as 2019). The report provides an overview of the activities of Franck d.d. Croatia and does not include the activities of related companies operating within the Franck Group. Recognizing the importance of business and reporting according to the Sustainable Development Goals, Franck, with the help of an expert on SDG Impact Assessment and Sustainability Strategy Development, defined the areas in which it has the greatest impact and the relevant goals to monitor progress.

The Report transparently presents non-financial information regarding the impact of the operations of Franck d.d. (hereinafter: Franck) on society, the economy and the environment. All non-financial information was collected by the Working Group for Non-Financial Reporting covering multiple Franck departments.

The Report was prepared in print and PDF format, and published on the Franck website: <https://www.franck.eu/en/company/responsibility>

We invite stakeholders to read the Report and share their comments and suggestions at the following email address: info@franck.eu

For the sake of simplicity of the text, only the form for the masculine gender was used, except for the part analyzing the difference in the gender of employees, but it represents both genders, male and female.



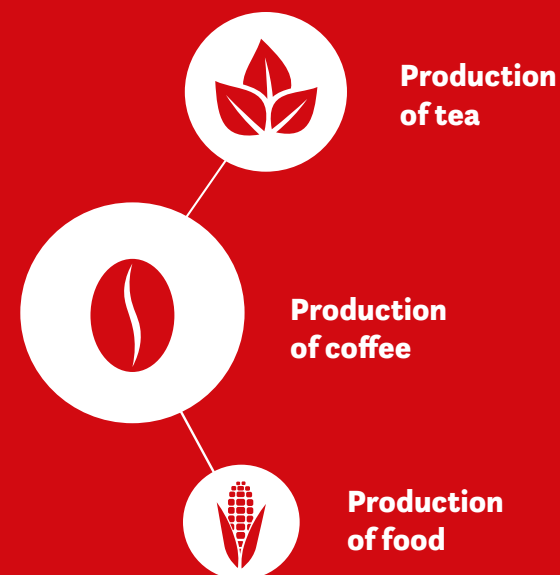
About us

NAME OF THE ORGANIZATION
Franck d.d.

HEADQUARTERS
**Vodovodna ulica 20
Zagreb, Hrvatska**

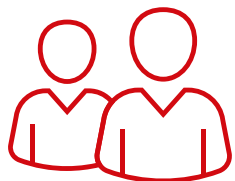
YEAR OF ESTABLISHMENT
1892

FRANCK'S ACTIVITIES



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	AMOUNT (HRK)
Direct economic value generated Revenues (Revenue from the sale of goods, assets)	723,889,373 *
Economic value distributed	636,898,450
Operating costs (expenditures for material costs, insurance, group costs, transactions, lease, work clothing, employee training)	494,474,696
Employee salaries and benefits (salaries)	84,506,564
Payments to providers of capital (interest costs)	17,055,456
Payments to national government (income tax, pension and health care contributions)	39,214,975
Community investments (donations in goods and funds)	1,646,759
Economic value retained	86,990,923
<i>*Franck Group Total revenues in 2019</i>	818,375,902

Key performance indicators in 2019



495

Total number of employees



26

Number of new products



12,479 t

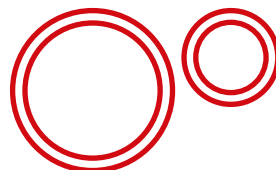
Quantity of products



HRK 610,759,905*

Net sales

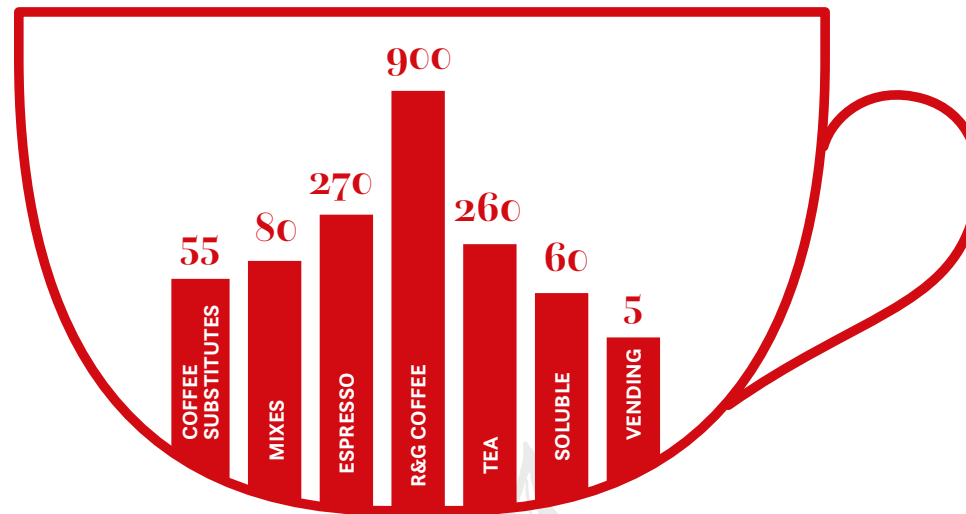
*Franck Group HRK 702,808,239



HRK 371,637,900

Nominal value of the share capital on 31 December 2019

Franck products consumption per cup (million)



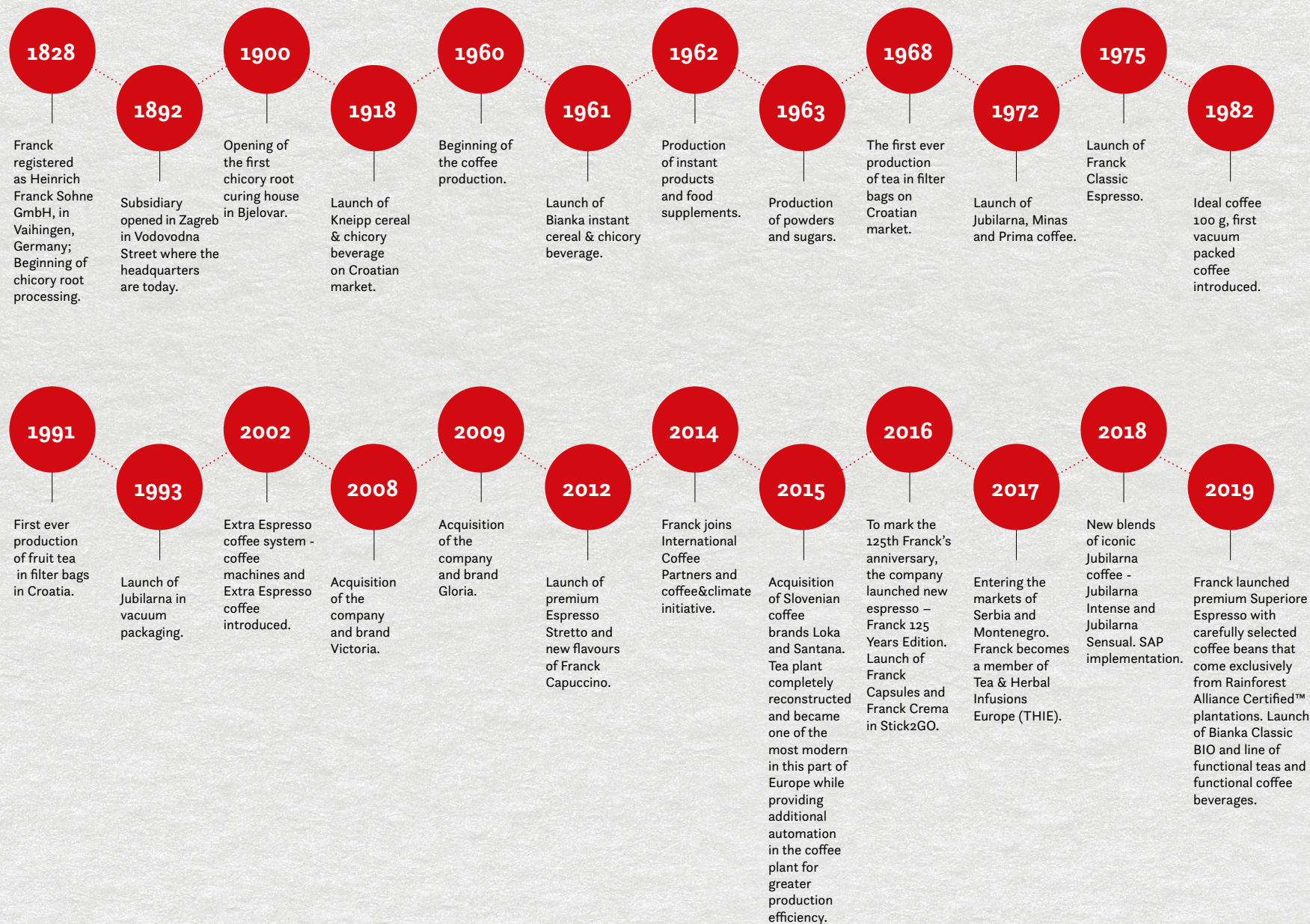
1.63 billion cups

of Franck beverages consumed annually

Franck through the history

Franck, as one of the most successful Croatian producers and exporters of food products, began writing its long history and tradition 127 years ago. The Franck story began in 1827, when a young and ambitious German entrepreneur, Johann H. Franck, was the first to successfully make a beverage out of the medicinal plant named chicory. The Zagreb factory was opened in 1892 on then the outskirts of the city, on Vodovodna Street, where it still stands today. The initial activities were based on Johann Franck's idea to turn chicory into a hot beverage.

Meanwhile, fields in Moslavina were planted with chicory, and the buying station with the drying facility for this noble plant was opened in Bjelovar in 1900. Since then, the company has expanded to regional markets and has continuously invested in its production, research and development, and innovations, thus becoming a symbol of vision and the entrepreneurial spirit.





Focus on innovation and long-term business sustainability

Franck systematically invests in improving its production capacities and modernizing technological processes in line with the development of the entire industry and global trends. With the successfully realized investments so far, the company has shown strategic thinking and focus on long-term business sustainability, and for this purpose, it continues to create opportunities for another step forward in the region.

At the same time, special attention is paid to research and development, which is why Franck is recognized as an innovator who raises the bar of quality and defines market trends. Innovation has always been at the heart of Franck's business. The company itself is based on the innovation of Johann Franck, who managed to turn chicory into a drink, and this entrepreneurial spirit and culture of innovation are still Franck's main driving force today.

Because of this, the company encourages the continuous development of the main categories of its products, but also of the entire market in accordance with consumer trends and preferences. To this end, Franck is active in European professional organizations and associations such as International Coffee Partners and the coffee&climate initiative, as

well as Tea and Herbal Infusions Europe together with other European coffee and tea producers and traders.

Franck is extremely proud of the fact that generations have been raised on their products and that even today, 127 years after the factory was founded, Franck's name represents a guarantee of top quality. This is the value on which the company is built and which represents one of the backbones of Franck's business. Every product is a result of great commitment, work and effort, expertise and experience, excellent knowledge of the market and consumers, and significant investment in development and innovation. Today, Franck successfully combines this valuable heritage of quality with the dynamics of modern business, an innovative approach, and advanced technological processes.

Franck's business is based on the attitude that consumers are provided with not only products, but also love and passion that Franck invests in the development and marketing of these products. Therefore, 24 new products were developed and launched in 2019, with two additional products for the Slovenian market only.

Franck brands

Today, Franck is the market leader in coffee and tea with hit products such as Jubilarna coffee (also known as the “Brick”, which is a nickname given by consumers), Franck teas with a broad assortment of more than 30 types of different high-quality flavors, Franck Cappuccino and excellent brands of Stretto and Superiore Espresso, a blend of selected coffee beans exclusively from Rainforest Alliance Certified™ plantations, 125 Years Edition, Classic, and Bonus. In addition to the main product categories, Franck’s portfolio also includes chicory and cereal beverages, spices, side dishes and baking ingredients.

The company’s strategic focus is put on further development and sustainable growth of business in the category of hot beverages, through continuous investments in production excellence, and the application of advanced technological solutions, as well as development of innovative concepts and products to implement new trends and to contribute to the overall development of the market.

The focus is clear: to strengthen the leadership position through innovations, a high standard of product quality, and systematic work on the development of the product range and brands, in order to create conditions for new expansions in the region and world.





FUNCTIONAL FOOD – FOOD WITH ADDED VALUE

A balanced and quality diet is a growing trend in the food industry due to the increased interest of consumers. In the context of this trend in the beverage category, Franck is a market leader with decades of experience. Franck systematically works on innovations while taking into account current global industry trends.

In order to attract modern consumers and their needs, Franck has also adapted to today's fast-paced lifestyle that places emphasis on health care and nutrition.

Thus, a new line of functional teas was developed and launched in 2019, which includes Detox, Calm, Immune, and Energise. Franck's new fusion of selected plants, vitamins and minerals allows tea lovers to enjoy the taste of their favorite beverage and to make a positive impact with an emphasis on raising immunity, detoxification and hydration of the body, as well as reducing stress and fatigue.

In line with this trend, consumers were also introduced to a line of functional coffee beverages. The new product line from Franck's range, along with coffee, also contains functional ingredients and dietary supplements such as proteins, vitamins or minerals. In addition to the basic function (nutrition of the body), this line also has proven additional health benefits. These are three products: Energy, Smart, and Protein coffee.

In addition to functional products, Franck is continuously working on the development of new products, such as ready-to-drink Cappuccino and Macchiato beverages with selected beans of 100% Arabica coffee and Alpine milk. An additional advantage of these drinks is that they do not contain preservatives and come in environmentally friendly packaging.

Franck assortment



COFFEE





TEA



Superiore teas



Herbal teas



Fruit teas



Black and green teas



Functional teas



CEREAL & CHICORY BEVERAGES



Instant



Roast and Ground



Hot Chocolate and cocoa



FOOD



Side dishes



Spices



Baking ingredients

PROFESSIONAL



CORPORATE
OFFER



HOSPITALITY
OFFER



VENDING &
COFFEE TO GO



Markets in which Franck operates

The company's headquarters is in Zagreb. Franck operates, with its subsidiaries, in the markets of Bosnia and Herzegovina, Slovenia and North Macedonia, as well as Slovakia and Austria, and also operates, in partnership with distributors, in Serbia, Montenegro, Kosovo and Albania. Franck's products are exported to Germany, Austria, the Netherlands, Romania, Ireland, Sweden, the Czech Republic, Canada, the United States, Australia, New Zealand and Qatar. Franck has no ban on operating in any market.

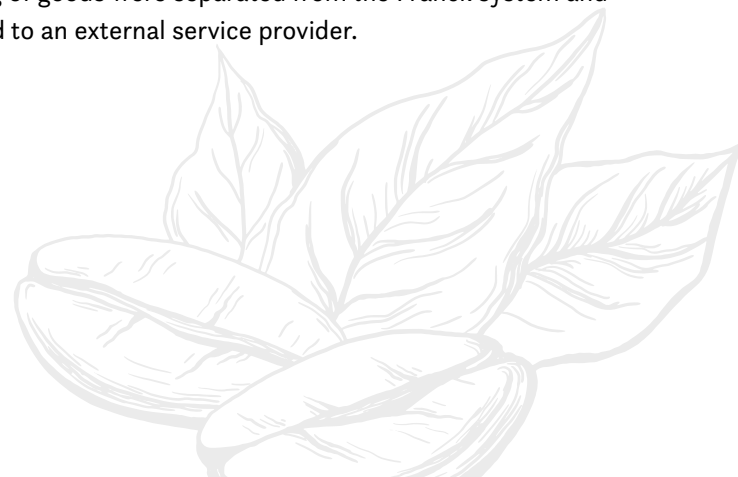
Production facilities are located in Zagreb, in addition to the facility for primary processing of chicory in Bjelovar and in Grude (Bosnia and Herzegovina) and Koper (Slovenia). In Croatia, distribution is organized through five warehouses and distribution centers in Zagreb, Split, Zadar, Rijeka and Osijek.

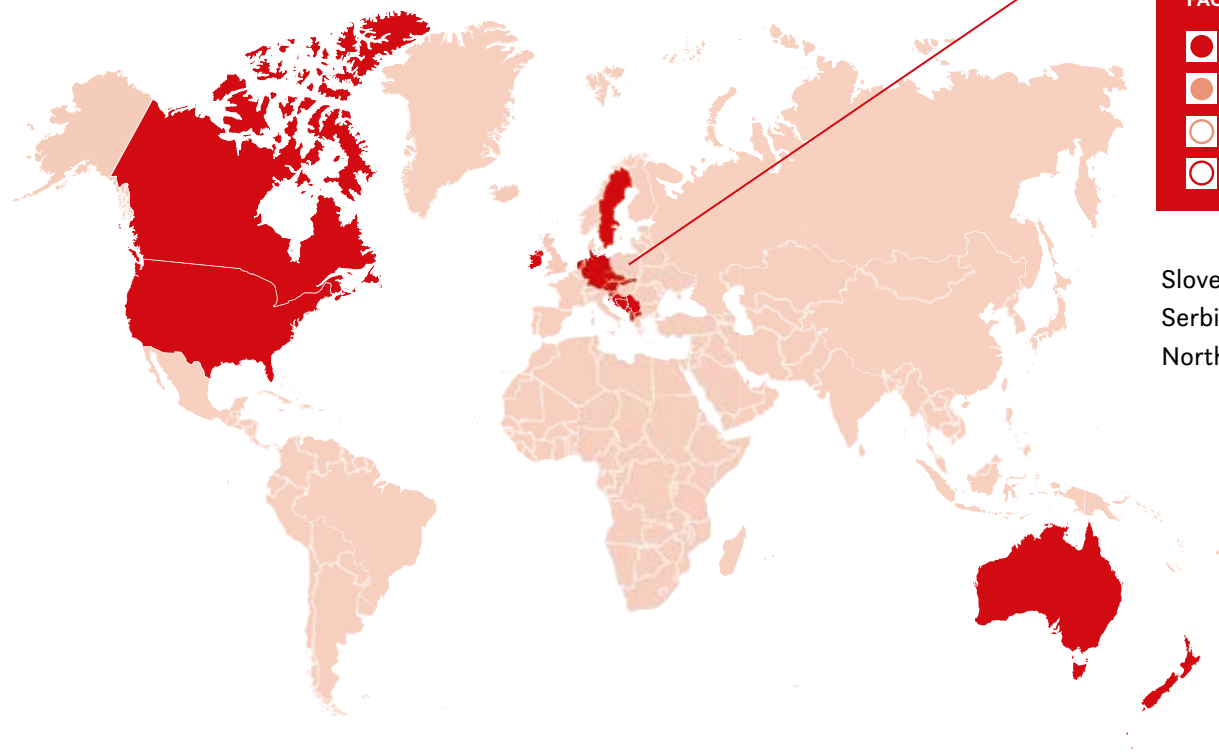
With a continuous increase in business efficiency and better positioning in all sales channels, Franck pays special attention to premium-quality service and providing reliable support and logistics to its partners in the HoReCa channel. Franck's sales organization for HoReCa is a prime example of excellence and good teamwork in terms of responding quickly to partner needs.

In order to continuously improve services, a regional service center, fully equipped to provide high-level professional support to all partners, was opened in 2016 in Zagreb. In addition to servicing professional catering appliances, the center also provides the implementation of educational programs for service technicians, which further raises the level of excellence in the HoReCa channel. In this way, the company develops its business together with its customers, which makes it a loyal long-term partner.

CHANGES IN THE PLACE OF BUSINESS, INCLUDING FACILITY OPENINGS, CLOSINGS AND EXPANSIONS

During 2019, there were no changes in the place of business, i.e. all production activities took place at the location of the company's headquarters. However, logistics and warehouse operations and handling of goods were separated from the Franck system and assigned to an external service provider.





Sweden, Germany, the Netherlands, Austria, the Czech Republic, Slovakia, the United States, Canada, Australia, New Zealand and Qatar



Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania, Kosovo and North Macedonia

About us

Corporate structure and management

The legal form of the Franck d.d. company is a joint stock company, which has all the bodies prescribed by the Croatian Company Act. The highest governing body is the Management Board, which consists of one member – the director. The work of the Management Board is supervised by the Supervisory Board, which consists of three members. The General Assembly consists of the company's shareholders. Franck is a joint stock company whose shareholders are legal entities (indirect ownership) and natural persons (direct ownership). The company holds a regular general meeting once a year.

The Company's operations are managed by the Management Board headed by a director and a management team which make business decisions in the areas for which they are responsible – finance, production, research and development, procurement, quality control, sales, marketing, human resources – which are the backbone of the company's activities.

All issues related to the impact on the environment, society and the economy are the responsibility of the Management Board. Corporate Communications Department, along with a wider team of experts from various fields, is responsible for coordinating activities and implementing sustainability programs.

The management structure of Franck d.d.





Franck's strategic memberships

International Coffee Partners (ICP)

is a non-profit pre-competitive organization that brings together eight leading coffee producers and traders in Europe. Through ICP membership, Franck is actively involved in empowering and supporting small coffee farmers.

Tea and Herbal Infusions Europe (THIE)

is the European association representing the interests of producers and traders of tea (*Camellia sinensis*) and herbal infusions as well as extracts thereof in the EU. Within the THIE association, Franck actively participates in activities aimed at a healthy, market-oriented, innovative and legally compliant product.

Croatian Employers' Association (CEA)

In 2019, Franck participated in the establishment of the Coordination of Coffee Producers, Processors and Distributors and it actively participates in the work of the Coordination of Food and Beverages at CEA, as well as the Association of the Food Industry and Agriculture.

Croatian Chamber of Economy (CCE)

Through its activities and initiatives, Franck, in cooperation with members of the Croatian Chamber of Economy, actively participates in the exchange of knowledge and practices of the industry.





INTERNATIONAL Coffee Partners

International Coffee Partners (ICP)

ICP is a non-profit pre-competitive organization that brings together eight leading coffee producers and traders in Europe: Löfbergs (Sweden), Neumann Kaffe Gruppe (Germany), Paulig (Finland), Tchibo (Germany), Delta (Portugal), Lavazza (Italy), Joh. Johansson Kaffe (Norway) and Franck (Croatia). It was founded in 2001 with the aim of making small coffee farmers competitive by relying on sustainable practices. ICP's vision goes beyond the actual implementation of individual development projects; ICP wants to contribute to the sustainable transformation of the coffee sector. Innovative regional programs in Central America, [Uganda](#), Tanzania, Indonesia, and Brazil have resulted in significant benefits for farmers' families, as well as the entire supply chain. With the help of the Hanns R. Neumann Stiftung foundation, the implementing partner, ICP projects are being carried out globally. The goals and vision of the ICP are presented in the document [Theory of Change](#), while information on all activities and results is available in the [ICP Annual Report for 2019](#).

coffee & climate
enabling effective response

The initiative for coffee&climate

Areas suitable for coffee cultivation are extremely sensitive to climate variations, which reduce the areas suitable for cultivation by 2% to 3% in some years, due to increasingly severe climate change. The biggest problems are rising temperatures, heavy rains, winds and prolonged periods of the dry season, which results in the development of various crop diseases, erosion and poor soil quality, and ultimately reduced yields and poorer coffee bean quality.

To help small coffee producers, key coffee market players from the private, development and research sectors have set up the coffee&climate (c&c) initiative, which Franck has also joined. As a development partnership, c&c was launched by leading European coffee producers and traders gathered within International Coffee Partners.

Projects include activities such as the application of effective water-saving techniques by irrigation, the development of cover crops to prevent soil overheating and the wilting of the coffee plant. Farmers actively participate in educational workshops, which help them select and implement solutions that best suit their specific needs. Furthermore, coffee farmers have access to an [online platform](#) with a unified database with tips, guidelines and useful tools.

Sustainable development strategy – business with purpose

The valuable heritage of quality, which has lasted for 127 years, is successfully combined with the dynamics of modern business, innovative approach, and advanced technological processes. One of the strategic determinants of Franck's business is the integration of responsibility and sustainability in all segments.

Investing in sustainability for Franck means a long-term focus on reducing negative environmental impacts, ensuring a positive economic impact and improving the quality of life in the environment in which it operates. Franck invests in its employees, suppliers, consumers, business partners, culture, sports, programs for youth and actively contributes to improving the quality of life through humanitarian projects.





Sustainable development strategy – business with purpose

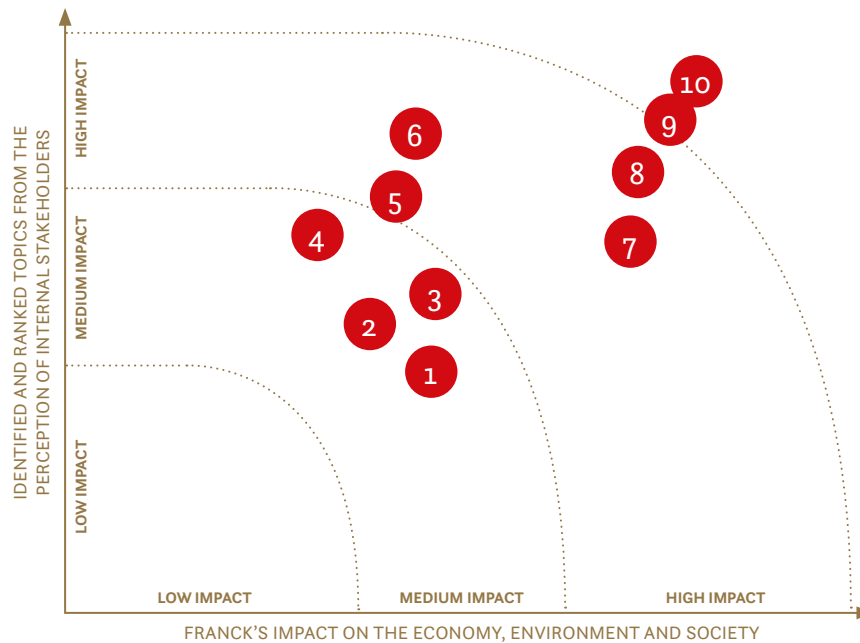
Franck's sustainability strategy is closely related to the organization's business purpose, which is primarily focused on giving back to and investing into the community. Throughout all business processes, Franck takes into account its impacts on employees, the community, suppliers, the environment and consumers, according to which three priority Sustainable Development Goals are defined, and to which the company will contribute in the coming years with product development and quality as well as sustainable and responsible procurement.

Franck sees its employees as drivers of positive change, and considers its partnership and cooperation with organizations in the global coffee market as a source of innovative solutions for the progress and sustainable development not only of the company, but also of the economy and society in which it operates. The established business goals in the coming years will lead to the fulfillment of SDGs by 2030, and one of the priorities is the introduction of ISO 14001 standards in order to improve environmental performance, meet compliance obligations and achieve environmental goals. Thus, Franck will directly contribute to all three identified Goals.



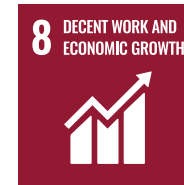
MATERIALITY MATRIX

Materiality matrix presents the identified and ranked environmental, economic and social material topics which are the basis for the preparation of sustainability report and the monitoring of non-financial indicators in order to achieve set goals of Franck's sustainable development. The methodology used in the preparation of the materiality matrix is recommended by the GRI Standards, and the identified topics are significant within the organization and along the supply chain.



- | | |
|---------------------------|-------------------------------|
| 1 Human rights | 6 Local community development |
| 2 Local suppliers | 7 Employee education |
| 3 Responsible procurement | 8 Growth and economic profit |
| 4 Energy efficiency | 9 Product development |
| 5 Waste reduction | 10 Product quality and safety |

SDG 8



Franck promotes inclusive and sustainable economic growth, full and productive employment and decent work for all. By investing in research, development and innovation, it seeks to improve the efficiency of the exploitation of resources that stimulate economic growth rather than harm the environment.

- Product development
- Responsible procurement
- Local suppliers
- Internship program for youth
- International ISO Standards

SDG 12



Franck strives for sustainable consumption and production patterns that reduce the use of natural resources and the deterioration and pollution of the environment. Efficient management and use of natural resources achieves product quality according to the highest industry standards.

- Product quality
- Packaging waste reduction strategy
- Highest industry standards
- International ISO Standards

SDG 13



Franck believes in taking urgent action to combat climate change and its impacts. It does so primarily by ensuring that business operations do not encroach on the ecosystems and communities in which it operates and by supporting suppliers in their resilience to climate impacts.

- Energy efficiency
- Emission reduction
- coffee&climate initiative
- International ISO Standards

Dialogue with the stakeholders

Stakeholders are groups or individuals who are significantly affected by the business of an organization and at the same time their decisions and activities affect or may affect the performance of that same organization.

Franck's primary stakeholders are the customers who buy Franck's products daily, but equally important stakeholders are our employees, suppliers, business partners, banks, NGOs, academia, member associations, the media, etc. It is through dialogue with stakeholders who affect or could affect business that transparency is enabled, which is the foundation and inspiration for improving business and business processes for sustainable development.

In order to define important topics of corporate social responsibility and sustainable development strategy, activities were carried out to identify the Sustainable Development Goals to which Franck contributes the most. Franck plans to carry out dialogue activities with external stakeholders in the next reporting periods.

To ensure a sufficient source of important information, external communication channels have been established with:

- A. Suppliers, traders and subcontractors
- B. Customers
- C. National authorities
- D. Organizations of importance and other interested parties (professional organizations, clubs, chamber of commerce, associations...).

Franck communicates with all stakeholders in the food chain that can affect product safety, which is defined through individual contracts. All external communication related to the area of food safety, Halal and Kosher quality is carried out by Franck employees in their areas of work, with the consent of the HACCP team coordinators.

Franck distributed stakeholders according to the key groups to ensure an understanding of their needs through effective communication on specific social, environmental and economic topics.

Customer categories are listed below:

EMPLOYEES	CONSUMERS	LOCAL COMMUNITIES
B2B CUSTOMERS	SUPPLIERS	COFFEE FARMERS AND WORKERS
BUSINESS PARTNERS AND DISTRIBUTORS	INVESTORS AND FINANCIAL INSTITUTIONS	MEDIA AND PUBLIC
OWNERS AND SHAREHOLDERS	REGULATORY BODIES	
	BUSINESS AND PROFESSIONAL ASSOCIATIONS	
	SECTORIAL COOPERATION	





Dialogue with stakeholders has been achieved through:

— **INFORMATION**

Franck informs stakeholders about business and activities by providing transparent information on the official channels: the official website www.franck.eu, which is available in six languages, social media channels [Facebook](#), [YouTube](#), [LinkedIn](#) and [Instagram](#), as well as press releases, FINA and the Sustainability Report.

— **CONSULTATIONS AND DIALOGUE**

Regular consultations and exchange of information take place mainly in meetings, working groups, emails, customer visits, trade fairs, etc.

— **PARTNER COOPERATION**

Cooperation and partnership are realized through active membership and support.

Sustainability of global coffee production

Aware of the role and responsibility that the status of the leading coffee producer on the Croatian market entails, Franck is particularly focused on the quality of raw materials and the sustainability of the entire supply and production chain. The company systematically invests in maintaining a high-level quality of its products. In addition, it focuses on [development projects](#) to ensure the sustainability of the global coffee market and the competitiveness of small coffee farmers.

One of the ways to achieve this is by acting as a member of International Coffee Partners (ICP), as well as coffee&climate initiative with a vision to train coffee farmers to effectively adapt and respond to climate change that significantly affects the availability and quality of coffee. Thus, Franck actively participates in the implementation of development projects on a global level by providing the necessary financial and advisory support. As part of the ICP, Franck works to empower and support small coffee farmers to implement sustainable practices that enable them to increase yields, improve crop quality, increase competitiveness, have more efficient market access, and improve working and living conditions.



WATCH THE VIDEO





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The advantage of the partnership with ICP, within which Franck actively participates, is reflected in ensuring the availability of the best possible quality of green coffee, which is further passed on to end users – consumers.

Quality and safety as a business imperative

Franck's mission is to ensure long-term consumer satisfaction by nurturing a century-old tradition and top quality products and services, preserving health, safety, environmental protection and energy efficiency, and to establish itself as one of the leading companies in the region. The entire work of the company's employees is based on strong teamwork and cooperation in achieving the set goal, which is a satisfied consumer who always returns. It is one of the key elements in ensuring continuous quality and implementing a set of standards related to food quality and safety and energy management.

Customer satisfaction is the only long-term guarantee of success in the market, but satisfaction cannot be achieved without working every day on maintaining and improving the quality and safety of products. Consequently, Franck pays great attention to developing relationships with consumers and observing changes in their desires and expectations, as well as ensuring that products always comply with the highest world standards in the food industry.





Quality and safety as a business imperative

Tradition, quality and safety since 1892

One of the most important business backbones of Franck is a special focus on ensuring quality and food safety, customer satisfaction, innovation in line with global trends, and recognizing current and anticipating future consumer needs. Franck is focused on producing high quality and healthy products based on good manufacturing practice and food quality and safety management principles.

To ensure continuous quality, food safety and energy efficiency, Franck has established an integrated management system based on standards, regulations and principles in line with Franck's food quality and safety management system. The application and implementation of the requirements of the company's management system consists of the implementation, maintenance and continuous development of an integrated system. The integrated management system is based on HACCP principles according to the *Codex Alimentarius* document (Hazard Analysis and Critical Control Points) and other norms and regulations related to the food industry and its markets (IFS Food Standard, Halal, Kosher, Rainforest Alliance, BIO) and ISO 50001 (Energy Management System). Moreover, the ISO 22000 food safety management system was implemented at the Grude location, and by obtaining a Halal certificate, it was confirmed that Franck's business met all the requirements of BAS 1049. All standards were established for the purpose of achieving the ultimate goal – to maintain a high level of food quality and safety as well as consumer/customer satisfaction.

PRODUCT SAFETY AND QUALITY AS THE PRIMARY GOAL

Franck is constantly doing research and aiming to improve the efficiency of its food quality and safety management system. If the regular maintenance and operation of the system identifies a need for improvements and changes in the management system, they will be initiated and implemented. Observing non-compliances that are not necessarily directly related to product safety and initiating corrective and preventive actions, as well as changes in case the system fails to recognize deviations that jeopardize product safety, brings awareness of the possibility of improving the system.

Through modernization activities, a continuous effort has been made to integrate the management system into day-to-day operations as a basis for successful business process management, in order to confirm the relevance of the Food Quality and Safety Policy.

PRODUCT QUALITY AND SAFETY ASSURANCE CERTIFICATES

The introduction of a quality management system was Franck's strategic decision. The internationally recognized certificates that Franck holds are not only a guarantee to consumers and business partners, but also a constant reminder and obligation to everyone at Franck that there must be no compromise in terms of quality and safety.

Quality and safety as a business imperative

FRANCK HAS OBTAINED THE FOLLOWING PRODUCT QUALITY AND SAFETY CERTIFICATES:



IFS FOOD CERTIFICATION

As of July 28, 2016, Franck holds an *IFS certificate* (HIGHER LEVEL) which confirms compliance with the requirements of the IFS Food Standard, which since 2018 includes a new chapter of the standard related to food fraud.



RAINFOREST ALLIANCE CERTIFICATE™

This certificate is a synonym for environmental, economic and social sustainability. The green frog seal, which is an indicator of a clean environment, is recognizable on many products that support sustainable development and ecological production. Franck has launched the [premium Superiore Espresso](#) which holds the said certification, which means that all the beans found in that blend come from certified plantations. Such plantations must take care of their employees, they have to be paid fairly, have health insurance, their children need to receive education, and they must take care of the environment. For this reason, Franck is extremely proud to have the opportunity to support such plantations while further investing in their knowledge, effort and work in order to contribute to the sustainability and sustainable cultivation of coffee.



WATCH THE VIDEO



BIO CERTIFICATE

At Franck, the inspection by the authorized control body regarding the storage and distribution of BIO product Bianka Classic 110 g was successfully carried out. Thanks to the EU-BIO logo, it is possible to identify products manufactured in accordance with strict EU eco-regulations. These products are controlled at regular intervals by independent, officially recognized institutions. This is also a confirmation of the orientation towards product development in line with current trends and growing consumer preferences.



CROATIAN QUALITY

“Croatian Quality” label is the guarantee to the customers that the product they buy meets the highest quality standards. The following Franck products proudly bear this label: Jubilarna coffee, Jubilarna decaffeinated coffee, Gloria and Espresso Assortment.



HALAL CERTIFICATE

Franck holds the Halal certificate since April 21, 2016, which proves that the products comply with the requirements of the Halal standard HRN BAS 1049:2012. The certificate applies to the following product categories: coffee, instant mixes, teas, catering sugars, hot mix, and instant coffee. The Management Board of the company has recognized the requirements of the Halal quality as a clear link and direction being pursued in the further development of the management system within the company. The compliance with Halal quality requirements adds on the compliance with national and international legal regulations, as well as the basic requirements of reference standards previously incorporated into regular operations. The implementation of the BAS 1049 standard enables business transparency according to the requirements of the Halal market and attracts even a wider range of consumers.



KOSHER CERTIFICATE

Franck also holds the Kosher coffee certificate. With the introduction of Kosher certification, Franck has entered the category of manufacturers in the region's market that offer a safe and quality product with a guarantee.



ENERGY MANAGEMENT - ISO 50001

As of February 25, 2016, Franck also holds an energy management certificate. A new version of the ISO 50001:2018 standard has been published, which brings minor changes in the requirements compared to the previous one, according to which Franck will be audited during the next regular audit.

Quality and safety as a business imperative

Quality and safety management systems implemented at Franck

Franck's policy is to continuously improve the existing system of business, production and product control. In this way, Franck aims at meeting all the requirements set for producers to raise quality criteria and establish new trends in business practices and production. Franck's Management Board has established the Food Quality and Safety Policy, thus expressing its commitment and ensuring the production of high-quality and safe products for consumption to all consumers throughout the supply chain, from the procurement of the highest-quality raw materials to the distribution of the finished product to consumers.

Franck is focused on meeting the special requirements of customers and consumers and meeting all requirements related to quality, wholesomeness and safety of products according to the HACCP principles and international quality standards, in accordance with applicable legislation of the Republic of Croatia and the European Union. By meeting the requirements of food safety and product traceability legislation, Franck ensures consistency in product quality and safety, as well as partnerships with stakeholders in the food chain.

Products manufactured at the production facility, as well as other products manufactured by partners, are continuously monitored to ensure their top quality and safety. Every employee is obliged to adhere to the adopted Food Quality and Safety Policy and, within the scope of their responsibilities and authorizations, to contribute to achieving the set goals. Franck's corporate culture supports and promotes the principles of sustainable development, environmental responsibility, and energy efficiency policy, and it also respects human rights and supports other lifestyles and diversity.





FRANCK'S MANAGEMENT SYSTEM

For each calendar year, the Management Board sets goals through the Annual Management Plan for Food Safety and Quality Systems. Organizational goals are measurable and limited by the period for which they are adopted, with a clear definition of persons responsible for goals. Direct cascading of goals to lower levels while respecting networking among departments achieves greater efficiency and directs the organization towards a market position.

Tasks, responsibilities and authority of business functions and organizational relationships among them are defined by job descriptions. In addition, documented procedures, plans, and work instructions set out the responsibilities of business functions for identifying and keeping records of problems encountered and initiating and implementing appropriate corrections.

ACTIVE IMPLEMENTATION OF PRODUCT CONTROL

Ensuring product safety is very important to Franck, which is why policies are actively implemented to check product safety through regular analysis of all raw materials and finished products according to a defined plan based on risk analysis and assessment. Analyses are performed by authorized, accredited external laboratories, and

their results are sent in the form of an analytical report. In addition to the product, attention is paid to other aspects that may affect the final quality of the product, so that the primary packaging material used in the production process is also checked, as well as the quality of water used at production sites. An indicator of a well-implemented and managed management system for ensuring product safety is that in 2019 there were no cases of non-compliance with regulations and voluntary codes regarding the impacts of products and services on health and safety.

A documented Internal Audit procedure has been established, which, among other things, determines the necessary management for planning and conducting internal audits, ensuring the objectivity and impartiality of the auditing process, and reporting and maintaining records of internal audit results. On an annual basis, audits of certification houses are carried out for the standards they have implemented and whose guidelines and requirements Franck adheres to in its daily work. In addition to external audits, inspections by authorized institutions are also carried out. In 2019, Franck showed full compliance with all the requirements of the standards, i.e. all legal provisions that were subject to audit. The Management Board evaluates the Management System at least once a year through a record called the Management Board's Assessment of Management System. Based on that assessment, the basis for the Annual System Management Plan for the next calendar year is created.



Visit Instagram profile
[@Franck_Global](https://www.instagram.com/Franck_Global)

Marketing and labeling of products

The clear goal of the company is a safe, competitive and sustainable product and service that meets all the requirements of the market and legislation.

Product labeling in terms of compliance of the applied mandatory texts of the declaration on the packaging itself is managed through the Marketing, Research and Development and Coffee Procurement and, if necessary, the Legal Affairs, whose technologists are responsible for labeling. The obligations of the services include regular monitoring of legal regulations, changes and announcements of changes, and regular mutual consultations and agreements on the most current topics and issues. Regular contact is maintained with the competent authorities of the Republic of Croatia, as well as state institutions, associations and verification companies. Additionally, the company regularly participates in seminars and conferences and maintains contacts with colleagues from other companies to exchange experience, knowledge and positive practices.

Commitment to the Company's Policy and the introduction of the internal Food Quality and Safety Policy, Allergen Policy, Food Fraud Policy (approach to resolving food fraud) and the introduction of



food safety management system and certification (IFS Food, HACCP, Halal, Kosher, Rainforest Alliance, BIO) have set a high standard of a system that includes product labeling management and marketing communication. Commitment to these policies includes the development of comprehensive specifications that serve as the basis for a group document describing the product in all segments.

Product and service information and labeling requirements:

Indication of the source of product or service components:	Yes
Content, in particular regarding substances that may affect the environment or society:	Yes
Safe use of products or services:	Yes
Product disposal and environmental/social impacts:	Yes

Marketing communication and product labeling within the segment of the Consumer Protection Act and Consumer Information Regulation is a shared responsibility and work of the Marketing and Research and Development and Coffee Procurement departments. The synergy of knowledge related to understanding of the market, brand and consumers is combined with the knowledge of fair information practices and legal obligations of the food business entity on labeling and consumer information.

COMPLAINT MANAGEMENT AND COMMUNICATION WITH CONSUMERS

In order to evaluate the performance of the set processes and goals, a mechanism for collecting external feedback has been introduced. In case of complaints or inquiries related to communication on the packaging itself, but also to segments related to any other written or verbal communication, Franck has set up an email address (info@franck.eu) and a toll-free telephone number (0800 33 44 33) which customers may use to submit an inquiry or complaint. New channels of communication via the Internet and social networks have been set up, which has further strengthened a regular two-way communication and established better relationship with consumers.

The result assessment with the selected and implemented approach to communication management is best seen through the processing of data related to received consumer complaints/claims and the fact that during 2019 there were no inspections, warnings or fines related to defective products. This is a good indicator and confirmation that the currently set management process is efficient and at a high level.

Franck plans to introduce a new job post of a legal expert within the Research and Development and Coffee Procurement. The main task of this post will be focused on a greater centralization in terms of monitoring legislation, more effective monitoring of the preparation of declarations, and announcement of changes and actions at the European Union level. In 2019, there were no cases of non-compliance with regulations and voluntary codes regarding product and service data and labeling, and no cases of non-compliance with regulations related to marketing communications, including advertising, promotion and sponsorship, by type of outcome. Furthermore, in 2019, there were no payments of (significant) fines, or non-compliance with laws and regulations, and no action contrary to what was prescribed by the applicable legislation was observed.



THE CRISIS TEAM

The crisis team meetings are initiated by one of the members. It consisted of the Management Board, executive directors and the director for the management of food safety and quality systems. Other business functions are included as needed. All members of the crisis team are always available on mobile phones. A crisis situation includes the following situations – fire, explosion, hail/weather disaster with significant material damage, terrorist threat, injury at work, failure of the energy system that directly affects the sale of products, environmental pollution, customer complaints with the possibility of brand damage, identified non-compliance requiring initiation of the product withdrawal procedure, notification of the administrative body about the possibility of a pandemic, notification of the supplier about the subsequently determined non-compliance of raw materials and/or packaging and other cases at the discretion of the Management Board.

Quality and safety as a business imperative

Product quality that starts from the plantation

[The ethics and sustainability of the supply chain](#) are one of the most important segments of Franck's sustainability. The process of procurement of raw materials, materials, packaging, trade goods, and machines is characterized by high standards of quality of raw materials and sustainability of the entire supply and production chain. Through active membership in International Coffee Partners and Tea and Herbal Infusions Europe and by supporting the sustainable development of farmers, Franck aims to ensure the availability of the best possible quality of raw materials so that the end user has the highest quality product.

In 2019, ICP projects affected nearly 49,000 small coffee growers and family farms in six different regions around the world. As a result, their average coffee production increased by 44% in 2019, as compared to 2018. ICP projects are currently being implemented in Indonesia, Ethiopia, Tanzania, Uganda, Brazil, and Honduras with the help of ICP's implementing partner, the Hanns R. Neumann Stiftung (HRNS). The objectives also include the improvement of farmers' livelihood, thus the projects also focus on topics such as family business, youth, climate change, and farmers' associations, with a special emphasis on gender equality.



Green coffee is purchased on the basis of a sample, and master cuppers are in charge of checking its quality and confirming whether the sample complies with the manufacturing standards. If tasting a cup of coffee reveals a negative deviation in taste and smell, the sample is rejected immediately, i.e. a consignment of coffee whose sample has been analyzed is not acceptable for our production.

Vesna Mihatov, Franck's Master Cupper and Director of Research and Development and Coffee Procurement



WATCH THE VIDEO

Franck nurtures a long-term cooperation with the majority of suppliers who supply the organization. Variations in cooperation with suppliers and changes in procurement are possible since the company selects optimal bids based on the Request for proposal, which must necessarily meet all quality requirements and defined Franck standards. The procurement process at Franck is harmonized with the legislation of the Republic of Croatia and the European Union, and is described by the basic rules,

processes, process steps and participants in the procurement of goods and services for Franck.

Franck's suppliers are widely distributed and, apart from Croatia, they also come from Germany, UK, the Netherlands, the United Arab Emirates, Switzerland, Italy, Spain, Austria, France, Poland, Slovenia, Sweden, the Czech Republic, Belgium, Turkey, Greece, Bosnia and Herzegovina, etc. In 2019, the turnover was realized with a total of 1,718 suppliers, while the monetary value of payments to all suppliers amounted to HRK 425,657,000. Given the complexity of production, there are different sources of supply in the food industry, namely:

- suppliers – traders for green coffee, instant coffee, other raw materials
- manufacturers (manufacturers of cardboard packaging and coffee machines, technical goods and spare parts)
- distributors (consumer use, stationery).

PRODUCT TRACEABILITY AS A PREREQUISITE FOR HIGH-QUALITY RAW MATERIALS

Product traceability is established so that it is possible to identify any legal or natural person who is the supplier of raw materials used in production, through all stages of production, processing and distribution. Upon completion of the production process, the products receive unique logistics data from the SAP business system on the transport box, which monitors the condition and movement of products.

The equipment has been installed for the purpose of monitoring and measuring. Mass measurements that are subject to supervision related to the regulations on packages are calibrated by an authorized service with the traceable standards. Certificates, certifications or calibrations on the performed calibration are issued. A special attention is paid to monitoring and measuring equipment used in the areas of significant energy consumption.



In 2019, Franck launched premium Superiore Espresso with carefully selected coffee beans that come exclusively from Rainforest Alliance Certified™ plantations. This certificate is a confirmation that the coffee chosen for Superiore Espresso comes exclusively from plantations that are required to meet criteria for sustainable agriculture to benefit farm families, workers, the environment, and the climate.





SUPPLIER AUDITS

Supervision of the processes that are performed by the suppliers is ensured by conducting audits at the suppliers' facilities at least once in a cycle of three calendar years, i.e. depending on the obligations of the suppliers defined by individual service production contracts.

In order to ensure the product safety of these products, as well as compliance with standards, Franck expects suppliers to comply with the requirements of the Food Act within the given legal deadline, in the segment of implementing a self-monitoring system based on HACCP principles.

FRANCK'S COFFEE QUALITY STANDARD

In addition to the country of origin labeling, each coffee is defined by an international quality standard, i.e. specification. The standard for each type and origin of coffee prescribes the minimum physicochemical parameters that coffee must meet and the description of the cup. Taking into account the long tradition and experience in working with coffee, Franck has developed additional internal specifications, i.e. internal quality standards for each type of coffee.

This process is stricter due to high standards. However, Franck has recognized this method as the only way to satisfy its customers and protect its quality.

INTERNAL QUALITY STANDARDS APPLY TO EVERY STEP – FROM GREEN COFFEE BEANS TO THE FINISHED PRODUCT:

- 1 → **PICKING GREEN COFFEE**
- 2 → **ANALYSIS OF THE SAMPLE OF A GREEN COFFEE AND ROASTING:** On the received small sample of green coffee 300 g – 500 g, the control of physical and chemical parameters is performed, and if they match, the sample is roasted in a small laboratory roaster.
- 3 → **CUPPING AND ANALYSIS OF THE ROASTED COFFEE:** Master cuppers participate in cupping, and with their long experience, they evaluate the cup based on the presence of all the desired characteristics of aromas that have been released from the coffee beans by roasting. Analysis of the physical and chemical parameters is also performed on the roasted sample.
- 4 → **ORDER:** If the sample meets the defined criteria, a green coffee is ordered based on that sample.
- 5 → **PRODUCTION:** Depending on the product, the green coffee is cleaned, stored, roasted, grounded, mixed according to the recipe, and packed.
- 6 → **ANALYSIS OF THE FINAL PRODUCT:** Each step of roasting, grinding and packing is monitored and analyzed and finally evaluated by the master cupper and an internal educated panel.
- 7 → **PLACING ON THE MARKET:** The product is approved to be placed on the market if all set standards are met.



Quality and safety as a business imperative

Support to local suppliers

Due to the coffee production that Franck is primarily engaged in, it is not possible to implement local procurement, because the basic raw materials are grown in remote parts of the world. Great efforts are being made to procure as much as possible at the local and regional level, which results in a reduction of the negative impact of transport on the environment, but also in lower transport costs.

Whenever possible, Franck procures raw materials for production in Croatia. Over the years, Franck has established cooperation with a great number of domestic suppliers.

Franck buys all cereals from local suppliers, as well as chamomile, which is important because of the specific taste, i.e. organoleptic properties that characterize the Croatian chamomile which is rich in essential oils.

Local suppliers come from all parts of Croatia. For example, the packaging for the finished products and various production and raw materials that are an integral part of the company's products, and which meet Franck's standards, is mostly purchased in Croatia. Certain raw materials, trade goods and production materials can be purchased only in Europe from specialized manufacturers or distributors of, e.g. coffee machines. Precisely due to the certificates that Franck holds, a special attention must be paid to the procurement of raw materials and production materials that must correspond precisely to the Franck's required specifications.



54.93%

The share of Croatian suppliers in the total turnover of all suppliers in 2019

FRANCK'S LONG-STANDING COMMITMENT TO THE LOCAL PRODUCT

The chicory that Franck uses for classic cereal and chicory beverages is grown and fully processed in Croatia. Dried chicory cubes are roasted, ground and packaged into classic coffee substitutes or, according to proven recipes, mixed with cereals and barley malt to give a delicious decaffeinated beverage rich in inulin that can be enjoyed by both children and adults.

In order to attract modern consumers and their needs, Franck has further adapted to today's fast-paced lifestyle by offering beverages in this category, which continues to emphasize the need for taking care of health and nutrition. In addition to the classic drinks such as Divka and Kneipp, a line of instant drinks made from cereals and chicory named Bianka was launched, which was expanded in 2019 with the new Bianka Classic BIO. All Bianca BIO ingredients – cereals, chicory and figs – are organic and bear the EU BIO label, which means that they are produced in accordance with the conditions and strict regulations for organic farming in the European Union.

Franck cooperates with a domestic grower of chicory used in the production of cereal and chicory drinks, and this cooperation has been ongoing for many years, going thus far beyond the mere business relationship of purchasing raw materials. Namely, the company strives to continuously invest in professional knowledge and the application of positive practices in order to improve both the cultivation of crops and production processes in Franck's production facilities.

Corporate social responsibility



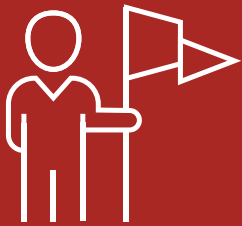
495

Total number
of employees



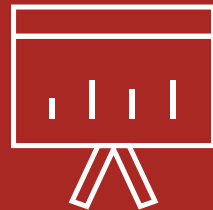
40%

Investment in young people:
40% of Franck's team consists
of millennials



3,670 hours

Total number of hours worked
in Franck by users of the
Rehabilitation Center Zagreb
(CRZ) in 2019



+10

Types of internal trainings
available to employees



2,000 hours

Number of hours Franck's baristas spent educating 4,154 people
in order to raise the quality of hot beverages preparations which
are served in catering facilities

5 values that are the foundation of Franck's business and corporate culture:



Competitiveness



Professionalism



Respect



Responsibility



Teamwork

GOALS

4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



Franck for a better community



Franck's volunteer program



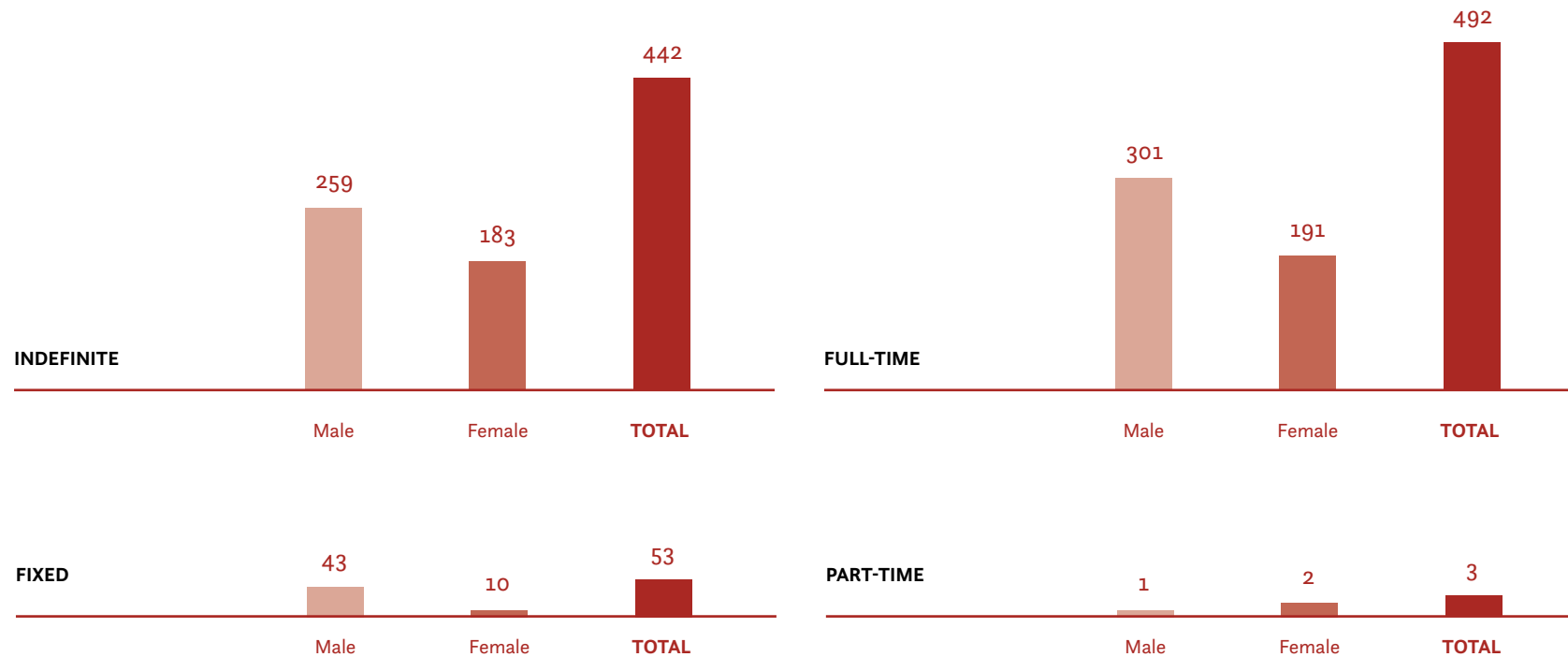
Voluntary blood drive

Employee structure

Data on the employee structure were collected internally from the Human Resources Department through the SAP software system on 31 December 2019, based on employee master data.

Franck has 13 agency workers. In 2020, that number was reduced to eight because some of the agency workers have been employed at Franck and no longer work for an agency. There have been no significant variations in the number of employees during the year.

TOTAL NUMBER OF EMPLOYEES BY TYPE OF CONTRACT,
BY GENDER:



RECRUITMENT PROCESS

The recruitment process at Franck is standardized. After a need for recruiting a new staff member is identified, Franck advertises a job opening on the intranet, portals, Franck's career page, LinkedIn, Croatian Employment Service, etc. The goal is to find the most competent candidate who will fit in with his knowledge and qualities.

It is important to mention that young and older candidates, women and men, and people with disabilities are equally valued in the recruitment process. The external audit checks certain relevant data in the field of human resources and recruitment process once a year.



66

Total of new employees
employed in 2019



13.33%

The rate of new employee hires
(overall)



13.94%

Employee turnover
(overall)

NUMBER OF NEW AND LEFT EMPLOYEES, RATE OF NEW EMPLOYEES AND RATE OF FLUCTUATION, BY AGE AND GENDER:

AGE	NUMBER OF NEW EMPLOYEES	NUMBER OF EMPLOYEES LEFT	TOTAL ON 31 DECEMBER 2019	RATE OF NEW EMPLOYEE HIRES	EMPLOYEE TURNOVER
Under 30	25	13	63	39.68%	20.63%
30-50	31	36	296	10.47%	12.16%
Older than 50	10	20	136	7.35%	14.71%
GENDER	NUMBER OF NEW EMPLOYEES	NUMBER OF EMPLOYEES LEFT	TOTAL ON 31 DECEMBER 2019	RATE OF NEW EMPLOYEE HIRES	EMPLOYEE TURNOVER
Male	32	40	302	10.60%	13.25%
Female	34	29	193	17.62%	15.03%

Corporate social responsibility

INVESTMENT IN YOUNG PEOPLE

One of the strategic determinants of business is investment in young people and providing opportunities to gain experience and knowledge through internships, student work or formal employment. Therefore, Franck regularly looks for young and ambitious people who are ready for dynamic coffee- and tea-filled working days.

PROVIDING OPPORTUNITIES TO YOUNG PEOPLE

Franck's internship program is intended for young people who have just completed their studies, giving them the opportunity to affirm themselves as a new competent workforce that Franck will be able to rely on in the development of the organization. The goal of the program is to prepare the key staff in the context of the development of competencies, knowledge and skills.

So far, 15 young people have participated in this program. In addition to knowledge and experience, they also had the opportunity to be permanently employed by the company. Some of them presented their impressions and experience on Franck's YouTube channel [“Program za pripravnike u Francku” \(“Franck Internship Program”\)](#). In early April 2019, Franck has announced a call inviting young people to join an internship program in which they would learn about different aspects of business – from sales, marketing and development to finance, supply chain and IT – over a two-year rotation period. Young people are guided by mentors – Franck's employees, who pass on their experience and knowledge to younger colleagues.



STUDENT TRAINEESHIP AND COLLABORATION WITH THE ACADEMIC COMMUNITY

Franck cooperates with the academic community and several educational institutions to provide students with the opportunity to carry out their traineeships and create a work environment that helps them grow and thrive and make a breakthrough in their careers.

Furthermore, as a socially responsible company, Franck recognizes and supports valuable initiatives aimed at developing the community in which it operates. As part of the cooperation with the Knowledge at Work foundation, Franck supports the improvement of education for the youngest members of the society by providing opportunities for children and young people in order to help them gain insight into certain business areas, thus giving them a broader picture of the diversity of professional orientations and professions. As part of this initiative, children and young people have the opportunity to visit and learn more about Franck, while employees from certain areas explain to them activities being performed in certain departments of the organization.

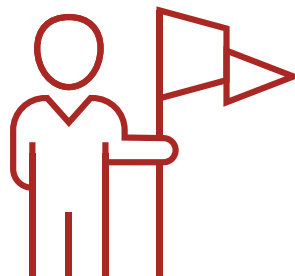
PROGRAM FOR THE INCLUSION OF PERSONS WITH DISABILITIES AND INTELLECTUAL DISABILITIES IN THE WORK ENVIRONMENT

Throughout the recruitment process, Franck cooperates with the Zagreb Rehabilitation Center (CRZ) to support the positive practice of improving the quality of life of people with disabilities through inclusion in the work environment. In 2007, Franck started cooperating with the Association for Promoting Inclusion. After the Association was transformed, the cooperation continued in 2016 with the Zagreb Rehabilitation Center (CRZ). Their beneficiaries are involved in work activities under regular and normal working conditions with a work assistant, supervision and full support, in the field of product packaging and labeling. In 2018, a number of their beneficiaries worked at Franck's production facility from 8 AM to 2 PM in the positions of baking soda and sugar packaging. A total of 4,064 and 3,670 hours worked was recorded in 2018 and 2019, respectively.

Franck carries out the process of introducing people with intellectual disabilities into the work environment in accordance with positive examples from practice, in cooperation with the parents, professionals and representatives of partner associations with which Franck regularly cooperates. This project goes beyond legal obligations and is in line with Franck's policy of applying the principle of social responsibility in all business segments.

3,670 hours

Total number of hours worked in Franck by users of the Rehabilitation Center Zagreb (CRZ) in 2019



EMPLOYEE BENEFITS

All employees (including temporary and part-time employees) have equal conditions and benefits, such as sick leave allowances for more than 90 days, Christmas bonuses, Easter bonuses, service awards, annual performance bonuses, maternity leave, childbirth allowances, retiring allowances, share ownerships, free parking, monthly transportation expenses paid and occupational injury insurance.

Investing in employees also includes various programs, such as a quality training program and other benefits, and rewards for results achieved.



The excellence of Franck's team

Franck's successful business operation over more than a century of dynamic growth and development can be attributed to the employees who have woven their knowledge, experience and enthusiasm into the foundations of the business and who achieve excellent results in their daily work. Health and safety in the workplace, education of the employees, zero tolerance for any kind of discrimination, and teamwork are important parts of the growth and development of Franck's corporate social responsibility. Employees are given the opportunity for professional growth and development in a dynamic industry and a stimulating work environment where honesty, integrity, responsibility and innovation are valued and nurtured. The team of top-notch Franck experts of various profiles is provided with further education, upgrading of knowledge and improvement of skills, as well as work on innovative projects that introduce new trends and define the market. This approach to responsibility towards employees represents Franck's values that are the foundation of Franck's business and corporate culture.

FRANCK'S VALUES

Franck, as one of the most successful Croatian producers and exporters of food products, is a symbol of vision, entrepreneurial spirit, progress, and a rich business tradition. Franck's corporate culture is defined by basic corporate values, behaviors, and beliefs which are incorporated in corporate behavior rules and which make the backbone of everyday work and socially responsible behavior.



5 Franck's values are:

Competitiveness

We innovate and create new values for our customers and partners

In our daily operations, we strive for top performance levels and ongoing development of our product categories, but also the entire market based on consumer trends and preferences. We therefore set clear priorities and plan our resources and specific steps to attain excellent results. In creating our products, we endeavor to ensure that they are of top quality – from purchasing high-quality input to distributing finished products to consumers who place their trust in us every day. The market and the industry in which we operate are rapidly changing nowadays, which requires an innovative approach and way of thinking to create new opportunities and values. To maintain a high level of competitiveness, we will continue to listen to our consumers' preferences and needs and incorporate them in the excellence of our brands.

Professionalism

We strive for excellence in everything we do

Being aware of our market role and position, we constantly invest in our employees' growth and in developing their potentials based on business needs and new trends. We provide our employees with opportunities to improve their existing and develop new skills and competences and maintain and encourage professional cooperation. We are always mindful of our professional appearance before business partners and consumers and our daily efforts help build and reinforce our corporate reputation. We are proud of our longstanding cooperation with our suppliers and partners based on expertise, transparency and mutual respect.

Respect

We build trust and embrace diversity

In our work, we adhere to the long-standing tradition and quality of our company and endeavor to help its future growth and development. We value professional responsibility and commitment and our communications are based on partnership, trust, sincerity and mutual respect. We acknowledge diversity and encourage it as a source of talent, creativity and experience, without tolerating any discrimination. We understand that we can learn a lot from each other, which is why we carefully listen, talk openly and sincerely, and create an atmosphere of understanding and acceptance irrespective of diversities. Respect and trust are fostered in our company on a daily basis because it is the longstanding trust of our employees, partners and consumers that has allowed us to become one of the leading food companies in the region and we now create memorable moments together.

Responsibility

We are aware that small steps can lead to significant improvements

Since day one we have respected social values and are focused on sustainable development and socially responsible business. We constantly underline the significance of conducting our business

in a responsible manner, as reflected in numerous sponsorships, donations and humanitarian activities, we develop collaboration with many associations, facilities, institutions and individuals and aim to promote those values that we share with our social environment. We are always looking into new ways to develop and acquire new skills in order to perform our duties as effectively as possible and we set our targets by ensuring that we have predicted all potential challenges on the way to their achievement for the purpose of overcoming them successfully and extending our professional experience. We are committed to what is important in our business and protect and defend these values while creating lasting welfare both for ourselves and for the society as a whole.

Teamwork

We create a positive working environment together

People are our most valuable asset, which is why we are particularly careful about providing a healthy and stimulating working environment. We are constantly using our best efforts to provide good conditions for good work and allow our employees to obtain new knowledge and skills through their professional and personal development. We are creating a positive working environment together and building relationships that enhance team unity, power and efficiency, while using open and efficient communication and exchange of information in our daily operations. We find positive elements and opportunities for growth in the challenges we encounter and face any difficulty in a sportsmanlike way and optimistically, having full confidence in our own abilities and mutual support between coworkers. We aim to grow and develop together with our employees and remain open to new ideas and people with whom we share our vision and common values.

It is through these values and behaviors that Franck, following business principles and respecting the importance and role of each employee, achieves the set goals. These values represent vital beliefs essential to employees and the company, which guide them permanently in achieving business goals.

Occupational health and safety

Franck has an Occupational Safety and Health Ordinance that regulates the rights, obligations and responsibilities of all employees in relation to occupational safety and health, as well as other conditions that ensure the protection of life and health of employees, prevention of occupational injuries, occupational diseases and other related diseases related to the work. To ensure the protection of the life and health of employees, a risk assessment is carried out. The recognized AUVA (Allgemeine Unfallversicherungsanstalt) method and the Austrian WKO method are used for the preparation of the risk assessment in Franck. The contracted occupational physician also participates in the assessment and development of measures as an integral part of the assessment team. Furthermore, all employees are involved in the preparation of the risk assessment by means of a written questionnaire and they have their own representative in the development team (employee representative) and the employer's representative.

Franck has a risk assessment in which all the hazards, harms and efforts in the workplace are described in detail. Production facilities and workplaces are visited regularly, and possible irregularities are noticed so that they could be dealt with and stopped from recurring. Data related to health and safety at the workplace are harmonized with the internal document of the Risk Assessment and the Occupational Safety and Health Ordinance. The risk assessment at Franck is made based on the Occupational Safety and Health Act and the Ordinance on the Preparation of Hazard (Risk) Assessments.



Special measures and the use of personal protective equipment are applied to occupational health risks.

In compliance with all the norms prescribed by the Labor Act, regular meetings with representatives of the work council are held at Franck. The Ordinance on Internal Reporting of Irregularities was adopted and the following decisions on appointment were made:

- persons of trust
- representative for the protection of the dignity of workers
- representative for personal data protection
- Personal Data Protection Officer at the level of the organization.

Meetings are held four times a year, while the legal obligation provides for two meetings a year. The goal is to efficiently and timely address the employees' justified demands. An occupational safety representative has to participate in the regular meetings of the Occupational Safety and Health Committee and inform the Committee about possible dangerous situations. Every employee has the right and obligation to report any potentially dangerous situation to his/her immediate supervisor. The report is then considered in cooperation with the Production Plant Manager and the occupational safety service and is processed.

Human Resources organize regular physical exams for all employees.

Physical exams are mandatory for employees assigned to positions with special working conditions (more specifically, employees who operate a forklift or a crane and work at height or with chemicals). Also, eye exams are mandatory for employees who work on a computer for more than four hours a day. All employees who come into contact with the finished product are obliged to undergo a sanitary inspection. Occupational health and safety training for employees includes: safe work practices, basic firefighting, specialist training (when handling a forklift, crane) and training in toxicology for employees who handle chemicals, safe hygienic and sanitary work practices in production, and a minimum hygiene standards course.



9 injuries

Number of injuries at work reported in 2019

INJURIES AT WORK

After each injury at work, the circumstances in which the injury occurred are established in detail and the cause is investigated. Employees are re-educated at the workplace where the injury occurred, and employees are additionally informed of possible dangers and risks. Also, all injuries in the previous period are discussed at regular meetings of the Occupational Safety and Health Committee.

The main types of injuries at work: minor injuries – superficial injuries and sprains and strains due to incorrect movement when walking, etc. There were no deaths as a result of injuries at work and poor health related to work in 2019. There were also no work-related cases of ill health.

PROMOTION OF HEALTHY LIFESTYLE HABITS

Franck actively supports employees' involvement in sports activities, such as participation in the B2Run race, Trčaona running school and Zagreb Night Run, in order to continuously promote healthy lifestyle habits. Franck also organized a training with a professional coach for its employees in previous years, both as a preparation for the races and as a promotion of sports activities, healthy lifestyle, and health care in general.

Furthermore, trainings on proper nutrition and the importance of regular physical activity and optimization of mental performance aimed at encouraging health care and a healthy lifestyle were conducted by a certified fitness instructor and nutritionist and were organized in several modules.

Education leads to top-notch coffee

Franck systematically invests in employee development through educational and development programs and trainings, as well as internal knowledge exchange, by entrusting them with greater responsibilities, in line with competency development needs defined in collaboration with managers as part of individual development plans. Team members are supported in acquiring knowledge in business schools and specialist programs, as well as by participating in various professional conferences, seminars and courses.

FRANCK INNOVATIONS

Given the dynamics of the industry in which Franck operates, innovation is the foundation of Franck's business, which is why the team encourages, develops and particularly appreciates an innovative spirit and creativity. Franck values an innovative approach to process and business improvement. For this reason, the Franck Innovations project – a central point for collecting and emphasizing each employee's ideas – was launched. It is an electronic form that is used to report improvements or innovative solutions. Technical, technological, organizational and other improvements can be submitted, which can become a new company's value and lead to increased competitiveness as well as to improve or accelerate any segment of the business. The employees' best innovations and ideas are evaluated according to the criteria set out in the Ordinance on Innovations and their Rewarding, and the best innovation is rewarded.



ORIENTATION PROGRAM FOR NEW EMPLOYEES

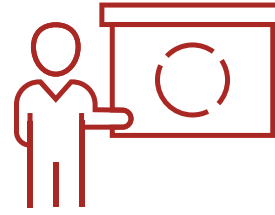
At Franck, the team is guided by the principle that the company's success in achieving ambitious growth goals depends on its ability to recognize, attract, integrate, develop, motivate and retain high-quality people and top-notch talents. Franck draws its strength from leadership in talent management, thus a talent focus is one of the company's most important growth strategies. By attracting high-quality people, Franck becomes stronger. In order to help them get acquainted with the company and integrate into the team, Franck has a special orientation program for new employees.

INVESTING IN EMPLOYEE KNOWLEDGE AND SKILLS

All employees can apply to participate in internal trainings. They are conducted at regular intervals (every two to three months, and sometimes more often) and cover the following topics:

- Finance for non-finance employees
- Excel – formulas and functions
- Excel – pivot tables
- From a bean to a cup
- Quality assurance
- Barista skills
- Tour of the production facilities
- Chicory – a functional food
- Processing incoming invoices from receipt to payment
- Generation management

Internal trainings are led by the Franck employees who are experts in their fields.



1,278 hours

Total of training hours held in 2019
(total number of participants: 495)

Type and scope of programs implemented and assistance provided to upgrade employee skills:

- internal and external trainings to improve employee skills and knowledge
- internship programs during which young people without work experience are given the opportunity for professional growth and development.

Transition assistance programs provided to facilitate permanent employability and the management of career endings resulting from retirement or termination of employment:

- employee inclusion program (employees with disabilities)
- retirement planning for employees about to retire
- payment of severance pays according to length of service and age
- deployment of employees to another job post in case of inability to perform current work.



| Corporate social responsibility

IMPROVING THE SKILLS OF THE HOSPITALITY STAFF THROUGH THE FRANCK BARISTA ACADEMY

Franck implements a comprehensive hospitality staff education program within the Franck Barista Academy. The goal is to get acquainted with all areas related to coffee – from the plantation to the cup – and to improve the skills and art of preparing top-notch espresso and other beverages based on coffee and tea.

This educational program, which has been running for ten years, is led by a team of Franck's professional baristas through regular presentations and individually tailored educational workshops for hospitality staff. Franck's professional baristas are continuously trained and certified by international professional organizations such as the Specialty Coffee Association (SCA), and regularly collaborate with Hug & Punch Premier Campus, the only SCA certified training center in this part of Europe that aims to educate coffee specialists according to international standards, while pushing the boundaries of the coffee world in Croatia.

As a market leader, Franck's focus is excellence in the preparation of top-notch coffee and tea, thus raising the level of quality of beverages that are prepared and served in café bars, hotels and restaurants. A special emphasis is placed on perfecting barista skills and creativity and ultimately building a new generation of top-notch connoisseurs and experts for the preparation of espresso and other coffee and tea beverages.





2,000 hours

In 2019, a team of educators – Franck's baristas spent 2,000 hours educating 4,154 people.

Trends in the world of hot drinks are constantly evolving and this is very much reflected in the Croatian market. We pay special attention to the quality of the beverage obtained in the catering facility, which entails the importance of barista skills. Today, guests are more inclined to choose a café with a skilled barista who will prepare excellent coffee for them, and this is a competitive advantage for every cafe bar owner.

In addition, different ways of preparing coffee, [such as cold-brew or nitro coffee](#), are becoming more and more popular and, accordingly, the program of the Franck Barista Academy is constantly being developed and adapted. Today, the Franck Barista Academy has different training programs and modules, depending on the needs of each catering facility and the previous knowledge and skills of the staff.



WATCH THE VIDEO

Corporate social responsibility

FRANCK BARISTA CONTEST (FRANCK BARISTA REGIONAL COMPETITION)

Franck has been organizing a regional barista competition for four years in order to raise the bar in the quality of espresso and other coffee beverages and to support partners in the HoReCa channel by investing in the further development of the barista scene and knowledge. The competition tests the ability and skill of competitors in the preparation of various coffee beverages, and each year, an average of 50 competitors from almost 15,000 partner venues from the region participate.

FRANCK BARISTA CLUB

In 2019, the Franck Barista Club Award was presented and awarded for the first time to promote excellence in hospitality. Franck Barista Club is a system of evaluating and rewarding the best partner catering facilities for the quality of beverages prepared and served to their guests. Over the course of several months, a total of 31 nominated venues were evaluated using the mystery guest method based on the criteria such as the quality and presentation of espresso and other coffee and tea beverages, equipment maintenance, guest service, etc. The award, which serves as a guarantee of top-notch coffee to the guests, was given to the best venues – a total of 17 venues from 10 Croatian cities.

INTERNATIONAL COFFEE DAY

In order to promote the culture of coffee, Franck popularized the [International Coffee Day](#), which is celebrated on October 1, through various activities over the years in which company actively involves its business partners, coffee experts of various profiles and consumers. Over the years, Franck's numerous HoReCa partners have joined the celebration with their initiatives and activities to mark the occasion. One of the important goals of the International Coffee Day is to raise public awareness of the importance of empowering and supporting small coffee farmers in implementing sustainable practices.

”

We are focused on excellence in the preparation and top quality coffee served in venues. To this end, we conduct a comprehensive training program as part of our barista academy. We place special emphasis on improving barista skills and creativity and ultimately building a new generation of top-notch connoisseurs and experts for the preparation of espresso and other beverages based on coffee and tea. As part of this program, we regularly hold a regional barista competition to further popularize the role and importance of barista knowledge, which has become increasingly important in our country in recent years.

Frank's team of professional baristas



11h - 13h

Kvalifikacije za Franck regionalno barističko
natjecanje / Franck regional barista contest
- Qualifications

Fra

9h - 21h

erved



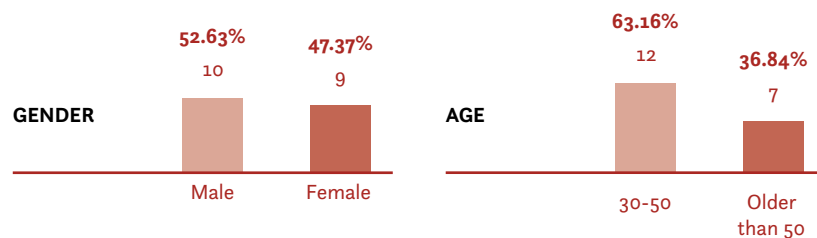
WATCH THE VIDEO



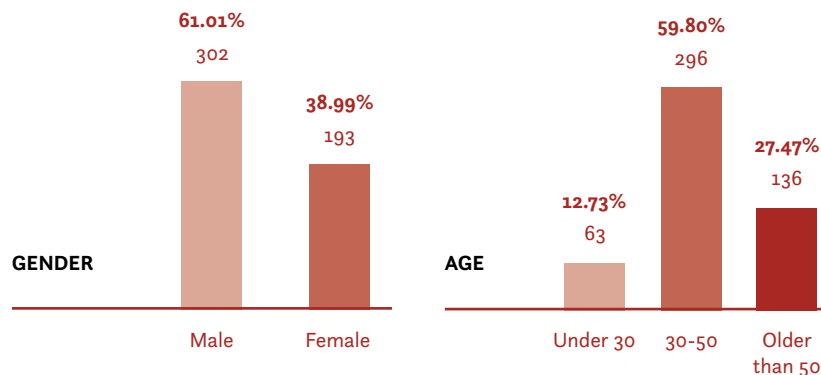
Diversity and equal opportunities for all

Franck's employees represent a big team that develops and nurtures a corporate culture of mutual support and cooperation, as well as respect and open communication. Franck respects, promotes and nurtures diversity as a source of talent, creativity and innovation, creating an atmosphere of understanding and acceptance. All Franck employees have equal rights and opportunities, and a clear anti-discrimination system has been established that allows employees to report all forms of discrimination easily and securely. In 2019, there were no cases of discrimination in Franck.

PERCENTAGE OF INDIVIDUALS WITHIN THE ORGANIZATION'S GOVERNANCE BODIES IN EACH OF THE FOLLOWING CATEGORIES:



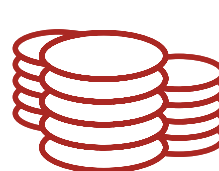
PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY IN EACH OF THE FOLLOWING DIVERSITY CATEGORIES (ALL EMPLOYEES IN CROATIA – DECEMBER 31, 2019; 495 EMPLOYEES OVERALL):



40% of Franck's team consists of millennials



3.6% (18 people) of Franck's team consists of persons with disabilities



41%

The average gross salary at Franck is 41% higher than the average gross salary in Croatia





FIGHT AGAINST CORRUPTION

By signing the anti-corruption statement or the contract containing the anti-corruption clause, Franck guarantees to every business partner who requests the signing of such a statement, i.e. the contract, that company does not support or encourage any form of corrupt practices in its business. Franck has a zero-tolerance rate for corruption. In 2019, there were no cases or reports of corruption cases at Franck.



Corporate social responsibility

Franck for a better community

The development of the community in which Franck operates is ensured by recruiting the local population, by using development projects and through sponsorships and donations to numerous sports, cultural, educational, humanitarian and other socially beneficial activities.

Within Franck's Corporate Social Responsibility program, valuable projects of various non-profit organizations are supported through financial and commodity funds. The categories that are sponsored and supported are important for the development of society as a whole, and they include sports and physical activity, science and education, environmental protection and the sustainability of the supply chain, professional meetings and conferences, and humanitarian projects.

There are three key principles in the allocation of funds and decisions on the financing of activities relevant to Franck: excellence, impartiality and equality of procedure, and the prevention of conflict of interest.



FRANCK SPONSORSHIPS AND PARTNERSHIPS IN 2019, BY CATEGORIES:

SPORTS	The Croatian Ski Association and Snow Queen Trophy, Croatia Open Umag tennis tournament – ATP Plava laguna, Trčaona running school, i.e. "Active Life" Sport and Recreation Center, which is the organizer of the Zagreb Night Run in which Franck employees regularly participate, FC Dinamo Zagreb
TOURISM, CATERING AND GASTRONOMY	JRE Croatia – Jeunes Restaurateurs, Chef's stage, R'n'B Weekend festival and Croatia Boat Show Split
WOMEN IN ENTREPRENEURSHIP	Women in Adria, International Women's Club Zagreb, TEDx Women and TEDx TWISTER in Zagreb
EDUCATIONAL INSTITUTIONS	Faculty of Economics & Business, University of Zagreb, The Zagreb School of Economics and Management, Faculty of Food Technology and Biotechnology, University of Zagreb
CONFERENCES AND MEETINGS	Adria Hotel Forum, The Croatian Association of Communications Agencies (HURA) , Good Game Global
HELP TO NGOs	Croatian Mountain Rescue Service, Croatian Red Cross, Children's House Zagreb, Caritas of the Archdiocese of Zagreb, Association Mali zmaj, etc.



VOLUNTARY BLOOD DRIVE

For many years, Franck has been promoting and, with the support of its employees, organizing a voluntary blood drive three times a year in cooperation with the Red Cross Society of the City of Zagreb and the Croatian Institute of Transfusion Medicine. On the 2018 Blood Donor Day, the 65th anniversary of the first blood drive in Zagreb was marked, which was held at Franck back in 1953. As a token of gratitude and remembrance of the first blood drive, Franck was awarded the Red Cross Zagreb's Medal of Gratitude. Franck provides all donors with a meal and a drink, as well as the right to one paid day off.



FRANCK'S VOLUNTEER PROGRAM

As part of an ongoing volunteer program, Franck seeks to contribute to the community in which it lives and operates. As part of the responsible business initiative, Franck helped the Dumovec shelter for abandoned animals in the city of Zagreb and the ZOO at the beginning of November 2019. Volunteering activities are focused on environmental protection projects, as well as contribution to the work of non-profit associations. At Franck, giving is an act of solidarity of the society as a whole and a positive civic action which, as a responsible company, it seeks to encourage and wholeheartedly support for the benefit of the team and the community in which it operates.

Corporate environmental responsibility

Corporate activities in the urban area have not only created an obligation of a responsible attitude towards the environment, but have also raised awareness for constant improvements of Franck's high standards in all Franck's activities that have an impact on the environment. Franck has achieved respectable results in environmental protection with the focus on the rational usage of resources and energy.

Franck plans to achieve further improvements of the achieved standards by including environmental protection target parameters in the business plans. The environmental target parameters are in line with the long-term plan to achieve carbon neutrality, energy use exclusively from renewable sources, and complete waste selection.



Strategy for the Development of Packaging Materials (in drafting process)



Rainforest Alliance Certificate™

Franck Superiore Espresso with selected coffee beans from the Rainforest Alliance Certified™ plantations



ISO 50001

Energy management system



ISO 14001

Environmental management system (in process of introduction)

GOALS



2 million HRK



Invested in raising production and energy efficiency in order to protect the environment

10,619 m³



Total water consumption (in all business operations)

3,563 t



Direct, indirect and total CO₂ emissions

Energy efficiency policy

Franck energy management is based on continuous awareness raising and systematic improvement of energy performance according to the implemented standard ISO 50001. Information on energy performance is continuously ensured, as well as the necessary resources to achieve general and individual goals. In addition, procurement of energy efficient products and services and design that improves energy efficiency is supported.

The energy efficiency policy is at disposal to all employees as well as external collaborators with the aim of raising awareness of the need for rational energy use while performing business operations, and familiarizing people with the possibility that they may give their suggestions on how to improve the company's energy efficiency. In order to achieve improvement of the energy management, the energy efficiency policy is reviewed at least once a year and updated as necessary.

When introducing new technologies and working on projects, Franck ensures that its operations and business practices do not have an adverse effect on the environment. In addition, an alert system has been introduced in case of increased water consumption. In order to raise the level of environmental care at Franck to a higher level in the next reporting period, it is planned to introduce the ISO 14001 standard - environmental management system. In order to achieve energy efficiency goals, special action programs are documented which include monitoring of the realization of set goals and programs.



Energy

In late September 2015, Franck successfully made its largest and most significant investment in the reconstruction of the tea production facility and further automation of the coffee production facility. An investment amounting to HRK 20 million was made, and the end result significantly improved production efficiency and flexibility, ensuring the highest degree of competitiveness in the future. During construction, a series of technological innovations were implemented using the highest-quality materials available on the construction market, to ensure the energy efficiency of the entire building, including more than 3,200 m² of a production facility.

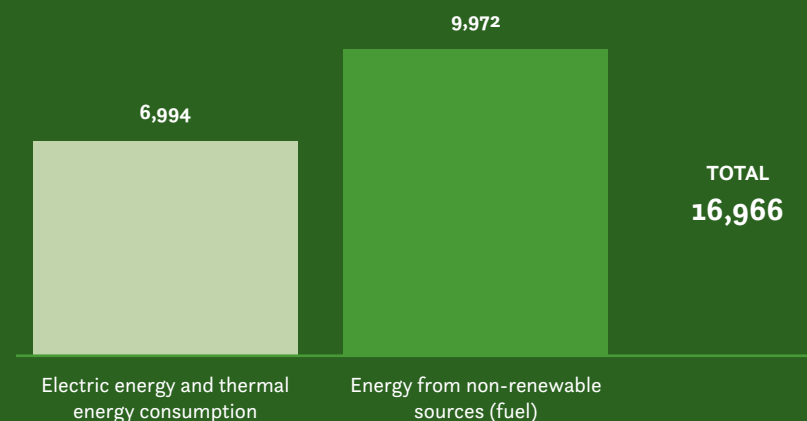
Energy efficiency was improved with the installation of modern LED lighting to create a comfortable working environment and lower electric energy consumption. Also, eight climate control chambers were installed on the roof and a central cooling system, thus fitting the entire building with ventilation and cooling in compliance with advanced technological parameters, in every section of the production facility.

¹ Sources of the conversion factors used are as follows:
 Steam: the conversion coefficient is 1 t = 0.833 MWh (source: HEP Toplinarstvo)
 Fuel: the conversion coefficient is 1 l = 0.85 kg, 1 kg = 42.71 MJ, 1 kWh = 3600 kJ (source: Hrvoje Požar Energy Institute)

TOTAL ENERGY CONSUMPTION AT THE COMPANY IN 2019¹

		MWh
Total fuel consumption from non-renewable sources	Diesel	2,766.26
	Gas	7,206.20
Electric energy consumption	Electric energy	3,614.34
Thermal energy consumption	Steam	3,379.48
TOTAL ENERGY CONSUMPTION		16,966.30

TOTAL ENERGY CONSUMPTION IN 2019 (MWh)



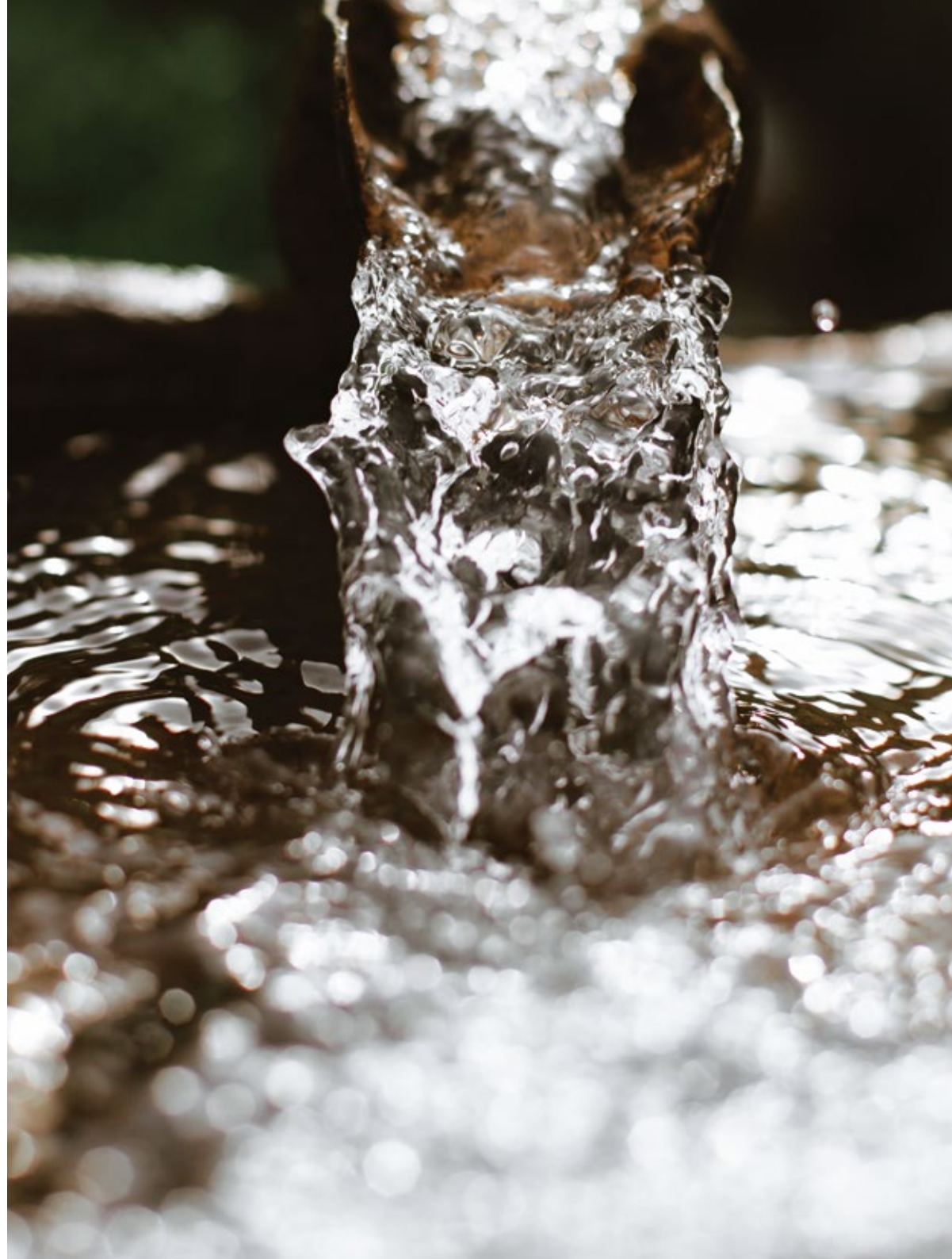
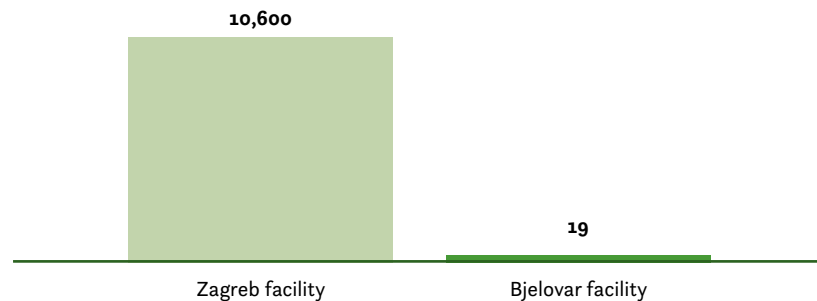
Corporate environmental responsibility

Wastewater

In addition to soil and air, water is one of the most important resources without which life on Earth would be impossible. Through its technological processes, Franck has reduced water consumption by constantly monitoring current water consumption, which shows that the company cares about conserving natural resources. Investments in new technology, adjusting and modernizing processes that use less water, in addition to constantly monitoring and performing analyses in authorized laboratories resulted in a reduction of water consumption.

The water permit specifies the activities and actions that Franck must take in order to manage water use at the company. Accordingly, an external accredited laboratory conducts analyses of sampling and testing of wastewater systems twice a year. Test results from analyses conducted by the external accredited laboratory were within the permitted values. Also, a grease trap is cleaned at two places (along with the tea production facility and the Franck restaurant). All data records are kept and submitted on the prescribed forms to Hrvatske vode. Waterproof testing of buildings for drainage and wastewater treatment is also carried out.

TOTAL WATER CONSUMPTION IN 2019 (m³)



Emissions

Air emissions from stationary sources are monitored, measured and controlled regularly for all parameters that could negatively impact the environment. Over the last five years, Franck has invested more than HRK 2 million in environmental protection.

In accordance with legal regulations, air emissions from stationary sources are regularly measured. The purpose of the air emission measurement is to check compliance with the prescribed thresholds. Based on energy consumption data, the calculation for direct (Scope 1) and indirect (Scope 2) GHG emissions was obtained using the GHG Protocol Corporate Standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) in accordance with the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

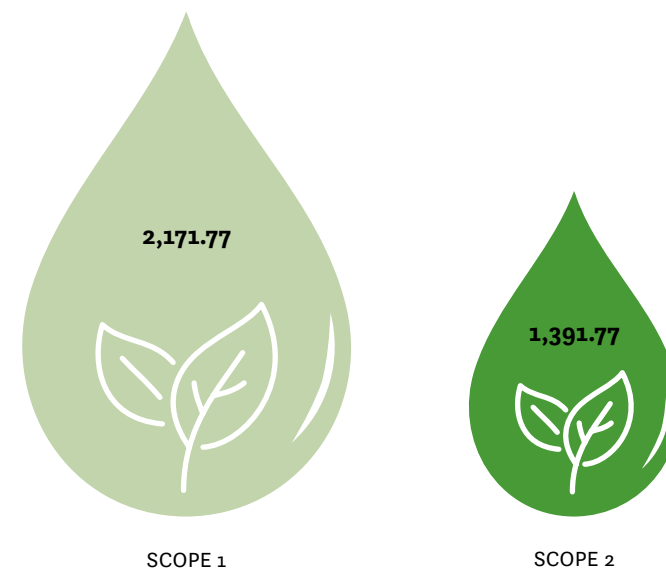
TOTAL DIRECT GHG EMISSIONS (SCOPE 1) IN 2019

ENERGY SOURCE	tCO ₂ e
Diesel (l)	716.41
Gas (TJ)	1,455.36

TOTAL INDIRECT GHG EMISSIONS (SCOPE 2) IN 2019

ENERGY SOURCE	tCO ₂ e
Electric + thermal energy (kWh)	1,391.77

TOTAL EMISSION IN 2019 (t)



Corporate environmental responsibility

Responsible waste management

The majority of waste generated at Franck is recycled or serves as a by-product for the production of other products. Waste is separated and sorted at the site of generation (civic amenity sites at all production locations of the Franck Group where waste is generated).

The Strategy for the Development of Packaging Materials is currently being drafted. It aims to reduce the amount of packaging, but also to gradually transfer all packaging to recyclable materials wherever possible, which will result in material savings and emissions. Franck's goal in the next five-year period of waste management is to achieve efficiency so that a very small percentage is sent to landfills for disposal.

The Environmental Protection Service is responsible for monitoring legislation on waste management and packaging waste, but also for implementing activities and processes. All activities carried out at Vodovodna 20 are in accordance with the applicable legal regulations of the Republic of Croatia in the field of waste management. So far, no non-compliances with legal regulations have been detected at Franck and, accordingly, there have been no cases of fines or sanctions for non-compliance with environmental laws and/or regulations.

Franck Zagreb, a production facility located at Vodovodna 20, is responsible for the part of business that includes waste collection by categories, all in accordance with the applicable Waste Management Act.

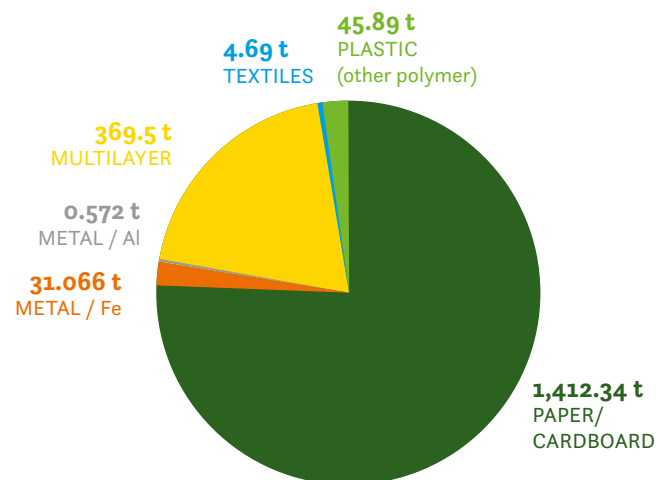
Franck has entered into contracts with authorized collectors for the disposal of all types of hazardous and non-hazardous waste. All non-hazardous waste (mostly paper/cardboard, plastic, multi-layer packaging) is sorted within the production facility and the area where labeled bins for its disposal are located. At the end of the working day, depending on the place where the waste has been produced, the maintenance worker of the factory ground area collects all non-hazardous waste from the production facility and takes it to the factory landfill, located at the production site. As far as hazardous waste is concerned, there is a marked and separate hazardous waste storage facility in which all types of hazardous waste are located, from which an authorized collection company removes and disposes of all hazardous waste.

PACKAGING

Packaging includes anything that has a protective, transport, use, information and environmental function in relation to the product, and must be disposed of or discarded before or during the consumption of the product (content). At that moment, the packaging becomes packaging waste. With the products that Franck puts on the market, a certain amount of packaging is also placed on the market. Through the SAP business system, Franck monitors the quantity of products sold on the territory of the Republic of Croatia, and the quantities of packaging waste are reported to the Environmental Protection Fund on a quarterly basis. The company has launched a project to optimize packaging materials, as well as the development of a plastic management strategy that will be used to reduce the use of packaging materials wherever possible.

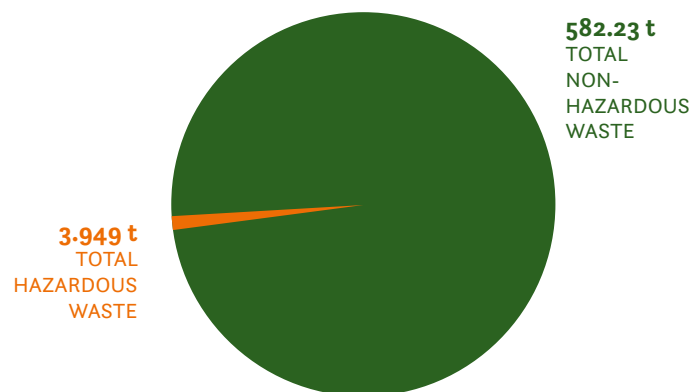
The control and quality of packaging materials used in product packaging are of great importance for Franck in order to ensure a high product quality, smooth production, etc. Every packaging material has a specification defining all physical and chemical parameters which are crucial for Franck's business. Packaging materials which are used must be functional in order to provide the maximum protection of products throughout their lifetime and thus preserve their top quality.

THE AMOUNT OF MATERIALS DELIVERED WITH PRODUCTS IN 2019



Environmental protection at Franck is seen as a multidisciplinary activity that encompasses all the protection processes that are necessary and in the best interest of employees and the environment. During the implementation of activities in the field of environmental protection, the goal is the interactive participation of all employees, regardless of the function and technological process in which they participate.

GENERATED WASTE OF OWN ACTIVITIES IN 2019



GENERATED WASTE OF OWN ACTIVITIES IN 2019

HAZARDOUS WASTE	t	Waste disposal method
Paints and varnishes	0.007	d
Packaging containing hazardous substances	0.137	d
Chemicals - laboratory	0.009	d
Motor oils	0.237	r
Oil filters	0.026	d
Fluorescent tubes	0.06	d
E - equipment + toners	3.473	r
TOTAL HAZARDOUS WASTE	3.949	

NON-HAZARDOUS WASTE	t	Waste disposal method
Materials unsuitable for consumption	214.17	r
Sludge and filter cakes	0.128	d
Paper and cardboard	125.72	r
Plastic	13.42	r
Multilayer packaging	176.32	r
Textile	40.245	r
Tires	0.029	r
Metals	4.98	r
Edible oil and fats	2.8	r
Bulky waste	4.42	r
TOTAL NON-HAZARDOUS WASTE	582.232	

Legend: d - disposal, r - recovery

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IDEAS ARE LIKE LIFE ON PLANET EARTH WHILE»

in coming
Magnum and
photographic approach that is
empathy, honesty, integrity, social re-
sponsibility and thoughtfulness. This ap-
proach can best be described as humanis-
tic photography. But mind you! These five
are no youthful dreamers. They are DOCKS
collective and they not only have the dis-
cipline but also the desire and skill that is needed
to get things done. In
other words, DOCKS
members are photogra-
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