



# BOLDLY CHANGING OUR ENERGY FUTURE

2022 SUSTAINABILITY REPORT



Volunteer Clean-Up Day  
Reno, NV  
May 2022



# TABLE OF CONTENTS

## Growing Our Impact

Letter from Our CEO .....	3
About Franklin Energy .....	4

## Business Highlights

Community Impact Review .....	5
Bringing Customers and Clean Energy Together .....	6

## Our Approach

Sustainability Governance .....	7
Materiality Assessment Results .....	8

## Our Priorities

Ensuring Safety, Health, and Security .....	9
Championing Our People .....	11
Enabling the Clean Energy Transition .....	13
Building Strong Communities and Local Economies .....	15

## Appendices

Progress Towards Goals .....	16
GRI Content Index .....	17
SASB Index .....	18
About Our Carbon Footprint .....	19





Jim Madej, CEO

### Growing Our Impact:

# Boldly Changing our Energy Future

## A Note from the CEO

Reflecting on our difficult yet impressive recent years, I find myself in awe of what Franklin Energy has accomplished. The work we do helps boost local communities while also making a profound impact on a larger scale. When you take a step back to look at annual savings numbers, it's easy to see why our talented experts are so passionate about the work we do every day.

Throughout the COVID-19 pandemic and the years before it, our teams have been digging deep to find the resilience and agility to support our utility partners while continuing to deliver our programs and products safely. And while we delivered on our core programs in the commercial and residential sectors, we also placed a larger emphasis on boosting traditionally underserved communities and advocating for energy affordability. All the while, we have been creating jobs and making innovation-focused investments to broaden the effectiveness of our ever-growing industry.

With sustainability as our North Star, we continue to concentrate on growing our nation's awareness of the most informed environmental, social, and governance (ESG) standards. Through rigorous information gathering and verification, we have worked hard to produce an accurate reflection of where we are on our sustainability journey—while highlighting our opportunities and goals for growth in the coming year.

**NET  
ZERO**  
BY 2025



**Sustainability  
is our  
North Star.**

To say that I'm proud of our accomplishments is an understatement, but I know there is more to be done. Local and federal funding for clean energy initiatives is ramping up, climate change effects are at an all-time high, and emerging technologies are threatening to leave low- to moderate-income communities behind if not managed properly. Now more than ever, it's important to continue making significant steps forward as we boldly change our energy future.

Jim Madej, CEO

## Growing Our Impact:

# About Franklin Energy

The way we use energy is changing, and Franklin Energy Services, LLC, is at the forefront of this monumental transition. Headquartered in Port Washington, WI, with offices across the United States, we deliver innovative energy management resources to utilities, municipalities, businesses, and customers across the nation. From electric vehicles and building decarbonization to the advent of the smart home, we stand ready to support our clients in today's steady stream of energy evolution and innovation across the industry.

But change doesn't happen overnight. That's why we've been working nonstop for almost 30 years to reverse the effects of climate change, support utilities' energy efficiency goals, and build a net-zero carbon world for the next generation. Through our products and services, we believe in delivering a brighter future where cities are electrified, clean energy and water are affordable for everyone, and career opportunities abound.

**Franklin Energy is proud to be a leader in the clean energy transition.**



### Our purpose:

To boldly change our energy future.

### Our values:

#### We inspire.

We empower every customer with smart, affordable, carbon-reducing energy solutions.

#### We innovate.

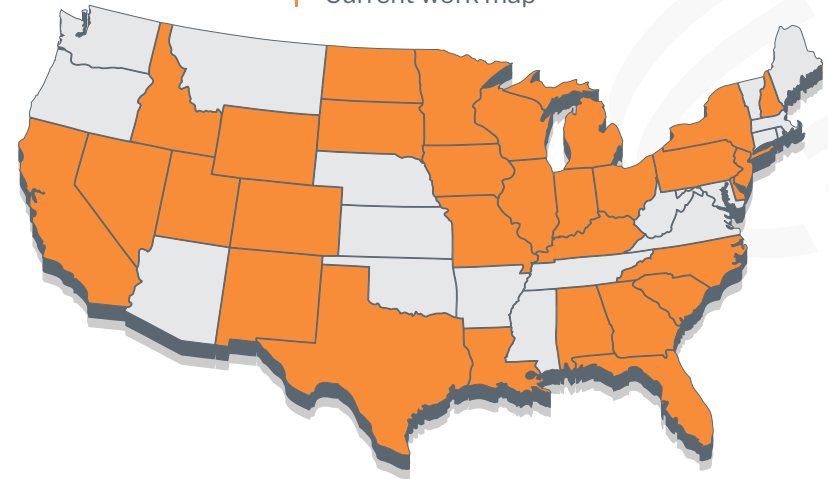
We introduce new ideas to build strong communities and local economies free from the effects of climate change.

#### We are inclusive.

We work in a safe, diverse, and collaborative culture to solve the complexity of long-term energy management and equity.

Over **1,100** full- and part-time employees 33 offices

Current work map



### What we do:

#### Services

With decades of industry experience and a nationwide team of passionate energy experts, we're proud to offer a broad variety of innovative solutions for our utility clients.

#### Products

Through our products division, AM Conservation, we offer the industry's leading manufacturer and distributor of energy- and water-efficient products under one roof, uniquely positioning us to fulfill any project or program quickly and cost-effectively from start to finish.



## Business Highlights:

# Community Impact Review

In 2021:



WE DISTRIBUTED MORE THAN  
**\$168 MILLION**  
in energy efficiency  
incentives to customers



WE DISTRIBUTED  
**\$28 MILLION**  
in incentives to  
low-income customers



OUR WORK THROUGH OUR  
CLIENT UTILITIES RESULTED  
IN THE REDUCTION OF  
**1.6 MILLION**  
metric tons of  
carbon dioxide



MORE THAN  
**3,500**  
**NEW JOBS**  
were created from  
our work



OUR 1,100  
EXPERTS SERVED OVER

**3.2 MILLION**  
**CUSTOMERS**



ACROSS THE US,  
OUR PROGRAMS  
IN LOCAL COMMUNITIES  
CREATED ECONOMIC  
ACTIVITY WORTH  
**\$712 MILLION**

Over the lifetime of the water- and  
energy-efficient measures we installed in 2021,  
our clients and utility customers will save:



**22 BILLION kWh**  
equivalent to powering  
over 170,000 homes each year



**1.6 BILLION therms**  
carbon equivalent to taking more than  
144,000 cars off the road each year



**48 BILLION gallons of water**  
equivalent to 73,000 Olympic-sized swimming pools

## BUSINESS HIGHLIGHTS: BRINGING CUSTOMERS AND CLEAN ENERGY TOGETHER

# WAYS WE'RE CHANGING OUR ENERGY FUTURE



### State Energy Office Introduction

Following the passage of unprecedented federal funding, Franklin Energy utilized our nearly 30 years of experience designing and implementing large-scale residential and commercial energy efficiency and clean energy programs to welcome state energy offices nationwide. Our state energy office programming emphasizes the state's role as the decision-maker and administrator for environmental program activities, with programs tailored to their unique resources, delivery capacity and energy goals.



### Income-Qualified Solutions

In 2021, our residential services teams completed 424 whole-home retrofit projects for low- to moderate-income customers on behalf of a non-profit corporation in Delaware. Working with community-based organizations, our teams identified communities with the greatest need and coordinated projects with the greatest impact. The result was an average of 0.37 kW and 2,204.79 kWh in annual savings per project and increased customer engagement.



### Solar Installation Enhancement

Our products division, AM Conservation, began engaging with solar installers across the country. Through a completely customizable products kit—which could include anything from smart lighting products to water-saving showerheads to advanced power strips to Google Nest smart thermostats—we have begun helping solar installers cut customer acquisition costs, increase customer retention, and more. Early kit pilots have increased customer pull-through by 10% and customer acquisition by 15%.



### Workforce Education and Training

In 2021, Franklin Energy focused on increasing our commitment to social equity and working with traditionally underserved communities. Through our workforce education and training initiatives, we led the development of a new community college energy efficiency degree program in the California Statewide Community College System. Working closely with underserved communities, our teams broke new ground by creating pathways for high school seniors to enter the clean energy workforce as an alternative to traditional four-year college.



### Multifamily Innovation

We completed over 600 projects in affordable multifamily housing in 2021, providing health and safety measures to remove energy efficiency barriers for income-qualified customers. We worked alongside a diverse partner organization to utilize strategic energy management (SEM) techniques, improving residents' indoor air quality and overall comfort. Together, these innovations improved energy equity throughout the country by providing traditionally underserved multifamily households with clean energy opportunities while supporting growth for community-based, minority-owned businesses.



### Reimagined Utility Marketplaces

In a quest to drive product sales and increase customer engagement and satisfaction, Franklin Energy developed a first-of-its-kind utility marketplace in 2021. Hundreds of hours spent in innovation workshops and sprint work with our utility clients led to an all-in-one approach to products, services, and projects. We expanded our existing offerings to fully support customer purchases of major household projects, in addition to standard products commonly offered through online stores, direct installation support, program enrollment, and education.



### Award-Winning Education Programs

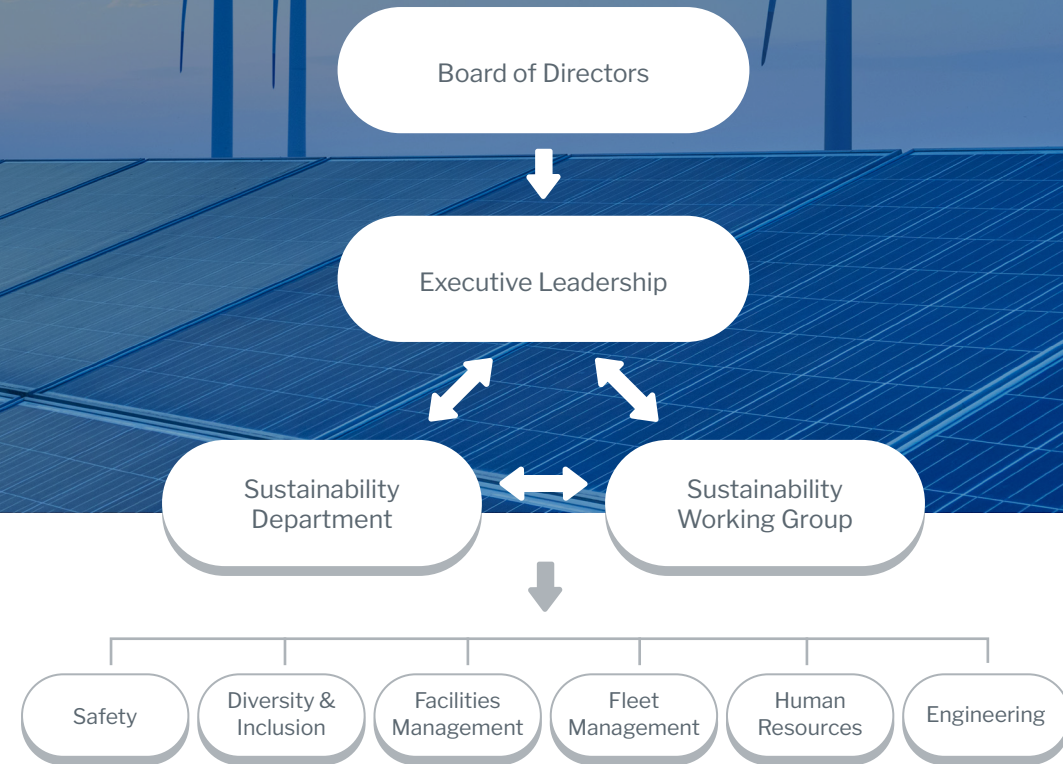
In 2021, we worked with elementary schools across the country to educate students about energy efficiency and water conservation, while providing families with vital efficiency measures to produce immediate residential savings. Our award-winning education programs encouraged behavior change and helped reduce energy and water consumption in nearly 1 million households.

**Our Approach:**

# Sustainability Governance

We have structured our sustainability governance to include all levels of the company, and every employee and function. In this manner, sustainability is embedded in all our practices and the decisions that we make.

- 1. Board of Directors** provides oversight to sustainability issues.
- 2. Executive Leadership** is responsible for successful execution of Franklin Energy’s sustainability function.
- 3. Sustainability Department** is responsible for setting sustainability priorities and targets, for tracking data and reporting against these targets, and for working with business leaders across the company to integrate sustainability into business practices.
- 4. Sustainability Working Group** is comprised of employees from across all aspects of the organization. They provide input and guidance from their respective functional areas and advocacy for sustainability efforts.
- 5. Functional Business Leaders** provide data and other information required for sustainability tracking and reporting and are the experts who deploy the innovation needed to meet our ambition and targets.



## Sustainability Reporting

With sustainability fully integrated across our business functions, we have created auditable processes and controls to track and report results in accordance with internationally recognized standards.

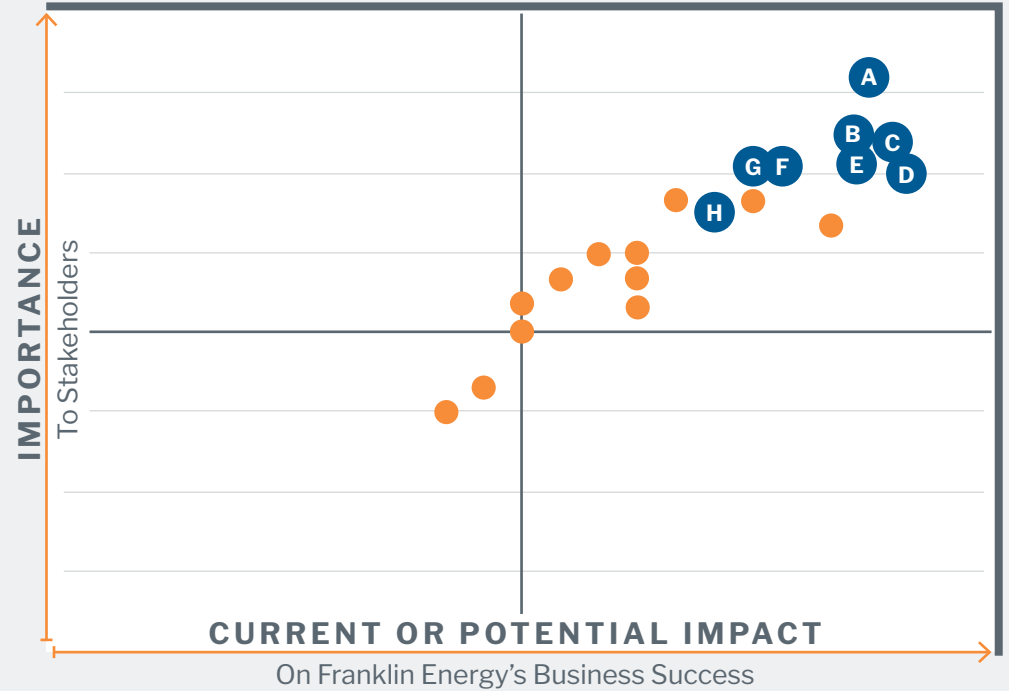
**Our Approach:**

# Materiality Assessment Results

By performing a full assessment of our material issues, we are able to identify and manage key environmental, social, and governance issues. This practice is critical to driving our long-term sustainability strategy and setting meaningful goals to ensure continued improvement.

Our process includes a comprehensive review of our material issues using the Global Reporting Initiative’s (“GRI”) Standards, in which stakeholders from across the company individually provided input on current and emerging issues. This was followed by a robust discussion during which the results were prioritized and finalized.

The risks and opportunities that were identified are grouped into eight categories: economic performance; safety, health, and security; customer privacy; climate change; supplier impact; diversity and equal opportunity; environmental management systems and compliance; and public policy.



MATERIALITY ISSUE	REPORT PRIORITY
<b>C</b> Customer Privacy	<b>Ensuring Safety, Health, and Security</b>
<b>D</b> Safety, Health, and Security	
<b>E</b> Diversity and Equal Opportunity	<b>Championing Our People</b>
<b>B</b> Climate Change	<b>Enabling the Clean Energy Transition</b>
<b>F</b> Environmental Management Systems & Compliance	
<b>A</b> Economic Performance	<b>Building Strong Communities and Local Economies</b>
<b>G</b> Public Policy	
<b>H</b> Supplier Impact	

● Additional Issues Considered



## Our Priorities:

# Ensuring Safety, Health, and Security

At Franklin Energy, we recognize that our people are our most valuable resource. As such, we employ significant measures to ensure every individual's safety, health, and security—both physically and online. While safety has been a core focus of ours for years, we operate under a system of continuous improvement. This includes assessment of new technologies and cyber risks, near-miss and incident reports, and customer and client feedback.



**“Safety is important for many reasons, but first and foremost is the individual health of our experts, clients, and customers. Our safety program is powered by our goal to make all communities healthier, happier, and more sustainable.”**

**Tim Kaddatz, Safety Manager**

## OUR PRIORITIES: ENSURING SAFETY, HEALTH, AND SECURITY



**We work diligently every day driving the performance of our cyber resilience with the sole purpose of keeping data safe and secure.**

**Todd Lutz, Senior Information Systems Director**

### Occupational Health and Safety Management

We voluntarily operate under an occupational health and safety management system that adheres to OSHA, state, and local laws. This system applies to all employees—both program staff who work directly with our clients as well as our support staff. To ensure compliance, program staff are required to complete ten safety trainings each year while support staff must complete five.

### Cybersecurity Measures

Our information technology team takes identifying and addressing data security and privacy risks seriously. We employ firewalls, IDS/IPS, SIEM tools, user behavior analytics, anti-virus and malware detection, and content monitoring and filtering on all endpoints and network gateways. Additionally, all employees and contractors are subject to background checks and ongoing information security training to ensure they can identify cyber threats.

In the case of a data security event, our incident response (IR) team is responsible for employing our IR Plan within 24 hours. This comprehensive strategy includes monitoring, detection, analysis, containment, eradication, and recovery.

Our organization is in a unique position to collect and utilize sensitive customer data for a variety of purposes. We support all industry best practices for providing information security safeguards for all company and client data.



#### GOAL

Provide Automated External Defibrillators (AEDs) and training protocol to our four largest facilities


Offer first aid and CPR training at no cost to employees

Meet or exceed 95% participation for safety training sessions

Accurately track and report safety metrics


Require all employees to complete data security training

#### 2021 STATUS

 In progress. AEDs are installed and operational at our two warehouses. Two more will be installed this year as offices reopen.

 In progress. Training rollout has begun.

 Achieved 99% training participation.

 Achieved by reporting to NSF and OSHA as required.

 Achieved. All employees are required to complete the training, "Privacy and Information Security," each year.

**Our Priorities:**

# Championing Our People

Championing our people means we are committed to creating the best place to work for our employees and making a meaningful difference in the communities we serve by engaging with diverse suppliers and partners. We know people are our most valuable assets, and our continued success and growth are directly related to our ability to attract, enable, develop, and retain diverse and innovative talent.



Franklin Energy employs **1,178\*** experts across the US

(\*headcount as of 12/31/21)

**Franklin Energy at a Glance:****Employee Base**

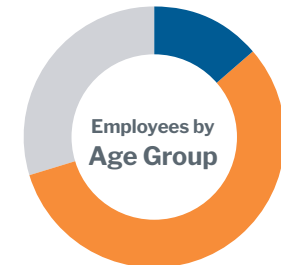
**28%** Ethnic Minorities | **34%** Women

**Extended Senior Leadership Team**

**14%** Ethnic Minorities | **43%** Women



- 69% ● White
- 11% ● Hispanic or Latino
- 11% ● Black or African American
- 3% ● Asian
- 3% ● Indigenous or Native American



- 13.5% ● under 30
- 57.3% ● 30-50
- 29.2% ● over 50

**Employees by Type**

- 1,163 ● Full-Time Employees
- 1,020 ● Permanent Employees
- 158 ● Temporary Employees
- 15 ● Part-Time Employees

**“Building an inclusive culture that welcomes varied backgrounds, experiences, thought processes, skills, and education levels is critical to how we operate as an organization, and it is equally important to our clients.”**

**Mark Sebree, Director of Diverse Sourcing and Inclusion**

## OUR PRIORITIES: CHAMPIONING OUR PEOPLE

### Training and Education

We cultivate our expert culture by investing in our employees and providing a supportive environment designed to encourage all employees to pursue their professional goals and career objectives through training and advancement. Developing our employees' careers is an investment in both our employees and the future of Franklin Energy, resulting in increased job satisfaction, internal promotion opportunities, and higher retention rates.

We encourage and support continuing education by offering onsite, third-party, and on-demand digital learning to enhance job- and management-related skills and provide opportunities for employees to attend job-related conferences and seminars. By offering and encouraging a variety of educational opportunities, we help our employees develop skills to be effective in their current roles and well-prepared for future roles. Our multi-faceted

approach addresses a wide range of employee and organizational needs across many different learning styles, locations, and business challenges.

### Diversity and Equal Opportunity

Our company and culture are as diverse as our customers because we know this is the key to becoming a more successful organization.

**97.3%**  
of our eligible  
employees completed  
a performance  
review in 2021

Diversity helps us find new viewpoints and is a driving force behind creative ideas and innovations. We recognize that diversity and equal opportunity are an ongoing journey, and we are dedicated to driving meaningful action as we cultivate an even stronger, more inclusive, and diverse culture within the workplace and the communities we serve.

We are committed to supporting the local communities where we live and work. Increasing the reach and influence of women-owned and multicultural vendors strengthens our resolve to build a diverse workforce at all levels.

### Workforce Diversity and Engagement

Through employee engagement initiatives like single-day events and month-long celebrations, as well as external recognition like podcasts, presentations, and blogs, we continue to build and strengthen our inclusive

culture. Our inclusivity initiatives start on the inside. Through a steady routine of employee listening sessions, executive sponsorship meetings, and an employee-led roundtable, we provide opportunities for our staff to join the conversation and express themselves in a safe environment.

GOAL	2021 STATUS
Create a national supplier and partner development program	Achieved. In 2021, we assisted diverse partners with training and equipment purchases to expand their businesses. Our program is set to expand in 2022.
Prioritize diversity and inclusion in our business operations	Achieved. Diversity and inclusion remain a priority in our business.
Maintain an employee retention rate of 85% each year	Not achieved. We have revised this goal to achieve employee retention rate of 85% by 2024.
Begin a pay equity study and related work to determine where and when we may need to adjust compensation to increase retention, engagement, and market competitiveness	In progress. We are currently in the planning phase, with the full study planned to take place in 2022.
Re-establish an employee discount for purchases of energy- and water-saving products	In progress. Working to set up a portal for employees to easily make purchases.



Beyond employing a diverse workforce and providing opportunities for education and advancement, we put a major emphasis on belonging. Our organization celebrates and appreciates every expert, and we work to foster an environment in which people feel they truly belong.

Adja Ba, Chief Human Resources Officer

**Our Priorities:**

# Enabling the Clean Energy Transition

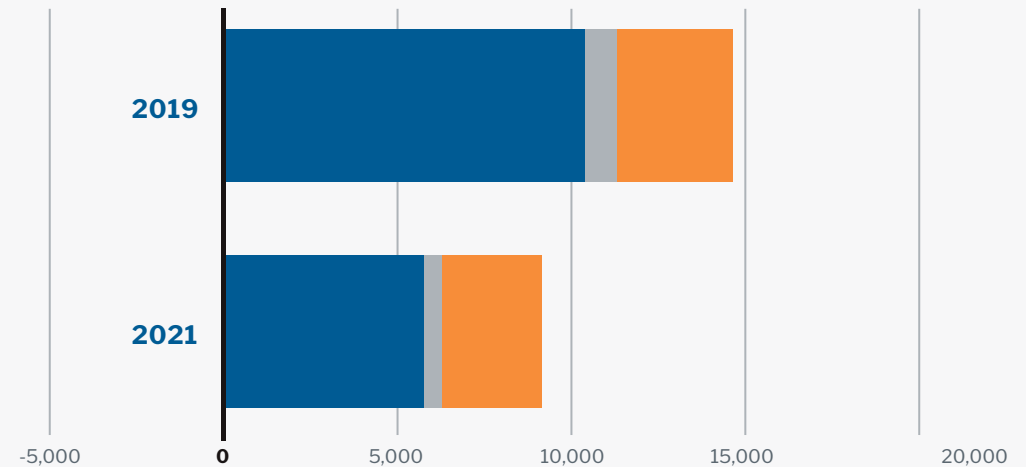
Franklin Energy is proud of going beyond net-zero to produce an overall negative carbon impact. Our work in 2021 will result in lifetime savings of 22 billion kWh of electricity and 1.6 billion therms of natural gas for our clients and utility customers.

This is a net reduction of more than 1.6 million metric tons of carbon dioxide. That doesn't mean we stop looking for ways to do even more. To demonstrate our continued determination to do better, we commit to achieving net zero emissions across Scope 1 and Scope 2 by 2025.

To examine our greenhouse gas emissions and identify opportunities for improvement, we started by calculating our baseline footprint using the year 2019. This year was chosen since it was the last year of normal operations before the pandemic and best represents our typical operations.

We looked closely at where we create potentially negative climate impacts, and we learned that the largest portion of our direct carbon emissions stem from our fleet and purchased electricity for our buildings. At the same time, our indirect emissions also made significant impacts.

## EMISSIONS BY SCOPE



	2021	2019
● <b>Scope 3:</b> other indirect emissions	173,163	236,029
● <b>Scope 2:</b> indirect emissions	498	858
● <b>Scope 1:</b> direct emissions	2,647	3,168

*\*GHG emissions reported in this chart represent data for entities under operational control of Franklin Energy, which is consistent with GHG protocol*

### Reducing Our Impact

2021 showed a large reduction of our greenhouse gas emissions over our baseline due to facility consolidations and a pandemic-driven reduction of office use. Franklin Energy's electricity consumption totaled 1.34 million kWh, of which 96,000 kWh, or 7%, was renewable energy purchased directly from our electric utilities. This is an incredible 39% decrease from our 2019 baseline electricity consumption of 2.19 million kWh.

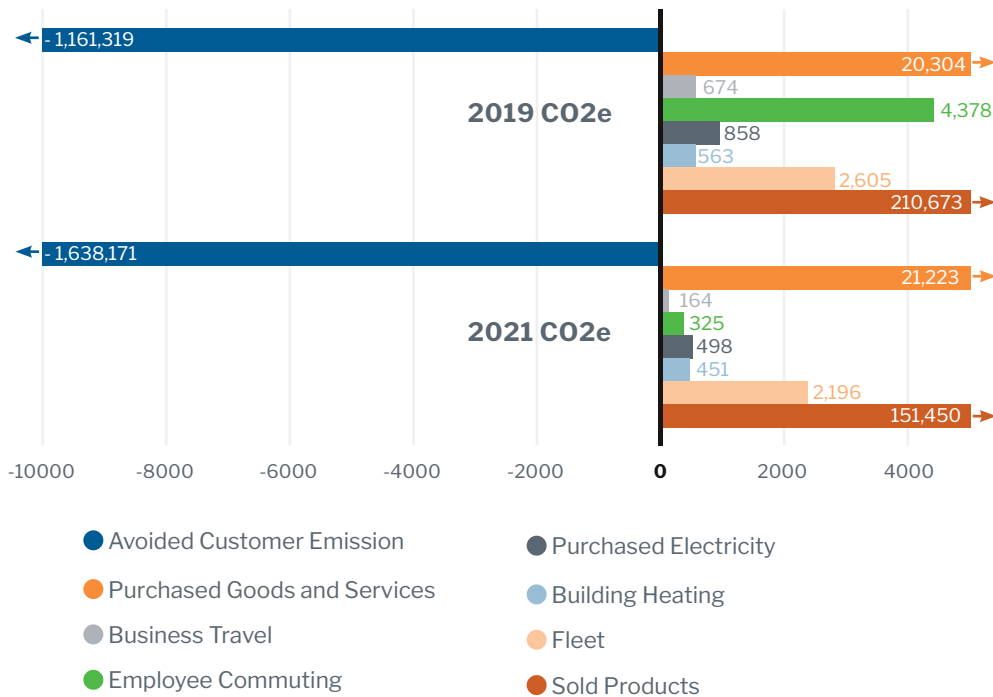
Although some employees are returning to work at our facilities, we learned that remote working options are viable, and we will continue offering this flexibility to much of our workforce. This will continue to reduce both our electricity purchases and our impact from employee commuting. To further address our Scope 1 and Scope 2 impacts, we will continue to consolidate facilities and expand our clean energy purchases wherever possible.

## OUR PRIORITIES: ENABLING THE CLEAN ENERGY TRANSITION

Franklin Energy utilizes a fleet of more than 300 vehicles, which we learned is our largest source of direct emissions (Scope 1). To address this, we are excited to be transitioning to advanced technology electric and hybrid vehicles, whenever possible.

We also increased our tracking and reporting of efficient driving practices. For instance, idle time is now communicated to all fleet drivers to raise awareness and reduce unnecessary emissions from running vehicles.

### EMISSIONS BY SOURCE



As the utility industry’s top provider of end-to-end sustainable energy management solutions, we are proud of our role in enabling the transition to clean energy. Reducing our own footprint is an integral part of our mission.

GOAL	2021 PROGRESS
Calculate our Scope 1, 2, and 3 footprint in accordance with an internationally recognized methodology with results to share in early 2022	Achieved. Results are reported above.
Develop a plan to significantly cut our Scope 1 and Scope 2 emissions	Achieved. We will cut our combined Scope 1 and Scope 2 emissions through continued consolidation of offices, purchases of clean energy wherever possible, and continued fleet transition to electric and hybrid vehicles whenever possible.
Achieve net-zero emissions across Scopes 1, and 2 by 2025	Franklin Energy is carbon negative inclusive of avoided customer emissions. We also commit to be net zero across scopes 1 and 2 by 2025.
Ensure the vehicle class (car, truck, or van) is chosen appropriately for its projected usage	Achieved. We have a process in place to ensure that appropriate vehicles are selected.
Select advanced technology options such as hybrid or electric vehicles when possible	Achieved. Additional EVs have been added to our fleet, with more to come.
Train our employees in efficient driving practices	Achieved. We added vehicle idle time to tracking and reporting for our fleet drivers, along with information on the impacts of idling and ways to reduce this practice.

Franklin Energy has a **net-negative carbon impact**

## Our Priorities:

# Building Strong Communities and Local Economies

While the nature of our work benefits the environment, it also extends to the micro level of individual communities. In 2021, through our utility client work, we created 3,500 local jobs across the United States. We also paid \$28 million in low-income incentives to benefit historically underserved communities.

Due to our work in 2021, Franklin Energy received the Edison Electric Institute (EEI) Prime Leadership Award for exemplary leadership in diverse supplier inclusion, outreach, and mentoring in their supply chain.



As we continue to grow our business and its positive impact on communities, we are in the process of finalizing a formal Supplier Code of Conduct for managing explicit environmental and social criteria. Furthermore, we have begun surveying our suppliers to gauge their approaches toward environmental and social issues. The first survey was taken in 2021, and we will continue gathering this important information as we move forward. Aligning with

organizations whose goals match our own is of utmost importance to us as we drive our mission forward.

To help build stronger communities, we have expanded our current volunteer practices to provide each employee with a paid day-off for community service each year. We not only want our work to directly impact local communities, but we encourage our employees to do their part to better the environment in which they live.

GOAL	2021 PROGRESS
Continue to grow our business and its positive impact on communities	✔ Achieved.
Establish a formal Supplier Code of Conduct and use it to measure and manage explicit environmental and social criteria	⋯ In progress. Draft is in review and expected to be finalized in 2022.
Begin to survey suppliers for environmental and social issues by the end of 2021	✔ Achieved. An initial survey has been completed and we are exploring ways to implement ongoing assessment of supplier practices.
Expand our current volunteer practices to include a paid day-off for community service for each employee	✔ Achieved.



## APPENDIX: PROGRESS TOWARDS GOALS

	Timeline	2021			2022		
		Planning	In Progress	Achieved	Planning	In Progress	Achieved
<b>Ensuring Safety, Health, and Security</b>							
Meet or exceed 95% participation for safety training sessions	Annually			✓		✓	
Offer first aid and CPR training at no cost to employees	2021		✓			✓	
Provide Automated External Defibrillators (AEDs) and training protocol to our four largest facilities	2021		✓			✓	
Accurately track and report safety metrics	Annually			✓		✓	
Require all employees to complete annual data security training	Annually			✓		✓	
<b>Championing Our People</b>							
Create a national supplier and partner development program	2021			✓			✓
Prioritize diversity and inclusion in our business operations	Annually			✓			✓
Maintain an employee retention rate of 85% each year	Annually		✓				
Increase employee retention to 85% by 2024	2024					✓	
Begin a pay equity study and related work to determine where and when we may need to adjust compensation to increase retention, engagement, and market competitiveness	2022	✓			✓		
Re-establish an employee discount for purchases of energy and water saving products	Annually		✓			✓	
<b>Enabling the Clean Energy Transition</b>							
Calculate our Scope 1, 2, and 3 footprint in accordance with an internationally recognized methodology with results to share in early 2022	2021		✓				✓
Develop a plan to significantly cut our Scope 1 and Scope 2 emissions	2021			✓			
Achieve net zero emissions across Scopes 1 and 2 by 2025	2025					✓	
Ensure that the vehicle class (car, truck, or van) is chosen appropriately for its projected usage	Annually			✓		✓	
Select advanced technology options such as hybrid or electric vehicles when possible	Annually			✓		✓	
Train our employees in efficient driving practices	Annually			✓		✓	
<b>Building Strong Communities and Local Economies</b>							
Continue to grow our business and its positive impact on communities	Annually			✓		✓	
Establish a formal Supplier Code of Conduct and use it to measure and manage explicit environmental and social criteria	2022		✓			✓	
Begin to survey suppliers for environmental and social issues by the end of 2021	2021			✓			✓
Expand our current volunteer practices to include a full paid day of community service for each employee	2022			✓			✓



## APPENDIX: GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	REPORT LOCATION
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	About Franklin Energy
	2-2 Entities included in the organization's sustainability reporting	Enabling the Clean Energy Transition
	2-3 Reporting period, frequency and contact point	Appendix 2: GRI Content Index
	2-4 Restatements of information	N/A
	2-6 Activities, value chain and other business relationships	N/A
	2-7 Employees	About Franklin Energy
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Materiality Assessment Results
	3-2 List of material topics	Materiality Assessment Results
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-2 Significant indirect economic impacts	Building Strong Communities and Local Economies
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Enabling the Clean Energy Transition
	302-2 Energy consumption outside of the organization	Enabling the Clean Energy Transition
	302-4 Reduction of energy consumption	Enabling the Clean Energy Transition
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Enabling the Clean Energy Transition
	305-2 Energy indirect (Scope 2) GHG emissions	Enabling the Clean Energy Transition
	305-3 Other indirect (Scope 3) GHG emissions	Enabling the Clean Energy Transition
	305-5 Reduction of GHG emissions	Enabling the Clean Energy Transition
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Ensuring Safety, Health, and Security
	403-5 Worker training on occupational health and safety	Ensuring Safety, Health, and Security
<b>GRI 405: Diversity and Equal Opportunity 201</b>	405-1 Diversity of governance bodies and employees	Championing Our People

Franklin Energy has reported the information cited in this GRI content index for the period January 1, 2021 to December 31, 2021 with reference to the GRI Standards. GRI 1: Foundation 2021

## APPENDIX: SUSTAINABILITY ACCOUNTING STANDARDS BOARD REFERENCE TABLE

Below is a table referencing Franklin Energy's public disclosures to the Sustainability Accounting Standards Board's ("SASB") Professional & Commercial Services Industry standards. The far-right column represents where you can find more information on each of these topics.

Topic	Accounting Metric	Code	Response
<b>Data Security</b>	Description of approach to identifying and addressing data security risks	SV-PS-230a.1	Ensuring Safety, Health, and Security
	Description of policies and practices relating to collection, usage, and retention of customer information	SV-PS-230a.2	Ensuring Safety, Health, and Security
<b>Workforce Diversity &amp; Engagement</b>	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	SV-PS-330a.1	Championing Our People
<b>Hardware Infrastructure Energy &amp; Water Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CG-EC-130a.1	Enabling the Clean Energy Transition

For questions about this report, contact [sustainability@franklinenergy.com](mailto:sustainability@franklinenergy.com)

Activity Metric	Code	Response
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	SV-PS-000.A	Championing Our People

## About Our

# Carbon Footprint

Franklin Energy calculates our Scope 1, Scope 2, and Scope 3 emissions according to the Greenhouse Gas Protocol and reports our impacts with reference to the international GRI and SASB standards. The direct impact of our operations (Scope 1 and Scope 2) are relatively straightforward and equate to 3,144 metric tons of carbon equivalent in 2021.

Scope 3 impacts are more complex and include business travel, employee commute, and purchased products and services. In 2021, we worked to develop a SKU-level estimation of the carbon impact of the more than 400 products that we sell through AM Conservation, including their purchase, distribution, use, and disposal. With more than 2,500 SKUs, this added up to a total carbon equivalent of 151,450 metric tons.

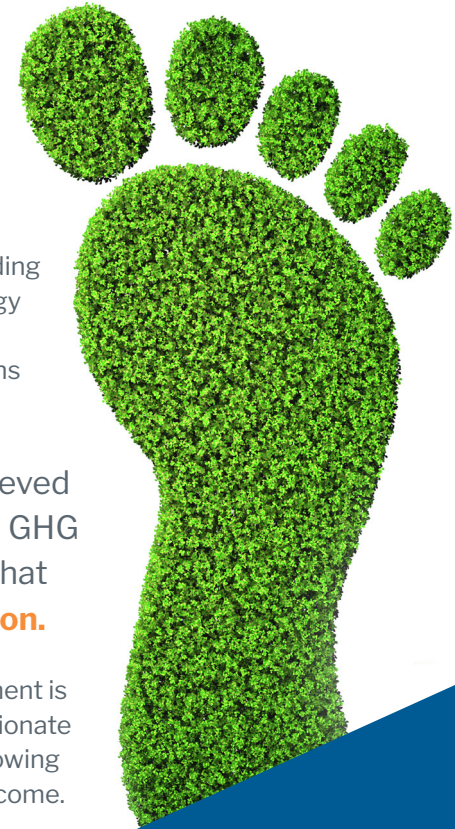
The energy-saving work completed by Franklin Energy does not fit into any specific category provided by the GHG Protocol, although there is clear evidence of a climate benefit. For example, when factoring the replacement of products such as incandescent lighting and standard showerheads, we estimate use-phase reductions of over 1.6 million metric tons of carbon equivalent. This more than offsets not only the upstream and disposal impacts of our product portfolio, but the rest of our carbon impacts, too.



Although carbon accounting continues to improve, it has not yet evolved to include industries like ours, which are not simply providing products and services that consume less energy but are removing higher energy-consuming products and replacing them with better options that directly result in avoided emissions.

Although the avoided emissions achieved by the work we do are not included in GHG accounting, we are still proud to say that **we are a carbon-negative organization.**

Our continued positive impact on the environment is one of the key reasons our experts are so passionate about the work they do. We look forward to growing this impact even more significantly in years to come.



**“We have taken significant strides to reduce our carbon impact, but we’re not done yet. I look forward to Franklin Energy continuing to blaze the trail for our industry in the years to come.”**

**Bridgid Lutz, Director of Sustainability**