

Framework : CR



Communicating **Results**, Delivering **Value**



About this report

This is Framework:CR's first corporate responsibility report, issued July 2007, for the reporting period January–December 2006. We have applied the 2006 Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3) in developing this report. A GRI content index is available on our website at www.frameworkcr.com/GRI2006.

We are a fraction of the size of our smallest corporate client. Our indirect impacts—namely, our ability to influence positive change by raising awareness and providing strategic counsel—far exceed our company's direct operational impacts. As a result, our reporting looks quite different from that of our clients and most large businesses. We focus on how our work and our relationships with our clients, employees, alliance partners, and other stakeholders can accelerate transparency, accountability, and ultimately, the emergence of a more sustainable society. We also examine the issues of greatest importance to our business and to our stakeholders, as determined through a materiality analysis supported by formal stakeholder surveys and informal stakeholder input, including one-on-one conversations, project debriefings, and weekly staff meetings.

This report is predominately narrative in structure. We have included initial goals and targets and will establish more throughout the year. We have assembled the data points for core GRI indicators using the GRI indicator technical protocols; we present these indicators in the online GRI content index. We will use the information in this report and in the GRI content index as our baseline, from which we will track our progress on an annual basis.

To view the GRI content index and our annual performance updates, which will be published beginning in the spring of 2008, please visit our website, www.frameworkcr.com. We expect to publish our next full report in May 2009.

We encourage you to contact us with your comments or questions.

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GRI G3 Application Level A



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Founder's message

To our stakeholders:

This, the publication of our first sustainability report, has been more challenging than I had imagined. After all, we are experts in corporate responsibility reporting and communications. We work with some of the largest companies in North America to communicate their efforts to be more sustainable and responsible. We have made a name for ourselves by critiquing others' reporting efforts.

Yet we do not practice everything we preach. For example, while we advocate complete transparency, we have decided not to disclose certain financial information that may place us at a competitive disadvantage. We criticize other companies for publishing PDF-only reports on the premise that, while this practice may reduce environmental impacts, it limits access and transfers printing costs to stakeholders. Yet as a small company with limited resources, we have opted to make our report available only online. And because we are skeptical of glowing stakeholder comments, we are both pleased by and aware of the irony in the fact that our stakeholders' comments are uniformly positive.

These issues may be insignificant, however, relative to the broader question of whether the work we do—corporate responsibility and financial communications—really makes a difference. Based on our conversations with clients and with others whose reports we have reviewed, we believe it does.

Our clients have said that our involvement in their efforts to communicate responsibility has “sparked serious conversations” within their organizations and spurred them to not only communicate with greater transparency but also integrate sustainability and business strategy. We have moved some clients from a public relations-oriented approach toward significant efforts to engage stakeholders and improve social and environmental performance. We have lobbied our clients for greater disclosure and succeeded, albeit sometimes in ways too small to satisfy us or their stakeholders. Nonetheless, we derive great satisfaction from influencing steps in the right direction.

With knowledge of both our accomplishments and our deficiencies, we have established the following strategic priorities:

To provide high-level guidance that sparks ever greater integration of sustainability principles into business strategy and operations.

To serve an ever-growing client base of top-tier North American companies. Eighty percent of our current clients have revenues ranging from \$1.2 billion to \$18 billion; we began working with more than 40 percent of these clients in 2006. We expect to grow our client

base and revenues by more than 40 percent in 2007. We expect 2008 revenues to triple over those of 2006.

To continue to be thought leaders in our industry.

To advance the practice of corporate responsibility communications and facilitate its integration with financial communications. As practitioners of both financial reporting and corporate responsibility communications, we are uniquely positioned to educate our clients and other stakeholders and to promote the convergence of what are still mainly separate practices.

To continue to provide top-quality service to our clients while creating conditions within our firm that help employees remain engaged but not overwhelmed.

Our industry and our business are affected by economics, changes in laws and international standards, and the public's perception of the role of the corporation in society. As companies are increasingly called upon to account for all aspects of their performance, we believe that our clients profit from our expertise, and so do we.

Our primary challenge is to compete effectively against larger companies with greater resources than ours for both business and top talent. As this report makes clear, we have laid a strong foundation that gives us unique competitive advantages. We will continue to build our reputation among clients, prospective clients, prospective employees, and others in our field through speaking engagements, workshops, alliance partnerships, and our continuing involvement in organizations such as the Global Reporting Initiative (GRI), Net Impact, and the Women's Network for a Sustainable Future.

We appreciate the opportunity to work with our stakeholders, to express our viewpoints, and to grow personally and professionally in such an exciting and world-changing field. We welcome your criticism, questions, and perspectives and pledge to deliver on our promise of excellence, always.

Sincerely,

Kathee Rebernak

Founder and Chief Executive



Our company, our work

Framework:CR is a strategic corporate responsibility and financial communications consultancy.

We offer our clients a broad portfolio of services and tools to enable them to communicate corporate responsibility and financial performance. We conduct evaluations and benchmarking of existing client materials; help clients identify and prioritize issues; and develop, write, and edit reports, newsletters, speeches, web content, and other materials.

Our role as advisors is especially important for companies who are just beginning to address corporate responsibility issues. We support these clients through specific guidance on meeting ever-increasing expectations for transparency and accountability, engaging stakeholders, collecting and managing information, and examining and articulating performance.

We offer a context, a process, and a language that makes our clients' communications efforts relevant and valuable to their stakeholders.



We see effective corporate responsibility communication as a critical management tool. Our familiarity with both financial and corporate responsibility issues, trends, and standards enables us to help clients make the case that expanded environmental, social, and governance communication is a strategic imperative. We have applied our expertise in developing presentations for boards of directors and executive committees, reviewing client responses to SRI (socially responsible investing) and ratings agency questionnaires, and recommending strategies for embedding corporate responsibility messages across all client communications. We serve our clients by tracking trends in disclosure and ensuring that their communications are proactive in meeting stakeholder—including shareholder—information needs.

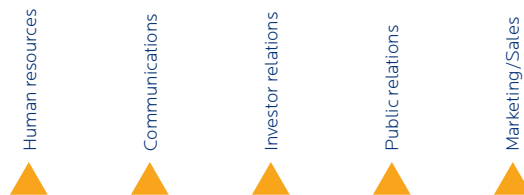
Framework:CR Client Services

Corporate responsibility

- stakeholder mapping
- benchmarking
- materiality analysis
- GRI-based reports, brochures, executive summaries
- web content
- distribution strategy
- internal communications: newsletters, intranet content, training materials, fact sheets, communications packs

Financial

- annual reports
- quarterly earnings releases
- investor and rating-agency presentations
- conference-call scripts
- executive speeches
- web content
- fact sheets and company books



Corporate Responsibility Report

The corporate responsibility report ideally serves as a wellspring of information and strategic messages. By embedding these messages across the entire range of corporate communications, the company can more deeply integrate corporate responsibility awareness and connect with specific stakeholders such as investors, customers, business clients, and new and potential new hires.



Our client relationships

Our commitment to our clients is to

- deliver exceptional value;
- communicate well and often;
- set clear project parameters;
- be transparent about costs and fees;
- charge fair and competitive rates for our services;
- be accountable for our work and promptly correct mistakes or misunderstandings;
- accommodate last-minute requests to the extent possible;
- deliver project work on or before schedule; and
- assiduously adhere to all contract terms, especially those related to the protection of confidential client information.

We expect that our clients will

- keep us apprised of company developments that may affect our ability to perform the services for which we have been engaged;
- allow us a reasonable time in which to perform our services; and
- fairly and timely compensate us for our services.

Client confidentiality and continuity of service. We employ an array of security measures to protect our clients' confidential information. All firm members sign nondisclosure agreements and adhere to our security policy, which covers such topics as regular updating of passwords and acceptable storage of electronic material. We maintain liability insurance and perform background checks as required by our clients. To ensure against interruptions in our services to clients, we have developed a disaster-recovery plan and

maintain offsite backup systems to guard against data loss in case of equipment malfunction or other business interruption.

Seeking feedback to better serve clients. We regularly ask our clients how we can enhance our service offerings, our approach to project management, and our engagement processes. In the fall of 2006 we sought feedback from our clients through a formal online survey. While we had hoped for a higher response rate, clients that responded rated our performance as "excellent" and said that they would recommend Framework:CR to other companies. We will continue to seek client and other stakeholder input both formally and informally.

Challenges

As consultants, we work within limitations that directly affect the outcomes of our engagements. We have advised clients to postpone external communication in situations where data-collection and verification systems, corporate responsibility approaches and strategy, and performance goals and targets were immature. We selectively pursue engagements with companies that we feel are genuinely interested in transparency and responsiveness to stakeholder concerns rather than simply the appearance of responsibility.

Our ability to meaningfully support a communications effort is proportional to the openness of our client relationship. Even before we begin an assignment, we research both client and sector, strive to establish early rapport, regularly communicate progress, and ask for the information we need to do our job well.

Beyond reporting to integration

The stakeholder engagement, research, and data-gathering necessary for robust reporting raise questions about company operations, policies, goals, and objectives. Our clients often find that these questions trigger self-examination and lead to significant changes in how they measure and manage environmental, social, and governance performance.

Sustaining cultural change of this nature requires an ongoing effort. That's why we advocate that clients take their corporate responsibility messages beyond their reports and embed them in an array of internal and external communications. Companies that adopt a broad-based approach to corporate responsibility communication will reach more of their stakeholders, in ways that are meaningful to them, and in doing so will accelerate awareness of and support for the company's corporate responsibility objectives and initiatives.



Inside Framework:CR

Our business depends on the collective action of the firm's members. Our culture emphasizes personal responsibility for getting work done—and done well—while maintaining a relaxed atmosphere that encourages creativity and fresh thinking. We take on new roles and responsibilities with pleasure, seeing them as an opportunity to expand our individual and professional horizons.

We reward contributions to the growth of our firm by offering generous financial incentives for bringing in new business and maintaining client relationships. We foster an ownership mindset by including all employees and contractors in weekly meetings during which we examine strategic directions, discuss current projects, plan business-development efforts, and share ideas for both process improvements and personal development.

We take employee feedback very seriously and make every effort to address legitimate concerns. We conduct performance reviews every six months to discuss workload, address concerns, celebrate achievements, and identify opportunities for training and development. The review process is designed to work both ways: employees are encouraged to offer feedback as to management style, firm culture, office environment, and any other issues that are important to them.

We refuse to base employment decisions on a candidate's ethnicity, gender, age, religion, or sexual or political orientation. We recognize that different people have different strengths and seek out individuals whose strengths complement those of other firm members. We have applied for certification of our status as a woman-owned business and expect to complete the process by September 2007.

Employee health and safety is non-negotiable. We are conscious of office ergonomics and purchase adjustable chairs and other office equipment to support proper posture and reduce eye strain while working with computers. We do not allow employees to place or receive business calls while driving. We close the office and ask employees to work from home when winter storms or other inclement weather events create dangerous road conditions.

As part of our commitment to continuous learning, we fund employee-requested professional development that enhances Framework:CR's capabilities. In 2005, for example, we sent an employee to Oaxaca, Mexico, for a week-long Spanish-language immersion course so that we could better serve our Spanish-speaking clients. Employees that attend conferences or training workshops report back to their Framework:CR colleagues so that the entire firm can benefit from their knowledge.

And our liberal work-from-home policy means that employees feel comfortable logging in from home when suffering from a minor illness such as a cold.

We believe that time spent with family and friends enriches us as individuals, gives us perspective, and replenishes our energies and imaginations. Our office is closed with paid time off between Christmas and New Year's Day, and half-day summer Fridays, telecommuting, comp time, flex time, vacation, sick leave, and office holidays all form part of our work-life equation.

At the same time, we all expect to work additional hours when necessary to meet a tight deadline. We realize that timely service is an important part of the value we deliver to clients, thus exceptional time-management, collaboration, and communication skills are an important part of each employee's core capabilities.

"As a mother of one and a half year-old twins, I have truly benefited from Framework:CR's willingness to provide flexibility in my work schedule. I start work earlier and end earlier, which means that I can spend time with my sons before they go to sleep. And by working from home a few days a week, I save at least 6 hours of commuting time per week." Aleksandra Dobkowski-Joy, Principal

Challenges

Our business is cyclical, with busy periods corresponding to the springtime report release dates most commonly observed by our clients. Although in those times our work-life balance is skewed decidedly in favor of work, we compensate with lighter schedules in the summer, when our workload is lighter.

The call for consulting services is dictated to some extent by the overall economic situation across industry sectors and the nation as a whole. We are accordingly conservative in our hiring and strive to match expected demand with appropriate capacity. We are also sensitive to the stresses working at a consulting firm can bring to employees and focus on maintaining a strong pipeline for new business to minimize uncertainty.

As with all high-performing organizations, we recruit highly skilled individuals. In today's tight labor market, we compete with large corporations that are able to provide benefits packages and other financial incentives that we cannot match. We believe, however, that our unique culture and values, attention to work-life balance, and merit-based reward system levels the playing field—and may even work in our favor.



The Framework:CR community

We do not work in a vacuum. The relationships we build with our clients, alliance partners, employees, and the larger sustainability community determine the success of our business. We emphasize frequent and honest two-way communication with all of our stakeholders. Without it, we could neither produce the quality work that our clients expect from us, and that we expect from ourselves, nor could we realize new opportunities to grow, learn, and refine our services.

Our “local” community expands far beyond the immediate borders of the town in which our office is located. We regularly communicate and collaborate with sustainability professionals and organizations across the country and internationally. Consequently, we benefit from the experiences of individuals working on sustainability issues in corporations, trade associations, nonprofits, universities, and governments all over the world. In turn, we are able to share our expertise with the global sustainability community. For example, we publish articles and report reviews in *Ethical Corporation* magazine and issue a quarterly newsletter devoted to corporate reporting. Framework employees are members of the National Investor Relations Institute and Net Impact. The company itself is an organizational stakeholder of the GRI.

“Ethical Corporation readers have commented on how useful and insightful they find Framework:CR’s reviews. Several companies have changed practices for the better following the publication of a review and have told us the changes were prompted by the review.” Tobias Webb, publisher and editor, Ethical Corporation

We support nonprofit organizations that address sustainability challenges by offering our services on a pro-bono or reduced-rate basis. In 2006 we donated our time and expertise to help the Women’s Network for a Sustainable Future (WNSF) communicate with its constituents by reporting on the annual summit event and advising on website content.

Alliance partners

Our alliance partners are critical to our ability to offer our clients seamless support when our engagements cross into territory best served by other experts. Our partners provide, among other services, design and branding support, data management and

information technology, and environmental assessment and metrics development. In turn, we lend our expertise to their efforts to serve their clients.

“Our ten-years-and-counting collaboration with Framework:CR is grounded in complementary values and skills. What impresses us most about Framework is the company’s blend of business and foresight and the quality of their professional knowledge and thinking. Their ability to move their clients from current models of success in communication to ones more conducive to the future truly shows their leadership in the field.” Dean Alexander, Owner, Alexander Design Associates

We collaborate with our alliance partners to create innovative products and services to address our clients’ needs. One example is our partnership with Enablon, one of the world’s leading providers of software solutions for managing and reporting sustainability performance. In 2007 we will jointly pilot a materiality analysis tool that will help companies identify and prioritize issues to be included in their corporate responsibility communications. We believe this tool provides an elegant and accessible solution to the complicated process of gathering stakeholder data and ranking issues.



Environmental impact

While our environmental footprint is relatively small, we constantly look for ways to further reduce our consumption of natural resources. Our largest impacts come from paper and electricity use in our office and the energy consumption and greenhouse gas emissions related to business travel and commuting¹.

We use technology to limit these impacts. We communicate with clients via email and conference calls, saving our clients' money while cutting down on our own travel time and transportation-related emissions. We print many of our marketing materials on demand. We purchase paper that contains post-consumer recycled content, use lighter-weight paper for office copying, print double-sided whenever practicable, and recycle waste paper to the

extent possible. Several firm members regularly work from home, eliminating greenhouse gas emissions associated with driving.

Challenges

Our careful attention to limiting both business travel and employee commuting has addressed our main sources of greenhouse gas emissions. Because of this, it will be difficult to make further significant reductions in these emissions. In May 2007, we switched to a clean energy provider for our office electricity to minimize greenhouse gas emissions related to power production. We are evaluating whether the purchase of carbon offsets to cover the remaining greenhouse gas emissions resulting from our operations is an appropriate means to mitigate our impact.

Goal	Target
Social	
Compile and update all company policies to create a firm member handbook, to include: <ul style="list-style-type: none"> • code of business conduct and ethics • security policies and procedures • human resources policies and procedures • environmental policy and procedures • health and safety policy and procedures 	Complete handbook by January 1, 2008
Participate in at least one pro-bono or reduced-rate project with a sustainability-oriented nonprofit per year	Identify and begin project by June 1, 2007 ✓
Environmental	
Eliminate carbon emissions associated with electricity sourcing	Switch to green power provider to supply electricity for office use by June 1, 2007 ✓
Evaluate whether to purchase carbon offsets	Identify additional greenhouse gas reduction activities Evaluate offset programs Determine whether to purchase offsets by December 31, 2007
Develop a system to track the use, reuse, recycling, and disposal of office waste	Implement tracking system by January 1, 2008
Establish and implement purchasing policy for office equipment and paper	Develop purchasing policy by January 1, 2008

Note: We intend to establish quantitative goals and targets that cover more of our company operations as we develop and implement formal processes and tracking procedures. Future reports may include goals and targets for employee, alliance partner, and client satisfaction; employee training and development; and environmental performance.

¹Detailed environmental performance data is provided in our online GRI content index at www.frameworkcr.com/GRI2006