

Sustainability Report 2020

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About this report

This is our second annual sustainability report. Our goal is to reveal our continued progress and work on sustainability, as well as our management approaches that support our three primary focus areas: economic value creation, social responsibility and environmental efficiency. This report has been compiled according to the Global Reporting Initiative (GRI) Standards: Core option. You can find the GRI content index at the end of this report.



How we came here

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CEO's greetings

At Framery, sustainability is central to our innovation and strategy work. Our sustainability agenda incorporates economic value creation, social responsibility and the environmental efficiency of our operations throughout our entire value chain. Sustainability is a fundamental part of our company's mission to increase happiness and helps to support our customers' demand for sustainable products, both now and in the future.

Enhancing sustainability during a challenging year

Without a doubt, the Covid-19 pandemic definitely caused quite a few challenges for our business during 2020. That said, it also proved to be a positive year when it came to building up a pretty good kind of resilience in terms of funding and as a company as a whole—and our team was ultimately able to take the hits we confronted last year. All in all, 2020, while very disruptive, did not prove to be as bad as it could have been for us.

Our purchased material volumes and total revenue declined in 2020 due to the global disruption caused by the pandemic, but I note that sales and revenue began to pick up again in the fourth quarter. Our future outlook looks positive and indicates a solid return to growth.

The driver of our future growth

This is our second annual sustainability report. With that firmly in mind, I am proud of the fact that we signed up for the Science Based Targets initiative during 2020, and our overall sustainability work across our entire value chain continued strongly even amidst the multiple challenges and disruption that impacted us, both as individuals and as a company. Framery also remains committed to the United Nations Global Compact (UNGC) –to adopt and implement sustainable and socially responsible policies– and will continue to advance the goals of the Global Compact through our actions.

During the year, we completed multiple projects that had sustainability as their primary focus. Our new circular economy business model, named 'Framery Subscribed' was successfully

implemented and further expanded throughout 2020. This is a business model with enhanced 'product as a service' thinking, allowing us to fully reservice one of our pods and provide it to a new customer in a condition that is considered comparable to a totally new product. This really gets to the heart of our sustainability work, as it highlights the fact that our products are made to last, and that we are able to deliver potential multiple lifetimes of service for our market-leading products.

The Subscribed model was rolled out in five countries during 2020: Finland, Sweden, Norway, Germany and the Netherlands. Currently, we have about 150 companies that are part of this circular economy business model, with around 250 pods and booths being utilized. 'Subscribed' will scale up in other countries as well throughout 2021 and beyond.

Returning to the topic of Covid-19, I am proud to say that we reacted rapidly to the evolving circumstances. We offered detailed information and delivered concrete actions to help keep our employees safe. We also provided comprehensive information to our customers to help answer their many technical and health and safety-related questions about our pods and booths. Furthermore, we offered new anti-bacterial and anti-viral copper handles and new anti-microbial fabrics as optional product materials, designed to help further protect our valued customers and end-users. Our efforts on this front were particularly well



received. Finally, throughout the year, we pushed ahead with multiple R&D projects that focused on, amongst other things, Covid-19 and how it impacted us and our customers, as well as how it will continue to impact the next-gen workplace of the future.

To all our valued employees, customers, suppliers, dealers and investors, let me say that while the year was difficult, I believe we are now stronger because of it and I am very positive about our future. Successful companies understand happiness, so let's continue to together create a business that makes the world happier!

Welcome to our second annual sustainability report.

A stylized, handwritten signature in black ink, representing Samu Hällfors.

Samu Hällfors, CEO

We are Framery

Framery is the pioneer and world's leading manufacturer of pods, phone booths and soundproof private spaces for solving noise and privacy issues in offices and other venues. Our products make employees happier and more productive in the offices of dozens of the worlds' leading companies, including Microsoft, Puma, L'Oréal and Vodafone. In fact, 40% of all 'Forbes 100' companies use Framery products. Today, our end-customers can be found in over 80 different countries and across all inhabited continents.

In recent years, Framery has been one of the fastest growing companies in Europe and the fastest growing company in the entire Nordic region. In 2020, our revenue was EUR 88 million. In the next few years our growth is expected to strongly increase.

Today, we are around 330 people working in 15 countries. Our headquarters is in Tampere, Finland, where 90% of us work.

With a strong focus on research and development, as well as a firm commitment to practice what we preach, we remain determined to find the keys to overall work-life happiness – in a sustainable manner.

How we create value

INPUTS AND RESOURCES

Employees

- Talented and diverse employees
- 328 persons on average (215 white collar, 93 blue collar workers) in 15 countries, 41 new colleagues in 2020

Environment

- Materials: 2,900 metric tons of renewable and 2,690 metric tons of non-renewable materials
- Energy for own direct operations: 1,989 MWh electricity (100% renewable), 2,918 MWh district heat (44% renewable, 56% fossil) and 2,033 liters of diesel for company vehicles

Partners

- 370 distributors in 61 countries
- 103 suppliers in 15 countries

Financial

- EUR 107 million: equity and liabilities
- EUR 9 million: investment in research and product development

Intellectual property

- Framery culture and values
- Technical expertise: 9 patent and patent application families
- Unique design: 57 design registrations and design registration application families
- Framery brand: 10 trademarks and trademark application families
- Competitive position geographically protected: IPR portfolio extending to 58 countries

Investors

- Vaaka Partners and its co-investors own 60% of the company. The rest of Framery is owned by Framery's founders, operative management and private investors.

OUR PURPOSE

Our company was born out of a solution to a happiness problem. Every detail of every product is carefully considered and perfected to ensure it contributes to our customers' happiness, from usability and acoustics to aesthetics and sustainability.



Vision:

Make three million people happier by the year 2022 because they can use our products.

Values:

Respect, courage, transparent communication, impact, curiosity, good judgment, responsibility

OUTPUTS AND IMPACTS

Employees

- Happy and engaged employees with enhanced skills: employee engagement score = 4.57
- Salaries: EUR 15 million
- Employee social security and pensions: EUR 2 million

Customers

- Well-being
- Financial savings e.g. lower life cycle costs

Environment

- Fossil GHG footprint per product: O/1,634, Q/2,880 and 2Q/3,890 CO₂ eq kg
- CO₂ uptake per product: O/1,760, Q/2,923, and 2Q/3,268 CO₂ kg
- Other environmental impact categories available in [EPD's](#)

Partners

- EUR 30 million: goods and services purchases

Investors

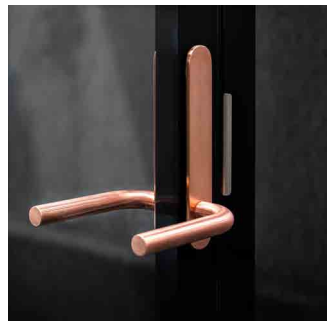
- Sustainable value for their investment
- Interest expenses, dividends

Society

- A total of EUR 17 million was paid directly (taxes borne) while EUR 4 million was collected on behalf of governments.

Highlights and challenges

HIGHLIGHTS



Our 'Subscribed' model

Our new circular economy business model, called 'Subscribed' was successfully piloted in 2019, enhanced throughout 2020 and will scale-up further in 2021 and beyond. It is a business model that may be described as a 'product as a service', meaning we can fully refurbish one of our products after it has been used by one customer and then lease it to another customer. The result is that our products are made to last even longer and can potentially deliver multiple 'lifetimes' of service. The Subscribed model was operational in five countries at the end of 2020: Finland, Sweden, Norway, Germany and the Netherlands.

Copper and cloth

Reacting decisively and proactively to the challenges Covid-19 forced us to deal with during 2020 resulted in a number of positive examples of R&D in action. Of particular note, we were very quickly able to offer (and also retrofit) naturally anti-bacterial and anti-viral copper-plated handles to our product family. Additionally, we reviewed numerous different ways to increase hygiene in our products, including a review of fabric options, and were also able to offer a proven anti-microbial fabric for our pods, seats and sofas.

[Read more on page 22.](#)

Science Based Targets

We are proud to announce that as a part of our ongoing efforts to further enhance our sustainability and corporate responsibility, in 2020 we joined the Science Based Targets initiative (SBTi). Framery has set an emissions reduction target through the Science Based Targets initiative, with levels required to keep warming to 1.5C, the most ambitious goal of the Paris Agreement.

[Read more on page 27](#)

Greenguard certification

In October 2020, following stringent testing, Framery's product family was awarded the Greenguard certification. This certificate means that our pods and booths have now been scientifically proven to meet some of the world's most rigorous third-party chemical emissions standards. Airborne chemicals are commonly referred to as volatile organic compounds (VOCs) and are used to manufacture building materials and indoor furnishings, for example. Achieving this certification means that we are therefore helping to reduce indoor air pollution and the risk of chemical exposure.

CHALLENGES

Covid-19 pandemic

The Covid-19 pandemic proved to be the single greatest challenge that we had to confront as a company during 2020. Like many other companies, individuals and societies throughout most of the world, the impact of the pandemic was strongly felt at Framery. The pandemic caused disruption across almost every facet of our operations, from personnel to production and supply chain, and as a result was responsible for negatively impacting our total annual revenue in comparison to our record-breaking year in 2019. That said, at the end of 2020, we remained both determined and resilient as a company and very optimistic that we would return to a growth trajectory in 2021 and beyond.

Sustainability at Framery

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Our sustainability work

Our sustainability work covers economic, social and environmental responsibility throughout our entire value chain. Human rights are also fully integrated into everything we do. In 2020, with our valued partners and suppliers, we worked continuously to fully support our customers and to meet their demands for timely and transparent information, as well as functional, reliable and sustainable products, and we continued to innovate for a more sustainable and renewable future.

In the 11 years since our founding, we believe that the people working for us have always been responsible and dedicated, and that the many actions and choices we have made as a company have been both honest and reasonable. As the

years have progressed, we have also more fully understood the critical link between corporate sustainability and the need to carefully report on our materiality in a detailed and transparent way to our stakeholders, as well as all other interested parties. A materiality assessment is a method to identify and prioritize the sustainability issues that are the most important to us as a company and our stakeholders.

Our role in a sustainable world

Due to the Covid-19 pandemic, we have come to more clearly understand the increasingly serious environmental, social and economic threats we are all facing globally, both in the unprecedented year just passed, and in the

We have come to more clearly understand the increasingly serious environmental, social and economic threats we are all facing globally.

near-future years to come, too. These many challenges that we must face include mitigating the negative impact of resource scarcity, global warming and loss of biodiversity. Additionally, we must also confront, innovate and ultimately positively impact critical work-life challenges, which include occupational health and safety issues, as well as workplace mental and physical well-being.

Throughout all of this, we fully understand that Framery's operations have both a positive and a negative impact on the environment and that we also impact those people who fall within our entire ecosystem, and that includes our global customers in over 80 countries.

Our firm ambition, crystalized across the last few years, remains resolutely unchanged: by 2022 we aim to make three million people happier with our pods and phone booths by providing our product family to thousands of workplaces, schools, hospitals and other venues. That said, we remain conscious that our operations utilize many raw materials during production, as well as create greenhouse gas emissions throughout the entire supply chain. Therefore, at Framery, we are continuously striving to make our operational footprint smaller and our handprint bigger, to ensure that we are not just creating happiness today, but also sustainable happiness for future generations.

We have created our own detailed sustainability agenda.

Memberships

Since 2018, Framery has been committed to the United Nations Global Compact (UNGC) principles. In 2020, we also joined the Science Based Targets initiative (SBTi), a call to action designed to assist companies in reducing their climate impact by setting ambitious targets. Additionally, Framery is also a member of BIFMA, a non-profit trade association for business and institutional furniture manufacturers, FEMB, the European Office Furniture Federation, Kasvu-ryhmä Suomi ry, an organization that brings together the most ambitious scale-ups in Finland, as well as Tampere Chamber of Commerce and Industry, a leading business organization in the Tampere region: the home of our company headquarters and production facilities.

Our primary material topics

In order to transparently report on and clearly focus on the most pressing issues in our sustainability work, across the last two years we have conducted numerous surveys and workshops with our stakeholders and other parties.

According to the findings of these critical information gathering exercises, our most material topics are:

- Customer happiness
- Product safety and regulation compliance
- Supply chain compliance (environment, human rights)
- Framerian work culture
- Occupational health and safety
- Sustainable and healthy materials
- Environmental efficiency (materials, energy, emissions, waste)
- Product carbon footprint/handprint
- Circular economy (product and business model design)
- Economic value creation

Based on these core areas of our operations, we have created our own detailed sustainability agenda, incorporated it into our company strategy, and grouped these topics into three primary focus areas: economic value creation, social responsibility and environmental efficiency. For this, our second annual Framery sustainability report, we will report on these three focus areas as they concern our scope of operations during 2020.



Our sustainability agenda

An agenda that addresses eight topics identified as material to us.

Environmental efficiency

Materials

Circular economy

Energy and greenhouse
gas emissions

Social responsibility

The Framarian culture

Employees and
the wider workforce

Economic value creation

Customers

Investors

Society

Our sustainability key performance indicators

	TOPICS	KEY PERFORMANCE INDICATOR (KPI)	2020	2019	TARGETS	PROGRESS
ENVIRONMENTAL EFFICIENCY	Materials	Material efficiency %	93.9%	93.7%	Achieve and maintain the level 95%	In progress ●
	Circular economy	Number of products delivered via circular economy business model	250	85	Continue to grow the number of products	In progress ●
	Energy and greenhouse gas emissions	Absolute scope 1 and 2 GHG emission (CO ₂ eqv) tons compared to 2018 base year	-5%	+12.5%	Reduce absolute scope 1 and scope 2 GHG emissions 50% by 2030	In progress ●
SOCIAL RESPONSIBILITY	The Framarian culture	% of supplier spend covered by Supplier Code of Conduct	98%	92%	100% of supplier spend	In progress ●
	Employees and the wider workforce	Employee engagement	4.57	4.66	Engagement score 4.85 (scale 1–6)	In progress ●
ECONOMIC VALUE CREATION	Customers	Number of people that have access to our booths	1.3 M	1.0 M	3 million by the end of 2022	In progress ●
	Society	Volunteering hours	-	-	-	Will start 2021 ●

Our management approach

Our guidelines and policies steer our sustainability work in the right direction. Find out more how we lead each of our focus areas below:

	MATERIALS	CIRCULAR ECONOMY	ENERGY AND GREENHOUSE GAS EMISSIONS	THE FRAMERIAN CULTURE	EMPLOYEES AND THE WIDER WORKFORCE	CUSTOMERS	INVESTORS	SOCIETY
Goals and targets	Use sustainable and healthy materials efficiently	Develop solutions and business models that support circular economy	Reduce the footprint and increase the handprint across the whole life cycle and value chain	Conduct our business ethically. Our employees live by our values. Our suppliers follow the Supplier Code of Conduct	Offer hundreds of people provenly the best place to work	Our vision is to make three million people happier by the year 2022 because they can use our products	Create sustainable value for our investors	Increase efficiency at work. Reduce sick leave and healthcare costs. Create jobs in value chain. Pay taxes
Commitments	UN Global Compact, UN SDG's 12,13,15, ISO 14001			UN Global Compact, UN SDG 16	UN Global Compact, UN SDG's 3, 5, 8, ISO 45001	UN Global Compact, UN SDG 3, 12	UN Global Compact, UN SDG 16	UN Global Compact, UN SDG 3, 8
Policies	Code of Conduct, Supplier Code of Conduct, Environmental Policy			Culture Handbook, Code of Conduct, Supplier Code of Conduct	Culture Handbook, Code of Conduct, anti-harassment policy, equality plan, occupational health and safety policy, Supplier Code of Conduct	Culture Handbook, Code of Conduct	Vaaka Partner's policy for responsible investment	Culture Handbook, Code of Conduct, Supplier Code of Conduct
Responsibilities, Resources	Management team, Sustainability Lead, HSE Engineer, Sustainability Steering Group, Product and Offering Steering Group			Management team, Sustainability Steering Group	Management team, Head of People & Culture (P&C), OHS manager, P&C team, team leaders, OHS committee, occupational healthcare	Management team, Head of Sales, Head of Product, Product and Offering Steering Group, Future Steering Group	CEO, Sustainability lead, board meetings	Management team, Sustainability Steering Group
Grievance mechanisms	Safety Manager tool for environmental observation and incident reporting, contact via web pages or sustainability@frameryacoustics.com			Close relationships and open communication with our suppliers. Strategic purchasers and quality engineers in dialogue with suppliers	Flat hierarchy and instant feedback face-to-face, happiness insurance process, Safety Manager tool for occupational health and safety observations and incidents	QR code in booths for feedback, contact via web pages, contact with global sales team members, normal claim processes	Regular board meetings and ESG calls	Contact via web pages or sustainability@frameryacoustics.com

	MATERIALS	CIRCULAR ECONOMY	ENERGY AND GREENHOUSE GAS EMISSIONS	THE FRAMERIAN CULTURE	EMPLOYEES AND THE WIDER WORKFORCE	CUSTOMERS	INVESTORS	SOCIETY
Specific actions & How we did in 2020	<p>Greenguard emission certification for O, Q and 2Q</p> <p>Cross-functional material efficiency workgroup started and material circulation corner ramped up</p>	<p>Framery Subscribed expanded to new countries</p> <p>Circular economy considerations in developing our new-product, Framery One (launched in 2021)</p>	<p>Science-based GHG emission reduction target was approved by the Science Based Targets initiative</p> <p>New energy efficient LED lights installed in production</p> <p>Started collaboration with our local logistics partner to operate our milkrun by a gas-powered truck (the truck will arrive in 2021)</p>	<p>We selected a partner to implement a whistle-blowing channel to enable employees and partners to anonymously disclose information related to suspected wrongdoing</p>	<p>Management system was certified against ISO45001</p> <p>Training on diversity of gender and sexual orientation</p> <p>Right to exercise one hour per week during working hours started</p>	<p>Environmental Product Declarations made available for O, Q and 2Q</p>	<p>Regular ESG follow up calls with Vaaka Partners</p>	<p>Our annual charity case concerned breast cancer help and we donated one pink Q pod to TAYS hospital cancer department</p>

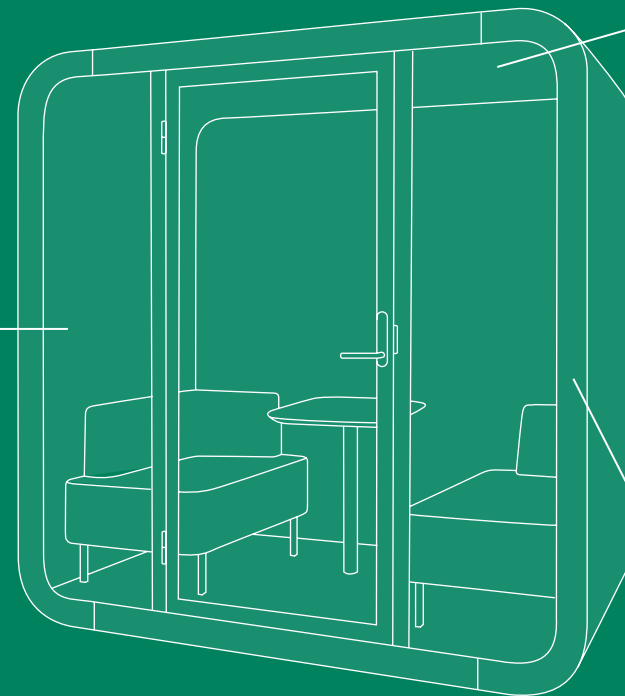
Our stakeholder engagement

We believe that only a happy Framarian can make our customers more happy. This can only be ensured through respecting, listening to and understanding our other stakeholders, since we are all in a continuous chain of actions and reactions. This is how we engaged with our stakeholders in 2020.

STAKEHOLDER GROUP	EXPECTATIONS AND NEEDS	HOW WE RESPONDED
Employees and wider workforce	Happiness, safety, complying with agreements, maintaining jobs, IT security, equality and welfare at work, career development and feedback, personal growth, job satisfaction, equitable salary	ISO 45001 certification, training and personnel plan, taking care of occupational health, cooperation with pension insurance companies, following labor unions' demands, continuing our Happiness Insurance
Customers	A partner that supports its customers' workspace needs and solving noise and privacy issues in open offices by providing quality products with top-notch product features and safe, sustainable manufactured solutions – proficient and secure assembly of products, specifications and information on the products	We offer soundproof office booths, pods and private spaces that solve noise and privacy issues in open offices, making employees happier and more productive. Every product's detail is carefully considered and perfected to ensure it contributes to our customer's happiness, from usability and acoustics to aesthetics and sustainability. Enhancing our management system work, certificates, adding informative labels to our products, communication, improving eco-efficiency, effective customer service and claim handling system, product quality improvement projects
Suppliers, dealers & partners	Safety, quality, responsibility and sustainability, construction rules, specifications, informative labels, safety when assembling, knowing delivery and installation times, having support and a reliable relationship, on-time payments, ability forecast	Adjusting our management system work, certificates, adding informative labels to our products, open communication, having certified assembling partners, precise requirement surveys, effective claim handling systems, customer service for suppliers, dealers and partners, product quality improvement -projects, supplier audits
Owners, board & financiers	Responsible action, profitability, long-term growth	ESG calls with Vaaka Partners, board ESG review
Media and other industry influencers / influencers in design industry	Providing valuable information thorough company and product news, workplace and other industry insights, responsiveness of communications, transparent communications	Proactive media work towards all relevant media in our field of business as well as in the business media, proactive communications towards other industry influencers, keeping website and social media channels up to date, prompt responses to queries
Universities	Training and thesis positions, employment opportunities, research subjects	Training and thesis positions available, apprenticeship positions
Authorities	Obeying the laws, approvals on product safety, accuracy of reporting	Open communication, collaboration

Environmental efficiency

Wood from sustainably managed forests (FSC or PEFC) bind CO₂ into our products.



Energy efficiency:
LED lights, stand-by
mode and motion sensors.

Modular design,
upgradeability, durability
and movability enable
multiple product life cycles
and circular economy.

Environmental efficiency

Throughout 2020, amidst the challenges and disruption directly caused by the Covid-19 pandemic, we did not lose sight of the serious environmental threats facing us globally, from resource scarcity and climate change, to loss of biodiversity. These unprecedented events strongly motivate us at Framery to strive to do our part towards helping to create a far more sustainable future world.

Of critical importance in the achieving of a greater future sustainability is the fundamental shift towards circular economy thinking and the delivering of concrete real-world actions. To that end, we strongly believe that by converting our business models and operations to be more circular in nature, we can both futureproof our business and respect planetary boundaries at the same time. To achieve this, throughout 2020, we were energized to create a stronger environmental program as well as deliver a more detailed vision and strategy for our environmental work.

How we work

We have two clear, transparent and long-standing environmental goals at Framery:

1. To further minimize our footprint and maximize our handprint.
2. To further move away from a take-make-waste -culture into a circular economy.

Our company footprint can be utilized as the foundation for many sustainability-related strategies. By understanding this footprint, we are able to ascertain where the hotspots occur across our value chain and can therefore focus on the main drivers of their environmental impact. Furthermore, a company footprint, based on life cycle assessment methodologies, is a critical step when implementing metrics-centric sustainability strategies. For Framery, much of the footprint impact occurs outside of our direct operations and it identifies the biggest oppor-

Our goal at Framery is to continually and permanently reduce our carbon footprint.

tunities for improvement, as well as allowing us to build effective strategies for meaningful change. As our goal at Framery is to continually and permanently reduce our carbon footprint, we need to have a clear understanding of our footprint's baseline, to be able to track progress going forward.

Likewise, our ambition at Framery is also to maximize our company handprint. The understanding behind our company handprint is that we develop products and services that help our customers to reduce their own footprint. Our continuing actions aimed at reducing the excess use of materials, improving energy efficiency, further developing product recyclability, lengthening our product lifespans, enhancing product usability, making sustainable choices of raw materials and reducing waste, can all contribute to having a positive impact on our handprint.

Throughout, we approach these environmental questions by using systematic environmental management and continuous improvement of our environmental performance, by constantly analyzing our entire operational ecosystem as well as by taking the entire life cycle of our products into consideration. Our Environmental Policy continues to be the starting point for our work, and every step we take to further enhance our environmental efficiency will move us towards a more successful circular economy. We follow the ISO 14001 environmental man-

At the end of the year, our material efficiency totaled 94%.

agement system standard and have received external verification for it.

In order to achieve our increasingly strict environmental efficiency goals, throughout 2020 we proactively implemented specific projects and processes to enhance our operations. Examples of our concrete actions taken during the year include the setting up of an internal material efficiency group which has given us a further understanding of our use of materials. At the end of the year, our material efficiency totaled 94%.

Furthermore, we continued to dedicate energy and resources on R&D, so we can further increase, for example, our industry leading knowledge of our products' life cycle and emissions. And at the end of 2020, we were more able than ever to provide detailed, transparent and fact-based information to our stakeholders and all other interested parties.

In 2020, our environmental strategy was renewed. We were able to reach our short-term environmen-

tal targets related to three main strategic focus areas:

- **Eco-efficient offering:** Verified Environmental Product Declaration for 2Q was released, making EPD's available for O, Q and 2Q products. 2Q also brought home the 2020 GREEN GOOD DESIGN Award. Framery Subscribed circular economy supporting business model was extended and is operational in five countries: Finland, Sweden, Norway, Germany and the Netherlands.
- **Sustainable Supply Chain & Operations:** Greenhouse gas emission reduction target was set and approved by Science Based Targets initiative. Material efficiency target was set and a cross-functional material efficiency group was formed.
- **Sustainability Communications:** We published our first sustainability report. Sustainability impressions were made via multiple channels in e.g. USA and Germany.



Materials

Creating environmentally sustainable pods for our customers

Since our founding in 2010, we have created long-lasting, safe and eco-efficient soundproof pods and meeting booths for our global customers. To date, all of our product family has been manufactured at our production facilities in Tampere, Finland. Almost the entirety of our products are sourced from within the EU, with the bulk coming from Northern Europe. Of particular note is the fact that around 50% of the purchased volume comes from Finland, and 99% from Europe. This helps us cut down on logistical and transportation emissions and helps to reduce the risk related to our supply chain.

With regards to the materials used in the creation of our pods, in 2020 we continued to prioritize materials with recyclable, renewable, durable and non-toxic qualities. The Framery pods family have been made primarily

of sustainably sourced plywood, glass, steel, aluminum, polyester, polyamide, PMMA plastic, polyurethane foam, nylon and wool. At the end of 2020, our internal data reveals that over 50% of the materials used in our pods are renewable and around 16% is recycled. Additionally, to further enhance the lifespans of our family of products they can also be subject to maintenance and refurbishment procedures, with worn parts being replaced or upgraded.

Our continuous R&D also plays an essential role in our environmental work. To that end, the life cycle environmental impact can be both analyzed and evaluated during the critical design process. A noticeable positive impact can be made by creating and selecting alternative processes that deliver a reduced environmental impact and are designed with circular economy in mind. Our pods built to date have proven to be long-lasting, renewable and able to be

Our next generation of pods will set new benchmarks for lifespan durability, modularity and renewability.

taken apart and rebuilt. Our next generation of pods being rolled-out in 2021 and beyond will set new benchmarks for lifespan durability, modularity and renewability.

Energy efficiency

Motion sensor lights are installed in our pods by applying specially designed, automatically adjusted LED lamps and ventilation systems into them. Framery O pods conform to Low Voltage Directive (LVD) 2006/95/EC. The power consumption is 13W when in use and 0.8W in stand-by mode. Framery Q pods consume 20W when in use and this consumption drops by around 90% to 2.1W when in stand-by mode. To put these energy usage figures into context, fast-charging (USB 3) the latest high-end 2020 smartphones require the same, or even more energy, compared to our Framery Q (four person) pods when in use.

Nordic birch plywood

For O, Q and 2Q, we build our structural elements from plywood. Across the years we have had a preference for using birch plywood from sustainably managed forests in Finland, other Nordic countries or the Baltic states. All of our wood material suppliers have either FSC or PEFC certificates. Wood used in our products provides a carbon sink throughout the lifespan of the pod, with one phone booth for example, being able to capture 1,760 kg of CO₂ during its entire life cycle.



Our wood material suppliers have either FSC or PEFC certificates.

Soundproof glass and recycled steel

At Framery, we use a high-quality laminated safety glass, which is especially formulated to provide excellent soundproofing qualities. Our glass contains around 15% of recycled material. Steel parts used in the initial manufacturing processes consist of recycled materials.

Recycled premium felts

Our pods contain felt that is made from up to 70% recycled plastics. Polyethylene terephthalate (PET) is made from recycled plastic bottles, for example. Our felt is dust-free, does not irritate lungs or skin and does not release any harmful particles into the air.

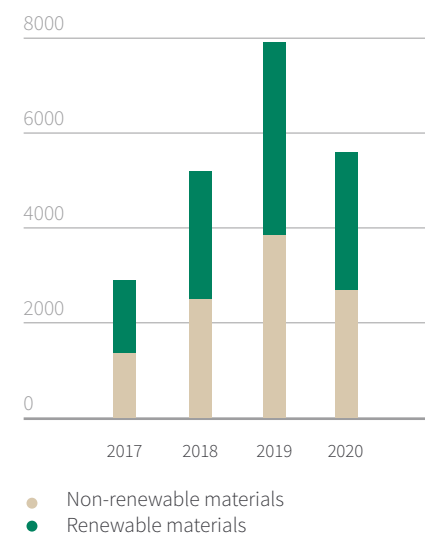
Safe acoustic foam

We use the highest-quality acoustic foam. Made from 60% recycled, heat-bound polyester fibers, the foam has been awarded an M1 Emission Certification. In addition, our foam has been recognized by the Finnish Allergy and Asthma Federation, due to the fact that it does not absorb humidity or provide a breeding ground for any harmful microbes.

Health & safety first

Our design and engineering teams carry out comprehensive research and testing to ensure Framery pods do not cause harm to humans – whether it is from dangerous VOC emissions from the pod or in cases where pods encounter fires or earthquakes. The GREENGUARD cer-

Materials by weight, metric tons



We were able to equip our new pods with anti-bacterial and anti-viral copper handles.

tification received in 2020 signifies that our products are proven to meet some of the world’s most rigorous third-party chemical emissions standards, thus helping to reduce indoor air pollution and the risk of chemical exposure.

One example of concrete health and safety actions taken during 2020 relates to the Covid-19 pandemic. While our table top laminates used in Framery pods have been anti-microbial as standard for a number of years, we were able to take further health and safety steps during 2020 in other areas too. According to a recent study in the New England Journal of Medicine, the Covid-19 virus (as well as other common viruses) disintegrates quicker after landing on copper surfaces than on plastic or stainless-steel surfaces. Accordingly, during 2020, we were able to equip our new pods (as well as retro-

fit existing pods) with anti-bacterial and anti-viral copper handles for our customers who requested it.

Additionally, we conducted thorough research into new anti-microbial fabrics that could be utilized on our upholstered Framery furniture like seats and sofas. Anti-microbial protection on a non-toxic polyester fabric attracts, pierces, deactivates and perforates the biochemicals within each microbe or virus. This durable, waterproof, stain resistant, bleach cleanable and anti-microbial fabric is ISO 10993-5:2009 tested and was made available to our customers on request.

The handles and fabrics provided our end-users with both additional anti-viral properties and extra peace of mind throughout 2020 and were well adopted.

CASE	PRODUCT DESIGN – POD ACOUSTICS
<p><i>We are now able to measure the sound insulation of pods and booths.</i></p>	<p>Meeting pods and phone booths have been proven to effectively eliminate external distractions as well as to enhance productivity in the workplace. Critical to this success is that the pods and booths fulfil explicit requirements, one primary example of which is sound insulation.</p> <p>Until recently, there was no uniformly recognized way to measure and represent the level of sound insulation of small semi-open and enclosed spaces such as pods. While quantitative elements like sound reduction index (R) and sound transmission class (STC) have been variously used, they only provide the ability of a single element, like a wall or a piece of glass, to reduce sound passing through it. This has led to misleading figures from manufacturers, as the full insulation of all the elements that make up a product were not fully taken into account.</p> <p>In 2020, with the introduction of a new standard, ISO 23351-1, we are now able to measure the sound insulation of pods and booths and produce a single figure called speech level reduction (DS,A) that describes the degree of speech privacy they provide.</p> <p>The new ISO was developed by a team from Turku University of Applied Sciences, in Finland. At Framery, we supported the development of the new standard by sharing lessons learned during the history of our company, as well as by providing resources for the validation of the testing method. This included shipping a Framery O pod to eight acoustic labs across Europe to ensure the test results were in line with each other.</p> <p>Following the university study and the approval of the new standard, our Framery O pod, plus 10 other best-selling pods on the market were measured. The Framery O pod had the highest level of performance of all the tested pods, with a speech level reduction of 30 dB (decibels).</p> <p>Take a deeper dive into this ground-breaking study</p>

Suppliers

Framery's many suppliers, coupled with efficient global supply chain logistics, represent a critically important part of our entire operations. Due to the disruption caused by the Covid-19 pandemic from Q2, 2020 onwards, we conducted downscaling operations in the procurement of certain components from our suppliers, like birchwood components, for example. That said, while we saw a decline in 2020 revenue in comparison to our record-breaking year 2019, our supply chain proved to be resilient and ensured the high-quality of components sourced from our suppliers normally throughout the year.

In 2020, around 99% of Framery's purchasing volume came from the European Union and UK, and of this total,

a bit less than 50% was from Finland. Other countries of note include Estonia (26%), Sweden (15%) and Lithuania (5%). Over 90% of our pods are exported beyond Finland's borders and to every inhabited continent.

In 2020, Framery used 103 suppliers from 15 countries (up from 80 suppliers in 2019) to provide us with the materials required to produce the pods and booths at our facilities in Tampere. From a domestic perspective, 73 out of the total 103 suppliers were from Finland. Almost all of our Finnish suppliers are situated 500 km or less from our headquarters in Tampere. With a new generation of pods with next-gen materials being rolled-out in the first quarter of 2021 onwards,

The disruption of logistics caused by the pandemic created the need to re-evaluate and further streamline our supply chain process.

we are already ramping-up with 15-20 additional suppliers, mainly from our previous supplier countries.

In 2020, our annual supply spend was approximately EUR 30 million, showing a decline from the EUR 45 million spent on suppliers in 2019. The decline is a reflection of the disruption caused in the marketplace due to the pandemic, as well as our decision to lower our overall inventory levels.

At the end of 2020, 98% of our suppliers had signed our Supplier Code of Conduct. Additionally, we conducted 12 supplier audits throughout the year. During travel restrictions, supplier audits were conducted mainly by video conferences. In 2020, special focus was given to supplier's business continuity planning.

Disruptions to the global supply chain and the transportation of materials and finished products was more prevalent in 2020 compared to previous years. One example of this was the drastic increase in air freight costs from the second quarter of 2020 onwards, due to the disruption of logistics caused by the pandemic, which created the need for us to re-evaluate and then further streamline our supply chain process. The decision worked hand in hand with our overall sustainability ambitions to use road and particularly sea freight to transport a far greater percentage of Framery products and components. In fact, we managed to increase road (+6%) and sea transport (+8%) and decrease the air freight (-14%) share of the total freight in 2020.

Circular economy

Our circular economy thinking

At Framery, during recent years, we have been significantly focused on moving ever further away from a take-make-waste culture. To achieve this, we have initiated a number of concrete actions to realize this ambition across our entire ecosystem. For example, in order to deliver a more in-depth and comprehensive understanding of circular economy thinking and real-world science-based concrete actions needed to be taken, Framery participated in the Nordic CIRCit research project from 2019–2020 and to its conclusion. CIRCit makes reference to circular economy Nordic integration, a project that aims to help companies to discover the opportunities of circular economy. Throughout the project our primary focus was on three different work packages: Circular Economy business modeling, Collaborating and Networking for a Circular Economy and Closing the Loop for a Circular Economy.

<http://circuitnord.com/results/>

Framery ‘Subscribed’

In 2020, we moved beyond the 2019 pilot phase in Finland and Sweden and began to roll-out and further

The Subscribed package also provides on-demand service, a lifetime guarantee and relocation services.

enhance a new ‘product as a service’ business model. Named ‘Framery Subscribed’, or just ‘Subscribed’, it is a new business model promoting the circular economy as part of our operations. Simply put, the model allows us to fully refurbish (and optionally upgrade) one of our pods – after it has been successfully used by one of our customers – and then deliver it to a new customer for a further extended period of time. In addition to the pod, behind the monthly fee the Subscribed package also provides on-demand service, a lifetime guarantee and relocation services if the office moves. The net result is that our pods are therefore able to last even

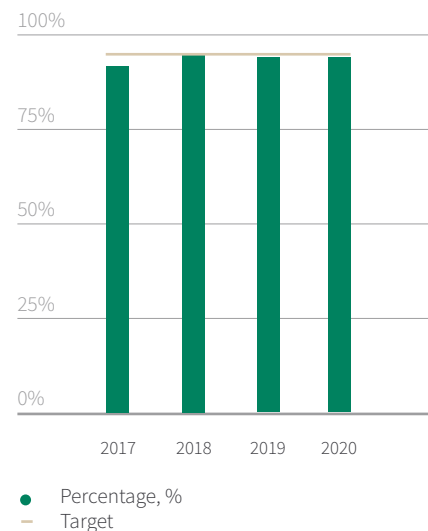
longer, by allowing potential multiple lifetimes of service for each product. The Subscribed model was operational in five countries at the end of 2020: Finland, Sweden, Norway, Germany and the Netherlands, and around 150 customers and over 250 pods are currently part of the positively welcomed Subscribed program.

Production circularity

Minimizing the volume and the type of waste at our offices and production site remained an ongoing project throughout the year. During this time, we were able to find further opportunities to mitigate the waste creation in the first place and we continued to look at new ways to enhance our overall recycling rate. Our material efficiency group, an internal team of experts gathered from across multiple functions in the company, was set up in summer 2020 to allow us to look at our operations as a whole. We are able to report that at the end of 2020, our material efficiency rate was 94%, with very little excess material either required or wasted during our operations. Our goal set in 2021 is to achieve and maintain a material efficiency rate of 95%.

In 2020, around 80% of our waste created was turned into energy, around 19% recycled, around 1% composted and 0.1% taken to landfill. Furthermore, as a result of our production processes, as a company we have almost negligible risks of chemical spills. A large percentage of our produc-

Material efficiency, %



tion materials arrive at our production site as readymade components. These components are manufactured by our trusted suppliers that also have their own stringent environmental rules and safeguards in place throughout their own operations. Additionally, we don't use any water in our own production processes, and therefore we have no need for industrial wastewater handling.

Product design circularity

Our circular design thinking and concrete actions taken are also particularly evident in the product design of our pods. Our pods are highly modular in terms of construction and easily assembled, disassembled and reassembled according to our customers office, or other venue-based needs. The fact that

our pods are highly modular means they can easily be taken apart and moved to new physical locations according to changing circumstances before being rebuilt. This allows our pods to be continually reused and even to find new homes with new customers (see our 'Subscribed' model for more information). Also, we have an extensive inventory of spare parts used for maintaining, refurbishing or upgrading our existing products. Our component raw materials are also carefully chosen to support the principles of circularity, with our laminated glass being composed of 15% and our steel materials of 20% recycled material. Furthermore, our felt materials consist of 60-70% of recycled plastic bottle materials.

For more information on our materials, please see [page 20](#).

Waste, by type and disposable method (kg), metric tons

	2018	2019	2020
Hazardous			
Recycling	0.04	0.30	0.30
Non-hazardous			
Energy recovery	178.3	172.7	274.4
Recycling	91.4	328.4	65.1
Landfill	0.0	5.2	0.3
Composting	1.9	1.9	2.8

CASE	POD VS MEETING ROOM CONSTRUCTION COSTS
<i>We can ensure that our customers' offices are equipped to better support video conferencing and virtual gatherings.</i>	Throughout the last few years, existing and prospective customers have increasingly asked us whether our movable pods or constructed rooms are more optimal in terms of total costs. To answer this complex question, we teamed up with CBRE Finland and published a detailed study on this subject at the end of 2019. In the study, we compared both the unit and total costs of Framery O (one person), Framery Q (1-4 people) and Framery 2Q (1-6 people) pods to the costs of constructed rooms of equal quality in Europe, the USA and Asia.
	The report found that constructed small rooms are more expensive than the corresponding Framery pods in every city and region analyzed for the report, whereas medium and large sized pods are more expensive in most of the cities for a customer in their 'hypothetical' office. In approximately half of the cities analyzed, the total costs of constructed rooms were higher than the cost of pods.
	Crucially, however, the report noted that if we consider total life cycle costs, constructed rooms are more expensive than pods, thus highlighting the long-term cost benefit and sustainability of flexible, modular, movable, serviceable and recyclable pods in comparison to fixed constructed rooms in a 'hypothetical' office.
	In summary, with the addition of privacy furniture to company offices, we can ensure that our customers' offices are equipped to better support video conferencing and virtual gatherings. As a result, we predict an increase in so-called 'touchdown' spaces for employees looking to complete focused work, and have private conversations, as people return more fully to offices in 2021 and beyond. With the addition of privacy furniture, crucially more of these touchdown areas can be available to sustainably support the needs of today's workers without having to expand office real estate or build expensive and inflexible new conference rooms.
	Take a deeper dive into this ground-breaking report .

Energy and greenhouse gas emissions

In 2019, Framery began making screening calculations on its different scopes of greenhouse gas (GHG) emissions. During 2020, we further enhanced our understanding, as well as analytical data gathering, of the impact of different parts of our overall operations on our emissions. We follow the Greenhouse Gas Protocol in our GHG emission reporting. Accordingly, our GHG emissions fall under three scopes.

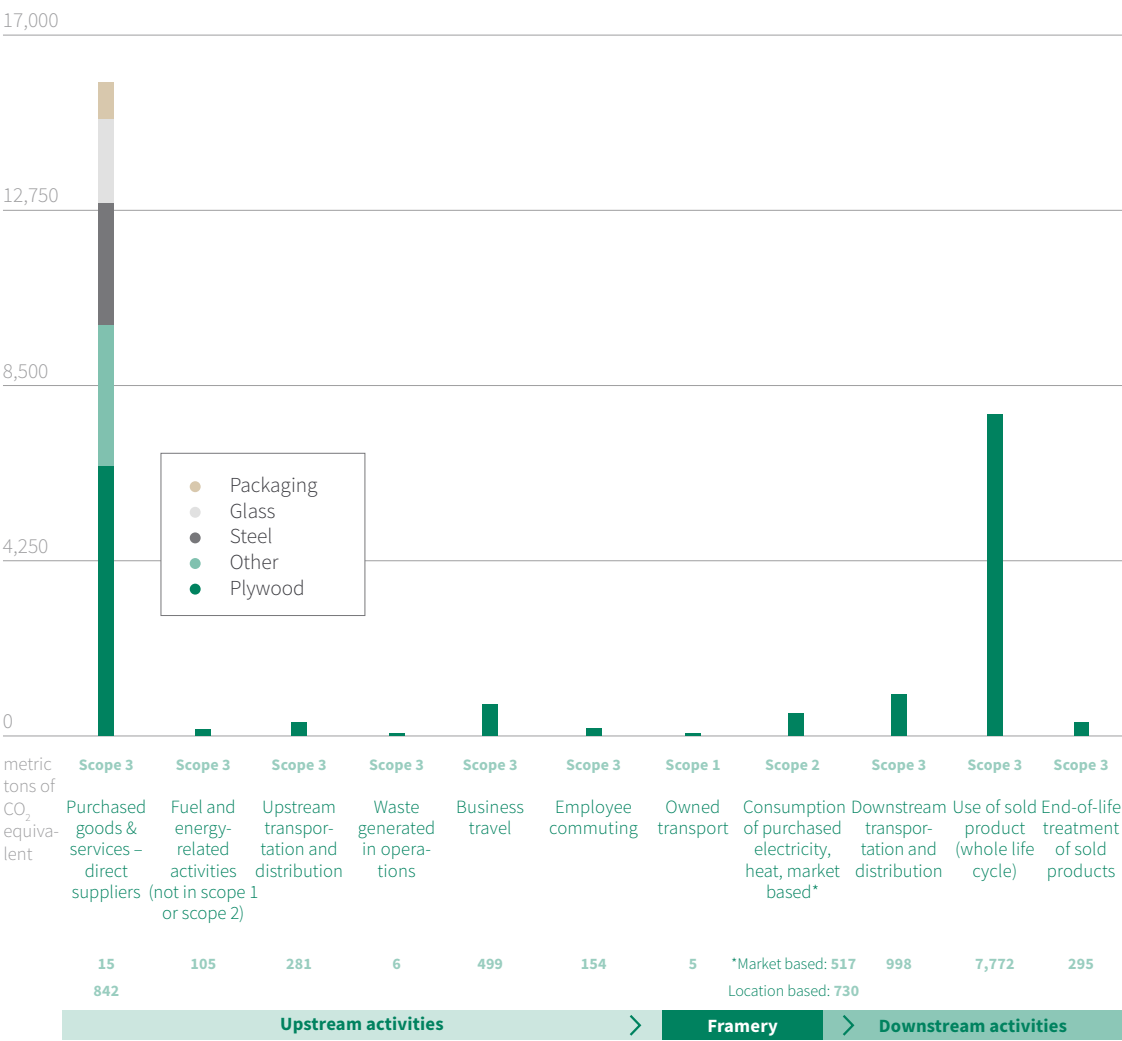
Scope 1 emissions are defined as direct GHG emissions that are owned or controlled by Framery. Our scope 1 emissions are very low, as the emissions arise purely from our three company cars. 100% of the scope 1 emissions are offset via a fuel provider compensation service.

Scope 2 emissions are defined as indirect GHG emissions from electricity, steam, heat or cooling purchased from utility providers. Our scope 2 emissions arise from electricity and district heat used

in our headquarters and production facilities. As we operate in a rented facility, we purchase renewable electricity guarantees of origin for 100% of our electricity consumption, irrespective of our landlord. Regarding district heat, we will continue to suggest more sustainable choices to our landlord, by encouraging, for example, the utilization of biobased heating.

Scope 3 emissions are defined as all indirect emissions (not included in scope 2) that are the result of activities from assets or utilities not owned or controlled by Framery, but on which Framery indirectly impacts in its value chain. Scope 3 emissions, also known as value chain emissions, include both upstream and downstream emissions and make up the majority of a company’s total carbon footprint / GHG emissions. In 2020, we began a collaboration with our local logistics partner to operate our milk run by a gas-powered truck (with the truck arriving in 2021).

Company greenhouse gas emissions



Science-based targets

At Framery, we are determined to reduce our carbon footprint year-to-year. As evidence of our commitment, we signed up to the Science Based Targets initiative in 2020. The Science Based Targets initiative has approved our goal to reduce absolute scope 1 and scope 2 GHG emissions 50% by 2030 from a 2018 base year, and to measure and reduce our scope 3 emissions.

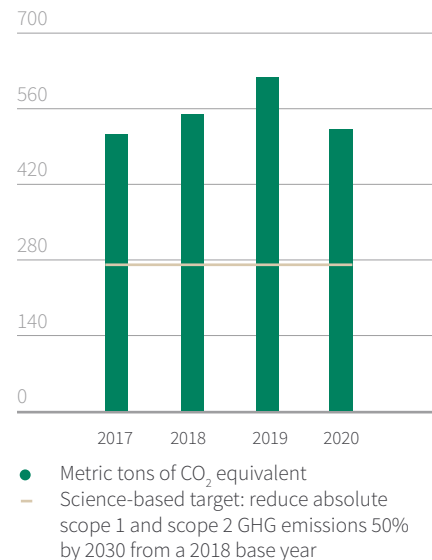
We are also determined to increase our carbon handprint, by helping to reduce our customers' scope 3 emissions. To that end, one topical example of this initiative in action concerns the international telecommunications company Telia Finland, to whom we delivered 21 booths in 2020. It can be noted that Telia Company targets to cover more than 70% of their suppliers by emissions with suppliers committed to science-based targets.

Renewable electricity

In order to further reduce our scope 2 market based GHG emissions, during 2020 we continued to voluntarily purchase renewable electricity (hydropower) guarantees of origin for 100% of our electricity consumption. During 2020, we spent EUR 40,000 on the purchasing of energy-efficient LED lights for our production facilities. Furthermore, we also started to support the local production of another source of renewable energy, by leasing

60 solar panels from the Tarastejärvi solar plant located in Tampere. The contract was signed in late 2019, became fully operational at the very beginning of 2020 and will be valid until 2025. On average, a single solar panel at the plant generates 230 kWh of energy per year, with the combined energy output from the 60 solar panels therefore equaling to 13,800 kWh of energy per year. Overall, our energy efficiency showed an improvement in 2020 in comparison with 2019 and we are proud of the fact that our entire office and production facilities now run on 100% renewable solar and hydro-power electricity.

Greenhouse gas emissions scope 1 and 2, metric tons of CO₂ equivalent



Our office and production facilities now run on 100% renewable solar and hydropower electricity.

Life cycle assessment

Life cycle assessment (LCA) is an important part of our energy and emissions reporting. Life cycle assessments are defined as a methodology for assessing environmental impacts that are associated with all the stages of the life cycle of a product. This full life cycle refers to the initial raw material extraction, through materials processing, manufacturing, distribution, use and finally recycling or energy recovery.

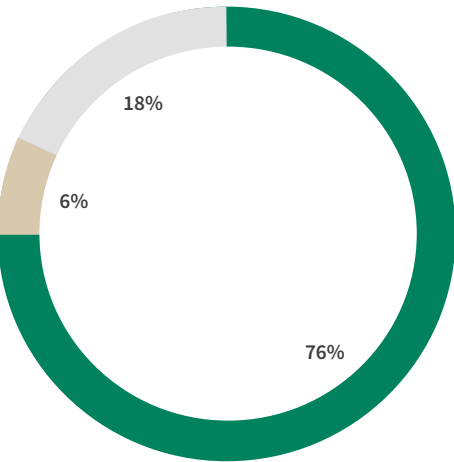
Framery is so far the only pod manufacturer that has conducted life cycle assessments (LCA) on its products. This way we can provide our stakeholders with reliable environmental footprint information, including our carbon footprint. The footprint information is available in our externally verified [Environmental Product Declarations](#).

According to our LCA's carried out in 2019 and 2020, the greatest percentage of our environmental impact arises from our upstream processes. During 2020, we continued to work closely with our suppliers to ensure we are able to help further mitigate the negative impact of resource usage and GHG emissions.

Maximizing our handprint

Efforts to further maximize our handprint continued throughout the reporting period of this sustainability report. We are proud of the fact that our product family creates a strong carbon handprint and is able to deliver positive climate change mitigation to our customers and other end-users globally.

Carbon footprint during the Framery O pod life cycle



In comparison

2-person flight
Helsinki - San Fransisco - Helsinki

= 2,611 CO₂ kg

- **Upstream:** raw material acquisition and component production
 - Over half of the pod is made from renewable birch plywood. Wood acts as a carbon sink as long as the product stays in use.
 - Ca.16% of pod materials are recycled. Sound dampening and felt panels are made from 60-80% recycled plastic bottles (PET).
 - Wood component suppliers are required to use FSC or PEFC certified wood.
- **Core:** transportation of components and assembly at Framery
 - Framery O’s upstream transportation accounts for ca. 1% of it’s total life cycle emissions.
 - Framery runs on 100% on renewable electricity.
- **Downstream:** distribution, use, maintenance and end of life
 - Products are energy efficient.
 - Pods can be easily disassembled, reassembled and reused.
 - Spare parts are provided for updating and maintaining the pods.
 - At the end-of-life materials can be recyclable and recycling instructions are available.

	Framery O	Framery Q	Framery 2Q
CO ₂ footprint, kg	1,634	2,880	3,890
CO ₂ uptake, kg	1,760	2,923	3,268

Carbon footprint is the amount of fossil greenhouse gas emissions that is released in the whole value chain during the whole product life cycle.

Carbon uptake is wood’s ability to bind carbon dioxide from the atmosphere. This amount of carbon is stored in the pod as long as it is used. Links to the handprint of the product = positive climate impact that using our product or service has.

Due to the ongoing impact of the Covid-19 pandemic, 2020 in particular evidenced a dramatic shift in how companies and their employees had to adapt to radically disrupted office life, as well as deal with multiple challenges of remote working for extended periods of time, a so-called hybrid model of work. One other impact of the pandemic was the comprehensive decline in business travel and the resultant exponential increase in the use of digital meetings and conferences. Our pods were indispensable for many people during 2020 as they enabled excellent video conferencing capabilities and thus made it considerably easier for our customers to continue conducting business meetings while being unable to physically travel due to the many global restrictions throughout most of the year.

For more on this subject, please turn to our [Customers](#) section.

The annual fossil carbon footprint of our O pod (for one person) has been calculated at 163 kg when the whole life-cycle of 10 years is taken into account. To put this figure into a more understandable context, a 163 kg carbon footprint is equivalent to the emissions created by a one-way flight from Helsinki to Frankfurt for one person. If the pod helps to reduce the equivalent amount of business travel per year, all future travel that is avoided from

this point onwards may be regarded as being carbon negative, ultimately meaning that our pod is responsible for producing a positive carbon handprint rather than a negative carbon footprint.

Our larger pods and smaller phone booths also dramatically reduce the need for our customers to build unnecessary meeting rooms. The construction of a meeting room requires utilizing more energy and materials in comparison to manufacturing one of our pods. This applies especially when certain parts of office real estate needs to be remodeled or demolished before building a new meeting room. Additionally, due to the modular nature of our pods, they can easily be dismantled and moved to a new location as required and they also save space, as typically meetings take place between 2-4 people. Furthermore, the energy required to power a larger and infrequently used meeting room does not constitute optimal energy efficiency usage, whereas our pods consume very little electricity when in standby mode. Due to the Covid-19 pandemic, there has been a lot of discussion about the future office and the benefits of having our pods incorporated into next-gen offices as part of the ‘new normal’.

For more information, please see our case study on [page 25](#), as well as the section entitled [Customers](#).

Social responsibility

The Framarian culture

What a rollercoaster year it was. And it started with a boom. In early March, all of our employees were invited to Åre to celebrate the record-breaking year 2019. None of us could have imagined that only a couple of weeks later, everything would be turned upside down.

It is said that a company culture is tested during hardships. We are proud to say that despite the hard-hitting Covid-19 pandemic, and its far-reaching consequences, we stayed true to our Framarian culture. We emphasized transparency, fair decision-making and openness. And, as always, we complied with national and international legislation and ethical principles, which are binding on all our employees.

Our mission is still crystal clear: we are serious about happiness. Happi-

ness drives our work and is our sole purpose, since it is the essence and reason for everything we do. Happiness can be found through the impact of our products, our commitment to our people and in the way we work. Our vision is to make three million people happier by 2022 because they can use our products. Framery will also offer hundreds of people around the world a provenly happy and fulfilling place to work.

By working per our mission and vision, we can create a world that is a little bit better than it would be without us.

Values are the core of our culture

Every one of us is responsible for living according to our values. Our values are the abilities and practices

*Happiness can
be found through
the impact of our
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our people and
in the way we
work.*

that we especially appreciate in our colleagues, as well as what we base our decision-making on. They are at the core of our culture and create our shared practices, rules and goals.

The values we expect each of us and future colleagues to live by are:

- Respect
- Courage
- Transparent communication
- Impact
- Curiosity
- Good judgment
- Responsibility

In 2020 our values were tested hard. Unfortunately, we were forced to organize two separate cooperation negotiations that ended up leading to temporary lay-

offs, the cutting of some of our benefits and the permanent layoffs of our rental workforce. During those negotiations, our management was commended for their decision to use our values as the basis of their decision-making and communication.

One-of-a-kind community

While there are great cultures in many companies, our unique way of working makes Framery one-of-a-kind. One of the key elements of a happy company is transparency. The idea is simple: our organization is basically flat – no strong hierarchy, no unnecessary middle management, no hidden secret processes. All the information regarding the operation of our company is available to Framerians on our internal Wiki-intranet. Another major contributor to workplace happiness is fair decision-making – we want to invite everybody into the decision-making process and not make conclusions at the managerial level that employees are forced to act upon.

A good example of decision-making in action took place during one of the cooperation negotiations in 2020. Our personnel were given the power to vote over which one of the cooperation negotiations packages our company should choose. Management specifically decided to approve and follow the constituency vote even though two other options could have been chosen.

That said, not everything went perfectly throughout the year. We received useful feedback from our employees

Our management was commended for their decision to use our values as the basis of their decision-making and communication.



CASE	DIVERSITY WORK AT FRAMERY
<p><i>Every Frameryan has the right to be whoever they wish to be, and we want to endorse this in every possible way.</i></p>	<p>Diversity is in our DNA. Every Frameryan has a right to be whoever they wish to be, and we want to endorse this in every possible way. According to the Great Place to Work survey (2019), 91% of our employees can sign this argument. However, we want to explore the theme from different viewpoints, open a discussion and help Framerians to recognize possible issues with regards to diversity.</p> <p>During 2020 we wanted to pay extra attention to diversity of gender and sexual orientation. In the fall of 2020, Seta, a Finnish human rights advocacy organization, held a webinar to increase our awareness of these topics. After the session, we asked Framerians to report all the practises that either support or discriminate against diversity. No burning issues were brought up, but our gender-neutral toilets at our factory were praised, as was the culture of no longer calling women or men ‘girls’ or ‘boys’.</p> <p>Equality work continues at Framery. Our management team touched on the topic in one of our Wednesday coffees, and we have created an equality plan for the year 2021 where our principles and actions are detailed. As part of the equality work, we will review two of our HR processes from the perspective of diversity and gender equality, for example.</p>



*We are now
able to move on
stronger and more
together than
before.*

on certain issues, such as what we could have done better with internal communication during the year, and reminders of multiplier effects (not only from Framery) of the pandemic on individuals. We have learned from the mistakes made, as well as the hardships encountered, and now we are able to move on stronger and more together than before. The continuous dialogue with our employees continues as before as it is an essential part of our culture: people speak up if there is something that needs to be said and then we find ways to make things better together.

Unique culture calls for unique communication

Despite the pandemic, we stuck to our existing internal communications channels (albeit with certain restrictions).

Our frequent events and activities in 2020:

- Framery talks videos: During the year, our management team melted our hearts with a brand-new video concept. In Framery Talks videos,

our management team members shared their insights on various business-related topics. With a typical Framarian blink in the eye.

- Framery quarterly updates on financial performance and quarterly reports.
- 'Thank God it's Wednesday' -coffees at the Framery headquarters provided popular weekly updates to the employees. In 2020, coffees were divided into two sessions – with the first held in Finnish, the second in English (with both recorded to allow virtual viewing for those not able to attend in person). The participation rate throughout the year was very promising.
- Team meetings also reflected on information given by the management.
- Frevents (Framery + events = Frevents!) gave everyone the chance to organize leisure activities – though no after-works amidst Covid-19. However, our golf tournament in summer 2020 was a success!
- Would you like to compliment a colleague for good work? Our Narnia closet is a cabin full of sweet surprises. Pick one, write your greetings

on Slack and make your colleague today's happiest Framarian. The online shop version is available for employees outside Finland.

- In addition, Framery supports employees' leisure groups. Yoga and ice-hockey clubs have been the most popular ones. In 2020, the former was turned into an online-version and the latter was organized within Framery's Covid-19 guidelines. The newest groups include hobby clubs for ice-swimmers and car-maintenance for example.

Channels for internal communications:

- Slack is our instant messaging tool for sharing information related to everything we do.
- Wiki is our very own Wikipedia where employees can find all there is to know about Framery. Our guidelines, materials, processes, teams... and anything else you could think of.
- Our news bulletin Framery News contains info about ongoing or upcoming projects, events and greetings from teams.

We feel that it is important that everybody has the chance to speak up and there should be no hesitation in bringing any questions or ideas into open conversation. We believe every-one should feel comfortable in grabbing even our CEO by the sleeve and sharing their thoughts. During the Covid-19 pandemic, this need

We feel that it is important that everybody has the chance to speak up.

CASE

A SMOOTH TRANSITION TO REMOTE WORK

These times call for particular resilience, endurance and the ability to conduct self leadership.

Framarians love to gather together, though flexible conditions for remote working have successfully been in place since pre-pandemic times. To that end, our transition to the so-called 'new normal' was very smooth in March when the Finnish government's legal recommendation of remote work was put in place.

In the fall of 2020, when the pandemic started to accelerate after a relatively calm summer, Framarians were divided into three groups to ensure our production would not become endangered. These three groups, two of them consisting of factory workers and one office workers, were encouraged to minimize their encounters. Also, office workers were instructed to work from home.

Even though we largely cannot meet face-to-face at the moment, we want to keep the Framarian community alive. For instance, teams have been encouraged to organize virtual coffees, workshops and day-to-day conversations. Some teams have come up with their own activities: important milestones have been celebrated with virtual toasts.

Framery has also wanted to pay attention to ergonomics. Computer screens, office chairs and electric desks can be borrowed from our office. In addition, we want to pay special attention to physical well-being. Every Framarian is now allowed to use one working hour for sports activity every week.

We acknowledge that the Covid-19 pandemic has taken its toll, and these times call for particular resilience, endurance and the ability to conduct self-leadership. To support employees in these areas, we have deepened cooperation with our occupational healthcare. Employees have, for example, been offered virtual trainings on psychological coping mechanisms during these challenging times. Employees also received a Christmas 2020 massage and healthy smoothie gift card to help them reload after the challenges of the year.

We have the world's first Happiness Insurance.

has been emphasized, and our team leaders have been open to constant dialogue with our personnel. One of the key channels for internal communication and development for every Framarian is a close relationship and interaction with their team leader and People & Culture Business Partner.

Still not happy? We want to be sure everyone feels included and content and that's why we have the world's first Happiness Insurance. It's simple: if a Framarian feels that something at work strongly decreases their general happiness, as a company we will do everything we can to fix it. If we don't succeed, the person will receive EUR 5,000 compensation. In 2020, conversations were conducted with 20 people, and the insurance settlement was not deemed necessary once.

The Culture Handbook

Our Culture Handbook contains all the information on our mission, vision and culture. It is handed out to all our employees as soon as an employment contract has been signed.

The Culture Handbook reveals how our culture is defined. It also contains our promises to our current and future employees on what kind of a workplace Framery is. Internally, the Culture Handbook creates our Code of Conduct, but for external use we have created a separate document that you can request from sustainability@frameryacoustics.com.

Due to Covid-19, we were not able to develop our Handbook in 2020. As soon as the pandemic is deemed to be more under control, we are planning to publish a new version with some extra features.



Employees and the wider workforce

A year of opposites

A year of opposites. That is the best way to describe the unprecedented year 2020. Happy moments that will stay in our hearts forever, combined with hardships that tested us in so many ways.

Needless to say, the Covid-19 pandemic had consequences for our personnel and there were many regrettable 'firsts'. For the first time in Framery's history, we didn't grow. For the first time, we were forced to put in place rules that influenced our vibrant, Tampere-centered community. And for the first time, we had to organize two cooperation negotiations that impacted our wider workforce.

Every hardship has its silver lining. We are committed to rising from the

pandemic stronger than ever. To ensure our competitiveness, we have continued with some essential recruitments. In addition, we have put a considerable amount of effort into both product development and health and safety work.

Amidst the pandemic, we have also wanted to take extra good care of all Framerians, and our actions have borne fruit: the results of our employee engagement stayed almost unchanged at 4.57/6 in the fall of 2020. The result reiterates the fact that we are still able to offer our Framerians a working place that meets their high expectations.

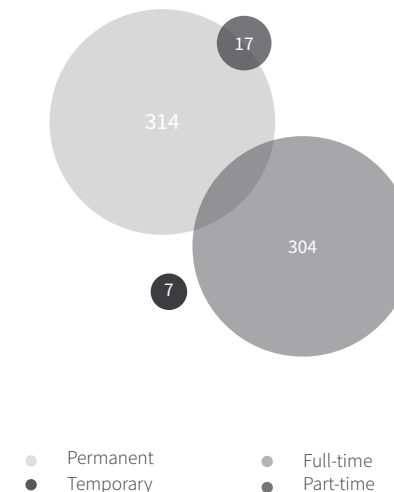
Post-pandemic times – we are ready for it.

Our dream team

Framery employs approximately 330 people in 15 different countries. All of our

We remain committed to offering our employees opportunities to develop in an evolving environment.

Employees by contract type, number



production happens at our headquarters in Tampere, Finland where we have 131 employees working to get our products ready for our clients. Our sales team is our most 'global' team, working in over 40 different locations around the world.

Prior to the fall 2020, we gave all our production unit's rental workforce an opportunity to continue on our own pay lists after the six-month period. Sadly, in 2020, we were forced to lay off our leased production staff, totaling 47 persons, first temporarily, then permanently due to the impact of Covid-19 on our business.

We remain committed to offering our employees opportunities to develop in an evolving environment. However, this means that we must also take special care of our employees' health and well-being. Every year, we set new strategic goals. In 2020, we introduced new structures and management approaches.

During 2020, we focused on:

- Training our team leaders to give them the best tools to manage our high-performing teams.
- Improvement of our performance enablement.
- Improvement on health & safety.

Great(er) place to work

Framery received the Great Place to Work® (GPTW) certification in 2017, 2018 and 2019. In 2019, we were ranked as the 16th best place to

We want our employees to be able to flourish in their work and get to use their potential to the full.

work. We were thus able to improve our ranking by six places compared to the previous year – and we are very proud of this fact. At the end of 2019 we decided to no longer participate in the GPTW certification process, and actively began seeking out a new partner for measuring engagement during 2020. Of note, in 2020, Framery was also ranked as the 46th Best Workplaces for Innovators by Fast Company.

The right talents ensure our competitiveness

For us, recruitment is not a one-way selection process; instead, we want to find people who also want to be part of the Framery story. We want to employ new colleagues who wish to develop themselves and Framery with us. We search for the world's best people and offer them the chance to develop. We

want our employees to be able to flourish in their work and to get to use their potential to the full. However, finding the right talent isn't always easy.

In 2020, we implemented some essential recruitments to ensure our competitiveness remained strong after the pandemic. Since there were many world-class specialists on the job market, we were able to grow our product development and sales personnel in particular.

Continuous development is the key to success

Performance enablement was one of our strategic development areas in 2020 and enhancing our Objectives and Key Results (OKRs) was the primary focus of our effort: with systematic feedback, Personnel



Development Plans and structured one-to-one conversations utilized throughout. One of our current projects is to create a clear job description for every Framarian. These will help our people to better understand the requirements of their work, as well as the possibilities for personal growth and development.

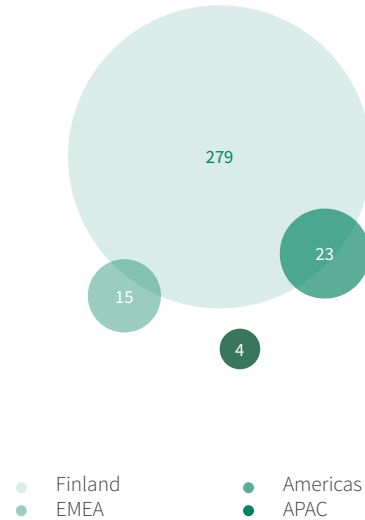
Life-long learning is something we want to emphasize, and every Framarian should be able to constantly grow in their position. To support this, team leaders and employees should discuss possibilities for tailored trainings and the support they need to succeed on a regular basis.

In addition, we want to offer our people possibilities for both horizontal and vertical career development opportunities and the possibility to change career internally.

Well-trained team leaders help us to flourish

Only well-trained team leaders can help our employees thrive. In 2019, we started a supervisory training program, which lasts until 2021. In the program, we are growing their capabilities to Coach for Impact. Trainings to date have been successful, and we have had fruitful conversations on broad-ranging topics, for example on Framery's holistic management philosophy. All our team leaders attend the Coach for Impact trainings.

Employees by region, number



Development reviewed systematically

To help Framerians succeed in their work, we regularly discuss each Framarian's performance. In this, we utilize both performance review discussions and OKRs.

There are separate performance review models for office and production workers. For production workers, personal performance review discussions are organized twice a year. Employee, team leader and assisting production team facilitators each review the performance of an employee and decide the areas of development for the next period. Since multi-disciplinary skills in production work is something we



As Framerians come in many shapes and sizes, promoting equality and diversity is important.

greatly appreciate, we want to pay extra attention to development in different areas and make sure nothing hinders it. That said, all possible licenses, for example truck or electricity licenses, need to be up to date.

Office workers have official one-to-one discussions with team leaders at least once a month. Twice a year, they complete a Personal Development Plan. In the plan, both employees and team leaders specify in which actions they will engage in order to ensure continuous development.

Our OKRs help measure our performance and ensure that each employee has clear goals and receives ongoing feedback and support to grow. The purpose of OKRs is to connect company, team, and personal goals to measurable results, while having all team

members and leaders work together in one unified direction. Currently, we are searching for a Framery way of using an OKR framework to support us in this constantly changing environment.

Framerians have a large degree of freedom and responsibility in what they do. In addition, Framerians have found the bonus program helps them keep up to date in terms of the direction they should be working towards. We have a fair bonus system in place.

Room for everybody

We believe that we must be kind to ourselves and show empathy to our colleagues. As Framerians come in many shapes and sizes, promoting equality and diversity is important. We come from different cultures, we have different kinds of work experi-

ences, we represent different genders and we come in all ages. Understanding and valuing different personalities is also a key part of our culture – and a key to thriving in global competition.

This year, we paid special attention to diversity of gender and sexual orientation (please read more about this on [page 31](#)). Also, the global Black Lives Matter movement created important internal discussions, and Framery decided to take a stronger stance on discrimination and diversity throughout its operations. As a company, we encourage people to always raise a discussion, we have a zero-tolerance policy for any kind of discrimination or inappropriate behavior, and if any Framarian feels that they are being discriminated against or unfairly treated we will investigate the matter objectively and ensure that actions are taken if merited.

Health and safety

We cannot perform at the highest level as a team and as a company if we are unable to give our absolute best as individuals. This requires an understanding of our own limits, recovery times and suitable working practices if we are to get the maximum potential out of ourselves and our work. Health and safety issues are managed in our People & Culture function and are also a part of daily work in production. Our management system is certified against ISO 45001.

We also have an active occupational health and safety committee that has representatives from all employee groups.

Supporting our employees in health and well-being

In general, Framerians' overall health and well-being are at a good level. However, we are still working hard to both prevent and help with two main issues when it comes to health. Musculo-skeletal system diseases and mental health issues are the most common reasons for longer periods of sick leave at Framery, and we are close to the industry average in these regards.

In order to support the well-being of our employees, we pay special attention to three focus areas:

1. We create a culture that supports being yourself in your everyday work. We want to have everyone come as they are.
2. We promote taking care of yourself. We offer information and the tools on nutrition, ergonomics and sleeping, for example. Also, Framerians are given the permission to use one hour of their weekly working time for personal sports activity. Sports clubs are also organized.
3. We continue to build a high-performance culture and to offer a model in which everyone has a chance to take part and enhance their well-being. We believe that through frequent feedback and by utilizing the best management practices that include the implementation of OKRs, for example, we can get there. In addition, to support our employees'

mental health, we offer a mental training Slack channel in collaboration with our occupational healthcare and each Framarian can book up to five discussions with our healthcare psychologist without a doctor's note. In this way, we are able to support mental health before any issues escalate as the channel offers an occupational healthcare professional ready to discuss everyday concerns of our employees and helps bring mental health services closer to our people.

We also conduct in-house-surveys on our employee's engagement level three to four times a year and an occupational healthcare survey once a year. If our occupational healthcare notices any alarming signs in a response, they will contact the employee to assess the situation.

Giant leap in safety work

Well-being and happiness have deep roots in our culture and Framarians come first when we consider workplace safety. No customer order can ever shake our safety standards – no matter how big.

During 2020, our safety work took a giant leap. A considerable amount of systematization was conducted, and both our management and occupational health and safety committee were very committed to all the development projects.

The biggest recognition of our work was the ISO 45001 certification we received in December 2020. The standard helps an organization to improve its occupational health and safety performance. As a part of the ISO 45001

We continue to build a high-performance culture in which everyone has a chance to take part and enhance their well-being.

Injury rate 2020

5.57

*per 1 million hours worked

Lost day rate 2020

26

*per 1 million hours worked

Absentee rate 2020

5.16

process, we updated our health and safety policy, which sets standards for our health and safety work.

Other safety improvements in 2020:

- Improvement in internal communications: In every quarterly update, our management delivers an update on occupational safety. Current status, past incidents, goals and indicators are presented.
- Safety walks: Each month, our occupational health and safety committee takes a walk through our premises to discuss safety issues with our personnel. Once a quarter, two of our management team members attend the walks. No remarkable issues have yet been brought up during these walks.
- Management review: Twice a year, our occupational health and safety committee and our management gather to discuss safety. Concrete procedures are reviewed, and future plans are discussed.
- New occupational safety system: We introduced a new occupational safety system, Safety Manager, that makes it easier for everyone to report safety observations and incidents.
- Risk-assessments: Throughout 2020, there were extensive risk assessments carried out across all departments and these occupational safety risks will continue to be assessed on an annual basis.
- Safety introduction to non-Framarians: We introduced a safety



All our safety instructions are binding to everyone.

onboarding which is binding to non-Framerians working at our factory. In addition, practices concerning authorizations were clarified. All our safety instructions are binding to everyone – from Framerians to contractors and guests – and for visiting and working at our factory.

- eLearning material for installment: During 2020, we created novel eLearning installment instructions for technicians mounting our booths. Currently, instructions have been written for a number of our products, and we are continuing the process in order to ensure instructions for all products are completed in the near future. Throughout this material, safety has been further prioritized in comparison to our pre-2020 guidance. In addition, we now regularly conduct test installments and aim to continually improve mounting instructions based on our observations.

Safety is our priority

Our biggest safety risks are in our production, but we also pay attention to work safety at the office. Most typical injuries are related to small cuts in the production of day-to-day tasks. Each employee has a duty to intervene if they believe that they see ways of working that are deficient in terms of occupational welfare or safety. All accidents, anomalies, observations and improvement suggestions related to safety are entered in the Framery's Safety Manager occupational safety system.

The new system, introduced in the summer of 2020, allows everyone, from Framerians to visitors and contractors to register their safety observations in the system by using a QR code. By our well-established process, our occupational health and safety organization can find out about all safety-related events.

In 2020, there were 321 safety observations entered into the system, and three lost time injuries were reported. In total, 14 working days

were lost. If an employee makes an entry in the Safety Manager system, within one week an investigation of the incident will be initiated together with the employee, and measures and a timetable will be agreed upon.

Production supervisors and our occupational health and safety committee go through the entries in their weekly safety review meetings. Actions and responsibilities are decided, and thorough analysis is conducted. We are committed to finding methods that prevent similar incidents. These methods are then copied in other departments. Our process means we can constantly improve employees' safety and working conditions.

In 2021, we are raising our bar even higher. During the year, the focus will be on increasing safety-related communication with all employees, and particularly in increasing awareness and interaction with safety objectives, metrics, findings and actions taken.

Wishing for a better year 2021

Let's be honest. This wasn't a year we had hoped for, though we made it through relatively unscathed. However, we are eagerly looking forward to 2021. We still want to be the best

possible working place for our valued Framerians, and we strongly believe that all the investment we put into our people is worth it.

In 2021, it's all about well-being. We want to mitigate health-related problems before they escalate and to take pre-emptive measures so we can ensure that Framerians on sick leave stay within reasonable limits. Since we are not planning to undertake a large recruitment drive, there's a lot of room to help Framerians in personal development. The large theme of learning – including performance enablement, headcount planning (new recruitments, internal transfers and our long-term needs for employees' skills), will be scrutinized carefully to find ways to enhance our operations.

And then there's the question about our culture. Covid-19 has challenged our community, and we need to ponder: what will our culture look like in post-Covid times? What are the elements we want to preserve, and what should be forgotten?

Whatever the answer may be, our core is the same. We are serious about happiness. And serious about having the happiest possible Framerians.

CASE STUDY	RESEARCH – FIRSTBEAT PROJECT
<i>The results revealed that pods positively benefit employee stress levels at work.</i>	<p>At Framery, our products are mostly used by so-called 'knowledge' workers in offices. From a research perspective, we are an evidence-based company, and our research is focused on understanding brain-friendly ways of working, enabling us to create sustainable and brain-friendly work solutions.</p> <p>How do office workers manage work-related stress and recovery levels throughout the day, for example? Our research team at Framery was interested in finding the optimal balance to the critically important question, and therefore began a collaboration with Firstbeat – a leading Finnish provider of physiological analytics for sports and well-being – on a study to measure stress levels before and after using a Framery pod. Cutting-edge analytics were employed to measure the stress and recovery levels of 54 office workers across three full days, two of which were workdays. Firstbeat tracked the stress levels of employees while they slept, worked inside and outside the pods, took breaks and throughout their normal daily activities.</p> <p>The results of the study, carried out during 2019 and published in early 2020, revealed that pods are empirically demonstrated to positively benefit employee stress levels while they are at work. The implications of this research point to pods delivering long-term business benefits, such as increased retention rates and boosted morale. Additionally, feeling less stressed after a workday can help improve employees sleep and motivation. The report therefore highlighted that making pods an investment in the overall well-being of a company would ultimately lead to pods being a driver of business growth.</p> <p>Take a deeper dive into this ground-breaking research</p>

Economic value creation



CUSTOMERS	45
INVESTORS	50
SOCIETY	51



Economic value creation

Framery is the pioneer and global market leader in manufacturing pods and office phone booths. In 2020, due to the highly disruptive impact of the Covid-19 pandemic, our purchasing volume and turnover declined in comparison to 2019, and revenue totaled EUR 88 million. That said, our company remained resilient throughout the year, and allowed us to continue to support society, to further improve the working environment for our customers and to deliver solid revenue to enhance our investor's portfolios.

The leading pioneer

Framery continues to strengthen its global market share in open office furniture and noise solutions. Over the last six years, the company has grown organically from EUR 1 million to over EUR 106 million in 2019, before witnessing a decline in revenue to EUR 88 million during 2020 due to the substantial global disruption caused by the Covid-19 pandemic. Though more than 100 direct competitors have entered the field since our founding in 2010, and a period of consolidation and mergers between our competitors are likely to result in the next few years, Framery

has continued to further strengthen its position as a global market leader throughout a challenging year for business in general. Furthermore, we have never lost sight of the fact that the primary focus of our work is to continue to create a reliable, functional and sustainable family of products that make people happy all over the world.

We set very ambitious growth targets for 2020, and while our results in the first quarter were very strong, the rapid rise of the pandemic across the globe impacted our business negatively to varying degrees in the remaining three quarters of the year. That said,

of note during 2020, we reduced our inventories to counteract the decline in sales and total revenue, sharpened our overall business control and operational procedures, and continued to lay the foundations for strong projected growth in the APAC region in 2021 and beyond by setting up two new companies: one in Japan and the other in Australia.

Our focus on growth

While 2020 was a challenging year in many respects, we remain confident that in the near-future timeframe, we will rapidly return to our path of strong sustainable growth. How will we do this? The answer is by following our tried and trusted procedures; those smart business decisions enabling us to grow year-on-year to become the global leader in soundproofed office furniture solutions. To that end, we are honest, and don't engage in any unethical or illegal business. We continue to pay all our taxes 'fair and square,' we negotiate decent contracts with our suppliers and dealers, we continue to pay fair wages and we continually strive to offer our many customers the best products possible. In addition, we still keep all of our production at our Tampere headquarters in western Finland. In this way, we can continue to be proud of the fact that we can support our local community by offering jobs in our home municipality of Pirkanmaa, as well as creating jobs for many people around the world too.

We remain confident that we will rapidly return to our path of strong sustainable growth.

Exporting globally

Over 90% of our turnover in 2020 came from exporting our products beyond the borders of Finland. Each year we have expanded our distributor network, and we now deliver our products to our dealers and ultimately to our customers in over 80 countries and across all inhabited continents. As a result, it is important that we continue to have a strong and trusted relationship with all of our dealers and suppliers globally and to remind them about our sustainability requirements through our Supplier Code of Conduct. At the end of 2020, 98% of our suppliers had signed our Code of Conduct. Furthermore, we do not support monopoly dealer arrangements in any country. One example of our sustainability work in action with regards to exports can be seen in our logistics hub in Michigan, US, a facility that first became operational in 2019. The hub has enhanced

its operations throughout 2020 and has allowed us to offer our customers increasingly more rapid and efficient deliveries throughout North America. Furthermore, it has also helped us to further minimize our carbon footprint due to the fact that we can ship large deliveries of pods throughout the region (and using less plastic and wood packaging materials) without having to use cross-continental flights.

[Read more about our environmental work on page 18.](#)

No tolerance for corruption.

We have always had, and continue to have, an unambiguous zero-tolerance policy on corruption. We also fully understand that the greatest risks in terms of corruption can occur when working with dealers and suppliers. As a result, we have stringent rules in place, and we ensure that supplier contracts are detailed and transparent and that our suppliers' responsibilities are precisely defined. Furthermore, we also have strict in-house rules in terms of who has the authority to sign our major contracts and all other legal documents. We believe that only by acting this way can we safely minimize the risks of potential exploitation and bribery. During 2020 we recorded no incidents of corruption, and we are proud to point out that this has also been the case every year since our founding in 2010.

Customers

For numerous white-collar workers in particular, the Covid-19 pandemic during 2020 proved to be the catalyst that pushed remote work to become considered the so-called 'new normal'. But, as the year progressed, we also came to understand more fully that though remote work offered some advantages, like the tangible saving on business travel and commuting time, there was also a downside too. Our ongoing research projects and enhanced knowledge gained on the subject reveals that not only does virtual and distance work create the feeling of perceived loneliness, it also becomes much harder to efficiently collaborate when people can only exchange ideas through largely scheduled teleconferences and phone calls. Innovation and creativity flourish when people come together, but sadly this was something largely missing during 2020.

For our many end-customers globally who were able to spend at least some of their working hours during 2020 at their office (the so-called 'hybrid' remote working / office-based model), our pods continued to offer an optimized place to achieve focused work. This, in turn, led to less stress and higher employee productivity throughout the working day – consequently leading to a qualitatively and quantitatively greater ROI (return on investment) for our customers.

At the end of 2020, nearly 50,000 booths and pods were in place in offices and other venues across more than 80 countries globally, serving our more than 4,800 end-customers. Backed-up by meticulously measured and data-rich metrics, benchmarks and KPIs (key performance indicators), our pods and booths significantly contribute to our end users' sustainability, as well





CASE	RESEARCH – FLOW PROJECT
<p><i>We have realized that there is a clear need for spaces that enhance flow.</i></p>	<p>Recent research* has determined that 66% of work done at the office is individual work, and how well we succeed in this work plays a crucial role in delivering work happiness. Other research has also found that a state called ‘flow’ is the optimal human experience, as it is a place where we can enjoy ourselves as well as feel a deep sense of participation and total absorption.</p> <p>Flow is a short-term, and quite delicate inner state of peak performance where awareness and action merge. At Framery, our research team has gathered specific data that reveals that stress, too many meetings, as well as multiple distractions, make it a perpetual battle to get into this flow state. Consequently, we have realized that there is a clear need for spaces that enhance flow – and for soundproofed spaces that help to create a rested and focused mind – so workers are able to use their skills to the max in areas like learning, analytical thinking and complex problem solving.</p> <p>To that end, our ongoing work on flow has revealed that our products can positively enhance individual and company productivity and deliver a ‘flow-based office’ in four critical fields: alertness and energy, absorption, richness and creativity, as well as team and leadership.</p> <p><small>*Rapal 2020 / Optimize report</small></p>

We prepared a ‘Framery Pods Guide’ designed to inform, enlighten and educate our customers.

as their individual and organizational well-being, all the way from enhanced usability, ergonomics and acoustics, to aesthetics, health and safety, ‘flow’, ‘resilience’ and productivity.

Currently, a number of the world’s leading companies use our product family to help make their people happier and more productive, as well as to save time, space and money. We also build pods and booths to support our customers and end-users on their journey towards attaining their own goals, by providing a product that is not only sustainable, but also supports their own work with sustainability and environmental questions. More than 40% of all ‘Forbes 100’ companies use Framery’s products, including Microsoft, L’Oréal, Vodafone and Puma.

Delivering clear information

Amidst the first phase of the pandemic in the spring of 2020, company personnel were for a period of time

either prohibited from working from, or not recommended to be in an office environment, a location where our product family most often serves the noise privacy needs of people. When our customers and end-users slowly began to return to their offices in very late spring or early summer, some of them incorrectly believed that the pods were not safe due to them being a small and confined space, as well as having concerns about the internal air quality left by the previous occupant. This was dramatic news when we received it at Framery and as a result, we quickly prepared a ‘Framery Pods Guide’, designed to inform, enlighten and educate our customers. It also allowed us to run through the most important and most requested information by our customers, end-users, architects and dealers to explain how our products operate, for example, by explaining how our pods replace the old air with new, fresh air in 90 seconds. Addition-

ally, due to the many questions being asked about the pods, we also created a complete cleaning guide. This was interesting because while everyone was asking about how to clean the pods, we became aware that there were no questions asked about how you clean the pod desks, or the seats or sofas. With a cleaning guide, customers realized how easy it was to clean the pod, and that the desks were already anti-microbial, for example, so their focus then turned to the rest of their office in which our products were situated. We also quickly gave our customers the option to retrofit or buy a pod with a copper door handle, a metal with long-recognized anti-microbial properties, as well as anti-microbial furniture upholstery.

For more information about our pod materials, see [page 20](#).

In terms of helping our customers throughout the pandemic in 2020, in retrospect, for us it was predominantly about providing enhanced information about our product family, as well as the product updates like the new anti-microbial fabrics and the copper door handles. Additionally, we ordered a Framery disinfection spray that could be used on all product materials (and on hands, too) and shipped this to all our customers and asked them to place a bottle inside every pod.

All that said, throughout the pandemic, we were not only thinking about Covid-19 exclusively but were

also looking further ahead and thinking about the sustainability and long-term benefits of utilizing our product family.

Our hybrid 'new normal' work-life future

Based upon our analysis of the many disruptions that 2020 threw into the mix – and looking to the future and thinking about our customers and end-users – we believe that there will be a higher acceptance for people to work remotely and that there will also be better tools, both physical and digital, for people to work remotely. We are of the opinion that it is likely that a number of organizations will take steps to reduce the size of their office space in the future, though it is certainly dependent on what kind of industry the organizations are in. We also think that there will definitely be less business traveling during the next few years. But even if some people sometimes work remotely and most people will be traveling considerably less, we do not see the role of pods in office workspaces changing even if the space is utilized differently.

Looking through the prism of 2020, our analyses undertaken suggest that the future office will be very much a living and breathing entity which will continue to have a critical function in the near to mid-future timeframe. Likewise, we believe that there will be many companies thinking that if they are to be creative, innovative, sustain-



There will have to be the facilities for people to have qualitatively optimal video meetings.

able and able to gain a competitive advantage in the long term, they will not ‘buy into’ the working model that proposes that nearly everyone will be working from home.

Furthermore, looking at the future of offices from our customers’ perspective, our analysis strongly posits that one notable future megatrend will be the possibility of facilitating successful and seamlessly executed video meetings. Due in large part to the Covid-19 pandemic, the virtualization of meetings accelerated rapidly throughout 2020 and has almost become a natural part of our lives now. This ‘new normal’ will impact offices for years to come, as our customers will continue to have a significant percentage of their end-users working remotely, coupled with a profound decrease in business traveling. Taken together, our view is that there will have to be the facilities

for people to have qualitatively optimal video meetings, and not just one-on-one, but in larger groups too.

To that end, during the final quarter of 2020 in particular, our order books revealed large companies already buying pods and equipping them with high-end video equipment, and we consider these companies to be the top 10% early adopters. The larger market has not yet fully realized what a powerful solution it will be to place pods into offices, rather than build walls and meeting rooms which are a considerably less sustainable option. Simply put, it is very expensive to build new walls and it is not a flexible solution. A pod can be moved over and over again or moved to entirely new premises and even refurbished and delivered to new customers, and all without the need to construct unsustainable walls and permanently



CASE	RESEARCH – RESILIENCE PROJECT
We require resilience more than ever in order to thrive in life.	<p>Framery has studied work-life happiness for years and the Covid-19 pandemic during 2020 served as an extra catalyst for enhancing our knowledge regarding the ongoing wellness revolution. Framery’s ambition is to make people happier, and our research on productivity and human psychology aims to realize that ambition.</p> <p>Our research during 2020 revealed that as individuals and organizations, we require resilience more than ever in order to thrive in life, as well as confront the challenges now evident in this present and future ‘new normal’. Resilience is a powerful inner ability to bounce back, be it from adversity or even from highly positive events. Likewise, resilient organizations are flexible, thrive in an uncertain world and can conduct their operations with a competitive advantage.</p> <p>For this project, we carried out a literature review and qualitative analysis about resilience. The review revealed that cultivating resilience means investing in future-proofing the ways of working – and this in turn means enhancing sustainability – by being prepared to handle next-gen challenges such as multi-locationality, distraction management and virtual collaboration.</p>

Our product family can play a beneficial role in preventing or reducing mental ill-health.

restructure office real estate.

Starting late 2020, we began a new 5-7-year mission to further inform our current and future customers about the positive environmental impact our pods can have, what kind of flexibility they will bring to office spaces and what a future-proofed solution they will prove to be. We have noticed that there is a shared need to have a dynamic office. Our take is that if you have fixed walls, it is neither a flexible nor cost-efficient solution if changes are required. An open space with pods makes that precious real estate more flexible, more dynamic and ultimately more sustainable in the long term – and our customers can be prepared for more or less people being in their offices – so if they are either downsizing, or indeed upscaling, their situation can be enhanced by utilizing our pods.

For more information about the costs of pods versus the cost of building meeting rooms, please see our case study on [page 25](#)

Another area of note that became even more important to address during 2020 was the subject of work-related mental health issues, and particularly work-induced stress and burnout. To help mitigate these highly disruptive, destructive and debilitating conditions, further meticulous, data-rich research on the subject of psychological as well as physiological well-being was carried out during 2019 and 2020. Results indicate that utilizing our product family can play a beneficial role in preventing or reducing the onset of succumbing to debilitating mental ill-health, by reducing stress levels and helping to increase concentration and productivity. Therefore, our promising first results suggest that our pods could have a positive impact on stress levels and therefore represent a tool to help mitigate this widespread work-related issue.

For more information on this subject, please see our case studies on [page 22](#), [46](#) and [48](#)

One other concrete action taken during 2020 has been the increased energy expended with regards to researching and incorporating our current product line in venues like hospitals, schools and universities, for example. Currently, the majority of our products are found in offices globally, but we are beginning to look more closely at developing new markets. In terms of schools and universities, we understand that teachers are often not able to concentrate on administrative tasks away from the classroom, and

that students can also be very sensitive to disturbances during classes. We see the need for pods to be incorporated even into the classrooms themselves, so students can drop in and then drop-out: to get that kind of micro-break and peace of mind they might need in certain circumstances.

Furthermore, hospital waiting areas should sometimes need to be able to facilitate private and confidential conversations between patients and doctors, for example. So, to provide a place for private conversations – rather than in a public area with other people watching and listening – our pods can help to deliver the ideal noise privacy solutions in this kind of environment.

Throughout 2020, a great deal of effort was spent on communicating important and educational material to our customers – particularly with regards to the many issues raised due to the pandemic – as well as the updating of the physical elements of the pods themselves. In addition, we also continued to engage in many conversations with our global customers on a vast range of non-pandemic related subjects, to listen to their questions and to analyze all feedback. As the year progressed, we continued to look for more optimal ways to utilize the right contact points, methods and tools to allow us to even more successfully engage with our valued customers and end-users. This critical communication work will continue unabated throughout 2021 and beyond.

Investors

In 2018, Framery received a significant boost to its operations when the Finnish Private Equity Investor, Vaaka Partners, became the majority shareholder in the company. Since then, Vaaka Partners has proven to be a very important enabler of growth, which has helped Framery to build up very solid business foundations in recent years. Those foundations already in place, due in part to the support of Vaaka Partners, took on added resonance and importance during 2020, and allowed Framery to remain financially and operationally resilient in the face of many challenges due to the pandemic, including considerable disruptions to global logistics and the company's complex supply chain.

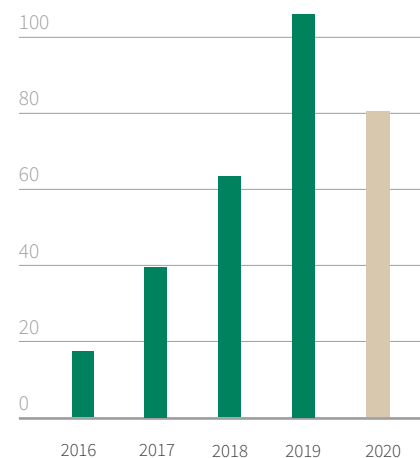
Vaaka Partners and its co-investors currently own 60% of Framery. The remaining ownership of Framery is shared between the company's founders, operative management and private investors. The investors of the private equity funds managed by Vaaka Partners are leading Finnish and international investors. Pension insurance companies and fund-of-funds continue to be the

largest investor groups. Vaaka Partners is registered with the Financial Services Authority in compliance with the Alternative Investment Fund Manager's act. Vaaka Partners follows the United Nations Principles for Responsible Investment in its investments activities and strives to improve long-run risk-adjusted returns from its investments by taking into account ESG-factors (environmental, social and governance). Vaaka Partners has a Policy for Responsible Investment ("Vaaka PRI"), and accordingly it integrates sustainability perspectives into the investment process and active ownership, as well as aims to ensure that sustainability becomes a fundamental part of the companies' business.

Sustainability and our investors

Framery continues to hold its board meetings once a month (remotely throughout much of 2020) and Vaaka Partners has two seats on the board for its representatives. In the latter half of 2018, Vaaka Partners supported us in taking our sustainability issues at Framery further. The publishing of our first

Net Sales, MEUR



annual sustainability report in March 2020 was strong evidence of how seriously we took the original guidance and wanted to turn our evolving sustainability agenda into real-world actions. For this, our second sustainability report, our belief that sustainability should be transparently and honestly communicated – as well as rigorously measured and more deeply embedded into our strategy and management approaches – has only increased. It remains a sustainability journey that will be further integrated into our entire operational ecosystem every year.

Direct economic value created, MEUR

	2016	2017	2018	2019	2020
Operating costs	13.6	31.6	51.0	90.8	73.8
Employee wages and benefits	1.9	4.7	7.4	12.6	7.5
Payments to providers of capital	0.1	0.4	0.8	0.0	0.0
Community investments	0.0	0.0	0.0	0.0	0.0

Society

Our largest economic impact on society flows from our tax footprint and the jobs we offer, both directly and indirectly through our own pay list, as well as through our global dealers and suppliers in the many countries across the globe.

Our tax footprint

As a transparent and responsible taxpayer, we commit to all applicable tax laws, rules, guidelines and regulations in all the jurisdictions where we conduct our business activities. Since our entire production and the lion's share of our employees are resident in Finland, the country also receives the majority of our corporate taxes. In 2020 Framery paid taxes, employer charges and governmental duties of over EUR 22 million to governments in countries where we have operations. Directly paid taxes, tax borne was EUR 17.6 million, while EUR 4.5 million were collected on behalf of governments.

Jobs sustained

Across the last six years, Framery has employed around 330 people directly. Due to the pandemic during 2020, considerable efforts were made to keep hold of our valuable people. One concrete action taken to help achieve this was the fact that we cut our bonus programme for the year for all staff, including management.

In addition, as we have an increasingly expanding network of dealers and suppliers – the number of our suppliers, for example, increased to 87 in 2020, compared to 78 in 2019 – our indirect employment has also increased substantially over time. A further 15-20 suppliers are currently in the process of being added to our supplier network in preparation for the roll-out of our new products in the second quarter of 2021.

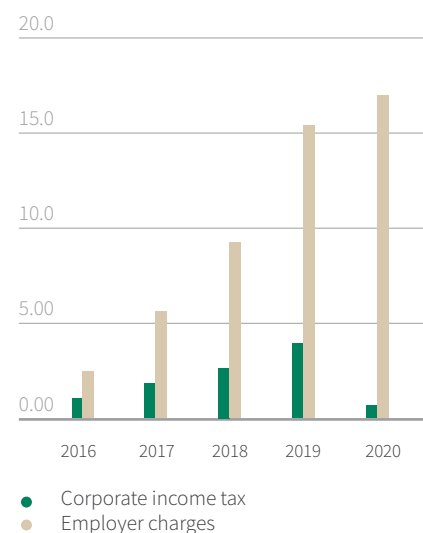
Continuing to spread happiness

Every year, Framery chooses a campaign or a fundraiser to support, and 2020 was no exception.

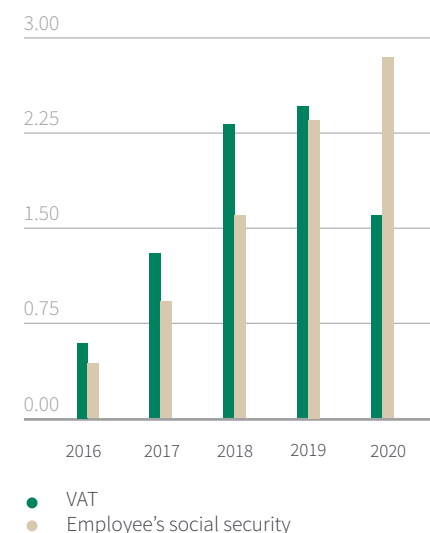
We decided to donate one Framery Q pod to the local hospital in Tampere, Finland.

For 2020, we asked our employees to propose a charity cause, and from the many suggestions made, support for breast cancer patients was selected. As a result, we decided to donate one Framery Q pod to the local TAYS hospital in Tampere, Finland. The pod is situated in the cancer department lobby to serve patients dealing with challenging life circumstances and is designed to provide them with noise privacy.

Tax footprint: Taxes borne, MEUR



Tax footprint: Taxes collected, MEUR



Reporting principles

03

How our report was created

Reporting period

This report covers our sustainability operations for the calendar year beginning January 1, 2020 and ending December 31, 2020. It contains data for Framery's operations, excluding leased workers, dealers and suppliers, unless otherwise clearly stated. This is Framery's second annual sustainability report.

Reporting boundaries

This report is based on our most material issues. Our material topics were identified through several stakeholder analyses conducted during 2019 and 2020 (read more on [page 11](#)).

We now understand more, and with every passing month continue to learn more about our impact on people, society and the environment around us. Consequently, we see our operations

impacting the following primary stakeholder groups and areas:

- **Economic value creation:** investors, employees, society at large.
- **Social responsibility:** customers, our employees, the wider workforce.
- **Environmental efficiency:** environmental causes throughout our products' life cycle, society at large.

Accordance with GRI and assurance

This report has been prepared in accordance with the GRI Standards: Core option. GRI is a non-profit organization that promotes sustainability and leads in the field of non-financial reporting. This sustainability report has been approved by the executive team at Framery. The information contained in this report has not been externally assured.

Contact us

For more information about Framery's work on sustainability, company responsibility and happiness, please contact us at sustainability@frameryacoustics.com.

GRI Standards index

Code	GRI content	Location	Comments
GRI 102: General			
Organizational profile			
102-1	Name of the organization	Cover page	
102-2	Activities, brands, products, and services	We are Framery p. 6-7	
102-3	Location of headquarters	We are Framery p. 6	
102-4	Location of operations	We are Framery p. 6, How we create value p. 7, Suppliers p. 23	
102-5	Ownership and legal form	Economic value creation, Investors p. 50	
102-6	Markets served	We are Framery p. 6	
102-7	Scale of the organization	How we create value p. 7	
102-8	Information on employees and other workers	Employees and the wider workforce p. 35	Framery and its employees have chosen to work gender neutral. But for the sake of the GRI report it will report the numbers in the index: Permanent: women 98, men 216 Temporary : women 5, men 2 Part-time: women 7, men 10 Full-time: women 96, men 208
102-9	Supply chain	How we create value p. 7, Materials p. 20-21	
102-10	Significant changes to the organization and its supply chain	CEO`s greetings p. 5	
102-11	Precautionary Principle or approach	GRI index	Framery follows the Precautionary Principle
102-12		Highlights and challenges p. 8, Our sustainability work p. 10-11	
102-13	Membership of associations	Our sustainability work p. 11	
Strategy			
102-14	Statement from senior decision-maker	CEO`s greetings p. 5	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Social responsibility, The Framarian culture p. 30-34	

Code	GRI content	Location	Comments
GRI 102: General disclosures			
Governance structure			
102-18	Governance structure	Our management approach p. 14-15	
Stakeholder engagement			
102-40	List of stakeholder groups	Our stakeholder engagement p. 16	
102-41	Collective bargaining agreements	GRI index	84% of our workers are covered by a collective bargaining agreement.
102-42	Identifying and selecting stakeholders	Our stakeholder engagement p. 16	Stakeholder groups have been identified by listing key business stakeholders and partners and the actors interested in the impact of our work.
102-43	Approach to stakeholder engagement	Our stakeholder engagement p. 16	
102-44	Key topics and concerns raised	Our stakeholder engagement p. 16	
Reporting practice			
102-45	Entities included in the consolidated financial statements	GRI index	As a non-listed company Framery has not published any financial statements publicly.
102-46	Defining report content and topic Boundaries	Our sustainability work p. 11, How our report was created p. 53	
102-47	List of material topics	Our sustainability work p. 11, Our sustainability agenda p. 12	
		GRI index	No restatements of information.
102-49	Changes in reporting	GRI index	No significant changes.
102-50	Reporting period	How our report was created p. 53	
102-51	Date of most recent report	GRI index	Our previous report was published on the 18th of March 2020.
102-52	Reporting cycle	GRI index	Framery plans on annual reporting on sustainability.
102-53	Contact point for questions regarding the report	How our report was created p. 53	
102-54	Claims of reporting in accordance with the GRI Standards	How our report was created p. 53	
102-55	GRI content index	GRI index p. 54-56	
102-56	External assurance	How our report was created p. 53	

Code	GRI content	Location	Comments
GRI 103: Management approach			
103-1	Explanation of the material topic and its Boundary	Our sustainability work p. 11, Our management approach p. 14-15	
103-2	The management approach and its components	Our management approach p. 14-15	
103-3	Evaluation of the management approach	Our management approach p. 14-15	
ECONOMIC STANDARDS			
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	How we create value p. 7, Economic value creation p. 42-43	
GRI 203: Indirect economic impacts			
203-2	Significant indirect economic impacts	How we create value p. 7, Economic value creation p. 42-43	
ENVIRONMENTAL STANDARDS			
GRI 301: Materials			
301-1	Materials used by weight or volume	How we create value p. 7, Environmental efficiency, Materials p. 20-21	
301-2	Recycled input materials used	Environmental efficiency, Materials p. 20-21, Circular economy p. 24-25	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	Environmental efficiency, Energy and greenhouse gas emissions p. 26-27	
305-2	Energy indirect (Scope 2) GHG emissions	Environmental efficiency, Energy and greenhouse gas emissions p. 26-27	
305-4	GHG emissions intensity	Environmental efficiency, Energy and greenhouse gas emissions p. 26-27	
GRI 306: Effluents and waste			
306-2	Waste by type and disposal method	Environmental efficiency, Circular economy p. 25	
SOCIAL STANDARDS			
GRI 403: Occupational health and safety			
403-1	Occupational health and safety management system	Social responsibility, Health and safety p. 38-41	
403-2	Hazard identification, risk assessment, and incident investigation	Social responsibility, Health and safety p. 38-41	There were no fatalities recorded in 2020.
403-3	Occupational health services	GRI index	Every Framarian is entitled to occupational healthcare.
403-4	Worker participation, consultation, and communication on occupational health and safety	Social responsibility, Health and safety p. 39-40	
403-5	Worker training on occupational health and safety	Social responsibility, Health and safety p. 39-40	
403-6	Promotion of worker health	Social responsibility, Health and safety p. 39-41	
403-7	Prevention and mitigation of occupational health and safety management system	Social responsibility, Health and safety p. 38-41	

Code	GRI content	Location	Comments
403-9	Work-related injuries	Social responsibility, Health and safety p. 38-39	
GRI 404: Training and education			
404-1	Average hours of training per year per employee		Average hours of training per year per employee was 3.9 (hrs).
404-2	Programs for upgrading employee skills and transition assistance programs	Social Responsibility, Employees and the wider workforce p. 37	
404-3	Percentage of employees receiving regular performance and career development reviews	Social Responsibility, Employees and wider workforce p. 37-38	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Social Responsibility, Case: Diversity work at Framery p. 31	There were no incidents of discrimination in 2020.

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