

Framery Sustainability Report

2022

framery

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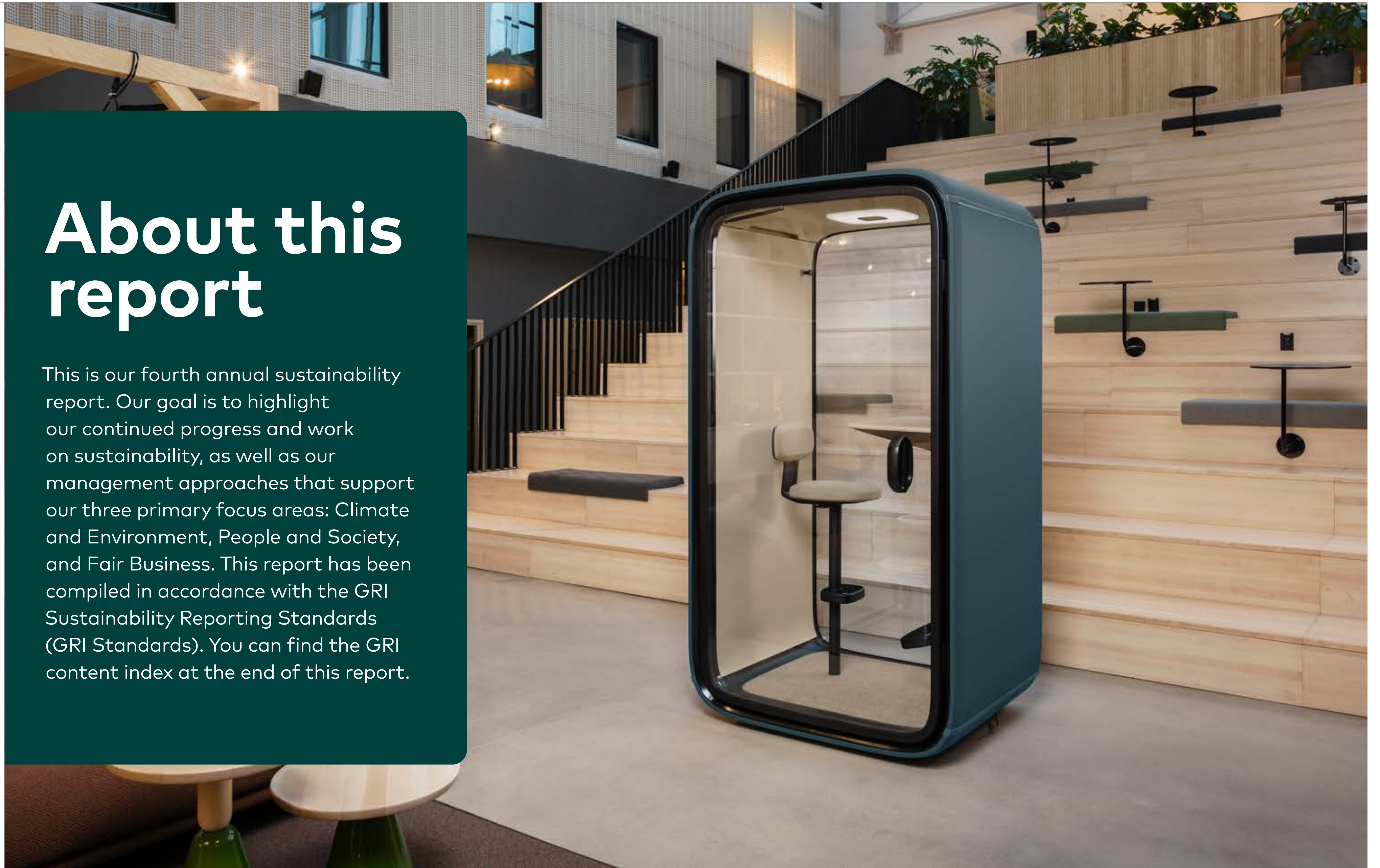
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About this report

This is our fourth annual sustainability report. Our goal is to highlight our continued progress and work on sustainability, as well as our management approaches that support our three primary focus areas: Climate and Environment, People and Society, and Fair Business. This report has been compiled in accordance with the GRI Sustainability Reporting Standards (GRI Standards). You can find the GRI content index at the end of this report.



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Around 70% of all 'Forbes 100' companies use Framery products.

154
In 2022, our revenue was EUR 154 million.

98
Our end-customers can be found in 98 different countries.

400
We employ around 400 people in 15 countries.

Tampere
Our headquarters are in Tampere, Finland, where around 90% of us work.

This is Framery

Framery is the pioneer and world's leading manufacturer of acoustic 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 many of the worlds' leading companies, including Tesla, Puma and Microsoft. In fact, around 70% of all 'Forbes 100' companies use Framery products.

In 2022, our revenue was EUR 154 million (2021: 94 MEUR). In the next few years our growth is projected to strongly increase.

We employ around 400 people in 15 countries and our end customers can be found in over 98 different countries and across all inhabited continents. Our headquarters are in Tampere, Finland, where around 90% of us work. All our products are manufactured in Tampere.

Our product family is made from durable, renewable and recyclable materials and our pods are designed to have a long lifespan. 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.

'Our products make employees happier and more productive in the offices of many of the worlds' leading companies, including Tesla, Puma and Microsoft.'

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CEO's review

At Framery, we make the world's most sustainable pods. This may seem a bold statement, but it's founded on solid reasoning. It all started years ago when we designed the first pods, and continued in the same, ever more focused direction with their incremental development.

There are a variety of angles to consider in upholding our claim, but it all starts from our commitment to high quality – guaranteeing that they are soundproof and safe for users. We have maximized their lifetime through our material choices at the design stage, a distinct approach in the marketplace, as well as eliminating the use of all toxic materials in our products – and non-sustainable materials – to the greatest degree possible. We have also emphasized the recyclability of the products and the use of recycled materials as much as is viable.

The surfaces of the materials we use can endure wear and tear better than those used by most of our competitors. The idea is for them to be able to take decades of usage. You can reuse them, install them, take them apart and install them again. This can be done countless times without affecting the functionality or the quality of the product: it's built for this purpose.

Our pods are designed to have multiple life spans – we offer a subscription model to allow several customers to benefit from their design and functionality, our pods have also proven popular on the second-hand market. This is also reflected in their

aesthetics: we create timeless designs that are simple and robust, untethered to any particular period or design fashion. This is an important factor in our effort to make products that are both usable and visually appealing in the longer term.

Another pertinent point is that we source the materials from close by. Over 90% of the materials we use come from within a 500 km radius of our factories, and we only use wood from certified forests. Going forward, our focus will be on the need to minimize the amount of material – particularly virgin and non-renewable material – used for each product we make. This has become our main sustainability goal, in addition to prolonging the product's lifespan even further.

Making the world's most sustainable pods is one thing, but we want to also ensure that we do so in a responsible manner. We make sure that social responsibility is firmly accounted for in our supply chain by insisting that our partners sign our Supplier Code of Conduct, which stipulates that they do not violate labor rights or break any other international human rights rules or laws, and share our zero-tolerance approach to corruption. We also visit them regularly to verify that this is the case.

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More broadly speaking, we actively avoid greenwashing. This means monitoring and modifying our real actions instead of simply offsetting emissions. I personally believe that the only way any company should proceed in the face of the climate crisis is to minimize the footprint of its core business.

The world's way of working has changed permanently. We won't see a return to the occupancy rates in offices that we saw prior to the pandemic, and this has several impacts in terms of how offices will be built now and in the future. The office of the future will be less about doing individual work, and more about collaborating and connecting with people.

Any breakthrough in the life of a company requires both concentrated work done individually and collaboration among colleagues. Our products are the perfect tool to enable both. We provide the spaces to allow people to concentrate, as well as the best possible way to collaborate, regardless of each participant's location. In our larger pods, we provide the best possible all-round experience – enabling hybrid meetings where some might be remote, and others present – while the smaller ones represent the optimal spaces for pure online participation.

These are the ways in which we enable the new normal for working life, and I think it's good to recognize the different needs more broadly than we have previously. These changes will have more far-reaching effects: there will be less commuting and therefore less pollution. There will be less business travel, which is also a positive shift.

Offices in general will be less occupied, the amount of office space will most likely be reduced to some extent, and there will be fewer people per square meter in the space that remains. I foresee

a change from workstation fields to spaces that allow different kinds of collaboration and connection between people. We will still need workstations, and some people will always work better alone in the office, but the need for variety is increasing, and happily enough, we are providing spaces for many of these new, emerging, or growing needs. I see Framery at the center of these changes, consistently enabling the most effective working methods.

Sustainability issues are at the core of our business, and therefore a topic of discussion for the management team throughout the year. The management team goes through these issues with the board formally on an annual basis, and prior to this meeting, we take a session to address them comprehensively in a deep dive into the topic.

Our emission reductions targets are in line with the Paris Agreement, approved by the Science Based Targets initiative, which unites some of the world's biggest corporations and brands in a combined effort to limit global warming. Our next priority is to create a vision to make our business goals viable in the context of planetary boundaries, which is why we signed up for a circular-design training programme in late 2022, to take place throughout 2023. We believe circularity is the solution to tackle the climate change, nature loss and resource overconsumption crises.

To take a moment to mention recent events and their impacts, I would point out that 2022 was a year of two distinct halves. The first obviously included indirect impacts through the war in Ukraine in terms of the component shortages and raw material fluctuations it caused. This began to normalize somewhat throughout the second half, but then we faced growing expectations for a mild global recession, driven by inflation and the war's ongoing impacts.

Framery in 2022

17,000 pods delivered worldwide in 2022, in **69** countries across the globe, including **4,760** Framery One pods.

Our partner network consisted of **526** distributors in **68** countries.

Inflation and interest rates began to rise in September, causing the market to be less clear and positive than it had been earlier in the year. Towards the end of the year, the economic situation seemed to stabilize, with a certain degree of uncertainty remaining amid fears that a mild recession may still come.

These circumstances, fortunately, did not have a severe impact upon our market. The changing face of working life, as outlined above, along with the pent-up demand and the need for change remain stronger than the potential negative impact of uncertainty in financial markets.

Our NPS has been at a market-leading level for some time now, and has stayed strong. During 2022, we established a new function called Customer Success, which is another point of differentiation in our market. To my knowledge, no other furniture manufacturer has this type of function, actively calling customers when they

have received their products to make sure they have everything set up and are good to go. This represents a major investment in developing and creating value for our customers, and I'm very pleased with how the organization has continued to aim for better, in terms of serving them.

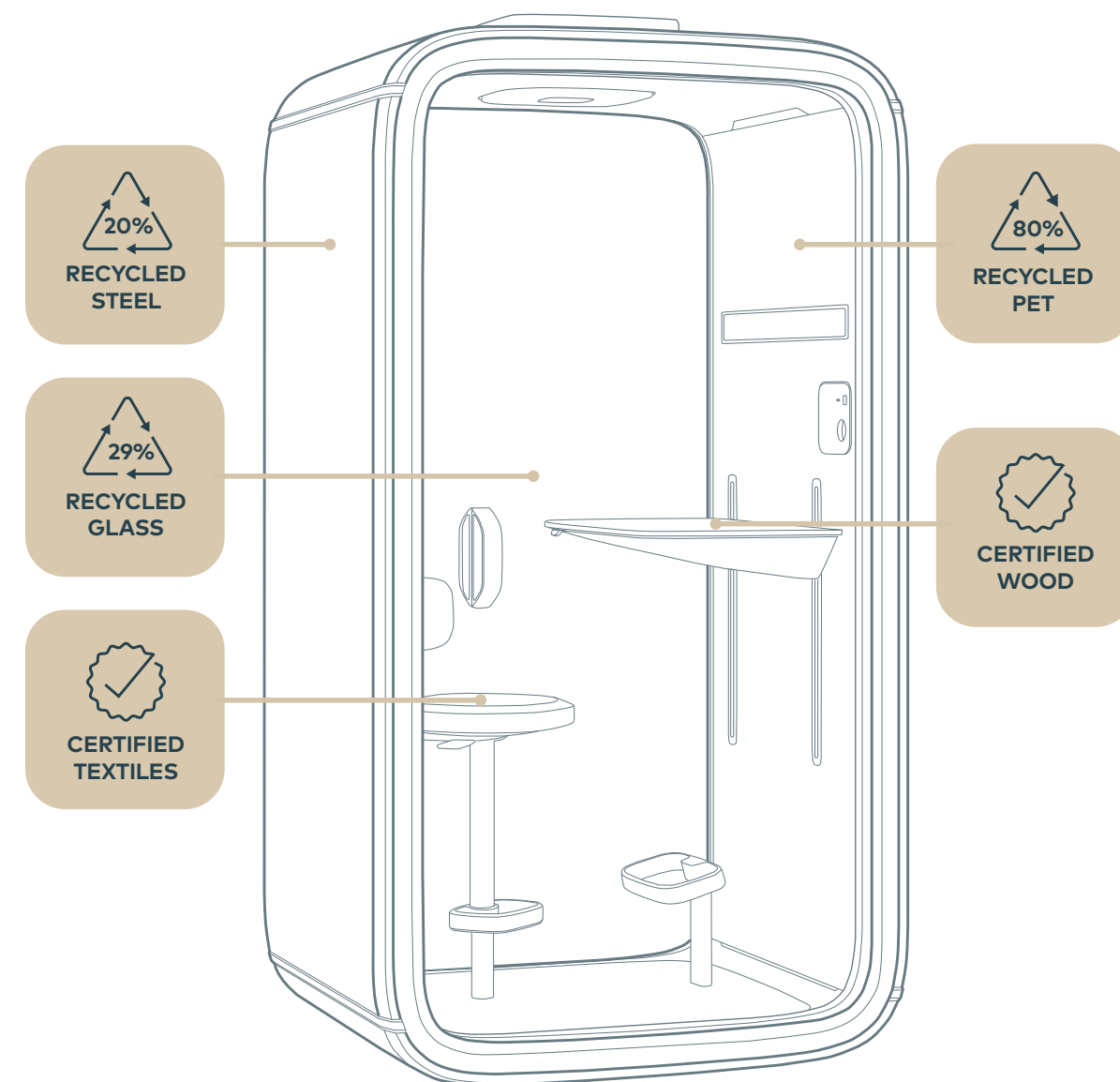
I'd like to thank our customers, as well as our employees, partners, suppliers and other stakeholders, for being a part of this journey. We live in a time of highly rapid change, but this still holds plenty of opportunities to affect things for the better. I hope reading this report will make it all the more clear that this intention is at the core of our efforts, along with the concrete details of how, together, we are making it happen.

Samu Hällfors, CEO

The world's most sustainable pods

Our pods are produced to meet the needs of the changing working landscape, which demands flexibility and the best possible use of resources in every sense of the word. Their key attributes are their safety and high quality: they are soundproof, odor-free, long-lasting products with a high utilization rate, and do not pose any health hazards to their users.

As a company, Framery is committed to responsible business conduct in accordance with the UN Global Compact and the Science Based Targets initiative's 1.5°C temperature goal. This also means that our pods will not be manufactured at the expense of the environment nor using exploitative practices.



LOGISTICS
We have logistical hubs in Singapore and the USA, reducing air freight and allowing us to load our shipping containers more tightly. The products are made following each order, so their modularity also helps with this.

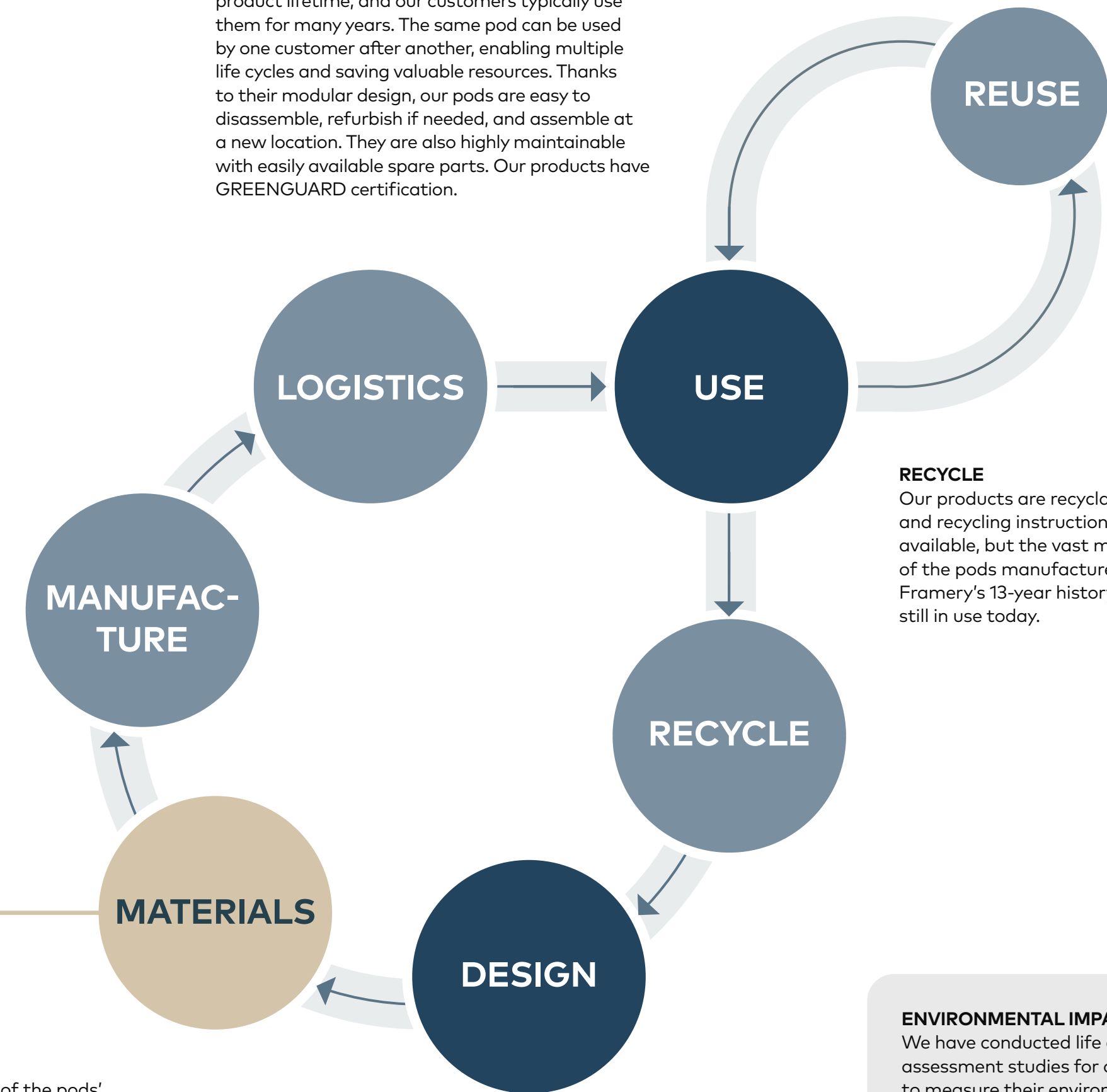
MANUFACTURE
All our pods are manufactured in Tampere, Finland using 100% renewable electricity, and our factory logistics are operated on biogas and renewable diesel. The material efficiency rate of our production was 94.9% in 2022. Virtually no waste goes to landfill.

MATERIALS
Materials account for the largest share of the pods' environmental impacts. We use renewable, recycled and certified materials to the greatest degree possible, and 90% of our suppliers are located within 500 km of our production facilities. All our wood component suppliers are required to have FSC or PEFC certification, all fabrics have the EU Ecolabel, our felts and acoustic foam are ca. 80% recycled PET (plastic bottles), our steel is around 20% recycled and glass 29%. All the raw materials we use are listed transparently in Health Product Declarations (HPDs) on the 100 ppm level.

USE & REUSE
The modular design of our pods facilitates a long product lifetime, and our customers typically use them for many years. The same pod can be used by one customer after another, enabling multiple life cycles and saving valuable resources. Thanks to their modular design, our pods are easy to disassemble, refurbish if needed, and assemble at a new location. They are also highly maintainable with easily available spare parts. Our products have GREENGUARD certification.

RECYCLE
Our products are recyclable and recycling instructions are available, but the vast majority of the pods manufactured over Framery's 13-year history are still in use today.

ENVIRONMENTAL IMPACT
We have conducted life cycle assessment studies for our products to measure their environmental impacts. Alongside their carbon footprint, we also study other impacts such as resource depletion and water scarcity. The results are verified by an independent third party, and then published and registered as an EPD to provide stakeholders with reliable information on our products' environmental performance in a transparent way.



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Strategy

In 2022, we focused on three major undertakings to advance our renewed strategy of 2021. We developed our new mission-critical Digital Offering and Services division, completed our strategic workshop projects and started moving from measuring the office to understanding the well-being of the people working at the offices by using data.

In the office space industry, the revolution will be digital

After launching the Digital Offerings and Services division in 2021, we devoted 2022 to building the team by recruiting software developers, data specialists, artificial intelligence experts and analytics professionals.

Digital Offerings and Services is part of our transformation from primarily being a manufacturer of workspaces to a provider of smart data-driven workplace services. We want to offer digital tools that make people's days easier by interacting with our connected pods for working and meeting. We believe that this unique integration of hardware and software is the key to revolutionizing the office space industry and better serving the needs of the modern workplace.

Space optimization is resource optimization

We are currently developing digital services that will allow businesses to determine how their employees use their facilities and how to arrange them for optimal use, as well as help their employees find and reserve available workspaces,

providing physical surroundings geared for focus and productivity, including all the equipment they need to succeed at work. By helping people make the most of the office rooms and spaces available, space optimization helps businesses optimize their resource use and minimize their office footprint. In this manner, our digital offering promotes a more sustainable office tomorrow.

A sustainable product design

In 2022, we continued our product development, making heavy investments in making our pods more durable, thereby expanding their lifetime. We continuously evaluate our suppliers and materials to ascertain and ensure that we know how and where we can make the biggest impact in terms of resource efficiency, circularity and climate change.

However, as important as material and supplier selection are, product design has a greater impact. When designing Framery One, we chose sheet metal-based production technology because of the design freedom, creativity and quality it enables compared to traditional

wood-based production technology. Sheet metal's malleability makes it ideal for mass producing parts with great precision while generating less scrap than wood, which is desirable from a sustainability standpoint.

We can also reduce the need for replacements by designing our products to last. To make sure that the metal frames of our Framery One pods are long-lasting, we systematically run product tests to establish their durability under normal use. Our tests suggest that the expected lifetime of our Framery One is fifty years. By building our pods to last, we enable people to enjoy them for decades to come.

Framery Subscribed — circularity in action

In 2022, our Framery Subscribed business grew considerably. For a fixed monthly fee, businesses can lease pods as they need for as long as they need them. When the pods are no longer needed, they are taken back to our local installation partners who will do all the necessary refurbishment, repair and maintenance before shipping them to the next customer. Subscribed demonstrates the virtues and promises of circularity by ensuring that the pods we manufacture will be used, reused and reused again, not wasted.

Navigating the new occupational health and safety requirements

In 2022, we started informing the office space industry about the new occupational health and safety standards that have emerged following the introduction of office pods. Since the office pod concept is still fairly new, most occupational health and safety standards, procedures and



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certificates were made with the old, pod-free offices in mind. As a result, many businesses might invest in pods that are not up to code and, thus, not healthy, safe or sustainably made. As pioneers in the office pod industry, we are in a unique position to educate the market, including office space providers and suppliers, dealers and architects, on what to consider when investing in and installing pods in offices.

2022 strategy workshop project, highlights from a sustainability perspective

Toward the end of 2021, we concluded the first five-year strategy workshops. Based on those, we defined our strategic projects for 2022. By the end of 2022, we finished our projects, and all in all, we met 80% of our targets. The aim of our many projects was to bring Framery's vision of the new digital office closer to reality by improving our core businesses, products and customer service. Many projects also aimed to make our

products more sustainable in terms of design, production, delivery and use, from an environmental and social perspective.

A trailblazer in workday technology

Our mission is to help employees succeed by providing them with soundproof workspaces that are conducive to focused knowledge work as well as meaningful connections with others. We have expanded on our vision to include offering digital services for a fully connected office. These digital services will allow businesses to measure employees' well-being and happiness, as well as how they interact with one another and with the office spaces. Our goal is to help businesses create happier, more productive, socially and psychologically sustainable workplaces. To achieve this, we aim to become forerunners in workday technology, offering innovative digital services to the office space industry.



2022

Key strategic projects

The new Asia Pacific logistics hub. In 2022, we set up a new warehouse in Singapore. Before the hub, we had to sell our products with a very long lead time (up to 16 weeks), and customers who wanted faster delivery had to rely on airfreight, which was clearly undesirable from an environmental standpoint. Thanks to the hub, we have improved our product availability and can offer both faster and more environmentally friendly shipping. In addition, we can load our shipping containers in a tighter and more resource-efficient manner.

Educating pod installers for service life maintenance. In 2022, we launched a new ambitious education program for Framery pod installers. The purpose is to bring the installers of our pods to our factory to receive comprehensive training on the inner workings of our pods so that they can better maintain and repair the pods and, thereby, prolong their lifetime. We believe this will amplify the impact of building sustainability and circularity into the pods from the beginning.

Framery One, updated. In 2022 we continued improving our most advanced pod, Framery One, launched in 2021. For example, we introduced new lighting capabilities that vastly enhanced the videoconferencing experience. This new feature will help us advance our goal of increasing customer satisfaction.

The future of meetings. In the long term, we want to move away from measuring the office to understanding people. We want to find ways to collect data on employees' mood, stress levels and general well-being, connect those metrics to actions and events at the workplace, and push that data to HR functions. In 2022, we continued studying how different kinds of meetings affect people and how to measure their emotional reactions.

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Our impact on the world

Overview

We are a net positive company with a net impact ratio of +20%. This result indicates that we create more value compared to the resources we use. Our main positive impacts are within Health and Society, and the largest resources we use are the materials needed for the pods we provide.

The net impact profile is a comprehensive overview of the holistic impact created by our business. The analysis is based on our core business, meaning the products and services we offer and covers the total value chain. The profile has been calculated and produced by the Upright Project's net impact quantification model, which uses machine learning-based technology to process the knowledge contained in millions of scientific articles. Read more in Upright's Knowledge Base.

Society

Like all companies, we have a positive impact on society by generating jobs and paying taxes, thus contributing to the joint resources of society. The Taxes impact consists of corporate taxes and value-added taxes. In addition, as our pods are furniture used in offices, they are considered a part of the infrastructure of our society and contribute towards a positive impact within Societal infrastructure.

Knowledge

Within the Knowledge dimension, our most significant resource is our people. Scarce human capital measures the opportunity cost of scarcely available

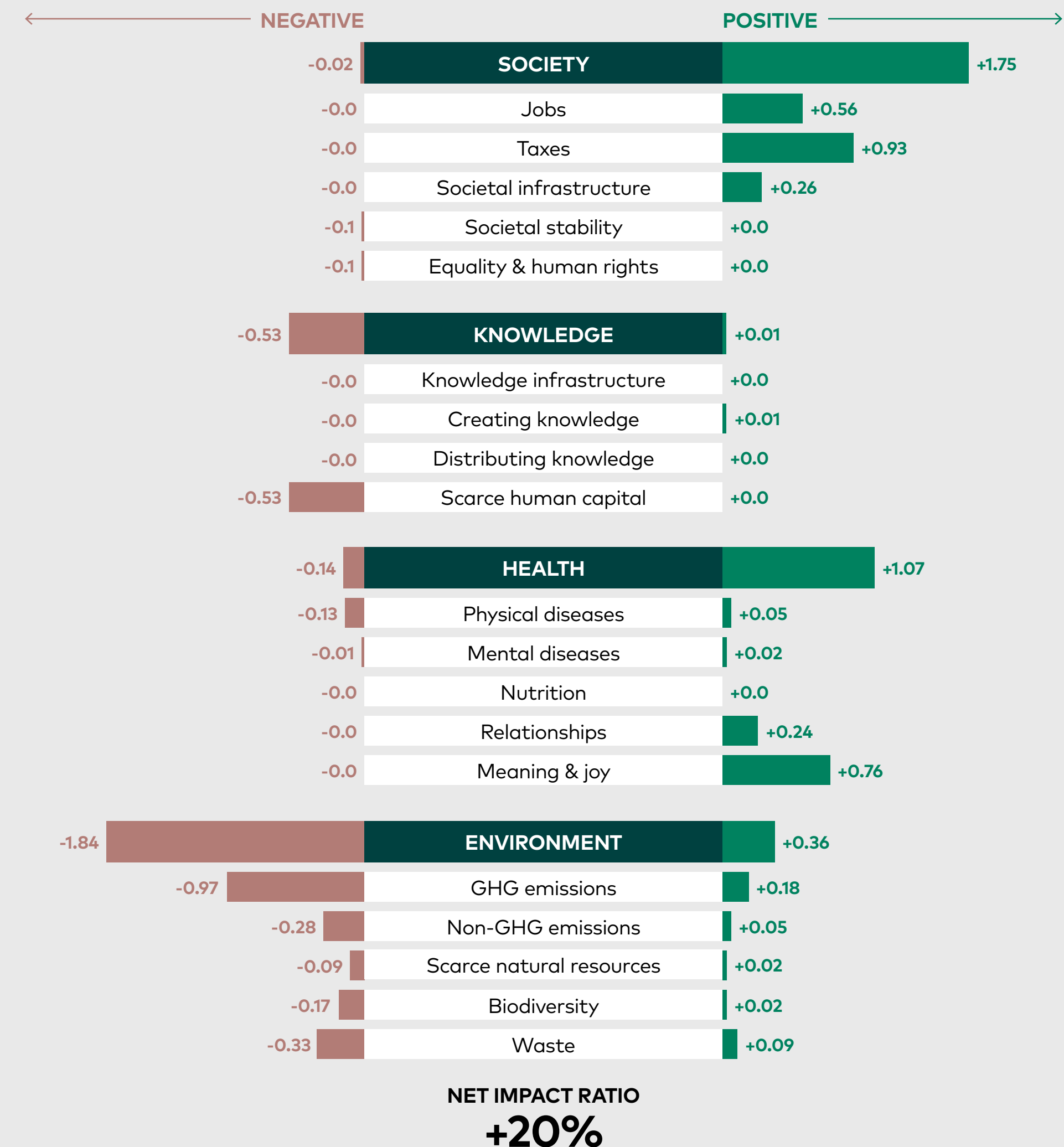
human resources. The assessment includes the level and scarcity of the required education needed to produce the pods and services we offer. We employ, for example, highly educated engineers and business professionals, who are among the multiple resources we use to create all the positive impacts seen in our net impact profile.

Health

One of the most significant positive impacts we have on the world is through better health at the workplace. By providing quiet places to work, enabling uninterrupted focus on tasks and facilitating hybrid work, our pods contribute positively to increased feelings of meaning and joy. Simultaneously, our pods act as co-working spaces and enable teamwork, which enhances professional relationships.

Environment

Like most companies, we also use some environmental resources. Most of the negative impacts arise from the supply chain. Emissions and waste are, for example, created in the manufacturing of the pods, the mining and production of the components needed, and the packaging and transportation of the products. On the other hand, many of our activities also have a positive impact on the environment by increasing the lifespan, usage or durability of the pods. Examples of such activities are the repair and maintenance, the usage of recycled materials, and the leasing of pods to multiple customers.



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Explanation of Upright's model & methodology

Upright's quantification model is based on machine learning, open-source science, and the products and services that companies produce and offer. Using Natural Language Processing (NLP) techniques, the model has been taught to understand causality in scientific articles and summarize what science knows about all the impacts that the products and services have on the environment, health, society, and knowledge. Because all companies undergo the same methodology of analysis, the net impact profiles produced by the model are all comparable to one another.

Because the analysis is based on products and services, impacts here are defined strongly through what companies produce and offer, rather than on how they do so (i.e. governance and compliance). Net impact concentrates on the scientifically-examined largest impacts a company's core business has on the surrounding world. It answers the question: "What does the company achieve with the resources it employs? How effectively does it turn its resources into desired outcomes?" Because of this, the net impact profile is a comprehensive picture of a company's value creation and can be interpreted as providing an overall picture of what resources a company uses and what it achieves by using them.

About the Upright Project

The Upright Project is a technology company based in Helsinki (www.uprightproject.com). Its mission is to create incentives for companies to optimize their net impact. Upright produces data on the comprehensive net impact of companies, with the aim of looking at both the negative and positive impact and enabling smarter decision-making for institutional investors, consumers and employees. In addition, Upright's data offering covers the SFDR PAI indicators, EU taxonomy metrics and UN SDG metrics for unlisted and listed companies. The Upright platform's data universe comprises +24,000 companies, and its customers include +200 organizations in 15 countries.

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Our sustainability work

We are serious about happiness, it is the reason we exist and our purpose going forward – not only concerning our products but for everything we do, whether it is our people, commitment, desire to develop, or the way we work.

Framery was born from a necessity to re-think the office, and we will continue to shape the world of work in the future. We improve the flow of work with our technology-driven products, solutions, tools and services. We enable people to connect and achieve their best at work. Our ambition is to make 5 million people happier by the end of 2026.

In the 13 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 sustainability and business. Framery's operations have both a positive and a negative impact on the environment and the people who fall within our entire ecosystem. It is not only the pods we manufacture but also how we manufacture them, being serious about everyone's happiness.

This report presents our sustainability highlights from the year 2022. We have started measuring our net impact to holistically understand the various positive and negative impacts we have on the surrounding world. Like many other companies, we are moving towards standardized sustainability reporting as a response to stakeholders' needs to better understand sustainability-related risks and opportunities. The Russian invasion of Ukraine only adds to the list of threats we face globally besides global heating, loss of biodiversity and rising inequality. Additionally, we must also further understand and ultimately positively impact critical work-life challenges, which include occupational health and safety issues, as well as workplace mental and physical wellbeing.

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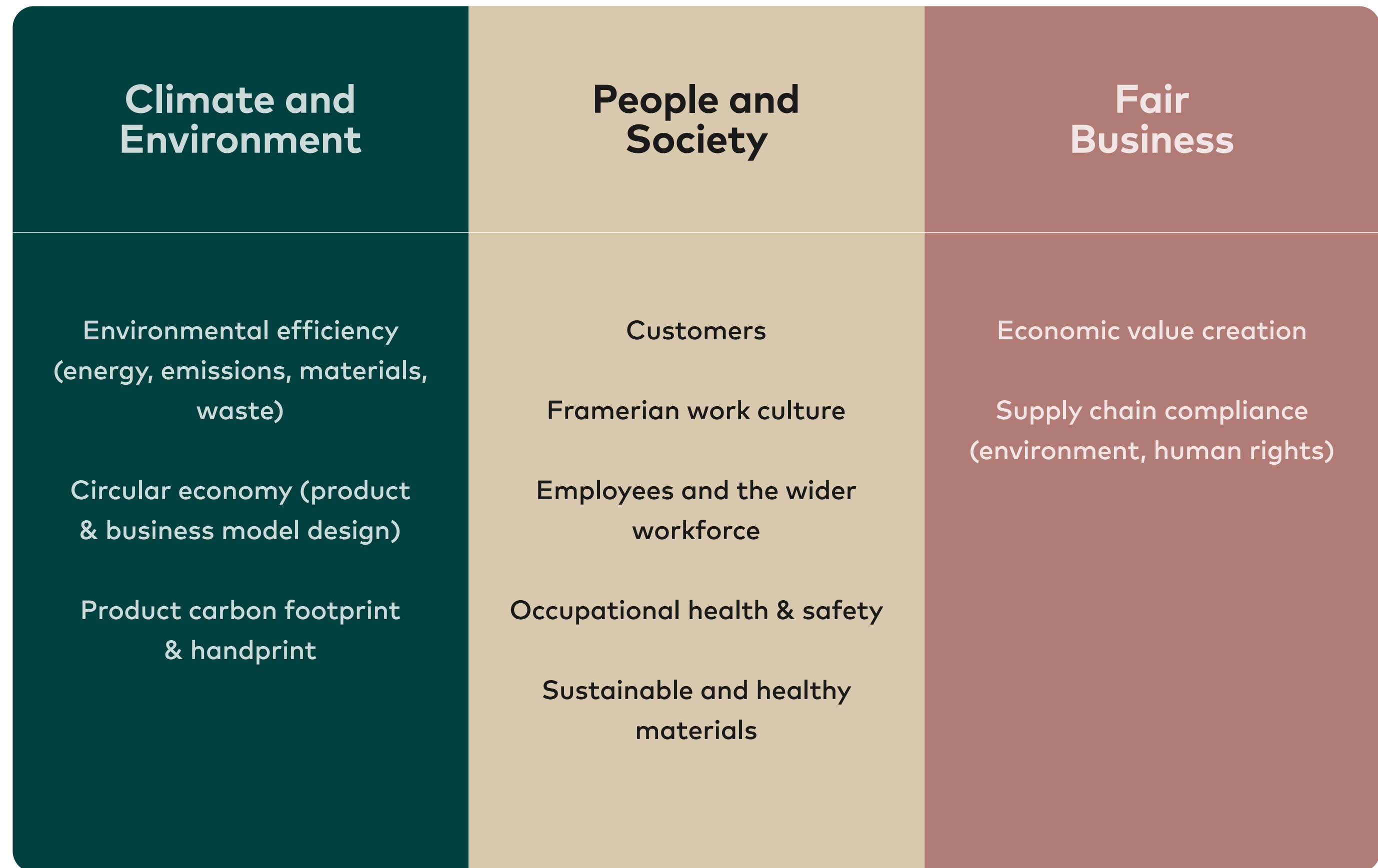
Our primary material topics

A materiality assessment is a method to identify and prioritize the sustainability topics that have the most significant impacts on the economy, environment and people. In order to focus on the most pressing issues in our sustainability work, across the past years we have conducted surveys and workshops with our stakeholders to continuously calibrate our agenda.

When determining the material topics, we have looked into the sustainability landscape to understand what is expedited from companies as well as conducted stakeholder interviews to understand the customers' interests. Our sustainability agenda with the material topics has been reviewed and approved by the management team members who hold responsibility for these matters. The board is also regularly updated on sustainability matters.

Last year we wanted to take a step further and enrich our analysis with a data driven approach to measure Framery's impacts on the surrounding world. We engaged with Upright to get our net impact quantified by their model, which is based on a neural network summarizing scientific articles and their modeling of the economy (see page 11). This provided us with an external view for prioritizing the impacts.

We consider a topic material if it has or can have a significant impact on the economy, environment or people. Our material topics have remained unchanged from the previous year. However, we grouped them according to the three pillars in our sustainability agenda.



Our sustainability KPIs, targets and progress

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Climate and environment	Environmental efficiency: energy, emissions, materials waste	Material efficiency %	Achievement and maintain the level 95%	93.9%	94.4%	94.9%
		Absolute scope 1 and 2 GHG emissions (CO ₂ eqv)	Reduce absolute scope 1 and scope 2 GHG emissions 50% by 2030 compared to 2018 base year	-11%	-27%	-33%
	Circular economy: product & business model design	Yearly growth of products delivered via circular economy business model	Continue to grow the number of products	+7%	+122%	+8%
	Product carbon footprint/handprint	Products' life cycle GHG emissions	Measure and reduce the GHG emissions	Framery O: 1,640 Framery Q: 2,880 Framery 2Q: 3,890 kgCO ₂ e		
People and Society	Customers	Number of people that have access to our pods	5 million by the end of 2026	1.3	1.8	2.3
	The Framarian culture	Employee engagement	The Flame Index > 80	NA	74	75
	Employees and the wider workforce	Occupational H&S: lost time incident frequency (LTIF)	Short-term: 5.00 Long-term: 0.00	7.43	6.99	6.93
	Sustainable and healthy materials	Product safety	All products are Greenguard certified	100%	100%	100%
Fair business	Economic value creation	Revenues	Continue significant growth	81.4 MEUR	93.8 MEUR	153.7 MEUR
	Supply chain compliance (environment, human rights)	% of supplier spend covered by Supplier Code of Conduct	100% of supplier spend	98%	98%	99%

Sustainability management

The principles of our sustainability management are laid out in the Code of Conduct, Supplier Code of Conduct and our commitment to the UN Global Compact. The material topics with respective goals and targets are presented on the previous page.

How we manage our material topics related to climate and environment

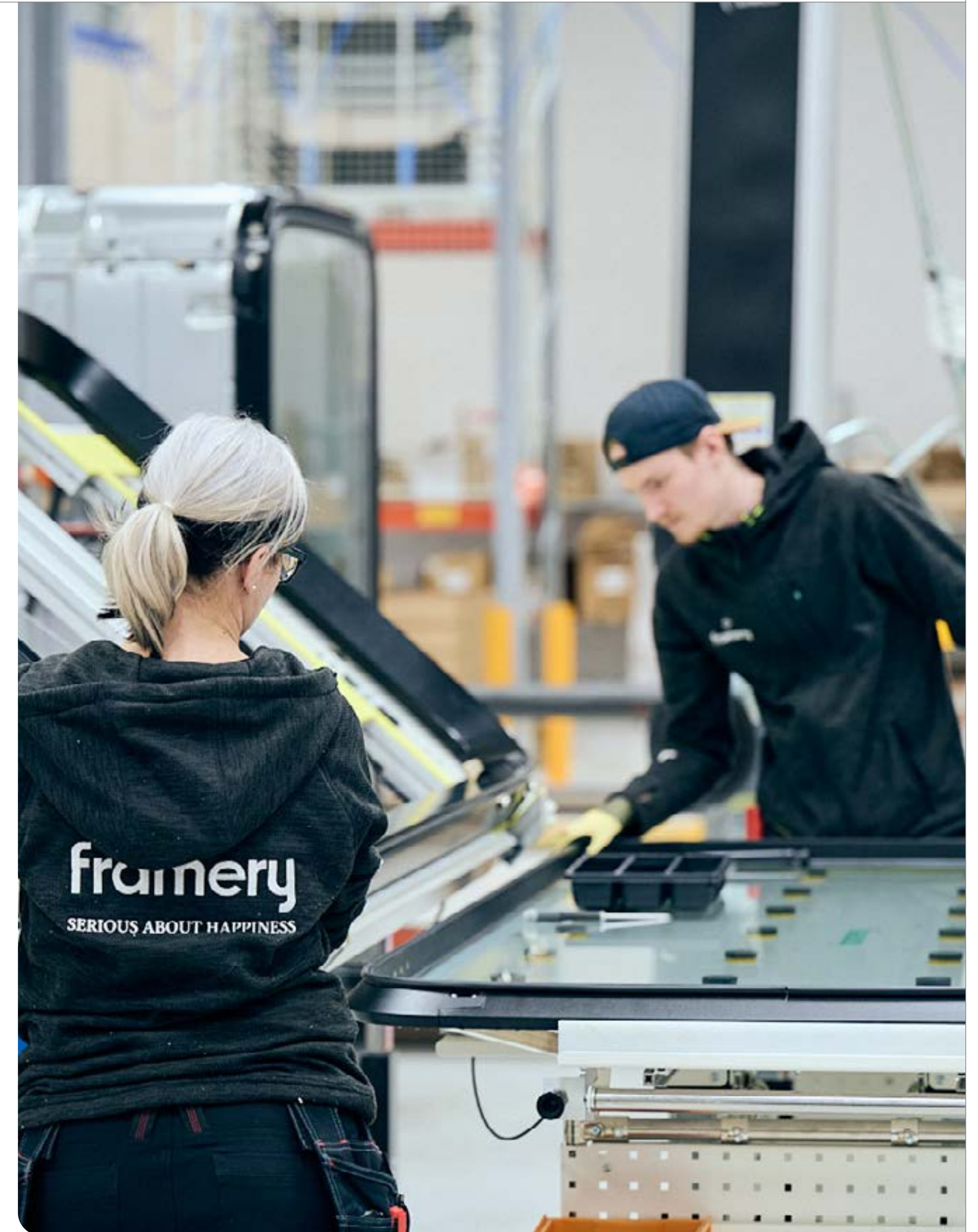
As with all manufacturers of physical products, we are dependent on natural capital and ecosystem services. Nature is a prerequisite for our business to thrive. We are using natural resources – both renewable and non-renewable materials – and energy as inputs into our activities.

We have identified and assessed the environmental aspects and impacts of our value chain as part of our externally certified environmental management system (ISO 14001). The most significant aspects relate to the use of raw materials and energy that are associated with the following negative impacts: depletion of natural resources, global warming, air pollution, land use change, deforestation and biodiversity loss. We are implicated in these negative impacts as a result of our business relationships since raw materials extraction and component manufacturing takes place within our supply chain. On the other hand, we can have a positive impact on conservation of

natural resources through our own activities when we design long-lasting products made of recycled and renewable materials.

Our work is guided by our Environmental Policy and our commitment to the Science Based Targets initiative. We deliver industry leading, innovative, eco-efficient solutions for our customers and continuously improve environmental efficiency throughout our supply chain. Our GHG emission reduction targets are aligned with the 1.5°C temperature goal of the Paris Agreement.

We are mitigating the negative impacts by promoting a transition to a low carbon circular economy. To systematically manage and monitor our progress, we have set measurable targets for these topics (see our sustainability agenda, KPIs and targets). Since the biggest impacts are associated with our supply chain, we are actively engaging with our suppliers. To maximize the positive impacts, we are expanding Framery Subscribed and addressing product design and material selection.



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How we manage our material topics related to people and society

Framery is the pioneer and the world's leading manufacturer of soundproof private spaces for solving noise and privacy issues in open offices. Consequently, Framery has a positive impact on the people who get to use the products, besides providing employment for the workers. Framery pods increase productivity, employee wellbeing and space efficiency. Potential negative impacts on the people include the risk of health and safety hazards for workers and end users of our products. We nurture the Framesian culture to maximize the positive impact on our own employees as well as the people we engage with in our value chain. In consideration of our global operations, we recognize the risk of negative impact on human rights, especially in our business relationships.

We wrote a culture handbook to express our vision of how we succeed together as a company. It enlightens what it means to be a Framesian – our company culture and how we want to develop it further. The culture handbook clarifies what we value, what we expect from each other, how we work, and how we get the best possible results. A better workplace is a byproduct of what we do - and how we do it. We are a workplace that wants its employees to grow and learn, to question and be curious. We are committed to equality and inclusiveness at the workplace and have absolutely zero tolerance for discrimination. We want to create a workplace where everyone can thrive. We provide quality leadership, work-life balance, and a community where everyone feels seen, heard, and appreciated. We also measure eNPS and other wellbeing metrics once a year with Siqni and follow up to make changes according to the results.

We encourage each line manager to think about their team members' growth paths. Feedback enables us to work better together and succeed. We want to reinforce a culture of direct, open and honest feedback that always aims to help. Employee wellbeing is the cornerstone of our company's success. We aim to improve wellbeing through supporting mental health, physical activity, and increasing diversity, equity and inclusion.

Our products are also tested to be safe under exceptional circumstances such as earthquakes or fires. We conduct product tests to prove they meet the requirements of emission standards and are safe for the end users. Occupational health and safety policy confirms our commitment to do everything to provide a working environment that supports the well-being and safety of our employees and those who share our common workplace. Our management system for occupational health and safety is externally certified against the ISO 45001 standard requirements. We train our partners to ensure they know how to safely assemble the pods.

To mitigate the risks in our supply chain, we require our suppliers to commit to responsible business conduct by signing the Supplier Code of Conduct. Our sourcing practices also include supplier self-evaluation and audits.

We track the effectiveness of our actions on a monthly basis. We are following absences related to musculoskeletal disorders and mental health as well as the number of reports on occupational health & safety. We have been able to record improvements in relation to risks identified. Collective agreement representatives meet monthly and the occupational health & safety committee meets on a quarterly basis. Employees are also involved in development through working groups.

How we manage our material topics related to fair business

Fair business means we do what is right. Regionally we are focused on Finland and Northern Europe while our footprint spans to tens of countries through our value chain. Besides the direct employment impacts, we also have significant impacts through our suppliers through our suppliers and dealers due to the nature of our business model. We recognize the compliance risks in our business and have identified two functions that have an increased risk of being exposed to bribery and corruption: sales and sourcing.

Integrity and transparency are of utmost importance to Framery. We are committed to conducting our business in a fair, ethical, and legal manner, which includes having zero tolerance for bribery in our business dealings and relationships. Taxes are paid where the value add is created and we comply with all applicable laws and regulations in each country. We pay taxes in 15 countries, following the OECD guidelines on transfer pricing.

We want to make good business for all stakeholders and build beneficial relationships for growth with our partners. In our sourcing function, we have contracts in place with each supplier and a process to keep the contracts up to date. In addition, we have a long-standing practice of requiring all our suppliers to sign our Supplier Code of Conduct, which includes anti-corruption provisions. In our sales function, we ensure that no improper benefits are offered to third parties by having strict control over the expenses. All expenses are reviewed before they are approved. Furthermore, we have internal rules in terms of who has the authority to sign contracts and other legal documents. With dealers, the contractual coverage is sufficient, with all key dealers having contracts in place.

Framery has also considered the countries where it has local establishments. Currently, all our employees and foreign establishments are in countries that score highly in both WJP Rule of Law and Transparency International's Corruption Perceptions. All our employees are encouraged to come forward if they become aware of any improper conduct. They may do so anonymously by using Framery's whistleblowing channel.

We make donations to important and significant societal causes. Following the Russian invasion of Ukraine in 2022, Framery and Framerians donated 68,000 EUR to the International Red Cross to respond to the urgent humanitarian needs in Ukraine.

Climate and Environment

Our climate and environmental policies aim to mitigate climate change, resource scarcity and loss of biodiversity. Accordingly, we hold that transitioning to circularity is indispensable for our profits, people and planet. We can only future proof our business by transforming our old linear business models into new circular ones that respect planetary boundaries.

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Climate impact

Our science-based targets — challenges and opportunities

We joined the Science Based Targets initiative (SBTi) in 2020. SBTi approved our target to be aligned with the Paris Agreement to limit global warming to 1.5°C. Our target is to reduce absolute scope 1 and 2 greenhouse gas emissions by 50% by 2030 from the base year of 2018, as well as to measure and reduce our scope 3 emissions, which include our products' life cycle emissions.

Our science-based targets represent a challenge for a growing company such as ours. The challenge lies in combining the growth of our sales and production of pods with our ambition to reduce our products' absolute life cycle emissions, not just our direct scope 1 emissions or our indirect scope 2 emissions. Until our growth has stabilized, the only way to move forward sustainably is through innovation.

Proving that the planetary boundaries are the mother of all circular innovation, we will continue to think of new and smarter ways of manufacturing our products, ensuring that our business model is compatible with our goal of reducing our absolute emissions.

A happier office has a greater net positive impact

We strive to increase our positive impact by offering sustainable office solutions that contribute more to the well-being of our customers' employees than they detract from the environment. We do this by providing their employees with workspaces that make their employees happier and more productive and by informing them of the

environmental virtues of open-plan offices, dynamic offices that can easily be reconfigured to meet their needs.

Well-designed, functional pods create more enjoyable workplaces, increasing employee wellness and happiness. We mitigate our environmental impact by producing work-friendly quality pods that people can — and want to — use extensively for years due to their long lifetime. We prioritize producing sustainable pods not only because it is what our customers want but also because it is our responsibility.

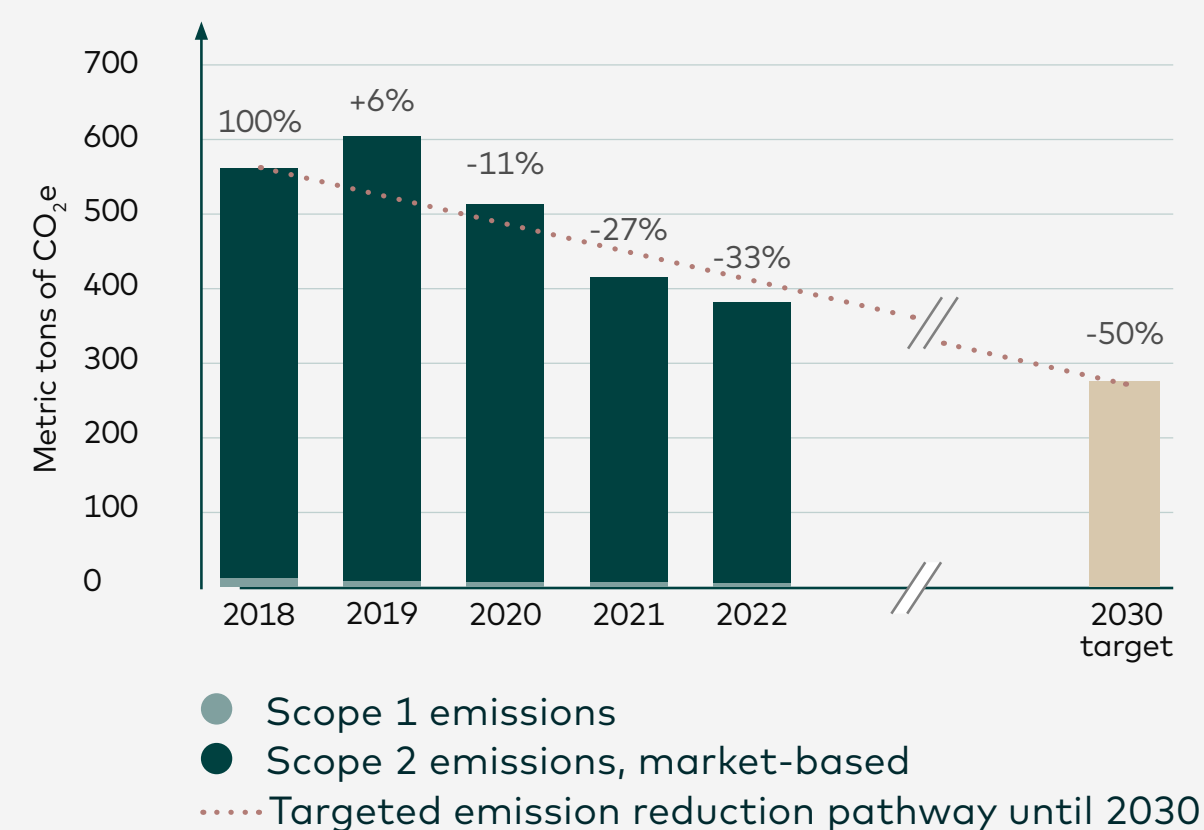
Flexible offices make for more sustainable offices

The demand for smaller meeting rooms to enable virtual collaboration and communication grows in tandem with the demand for videoconferencing and hybrid work. We want to enable and inspire our customers to embrace the promise of flexible offices by making it easier to rearrange their pods as needed, saving them money on construction, labor and raw materials — and avoiding the associated environmental impact — by not having to reconfigure entire rooms to smaller non-productive meeting rooms. Our customers can, thereby, contribute to a more sustainable future while still meeting their employees' needs by embracing this flexible approach to office design.

The right materials and suppliers

We prioritize using recyclable, renewable, durable and non-toxic materials in our manufacturing. Although our pods are made of sustainably sourced plywood, glass, steel and aluminum, we

Reduction of scope 1 and 2 GHG emissions towards the 2030 target



primarily chose them for their ability to create high-quality soundproof pods, not their environmental impact. We are always on the lookout for new, more environmentally sustainable materials. In 2022, we explored the possibilities of using fossil-free steel and the availability of alternatives such as recycled aluminum.

Since product design matters greatly when mitigating future impacts as the design inevitably determines the overall environmental impact, we use life cycle assessment (LCA) methodologies to single out the most significant factors that contribute the most to our products' carbon footprint.

Our LCAs inform us that 69% to 79% of the product's CO₂ emissions stem from our upstream activities, in particular our suppliers' manufacturing of the components of our pods, so selecting the right materials and suppliers promises the greatest CO₂ emissions mitigation impact.

We select our suppliers based on their ability to deliver high-quality materials, which usually aligns with our sustainability goals. To select suppliers who operate responsibly and sustainably, we must verify that our suppliers comply with e.g. ISO 14001, the international standard for environmental management systems, local regulatory requirements and our own high standards. We jointly develop their processes, energy consumption, raw material use and waste management.

Concerning our own operations, most of our emissions come from using diesel fuels in company cars as well as district heating. We have a guarantee of origin certifying that 100% of the electricity we purchase comes from renewable hydropower.

We make most of our products from plywood, and all our suppliers must have FSC or PEFC certification. Plywood is widely recognized for its ability to absorb CO₂ emissions, meaning that our pods

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effectively store CO₂ emissions. Nevertheless, the plywood used in the O, Q and 2Q modules accounts for most of the climate impact of our pods' life cycle emissions. We are considering lowering our emissions by creating lighter products and using materials with a lower carbon footprint.

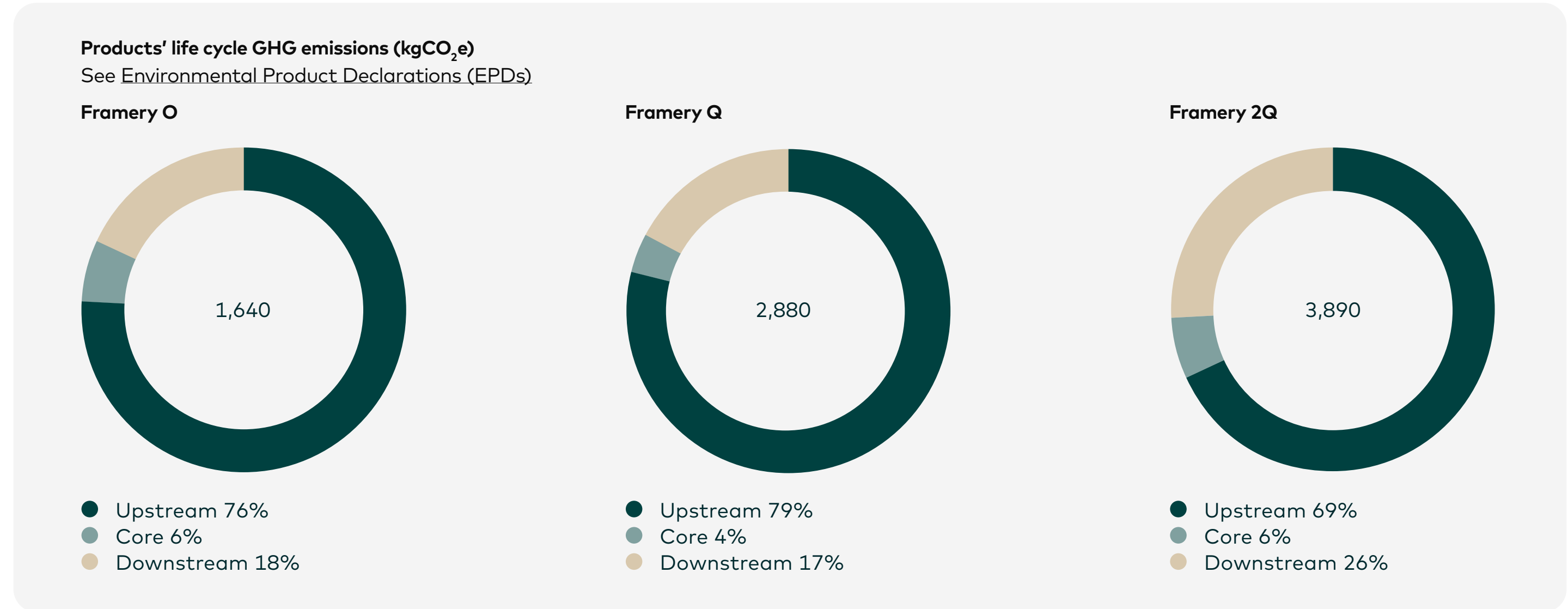
We always aim to manufacture our products from recycled materials. For example, 80% of the acoustic foam in our pods is made out of recycled plastic bottles; 20% of the steel structure is made out of recycled steel, and 29% of the glass is made out of recycled glass. Our products are also recyclable, and they come with recycling instructions. Our vision is a closed-loop system for pod manufacturing in which used pod components are used to create new ones.

Measuring our products' environmental impact

We use Life Cycle Assessments (LCAs) because they are the most accurate method for measuring a product's potential environmental impacts. The full LCA encompasses raw materials extraction, processing, manufacturing, distribution, use, and recycling or energy recovery. An Environmental Product Declaration (EPD) is essentially a product-specific LCA verified by a third party.

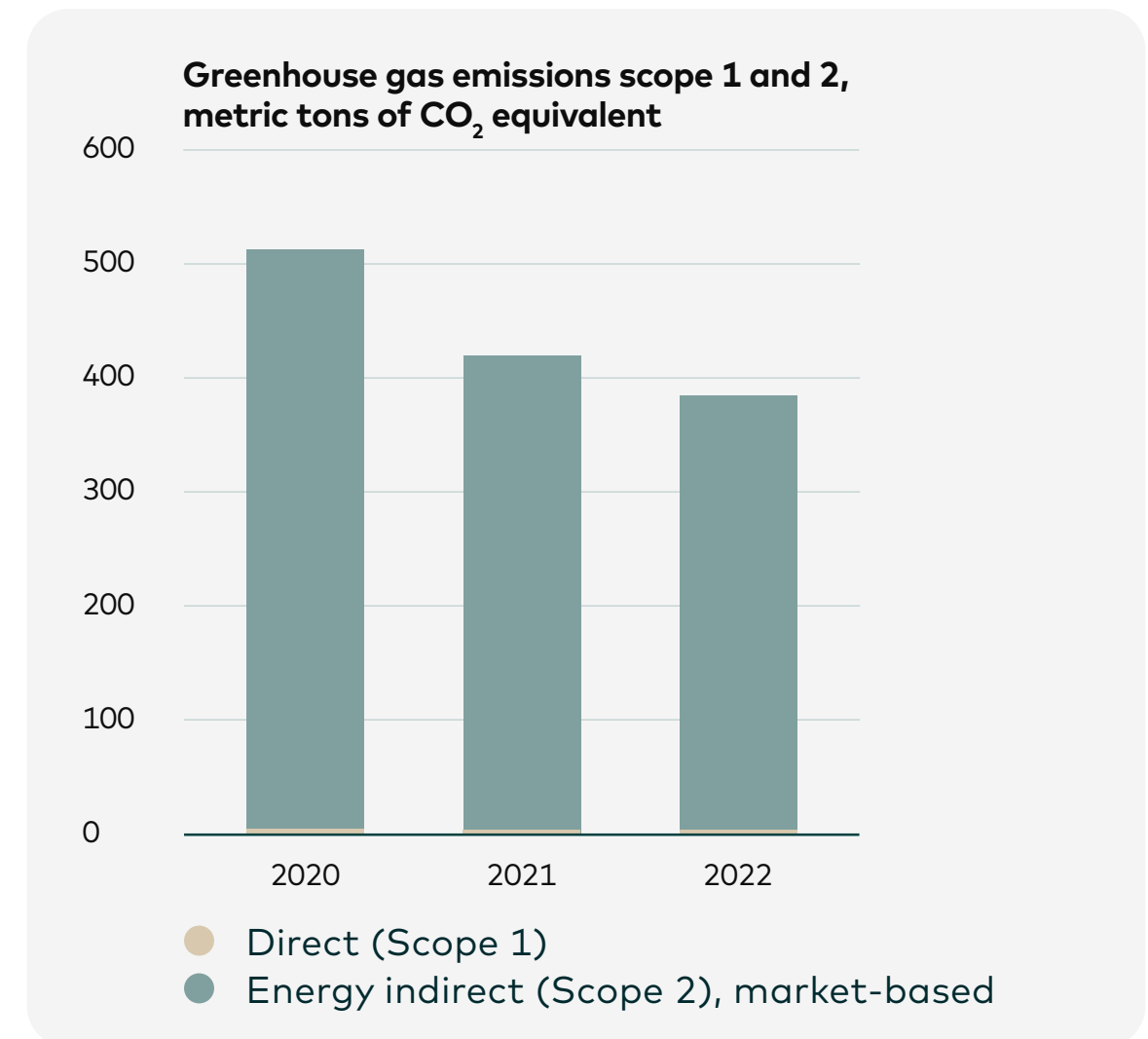
EPDs show a product's impacts on the environment, including climate change, resource depletion and toxicity, through its life cycle stages — from raw materials extraction, processing and manufacturing to distribution, use and recycling.

We commissioned third parties to conduct Life Cycle Assessments and compile Environmental Product Declarations for our Framery O, Q and 2Q pods to demonstrate our pods' circularity-friendly design.



Working with Logitech to reduce unnecessary business travel

To reduce greenhouse gas emissions caused by business travel, many see the transition to remote meetings as part of the solution. However, due to technological limitations, remote participants in hybrid meetings cannot fully participate with those present on-site. This poor experience compels some to travel long distances to attend face-to-face meetings. To address this issue, we have joined forces with Logitech, a leading manufacturer of interface devices. Our collaboration aims to make videoconferencing easier and better.



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Circular economy

We strive for circularity in everything we do

We design every aspect of our products and services with circularity in mind. In the design process, we apply circular design principles to ensure they meet the needs of the circular economy. During their use, we provide our customers with smart, data-driven digital services that help users make the most of the pods. Afterward, when people no longer need them, we find ways to refurbish, redistribute, reuse and recycle our pods and the components and materials they are made of.

Designing for circularity

We put a lot of thought into making our pods the most sustainable in the world. We understand that how a product is made — and what it is made of — can make a significant difference in its impact on the environment. So when we design our pods, we consider the requirements of circularity from the very beginning.

Unlike some low-end pods on the market, our pods are built to last for decades. This means that businesses do not need to replace them as frequently, which is better for both the planet and the bottom line. By designing our pods to structurally last longer, we are breaking the old linear consumption model of take, make and waste and moving toward the new circular economy.

Quality is the foundation of sustainability

Producing low-quality pods that people do not want to use is not sustainable. Durable, high-quality pods last longer and improve the user experience. For example, our pods are designed to ensure good air quality, which is one reason many people enjoy

using them. Additionally, safe and well-made pods that meet all relevant standards reduce the risks of health and environmental hazards. Pods made of safe and non-toxic materials provide comfort and convenience and contribute to a more sustainable future.

Framery Subscribed — a fully circular business model

Framery Subscribed offers customers the opportunity to lease flexibly and affordably as few or as many pods as they need. When they no longer need their pods, our local installation partner picks them up, refurbishes and repairs them, and then delivers them to a new customer for a new life cycle. As a result, our pods can potentially enjoy multiple lifetimes of service.

Framery Subscribed ensures that no pod goes prematurely to waste but is used and reused repeatedly before its parts are eventually recycled. The more this circular business model grows, the better for the planet.

In 2022, we continued expanding Framery Subscribed. Previously, Subscribed was only available in Finland, Sweden, Norway, Germany and the Netherlands; in 2022, we started our operations in France. In 2022, growth continued and we delivered 8% (122%) more pods with this pioneering circular business model compared to the previous year.

The drivers of the Subscribed model

The primary motivation behind Subscribed is that renting out our pods generates greater value in the long run than simply selling them. This is because we design our pods with durability and longevity in mind.

Consequently, companies that invest in our pods can use them for years without replacing them.

Because we maintain, refurbish and repair the pods we rent out, they are of such high quality that they are quite popular on the second-hand market, where they can command a high resale price. This means that our fleet of Subscribed dedicated pods represents a growing asset for us. In the future, companies may also prefer to rent rather than own their pods. We want to be ready for that shift with the Subscribed model.

The model thus shows that the right thing to do is also practical; what is economically sustainable also turns out to be environmentally sustainable.

A year of growth and development

During the year, we focused on developing Subscribed as a pilot. Because of this, we were not devoting all our resources to expanding this business model. Rather, we were more interested in determining which marketing approaches were successful and which were not.

As the Subscribed business has expanded, we have gained a significant amount of knowledge through trial and error. We experimented with a variety of strategies for digital marketing, and based on what we learned, we plan to implement those most promising strategies more broadly in 2023 and in new additional markets.



Environmental efficiency

Efficient own operations

We want to minimize the negative environmental impacts of our own operations despite the fact that the biggest impacts arise from the upstream and downstream operations. Most of our emissions come from using diesel fuels in company cars as well as district heating. We have a guarantee of origin certifying that 100% of the electricity we purchase comes from renewable hydropower.

The material efficiency rate describes the volume of waste in relation to the input materials. In 2022, our material efficiency reached 94.9%. More than half of the waste generated is wood that is directed to incineration with energy recovery. We don't use any process water.

Digitalization as an enabler for resource efficiency

Digitalization is the key to a more circular and sustainable tomorrow. When we manufacture our pods, we inevitably harm the climate and environment. But with our digital solutions, we can increase our customers' utilization rate, space use and resource efficiency to the point where the environmental impact we cannot completely avoid is justified. In fact, according to a recent Upright Project study, Framery is a net positive company, which means our products, considering the full value chain, add more value to our customers than the resources we use in creating them.



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Consider how this works with the world's first connected soundproof pod, Framery One. Framery One's connectivity allows us to collect and analyze space utilization data using digital tools that our Digital Offerings and Services division has been developing. With this data, we can help facility managers rearrange their Framery One pods to increase their use, enabling space optimization and resource efficiency in the process.

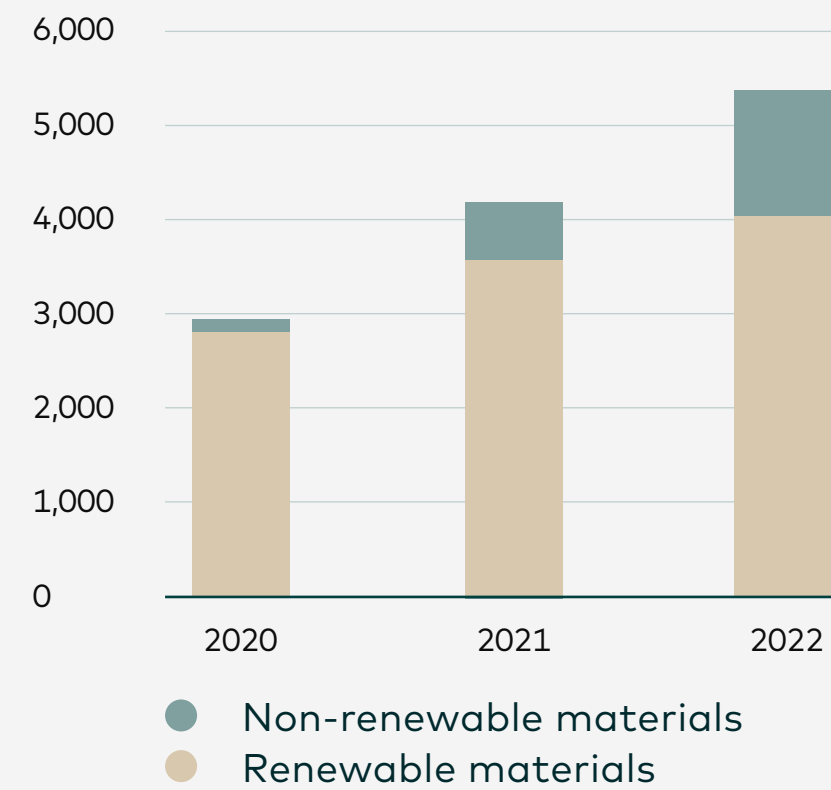
How digital twin prototyping saves on natural resources

When developing Framery One, we worked with the leading VR/XR company, Varjo, to use a revolutionary digital twin prototyping workflow that enables rapid iterative design work to be done in extended reality (XR) for the first time. This new workflow enabled our design team to make real-time adjustments to a life-sized digital twin prototype, saving natural resources that we would have had to use otherwise. In addition, it also enabled a significantly faster and more efficient design process, removing the need for multiple rounds of costly physical prototyping. This illustrates, once more, how digitalization, in big and small ways, serves as an enabler of sustainability and circularity.

Sustainability is a journey

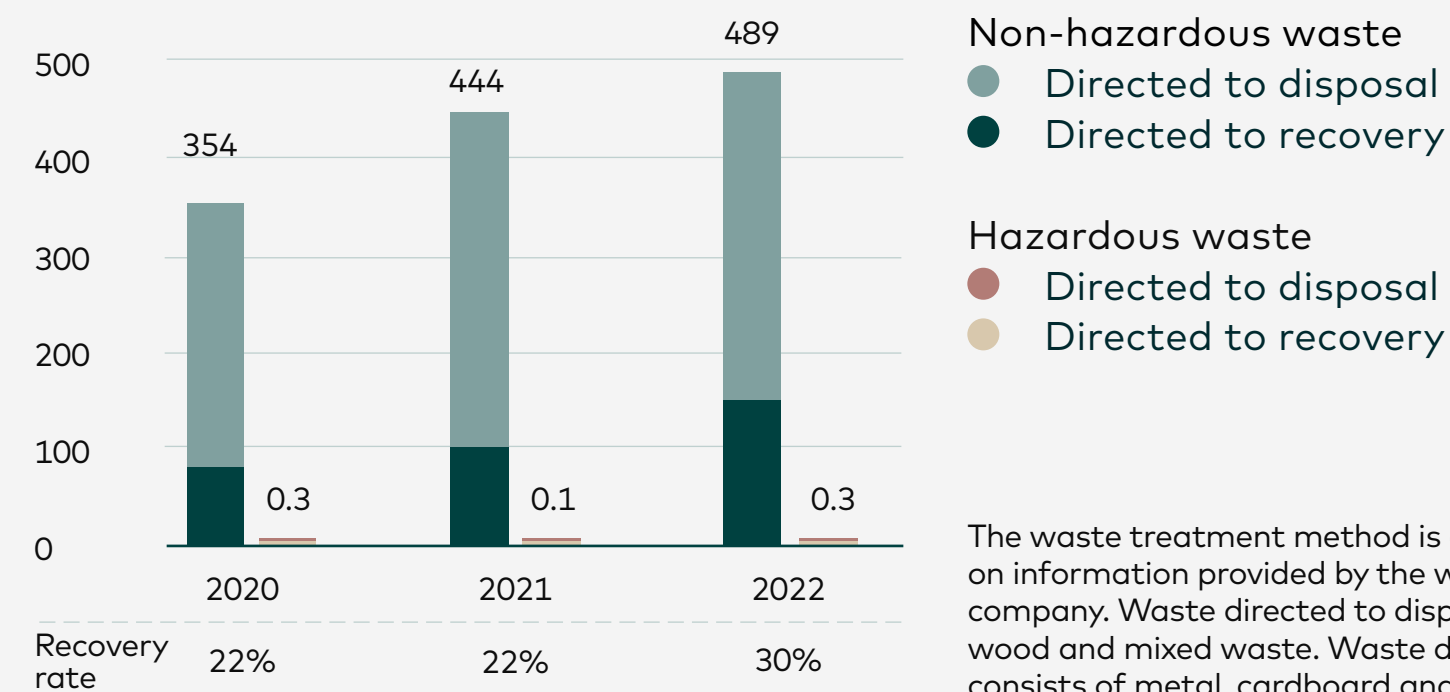
Even though we are proud to proclaim Framery pods as the most sustainable in the world, we must stress that we have not reached some final plateau of sustainability. Sustainability is a journey, not a destination, and we are on that journey together with our customers, suppliers and partners. We will continue to innovate our product design and develop our digital services to make our offering more sustainable. What we have in store for the future is not only small steps but also giant leaps, some of which are so large that the world may not be ready for them.

Materials used by weight, metric tons



Energy consumption MWh	2020	2021	2022
Primary energy consumption			
Diesel	19.50	16.10	18.5
Secondary energy consumption			
Electricity consumption	1,989.3	1,857.2	1,743.9
Share of renewable electricity (%)	100%	100%	100%
Heating consumption	2,918.3	2,347.2	2,154.3
Total	4,927	4,220	3,917
Share of renewable energy (%)	40%	44%	45%
Energy intensity MWh/MEUR			
Energy intensity MWh/MEUR	60.5	45.0	25.5

Waste generated, metric tons



The waste treatment method is determined based on information provided by the waste management company. Waste directed to disposal consists of wood and mixed waste. Waste directed to recovery consists of metal, cardboard and glass mostly.

People and Society

At Framery, we are serious about happiness. We value our employees' happiness and well-being and invest in a healthy, safe and welcoming workplace because we believe it fosters a positive workplace culture. Likewise, we provide high-quality products to create happy, satisfied and loyal customers while also positively impacting individuals and society as a whole.

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Customers

Our business is all about creating workplace happiness. By providing privacy and reducing noise distractions, our soundproof pods are ideal for meetings, conference calls, and discussions; they offer a haven for uninterrupted work, focus and flow. Our high-quality pods help companies overcome the challenges of the open office and meet the rising demand for videoconferencing workspaces in hybrid offices. The result is more productive and, most importantly, happier workplaces.

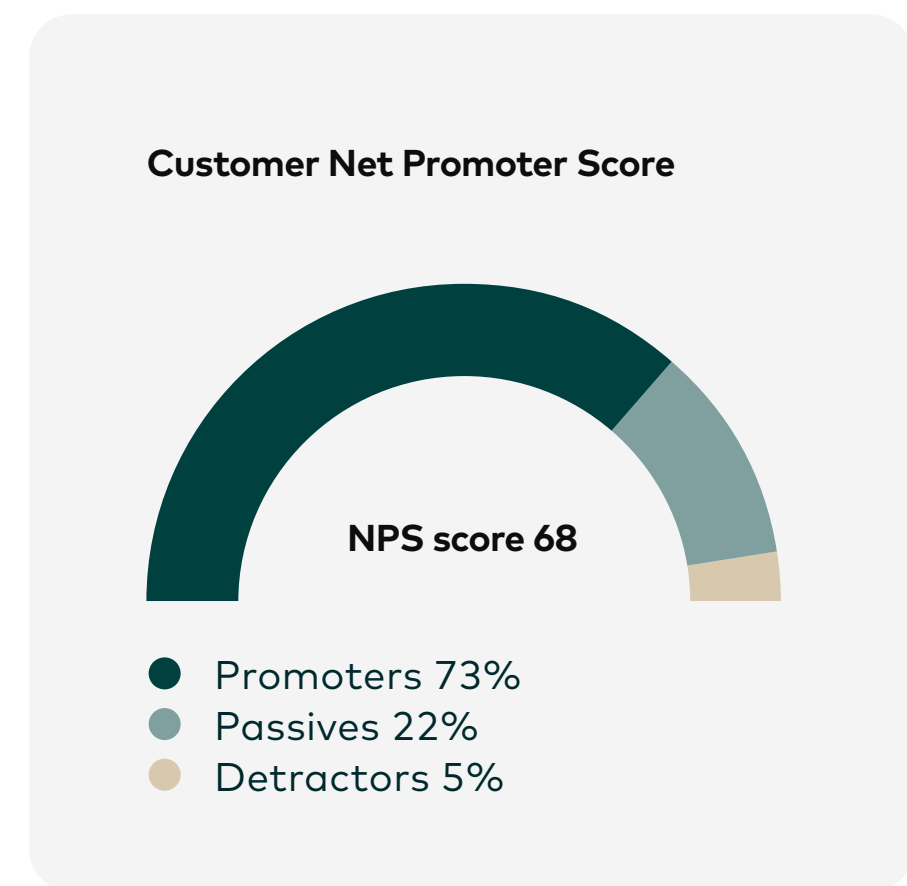
Promoting focus and happiness in the modern workplace

Originally introduced to encourage collaboration and teamwork among employees, the open office floor plan has become a staple of modern office design. In today's connected world, however, the open office also invites interruptions and distractions. This is particularly true in the wake of the pandemic, causing global demand for videoconferencing to increase significantly.

Constantly being distracted and disoriented by the sound of meetings, conversations, notifications and phone calls undermines the privacy, focus, productivity and, ultimately, the happiness of employees. According to studies, more than half of people find it difficult to concentrate in open offices, and distractions can take up to 20 minutes to recover from. Furthermore, employees are 15% less productive when working in an open office.

We conducted two NPS (Net Promoter Score) surveys in 2022 of our end customers. In total, the surveys were sent to almost 7,000 contacts and contained only one question, "On a scale of

0 to 10, how likely is it that you would recommend Framery to a colleague, business associate or a friend?" The answering scale was from 0, "Not at all likely" to 10, "Extremely likely." Out of a total of 450 responses, 73% of the respondents were classed as 'Promoters' and gave a score between 9-10. These were very positive results. At the end of 2022 digital customers started to receive the survey on an ongoing basis.



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Meeting the needs of the hybrid workplace

Our pods already provide the best-in-class meeting experiences that the hybrid work model requires in the open office. Nevertheless, we are always innovating the meeting experience. In 2022, we added dual LED light sources to our Framery One, creating the perfect lighting for any use. We also combined our pods with Logitech's videoconferencing tools. Thanks to the Logitech setups, people no longer need their own devices to start a video conference, making joining meetings easier.

Educating our partners

At Framery, we educate our dealers and service personnel, including installation and maintenance partners, to ensure that we always provide the best possible customer service. Additionally, we collaborate with architects and designers to develop solutions that make work more enjoyable and efficient. We provide educational content stressing, among other things, the importance of distraction-free workspaces and the tools to achieve optimal environmental acoustics.

Framery Connect — efficient performance, maintenance and management

By virtue of being the world's first connected soundproof pod, Framery One paved the way for Framery Connect, our first digital service, launched in 2022. Framery Connect is a feature of Framery One's new digital management system that keeps Framery One running smoothly and efficiently.

We provide exceptional customer service through a dedicated customer success team for our digital services. Framery's customer service can be reached via email or phone. Customers can create support tickets for Framery One pods through Framery Connect, and thus be in direct contact

with our technical support team. As a result, we can reduce downtime while effectively extending the lifespan of the pods.

In addition, Framery Connect enables future software updates, ensuring that our customers always have the most up-to-date version of their pods. Through continuous software updates, we can also add innovative digital features, making the pods safer, more usable and more valuable over time. Those who invest in Framery pods can trust they will stay functionally relevant for years to come.

In line with the ideals of circularity, Framery Connect not only helps us to digitally extend our pods' life cycle and relevance and optimize their use. Instead of repeatedly and unsustainably investing in new pods every five years, we future-proof your pod.

Framery Connect also allows us to integrate Framery One pods with Google and Microsoft calendars, enabling users to conveniently reserve pods through their calendars. Due to the pods' 4G connection, people can also book them anywhere, anytime.

Office managers can understand the utilization rate of pods in a hybrid office and their return on investment thanks to Framery Connect, which also provides insights into how Framery One pods are being used.

Demonstrating our commitment to safeguarding our customers' data

One of our targets for 2022 was to invest in the processes and technology required to ensure that our information security management system meets the requirements of the General Data Protection Regulation. In 2022, our Digital Offerings and Services division received the ISO

27001 certification, the leading international standard focused on information security, proving that we safeguard our customers' data.

Framery Subscribed makes our quality pods more affordable

Framery Subscribed offers businesses the opportunity to rent pods for a fixed monthly fee. Subscribed makes our pods more affordable, allowing more people to enjoy the tranquility of our flow-and-focus conducive pods, as well as the positive change in the work environment, particularly smaller businesses that may not be able to invest in quality pods.

Subscribed allows our customers to expand their pod fleet as their business expands without taking the risk of investing too much in pods they may not need. On the flip side, they can also easily shrink their pod fleet if they have more than they need. In addition to installation, free relocation and a lifetime warranty, Subscribe includes on-demand maintenance, ensuring that the pods remain in good condition throughout their use and extending their lifetime.

The Framerian culture

Framery values

- Respect
- Courage and curiosity
- Transparency
- Responsibility
- Good judgement

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Values are the heart of our culture

We are what we do. Through our choices and actions, we cultivate the virtues that constitute our Framerian work culture and community. By embodying our values of respect, courage and curiosity, transparency, responsibility and good judgment, we shape our goals and ways of working.

We give every new employee a copy of our Culture Handbook, "Being Framerian," to explain our values: the abilities and practices that we appreciate in our colleagues, expect to see from each other, base our decisions on, reward people for and look for when recruiting or promoting Framerians.

The Culture Handbook guides us as we create a workplace where we appreciate and trust one another; encourage our smart colleagues to put their ideas into practice; recognize the good and know when to aim high; always try our best to achieve our goals but not at the expense of our well-being; see mistakes as learning opportunities; always aspire to get better, prioritize what matters most and develop as individuals.

Highlights and challenges of 2022

In 2022, our company culture saw its fair share of highlights and challenges:

- **Cementing Framery's new digital identity.** In 2022, the new digital business division, Digital Offerings and Services, grew from two to thirty people as we recruited software developers, data specialists, artificial intelligence experts and analytics professionals.
- **Supporting Ukraine.** Framery organized a donation to the International Red Cross in solidarity with those suffering in Ukraine. 242 Framerians contributed a total of 68,000 euros.
- **Returning to the office.** As the pandemic began to wane, Framerians started to return to the office. In 2022, the average office use went from 18% to almost 50%.
- **Preserving growth company culture.** During the pandemic, we struggled to maintain our growth culture while adjusting to the slower change of pace and hybrid work. As business picked up in 2022 and we were gradually getting back into the swing of things, we were pleased to see that we had managed to preserve our growth company culture.

- **Opportunities for employees to grow.** In 2022, the company was able to create many new opportunities for our people to climb the ladder, allowing many Framerians to take on new challenges within the company.
- **New and improved company bistro.** In 2022, the company bistro employed a new chef that elevated the food quality. During the year, the bistro became a popular hub where everybody wants to come together for lunch, meetings or conversations.
- **Bridging the mental divide.** During the year, it became evident that besides a great physical distance that was and is keeping us apart, there was and is also a mental divide between Framerians around the world, undermining our sense of belonging to a cohesive team working together for a common goal. Figuring out new ways of working that will help us bridge the divide was and is a challenge for us.

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Employee engagement

Every year we conduct Signi surveys to better understand our employees' experience, one in the spring and one in the fall. The resulting Flame Index informs us how satisfied and motivated our employees are. For 2022, our target was 80 on a scale to 100. In the fall of 2022, the index increased from 75 to 77.

Our employees indicate that they want clear guidance on how to climb the internal career ladder. We believe that the lack of clearly defined pathways for career development is the main reason we failed to reach our index target of 80. Clarifying career paths is something we need to work on more in the future.

On a positive note, most employees feel that the workplace camaraderie is good. So good, in fact, that it is arguably our greatest strength. Even so, we believe we can do better still on that front as well.

Speaking up

We encourage everyone to speak up if they see anyone being mistreated or acting in breach of our values or Code of Conduct. In 2022, we established our internal whistleblowing channel to enable our employees to anonymously report any suspected cases of illegal or unethical behavior in the workplace.

Whistleblowers can send their reports anonymously and we follow up with them anonymously. We will inform the reporter within seven days that we have received the report and in three months inform what actions we are going to take. We have two main whistleblowing channel operators who will investigate reports. The process follows the EU Whistleblowing Directive and from the beginning of 2023 the Finnish law based on the Directive.

In 2022, we received one report of an incident of discrimination via the whistleblowing channel. The reported matter was about employment relationships, which is not in the scope of the EU whistleblower directive. The channel operators informed our management team about the matter and the management team gave their answer, which was forwarded to the complainant via the whistleblowing channel. The report did not lead to further actions.

Looking ahead

As the year progressed, we began to return to the office, providing our employees with a renewed sense of community and collaboration, resulting in a warmer, more vibrant culture. We saw our efforts to weather the pandemic had been successful because we emerged on the other side with our growth culture intact, allowing us to offer many new opportunities for internal advancement. However, we also encountered some challenges that will require our attention in 2023, such as the need to keep employees united while working apart. Overall, we will continue to focus on growth and success as we move forward.

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Employees and the wider workforce

At Framery, we are dedicated to making our workplace a welcoming environment for all. Because we want to attract, keep and engage the best and brightest, we want to create a workplace that promotes our employees' health, safety and well-being and a culture of diversity, equity and inclusion

Working conditions of employees and contractors

In 2022, we had 398 (400) employees, making this the first year when our headcount didn't grow. The number of contractors significantly decreased during 2022 as we have started to hire all production employees directly as our own employees. During the year we used contractors to level off temporary resource shortages, caused by rush spikes, longer absences or needs for special skills for example. The number of contractors was less than 5 in the end of the year.

87% of our employees in Finland are currently covered by a collective bargaining agreement. But regardless of whether such an agreement covers them, everyone working for Framery in Finland, including management, enjoys the same policies concerning compensation, health support and paid leave.

Although we provide our salespeople with the same essential work equipment, medical benefits, insurance, and so on, their working conditions will

vary because most of them work overseas. They also tend to work with their customers from their own or their customers' premises. Their customers usually also act as their peer group.

Diversity, equity and inclusion

During 2022, the diversity of our employees reached a new peak. Never have Framerians been as diverse as they are now. Even in Finland, we hired more people with diverse backgrounds in culture, nationality, language, gender, education and the like.

Although we do not work toward a numeric target, we always take diversity into account when recruiting. We want to recruit the best person for the role, but we do not want to do it in ways that might dissuade some from applying because of their background. With that in mind, we always consider ways to attract more female applicants for the sectors where males are in the majority and vice versa.

In addition, we train our HR team to raise their cultural competency and make them more aware of how unconscious biases can influence decisions about hiring, promotions and salaries. In 2022, we had two trainings for our HR team.

In 2023, we will continue to provide trainings on the theory and practice of diversity, equality and inclusion and develop the onboarding process. We

New employee hires	total number	% of total	new hire rate
Age group			
under 30 years old	18	5%	16%
30-50 years old	51	14%	17%
over 50 years old	3	1%	16%
Gender			
female	31	8%	22%
male	35	9%	13%
other	0	0%	0%
not disclosed	6	2%	30%
Region			
Finland	63	17%	17%
Americas	2	1%	8%
EMEA	5	1%	26%
APAC	2	1%	33%
New hire turnover rate, total			9.7%
Employee turnover	total number	% of total	new hire rate
Age group			
under 30 years old	18	5%	19%
30-50 years old	36	10%	14%
over 50 years old	4	1%	31%
Gender			
female	17	5%	13%
male	38	10%	17%
other	0	0%	-
not disclosed	3	1%	18%
Region			
Finland	50	13%	15%
Americas	3	1%	14%
EMEA	4	1%	27%
APAC	1	0%	20%
Employee turnover rate, total			15.6%

The information about new hires and employee turnover includes only permanent employees. The rate of new employee hires in the total workforce is the number of new hires divided by the number of all permanent employees at the end of 2022. New hire rates within employee breakdown categories are calculated by dividing the new hires within the category by the total number of permanent employees within the breakdown category. For example, new hire rate for female employees is the number of new female hires divided by the number of all permanent female employees at the end of 2022. Turnover rates are calculated on similar basis as new hire rates.

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plan to introduce new cultural diversity and code of conduct training. Additionally, we will make the recruitment process more equal and inclusive by standardizing the interview questions. By treating everyone the same way, we hope to not leave much room for our biases to influence the recruitment process.

Monitoring the gender pay gap

In 2022, we started monitoring men's and women's salaries to ensure equal pay. The ratio between women and men is 0.99 for office workers and 1.01 for production employees, meaning the salaries are nearly equal. The small gap varies slightly during the year. In the spring, women were marginally better paid than men; in the fall, men were paid slightly more than women.

Occupational health and safety

Our employees' well-being is vital for our company's long-term success since a healthy and safe working environment decreases absenteeism and increases productivity. In 2022, 100% of our employees and contractors were covered by the occupational health and safety policies of our ISO 45001 certified management system.

Sickness absence

One of our goals is to reduce sick leave. Sickness absence as a percentage of the employees' total theoretical working time was 5.4% (4.7%) in 2022 for all Frameryans including sales. Our sick leave per person in 2022 was 16.4 days per year for Finland-based employees. That said, we should note that COVID-19 continued to play a role in tripling the number of short-term absences.

Work-related injuries

We are committed to improving our safety performance, and our long-term target is zero accidents. To monitor our progress, we use lost time injury frequency (LTIF), measuring the lost time

injury that amounts to one full day of absence, as a key performance indicator. Our short-term target for LTIF was 5.00, and in 2022 it was 6.93 (6.99). In 2022, we had five injuries that led to absence days; they all were a couple of days at most. In total, we had 9 days of absences because of these five injuries (18).

Musculoskeletal and mental health

We know from our occupational healthcare that about 30% of mental health or musculoskeletal disorder absences are work-related, making them the two most common reasons for longer periods of sick leave.

Preventing ergonomic disorders

We had less ergonomic disorders, such as musculoskeletal disorders, based on sick leave recordings in 2022 compared to 2021. In 2022, we continued to improve the ergonomics of workstations at our current production facilities, and in 2023, we plan to build ergonomically designed production lines to support our employees' long-term ability to work. We will do this with our production operators, supervisors and healthcare partner.

Supporting mental health in the workplace

To advance mental health, we will, among other things, adopt an internal communication calendar to raise awareness of various issues, including mental health. The calendar will bring up various themes to discuss. For example, there is a mental health month, during which we might discuss mental health issues and how those might affect the workplace, and what we can do to improve mental health at work. The communication calendar might include black history month, pride month, and so on. The goal is to raise awareness of important issues by discussing topics such as these and what they mean for us at work.

Work-related injuries	2020	2021	2022
Employees			
Fatalities	0	0	0
High-consequence work-related injuries	0	0	0
Recordable work-related injuries	4	4	5
Number of days lost	14	18	9
Number of hours worked	540,000	570,000	720,000
Rate of fatalities	0	0	0
Rate of high-consequence work-related injuries	0	0	0
Rate of recordable work-related injuries (LTIF)	7.43	6.99	6.93
Workers who are not employees			
Fatalities	0	0	0
High-consequence work-related injuries	0	0	0
Recordable work-related injuries	0	0	1
Number of days lost	NA	NA	NA
Number of hours worked	NA	NA	NA
Rate of fatalities	NA	NA	NA
Rate of high-consequence work-related injuries	NA	NA	NA
Rate of recordable work-related injuries	NA	NA	NA
Types of injury			
A cut by a knife	3	2	0
Stackers / forklifts	1	0	0
Slipping / tripping	0	2	1
Manual handling of modules	0	0	3
Work movement related pain	0	0	2
Incidents of discrimination			
Total number of incidents reported (during the year)	0	0	1
Incident reviewed by the organization;	0	0	1
Remediation plans being implemented;	0	0	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	0	0	0
Incidents no longer subject to action.	0	0	1
One employee reported an incident through the Whistleblowing channel during 2022			

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Sharing personal gender pronouns on Slack

In 2022, we encouraged our employees to share their preferred personal gender pronouns on Slack. We believe this will help create a more inclusive and welcoming work environment and promote employees' mental health and well-being by helping them be true to themselves and to feel seen and acknowledged. It can also help us avoid unintentionally insulting or hurting others, reducing stress and anxiety among individuals who might otherwise feel marginalized.

Fostering social well-being through community-building Frevents

To support Framerians' social well-being — their sense of belonging, connectedness and enjoying meaningful and supportive relationships at work — we made an extra effort during the year to initiate, host and organize community-building social events, which we call Frevents. In 2022, the calendar was packed with Frevents, of which the summer and Christmas parties and Family Day count among the highlights.

Health and well-being benefits

One way we invest in the health and well-being of our fellow Framerians is through our generous employee benefits. By default, we offer everyone the same basic benefits, even part-time employees and summer trainees:

- Everyone receives Smartum benefits, such as the lunch benefit, which allows our employees to have healthy, stress-free lunch breaks, and the exercise benefit, which supports our employees' physical activities and sports hobbies.
- Since we want people to enjoy the delicious and nourishing food and the company of their colleagues at the company bistro, we have made the food as affordable as possible by only charging for the ingredients.

- To encourage our employees to connect outside of work, we inspire them to do fun things like hopping on a train together to Tahko, one of Finland's most popular ski resorts, all expenses paid. We also have a club room that our employees can rent during weekends to organize parties and social events in their free time.
- For similar reasons, we also encourage our employees to set up Framery clubs built around their sports hobby of choice. Be it football, ice hockey, tennis, ice swimming, yoga, or anything else, as long as the club is open to everyone, and we will support it financially. Since we want our employees to take care of their physical fitness, we also pay people to exercise for an hour every week during their work time.
- Not only do we provide all employees with healthcare benefits, even those on extended leaves of absence from work, such as parental leave, but we also offer everyone leisure-time accident insurance, which covers accidents outside the workplace.

Some benefits require, however, regular permanent employment. We offer, for example, the opportunity to lease a bike tax-free for thirty-three months; clearly, such benefits are moot for fixed-term employees only hired for, say, three months.

Parental leaves

While all employees were entitled to parental leave, 15% of women, 14% of men and 10% of employees with gender not disclosed took parental leave in 2022. Our return-to-work rate for was 100% for all, and our retention rate was 84% and 89% for men and women, respectively.

In recent years, we have observed that more Framerians are not only choosing to become parents, but they are more and more also taking parental leave. Increasingly, they are also taking

extended leaves of absence. This represents a new development for our company. In truth, it was only a few years ago that we had our first employee going on maternity leave and, shortly after that, parental leave. This suggests that Framerians feel psychologically safe enough to spend extended periods away from work and feel secure when returning to work.

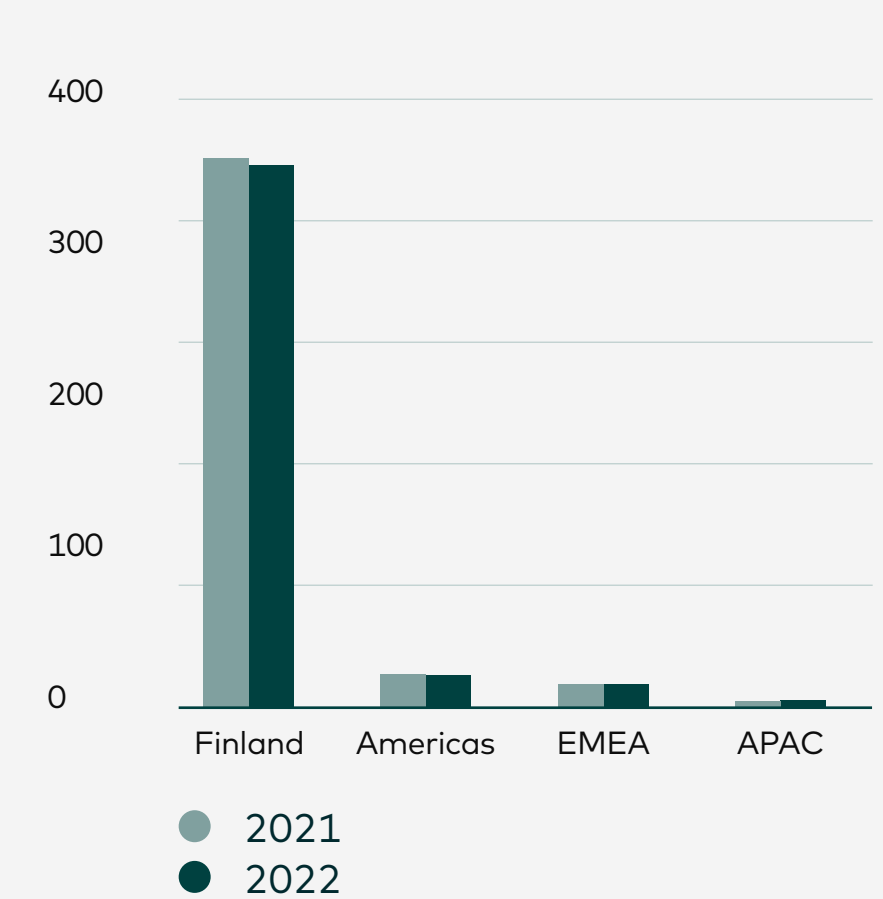
Employee trainings

In 2022, 100% of employees received a regular performance and career development review, and the average employee received 4.4 (4.6) hours of training. The need for employee training is generally decided between the supervisor and the employee. If training is seen as beneficial for the company and the employee, it is usually covered in the budget.

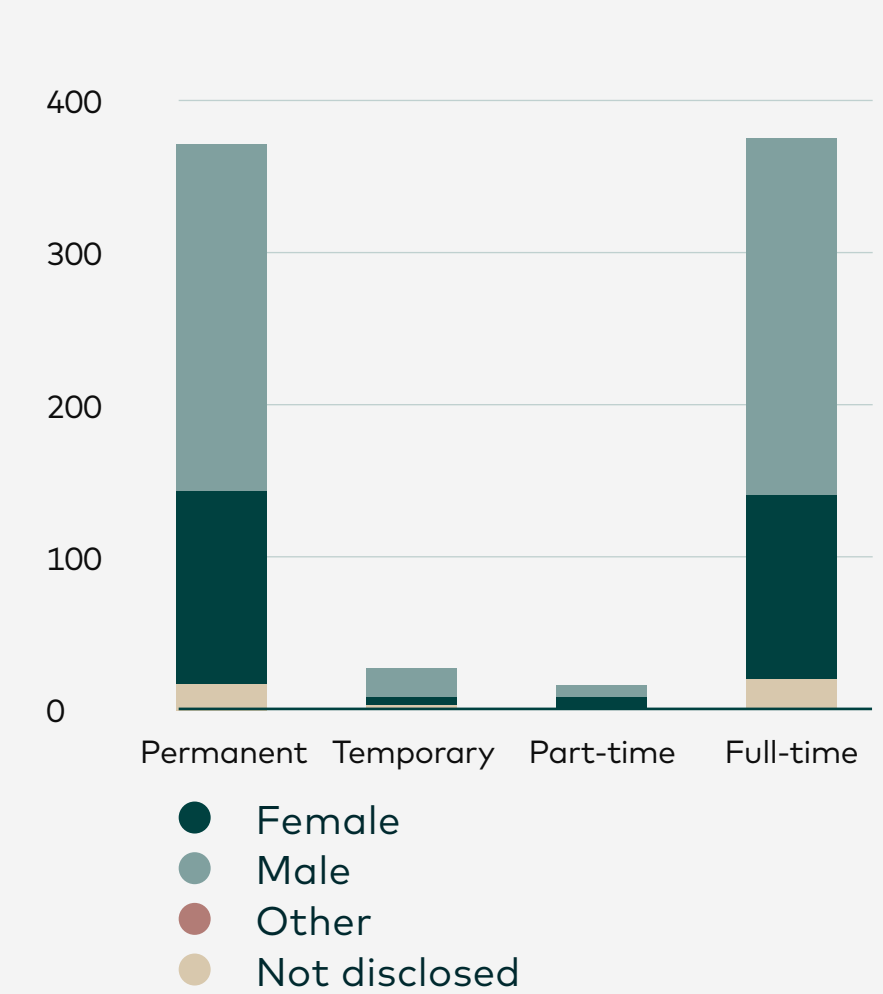
For overarching themes that apply to larger groups of employees, we have focused on providing Lean Six Sigma training in the past year to ensure a unified way of working across production, product development and quality assurance. Additionally, we have focused on supervisor training through breakfast sessions to ensure they have the skills and knowledge they need to support their teams.

However, the most significant impact in terms of training comes from one-to-one meetings between supervisors and team members, where personal development discussions occur. During these discussions, the focus is on identifying training and development opportunities. Together they create personalized action plans to achieve them and to support employees in their professional goals.

Employees by region, number



Employees by contract type, number



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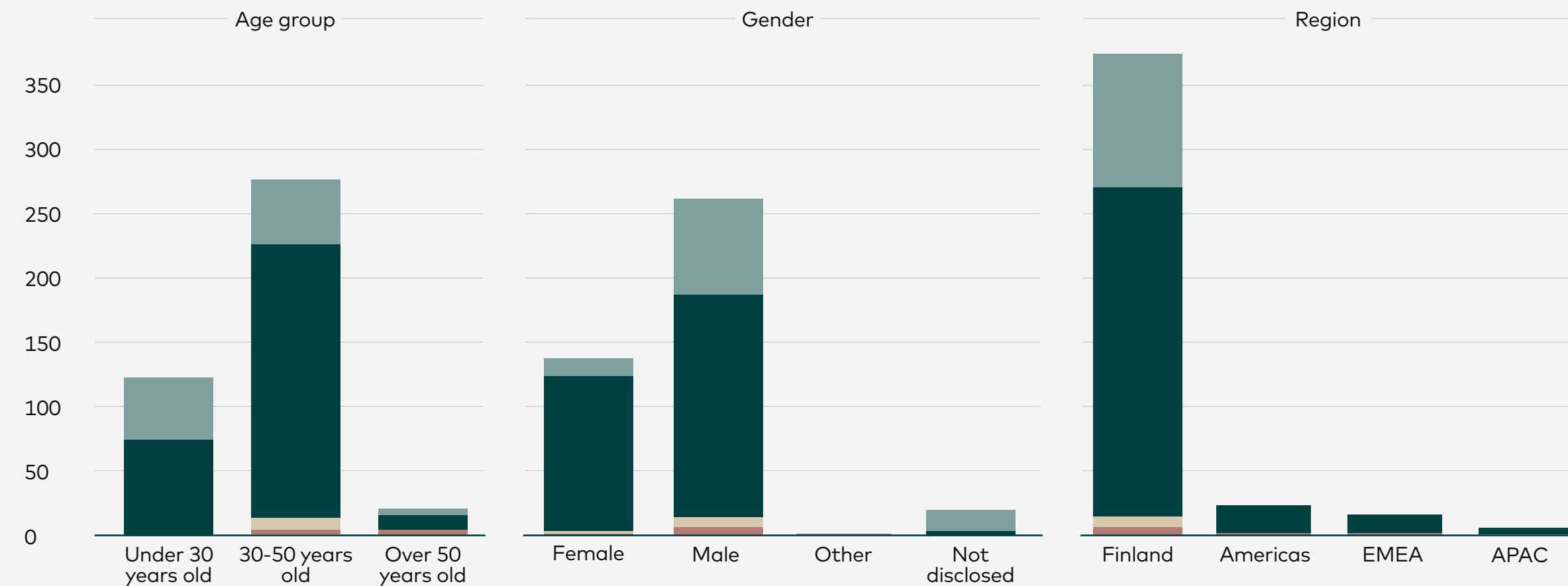
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Employees by region	Finland	Americas	EMEA	APAC	total
Number of employees	357	21	15	5	398
Number of permanent employees	330	21	15	5	371
Number of temporary employees	27	0	0	0	27
Number of non-guaranteed hours employees	7	0	0	0	7
Number of full-time employees	334	21	15	5	375
Number of part-time employees	16	0	0	0	16

Diversity of governance bodies and employees



	AGE GROUP			GENDER				REGION			
	Under 30	30-50	Over 50	Female	Male	Other	Not disclosed	Finland	Americas	EMEA	APAC
Employee group: Employees	47	49	5	13	72	-	16	101	-	-	-
Employee group: Officials	71	206	11	117	168	-	3	248	21	14	5
Management team	-	9	-	2	7	-	-	8	-	1	-
Board	-	2	4	1	5	-	-	5	1	-	-



Ratio of basic salary and remuneration of women to men 2022

Officials employee group	0.99
Production employees	1.01

Data based on employees based in Finland and active on 31.12.2022. Women avr./Men avr.
 Not including those who have not disclosed gender (20/337).
 Regional data is not comparable due to different employee groups and different countries' market practice and price levels.

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Healthy and safe materials

To ensure that our products are safe for human health and the environment, we make sure to use safe materials in our products. We do this by systematically testing our products, meeting and developing international health and safety standards and requirements, as well as sourcing sustainably for and designing our products with sustainable and circularity-friendly materials.

Materials safety

We test the entire pod, not just the materials it is composed of, to ensure they are safe to use. In our case, such tests are of particular importance since we design our pods to be soundproof, which means that they are airtight. That is why it is critical to ensure that our pods do not emit any dangerous gases into the air.

Framery One is the only GREENGUARD Gold certified pod in the world and the other pods are UL GREENGUARD certified, proving that our products have been independently tested and meet the world's most stringent chemical emissions standards. This means that we have minimized the risk to our customers of exposure to harmful chemicals present in the indoor air.

We compile Health Product Declarations (HPDs) for our products, listing the chemical contents of the materials on the 100-ppm level in our products and their potential effects on human health. The HPDs show that we only use non-toxic

concentrations of materials in our products, verifying our products are safe for people and the planet.

Fire safety

Besides using no flammable materials in our pods, we have also run numerous fire safety tests on all materials. These tests have shown that our products have a safe heat release rate and that the exterior metal panels and the laminated glass of our pods are of such high quality that they can withstand heat and fire, demonstrating that our pods are fire safe to use and place in an office. Our most recent pod, Framery One, is even more fireproof than Framery O, Q and 2Q because of its structure, which is mostly made of steel.

Seismic safety

We have been working with a Japanese third party testing laboratory to help Japanese customers see that our products are safe for the Japanese market. As a part of that process, we carried out a series of tests in late 2022. The tests demonstrated that our pods would be perfectly safe in the event of an earthquake on the same destructive order of magnitude as the Great Hanshin earthquake of 1995.

Product safety

Our quality management system has been ISO 9001 certified, which means that our quality management processes have been audited and

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approved by a third-party certification body. This means that we meet high international standards for quality management, including customers' expectations of product safety requirements.

Our pods have undergone the IECEE CB Scheme certification process, meaning our products have been independently tested to ensure they comply with international safety requirements of electro-technical equipment and components.

In addition, our pods have been UL962 certified by Underwriters Laboratories. The UL962 certification, the leading North American standard for office furnishings such as pods, proves the electrical, fire and structural safety of our products through rigorous third-party testing.

Advancing health and safety standards

As pioneers in the office pod industry, we offer our expertise to help legislators in North America, Europe and the Asia Pacific region to make sound pod health and safety legislation, guiding regulators to approve office pods as a product category. Based in part on our input, city officials across the United States issued recommendations and ordinances in 2022, dictating the health and safety requirements office pods must meet.

For similar reasons, we have also been working with the Business and Institutional Furniture Manufacturers Association (BIFMA). Since 1973, BIFMA has been developing standards for furniture sustainability, durability and safety in the North American furniture industry.

In 2020, BIFMA published their guide for pods, laying down the criteria that businesses, facility managers, government officials and architects should consider when investing in pods. Since then, BIFMA has been working on making their guide

the industry standard, and we have been contributing to that effort by pushing for strict requirements that make it safe to install office pods in North America.

Environmentally friendly materials

Choosing the right material can be hard because every choice comes with trade-offs. We must look at the big picture and conscientiously weigh all the pros and cons of materials when choosing which materials to use and how. But when it comes to creating soundproof pods of the highest quality, the primary consideration guiding our materials selection is their ability to insulate outside sounds.

It is not always clear-cut what makes a material sustainable. For example, when we manufacture Framery One, we can prove that the measurement tolerances (i.e., the range of allowable dimensional errors) are tight, which means that we can produce thousands of parts for Framery One without generating much scrap to discard. Wood is a living and breathing material that reacts to temperature and humidity changes by expanding and shrinking, making it difficult to achieve low measurement tolerances when manufacturing wood products. At the current output, this is not an issue; however, were we to significantly scale up our production of wood-based pods, we would end up with plenty of scrap wood. Steel also seems to have a lower carbon footprint than plywood.

Utilizing Finland's recycling infrastructure

Our goal of producing high-quality products determines the materials we use. We naturally tend to source materials close to our factory in Tampere, Finland. Finnish manufacturing is overall better able to make use of recycled materials than most other countries because of Finland's sophisticated recycling infrastructure.

We try to better understand our supply chain all the way to the cradle. We acknowledge that we lack visibility into the origins of materials since the raw materials extraction process does not take place with our top-tier suppliers. The recycled materials streams must always be of high quality to ensure a long product lifespan and meet our capacity needs.

Sustainably sourced wood

The walls of our Framery O, Q and 2Q are made of plywood that is produced in Finland or neighboring countries by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified timber suppliers. Meaning, for every tree they cut down to be used in the manufacturing of our products, they plant a new tree in their place.

Circularity-friendly steel

When maintaining and repairing pods, there is a natural limit to how often you can take apart and put together wood-based products such as Framery O, Q and 2Q. To replace the plywood panels of the Framery O, you need power tools to dismantle the pod, causing wear and tear. In contrast, we designed our steel-based Framery One to be easily disassembled for maintaining, repairing, refurbishing and relocating; the panels are particularly easy to remove and replace. One reason Framery One is more durable and easier to maintain, repair and refurbish than its plywood-based predecessors is precisely that it is mostly made of solid steel and whose parts can be replaced again and again. Our steel-based pods can, for all intents and purposes, last in perpetuity, promoting environmental sustainability and circularity.

Fair Business

We believe that through our business operations and supply chain, we can play an important role in promoting fair business and labor practices, environmental and social sustainability and anti-corruption policies. Accordingly, we understand the importance of setting high standards for ourselves and our suppliers. That way, we are building a business that makes the world a better and happier place.

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Economic value creation

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From the factory to happy workspaces

Framery was founded to improve the working conditions of our customers. By creating happy workplaces, we hope to increase the productivity and happiness of our customers' employees. We accomplish this by creating soundproof pods that allow people to hold effective meetings. Today, Framery is the global market leader in manufacturing pods, phone booths and private workspaces.

The journey from factory to office begins in Tampere, Finland, the center of our supply chain. To assemble, sell, ship and maintain our pods, we rely on a network of suppliers to provide us with components, warehousing, logistics, dealing, installing and maintenance services. Along the way, we must ensure that every link in our supply chain helps us create material values in an economical, ethical and sustainable manner.

Ramp up in capacity

In 2022, our revenues increased by 60%. Part of that growth was due to pent-up demand during the pandemic. As people returned to offices, they gradually realized the need for our products. As a result, our factory was running at full speed throughout the year.

The Russian invasion of Ukraine

Before Russia's invasion, we got some of our raw materials from Russia. Following the invasion, we

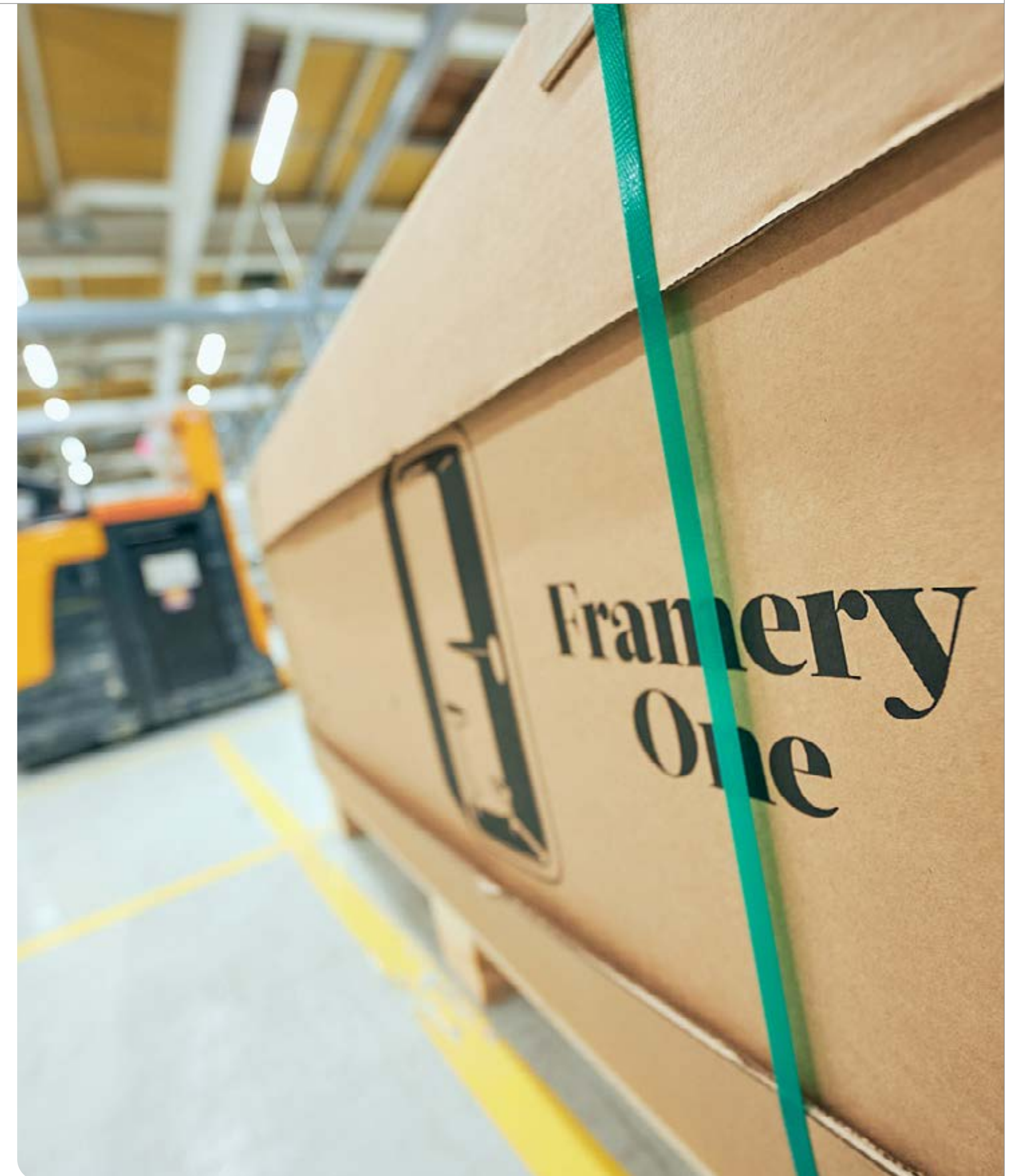
moved our sourcing from Russia to other countries, mostly in the European Union. Initially, we feared that the EU suppliers of plywood, steel and glass would lack the capacity to meet our demand; in the end, this was not a major concern.

Expanding our supply chain footprint to the Asia-Pacific region

Taking our cue from our successful US hub to serve the Americas region, we set up a similar one in Singapore, which enabled us to significantly shorten our delivery times in the Asia-Pacific region.

Freeing up our production capacity

In 2022, we identified additional capacity at our plywood component supplier, who already produces the wooden parts for our 2Qs. By ramping up the plywood module production, we gave our operators more flexibility, enabling us to allocate capacity to other areas of our factory if needed and to buy more from this existing supplier. Through an agreement with our Finnish supplier, we expanded their value-added production for us while at the same time freeing up capacity for new products. The components will also be assembled into full modules at the supplier's location and shipped directly to us, reducing the need for component pallets to be stacked at the supplier's location and transported to us.



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The US hub, a brief update

In 2022, we optimized the container capacity for O and Q modules shipped to the US hub because we want our packages to be as tightly packed as possible. By shipping ready-packaged goods, we have made our capacity more effective. Additionally, we are no longer doing any reverse logistics from the US hub to Finland. Optimized logistics supports profitability and sustainability, which is why we consider logistical implications when designing the next generation of pods.

Our supply chain strategy

Because most of our suppliers are in Finland or neighboring countries such as Sweden and the Baltic states, most of the value generated in our supply chain is created close to our factory in Tampere, Finland. Due to our proximity to our suppliers, our suppliers' lead times are also short.

We ship our products worldwide, primarily to Europe, the United States and the APAC region. The challenge has always been to reduce lead times for our customers in the United States and APAC countries such as India, Singapore, Hong Kong and Australia. We solved this problem by setting up hubs in the United States and the Asia Pacific region.

Logistically, the hubs also enable us to optimize container capacity. Since our production is so centralized, this is the most efficient way to ship. Last year, we delivered approximately 17,000 pods in modules and components in cardboard or

plywood packaging, enabling us to ship more in the same container space. With the final assembly taking place at the customer's office, this approach optimizes the packaging.

The Singapore hub – faster and more sustainable delivery

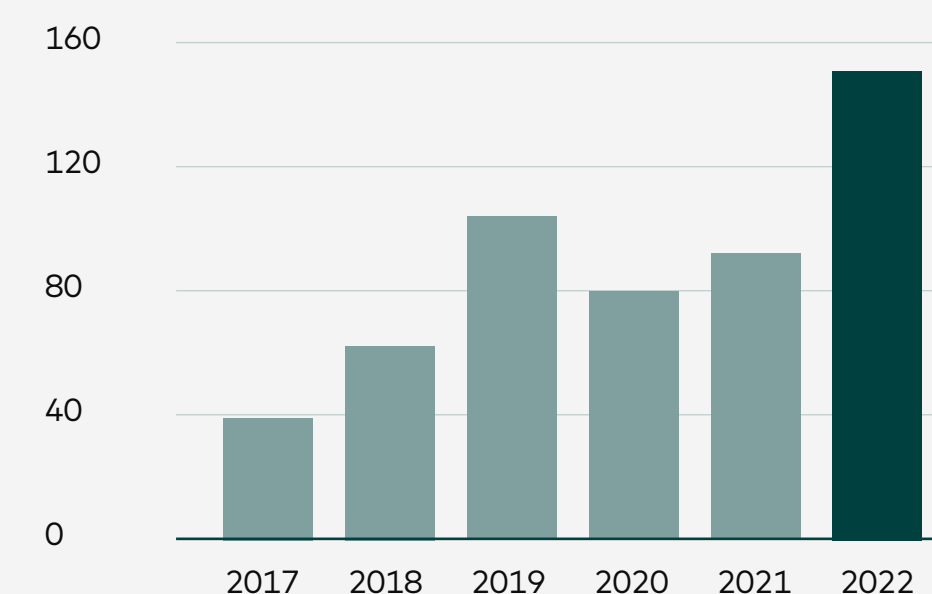
The long lead times used to be a bottleneck in the APAC region. Owing to the new Singapore hub, they are now a thing of the past. Because we combine shipments into larger batches, the Singapore hub helps us reduce the number of shipments from Finland. Bringing the pods closer to the APAC region will make airfreight shipments increasingly unnecessary. Instead of flying our pods from Finland, our dealers in the region can offer sea freight and deliver them in six weeks, which is more than enough time. Since we opened the Singapore hub, airfreights of pods to the region have ceased. Nevertheless, we still transport some spare parts by plane.

Digital technology to boost warehouse efficiency

According to our research, the Singapore hub is run by one of Singapore's most technologically advanced logistics companies. They use digital technology to reduce paperwork to zero and to optimize warehouse space utilization, resulting in the highest occupancy levels, which is also desirable from the standpoint of resource efficiency.

Direct economic value generated and distributed MEUR	2020	2021	2022
Direct economic value generated			
Revenues	81.40	93.80	153.74
Economic value distributed			
Operating costs (total purchases of goods and services)	36.48	53.53	68.44
Employee wages and benefits	16.92	21.89	24.44
Income taxes paid, net	1.25	1.74	4.80
Dividends paid	0.00	0.00	0.00
Net financial expenses	5.01	5.10	5.67
Community investments	0.03	0.03	0.05

Net Revenue MEUR



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Continuous supplier development

Our supplier development team builds and maintains our supplier base and ensures that our suppliers meet our requirements. Quality, supply technology, cost and environmental and social sustainability are all important considerations for any partner we are taking on onboard.

We are an assembly company, which means that upstream processes generate 80% of the value of our products and almost 80% of our products' environmental footprint. From a sustainability perspective, the operations of our supplier base matter greatly, which is why it is so important to partner with the right suppliers.

Our supplier selection process

Starting with identifying the need for new components and evaluating that, we start thinking of the possible candidate supplier to manufacture them. We use self-assessments to narrow down the candidate suppliers and visit them. If they meet our high standards and are a good fit, we can start the cooperation.

We compare everything from costs to logistics to sustainability. We carry out this process with key stakeholders, such as our R&D and supply chain partners. Following this process, we made many successful supplier selections during 2022 since we always have new products to conceptualize.

During 2022, we made tens of supplier visits, assessments and evaluations of potential partners. Besides environmental factors, the principle guiding us is that we should purchase the best quality as

geographically close to us as possible, since that is also good for our business. In 2022, we made 95% of our purchases from European Union countries. All new partners were from the EU as well.

Physical visits, audits and responsible sourcing

Our supplier agreements, including product specifications, define the materials to be used and function as our standard for evaluating our suppliers. Our supplier agreements ensure that the materials and processes of our suppliers comply with various regulatory requirements, such as the Restriction of Hazardous Substances Directive of the European Union and Proposition 65 of California. The suppliers must also meet our requirements, such as being properly certified.

Additionally, we have quality agreements that function like appendixes to the supplier agreement. The quality agreements define their ways of working, what they need to fulfill, how they can modify the product or manufacturing process, and the structure of their supply chain. All of this and more is discussed with our suppliers and agreed upon.

We regularly conduct physical audits of our actual or potential materials suppliers. We start with the supplier self-evaluation questionnaire and perform the physical audit. In the audit, we map out the process to identify the strengths and weaknesses of the value stream. We use the resulting value stream map to discuss how their processes work with respect to sustainability, including where they are getting their raw materials from.

Nordic suppliers improve sustainability

In 2022, we decided to replace one of our Chinese suppliers of aluminum die casting with a Swedish supplier for a variety of reasons, one of which was environmental sustainability.

Environmentally, switching to a Swedish supplier makes sense because transporting aluminum die casts from Sweden has a lower environmental footprint than transporting them from China, even if you use sea freight.

The Nordic countries generate comparatively more renewable electricity than China. Even though China is investing in renewable energy, Swedish energy is currently more renewable, making energy-intensive aluminum production in Sweden more sustainable. When logistics costs are factored in, Sweden and neighboring countries become more appealing.

Our Swedish suppliers' production is not yet up to speed due to a lack of tools. Once they are fully equipped and ready to ramp up their production, we will move all our orders over to the Swedish partner, and after that, we will not source any aluminium parts from China.

Remedying the negative impacts of our operations

During the supplier screening, we turned down a couple of suppliers because they failed to live up to our standards as defined by our Supplier Code of Conduct:

- We considered dealing with an aluminum die-casting supplier in Poland. While their own operations were satisfactory, their painting subcontractor's working conditions had serious health and safety issues, which made it inappropriate for us to do business with them.
- In our search for a warehouse partner for our Singapore hub, we passed up a couple of candidates because of how they treated their employees. Aside from using low-cost labor, the workplace's hierarchical structure was also seen in how they treated their low-ranking workers.

In our existing supplier base, we did not identify any negative social or environmental impact during the last year.

Staving off corruption

Our Supplier Code of Conduct demands that our suppliers live up to our standards of working conditions, fair business practices and proper treatment of employees. It prohibits all forms of corruption and anti-competitive behavior. In 2022, 99% of our suppliers have agreed to adhere to our Supplier Code of Conduct, and no Code violations were reported.

When screening for a suitable location for our new Asia-Pacific hub, we considered a competitively priced partner in Malaysia besides Singapore. Consultants cautioned us that corruption is a bigger problem in Malaysia than in Singapore. Minimizing the risk of corruption was one of the decision criteria that led us to locate the hub in Singapore.

Governance

The governance and management of Framery are based on the Finnish Limited Liability Companies Act as well as its Code of Conduct. Accordingly, the highest decision-making power is exercised by Framery's shareholders at the Annual General Meeting. The company's sustainability work is governed on three levels: the board of directors, the management team and the sustainability steering group.

Vaaka Partners and its co-investors own a controlling stake of Framery. The rest of Framery is owned by Framery's founders, operative management and private investors. Vaaka Partners has three seats on the Board. 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 investment activities and strives to improve long-run risk-adjusted returns from its investments by considering 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.

Board

In 2022, the board consisted of six individuals; two from the owner, three independent and one substitute member from the owner. They all are non-executive members. Mika Sutinen is an experienced Chairman of the Board, with experience in leading several growth companies. Greg Bylsma has extensive experience in the top management of

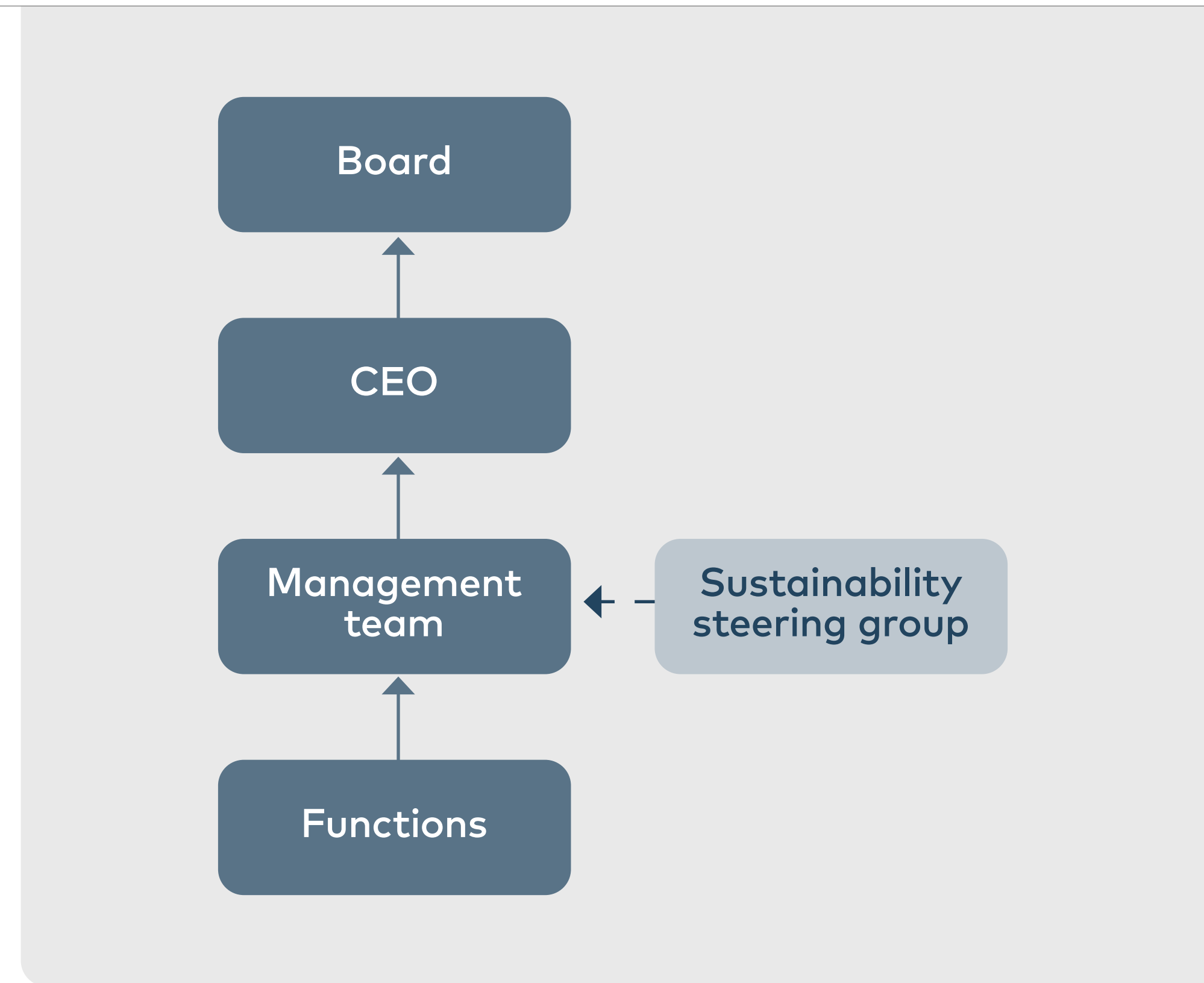
Herman Miller, which is one of the leading companies in the industry. Timo Toikkanen, with a background in Nokia and currently CEO of Varjo, brings in expertise especially from technology companies and global sales channels. Ilkka Pentikäinen, Ville Koskenvuo and Pipsa Loimijoki, representing Vaaka Partners, have backgrounds in finance, consulting and private equity.

There are no committees within the board. Vaaka Partners controls the nomination and selection process for the board members. The board conducts self-assessment yearly based on Vaaka Partner's governance model. The CEO is evaluated with the same process and at the same time.

Vaaka Partners has organized for their investment team training on sustainable business, diversity, equity and inclusion, and sustainable finance disclosure regulation. Vaaka Partners also updates their teams regularly on sustainability matters. Framery has not organized any separate sustainability training during the year for the board members apart from updates given in the board meetings.

Roles and responsibilities

The board acts as the highest governance body. The board oversees development of and approves the company's strategy, policies and goals including sustainability-related matters. Simultaneously, the board oversees the management and effectiveness of Framery's sustainability work. Sustainability matters are discussed as part of strategy, action plans, financial planning, annual budgeting, risk management and business plans. The board monitors the implementation and



performance of the strategic projects on a monthly basis. The board met 12 times during 2022 and discussed sustainability related matters twice as a separate agenda topic.

Responsibility and accountability for the management of impacts lies with the management team members while the day-to-day activities are managed by teams reporting to the functions and sustainability steering group. Framery's sustainability report, including the material topics, has been

presented to the board as well as selected members of the management team for their approval.

The sustainability steering group is set up to manage operational day-to-day activities by gathering responsible individuals from the management team and functions. The steering group monitors and guides the implementation of annual targets. The sustainability steering group meets on a bimonthly basis as well as ad hoc when needed.

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Conflict of interest and critical concerns

Conflicts of interest are required to be reported by the board members as part of the Shareholder's agreement and by overall policy. Framery's Shareholders' agreement includes a clause that one must inform about competing activities. The board oversees their own actions and the management team while Vaaka Partners oversees the board.

The CEO and CFO are responsible for communicating the critical concerns to the board. During 2022, one concern was raised, which related to the situation and action plan regarding Russia. This case was handled within the management team, and it was investigated and closed during the year.

Remuneration

The remuneration and remuneration model is decided at the Annual General Meeting. The General Meeting gives the Board the rights and boundaries to make direct share issues for long-term remuneration to the board and management. All board members own a share of the company and their remuneration is fixed pay without any variable pay or other bonus schemes. Remuneration of the board or the management team is currently not linked to sustainability targets.

The ratio of the annual total compensation for the highest-paid individual to the median annual total compensation for Finland-based employees (excluding the highest-paid individual) was 5.2 in 2022. The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) was 1.4. The median annual total compensation includes only employees based in Finland due to incomparable compensation levels between countries. Both office workers and production employees have been included.

Board

Mika Sutinen, Chairman of the Board

- independent of the company
- board member since 2018

Gregory Bylsma

- independent of the company
- board member since 2021

Ville Koskenvuo

- not independent of the company
- board member since 2018

Ilkka Pentikäinen

- not independent of the company
- board member since 2018

Timo Toikkanen

- independent of the company
- board member since 2018

Pipsa Loimijoki

- not independent of the company
- substitute board member since 2020

Management team



Samu Hällfors
Founder&CEO



Daniela Tjeder
CMO



Lauri Isotalo
CFO



Lasse Karvinen
Head of Products



Arto Vahvanen
Head of Digital Services and Offerings



Hannu Seppä
Head of Supply Chain



Timo Inkinen
Head of Product Development & Quality



Anni Hallilla
Head of People and Culture



Mattias Ekberg
Head of Global Sales

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Framery is committed to conducting its business in a socially responsible, environmentally sustainable, ethical and legal manner. In all our operations, we comply with all laws and regulations related to us. Our Code of Conduct outlines principles that we commit ourselves to and expect our suppliers to follow. Our Code of Conduct consists of the ethical principles that determine how both we and our suppliers conduct our business, and how we take responsibility for people and for the environment. In addition, we also expect our suppliers and subcontractors to live up to our high standards.

Framery has been a participant of the UN Global Compact since 2018. We are committed to aligning our operations with the basic principles and ambitious aspirations of the UN Global Compact, supporting human rights, the right to collective bargaining, the precautionary approach to environmental issues and opposing corruption. The Ten Principles of the UN Global Compact rests on the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. We recognize our duty to respect human rights and address our operations' negative impacts.

We enforce our commitments via our Supplier Code of Conduct and topic-specific policies. Our Supplier Code of Conduct outlines the minimum standards we expect our suppliers to comply with when doing business with us. Framery's Supplier Code of Conduct is presented in a separate document and all suppliers

are expected to sign it. Our policies on Environment, Occupational Health & Safety, and Quality explain how we work and what we are committed to. Our commitments are embedded in our culture and processes. Responsibilities for operational day-to-day activities are allocated to the management team members and their functions.

Framery's [Code of Conduct](#), [Supplier Code of Conduct](#), [Environmental Policy](#), [Occupational Health & Safety Policy](#) and [Quality Policy](#) are available at our [website](#). All of Framery's policy commitments have been approved by the CEO and shared with all employees.

The management of the company is responsible for reporting all relevant topics to the board at least annually or whenever a relevant issue arises. The open issues are then followed at the board level until they are closed and the issue is remediated, with relevant KPIs set when needed. Within the company, all employees are instructed to report to their supervisors, People & Culture business partners, management team members or to any other relevant party when facing an issue. Additionally, an anonymous whistleblower channel exists if none of the other channels are seen as feasible means of communicating the issue.

Everybody at Framery can seek advice from their team leader or People & Culture business partner. To encourage open dialogue within the organization, we foster a close relationship and interaction with their team leader. Additionally, Framery has a whistleblowing channel that employees can use to report suspicions of misconduct or illegal activities. Employees

can do so anonymously, without fearing repercussions. External stakeholders can raise concerns through their contact person at Framery.

No significant non-compliance cases with laws and regulations were recorded.

Framery is a member of BIFMA, a non-profit trade association for business and institutional furniture manufacturers, FEMB, the European Office Furniture Federation, Kasvuryhmä 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. Besides participation in the United Nations Global Compact (UNGC), Framery joined the Science Based Targets initiative (SBTi) in 2020. SBTi is a call to action for the private sector to set ambitious climate targets.

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Framery publishes its sustainability data annually. Framery has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. This is our fourth annual sustainability report and it was published on April 12, 2023.

The boundary of our reporting is all Framery related entities, of which Happyspace Oy is the top company. This report covers Happyspace Oy and all of its subsidiaries. It contains data for Framery's operations, excluding leased workers, dealers and suppliers, unless otherwise stated. No significant restatements of previously reported information were made. Framery is a privately owned company with headquarters and production at Patamäenkatu 7, 33900 Tampere, Finland. As a non-listed company Framery has not published any financial statements publicly.

The information contained in this report has not been externally assured.

For more information about Framery's sustainability work write to:
sustainability@frameryacoustics.com



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2-7 Employees

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2-27 Compliance with laws and regulations	Principles of our operations, p. 42
2-28 Membership associations	Principles of our operations, p. 42
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305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions are calculated following The GHG Protocol's Corporate Accounting and Reporting Standard and based on energy consumption figures. Emission factors are obtained from Statistics Finland (fuel classification for scope 1 emissions, and district heat production in Finland for heating, scope 2 location-based), Fingrid (emission coefficients of the Finnish electricity system for scope 2 location-based), and Tampereen Sähkölaitos (for heating, scope 2 market-based) besides our energy services supplier (for electricity, scope 2 market-based). Biogenic emissions are not reported due to minor impact. Climate impact, pp. 20–21
305-5 Reduction of GHG emissions	GHG emissions are calculated following The GHG Protocol's Corporate Accounting and Reporting Standard and based on energy consumption figures. Emission factors are obtained from Statistics Finland (fuel classification for scope 1 emissions, and district heat production in Finland for heating, scope 2 location-based), Fingrid (emission coefficients of the Finnish electricity system for scope 2 location-based), and Tampereen Sähkölaitos (for heating, scope 2 market-based) besides our energy services supplier (for electricity, scope 2 market-based). Biogenic emissions are not reported due to minor impact. Climate impact, pp. 20–21

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People and Society

Fair Business

3 Reporting principles

How our report was created

[GRI content index](#)

Disclosure

Location

TRAINING AND EDUCATION

GRI 404: Training and Education 2016

404-1 Average hours of training per year per employee	Trainings by gender and employee category not available. Employees and the wider workforce, p. 32
404-2 Programs for upgrading employee skills and transition assistance programs	Information about transition assistance programs not available for disclosure. Employees and the wider workforce, p. 32
404-3 Percentage of employees receiving regular performance and career development reviews	100% of production employees received a regular performance and career development review during 2022. The percentage is not available for office workers. We have an annual personal development cycle for office workers and senior office workers. We offer tools to the team leader and the employee to support a discussion of personal development topics. Still, we don't actively follow the number of discussions. Information is not available by gender and employee category. Employees and the wider workforce, p. 32

DIVERSITY AND EQUAL OPPORTUNITY

GRI 405: Diversity and Equal Opportunity 2016

405-1 Diversity of governance bodies and employees	Employees and the wider workforce, p. 33
405-2 Ratio of basic salary and remuneration of women to men	Employees and the wider workforce, p. 33

NON-DISCRIMINATION

GRI 406: Non-discrimination 2016

406-1 Incidents of discrimination and corrective actions taken	The Framarian culture, p. 29
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CUSTOMER HEALTH AND SAFETY

GRI 416: Customer Health and Safety 2016

416-1 Assessment of the health and safety impacts of product and service categories	Healthy and safe materials, pp. 34–35
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Framery has not encountered cases where Framery products would have been non-compliant. There have been cases where, for example, Framery products have been flagged because the pods haven't been equipped with sprinklers, and then the customer has installed a sprinkler head into the product.

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CONTACT US

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

