



To Our Stakeholders

The growth of our business during 2007 outpaced even my optimistic expectations. Revenue increased 57% over that of 2006 and, although we have not closed 2008 yet, we are on track to see revenues of 2.8 times those of 2006.

We served companies with annual revenues ranging from \$6 million to more than \$150 billion in 2007 and that are represented in the Fortune Global 500, Fortune 500, S&P500, DJSI, and FTSE4Good indices.

We feel fortunate to have the opportunity to help both small firms and large, global organizations to improve and communicate their environmental, social, and economic performance.

Our client work has increasingly encompassed sustainability strategy as well as communications. More and more, clients have sought, and we have provided, our counsel as to how to elevate, integrate, and manage sustainability within and across their organizations. For example, in 2007 we developed, refined, and applied our materiality analysis methodology in client engagements, helping clients to identify and prioritize key issues to inform both corporate responsibility management and communications. While our shift in focus brings us into an increasingly crowded field, we believe we have unique competitive advantages that will enable us to thrive even in a tough market.

Our strategic priorities remain much the same:

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

implementation, the more we can help companies to move toward more-sustainable business models.

To serve an ever-growing client base of top-tier North American companies. We increased our client base by 78% in 2007. All but one of the companies we began working with are represented in the Fortune 500®.

To continue to be thought-leaders in our industry. My long-range vision is for Framework:CR to be part consultancy, part idea bank. We currently generate ideas to advance sustainability at a far greater pace than we can execute them given our size and the demands of client work. Our challenge is to systemize our processes and develop scalable services, while retaining a flexible and customized approach. That way, we can devote time to next-generation projects that will bring competitive advantage to our clients and promote the convergence of sustainability and business value.

To continue to provide responsive, top-quality service by helping employees to remain engaged but not overwhelmed. We want to be able to devote our energies and ideas to creative, high-quality work that is of genuine value to our clients. That's possible only when we can truly strike a balance between our work and our personal lives. We have consciously made flexible schedules, telecommuting, contracting, and part-time work an integral part of our firm's structure.

We encourage our people to find their own comfortable space along the work-life continuum and work with them to make it happen. Our billing arrangements (we bill mainly by project, rarely charge by the hour, and have no minimum hourly billing requirements) ensure that we focus on delivering results rather

than how many hours we bill. Finally, we believe that our culture and work ethic—to provide responsive, top-quality service without killing ourselves—together with our visibility in the marketplace have enabled us to attract top talent. As a result, we are creating a self-reinforcing cycle: good people, good lives, good work, good clients, more good people, and so on.

Like many, our business has been affected by the slowdown in the US economy. Budgets have been cut, and projects we may have begun have been put on hold. By and large, however, companies are increasingly seeing corporate responsibility as much more than a "nice to have"; it is an insulator against economic, reputational, environmental, and regulatory risk and a source of real competitive advantage. Despite the economy—or perhaps partly because of it—stakeholders are increasingly demanding accountability. And this bodes well for our clients and our business.

We fully accomplished all but three of the goals that we had set for 2007. We completed our associate handbook in December 2007 and issued it to all employees in January 2008. We missed the boat, however, on our goals to develop (1) an environmental policy, (2) a purchasing policy for office equipment and paper, and (3) a system to track the disposal of office waste. Even so, I'm reiterating our goal to publish a detailed environmental policy and guidelines by the end of 2008.

We support the United Nations Global Compact (UNGC). Because we have fewer than ten direct employees, we are not allowed to officially become a signatory to the UNGC. Nonetheless, we support the ten principles and will include in our next report our efforts to support the UNGC principles.

I am grateful for the trust of our clients and our partners and love working with those who make this firm what it is. We invite your comments and thoughts, want to know what we do well and, what's more important, what we can do better. We look forward to continuing our conversation with our stakeholders and our work to advance sustainability for our clients and within our own firm.

Sincerely,



Kathee Rebernak
Founder and CEO

We welcome your feedback

Please send your comments via email to adjoy@frameworkcr.com or call us at 866.563.0644

2007 Goals	Progress in 2007	2008 Goals/Targets
Economic		
Grow our client base and revenue by more than 40% in 2007	<ul style="list-style-type: none"> ● Grew revenues by 57% over those of 2006 	<ul style="list-style-type: none"> ▪ 2008 revenues to triple those of 2006 ▪ Implement and fund retirement account for employees
Social		
<p>Compile and update all company policies and create an associates handbook, to include:</p> <ul style="list-style-type: none"> ▪ code of business conduct and ethics ▪ security and emergency response policies and procedures ▪ human resources policies and procedures ▪ environmental policy and procedures ▪ health and safety policy and procedures 	<ul style="list-style-type: none"> ● Completed employee handbook in December 2007 and issued it to employees January 2, 2008. The handbook covers code of conduct, security, human resources, and health and safety 	<ul style="list-style-type: none"> ▪ Complete environmental policy and incorporate into Employee Handbook ▪ Revise/update Employee Handbook as appropriate
Participate in at least one pro-bono or reduced-rate project with a sustainability-oriented nonprofit or university per year	<ul style="list-style-type: none"> ● Women's Network for a Sustainable Future (WNSF). Attended annual summit and contributed a pro-bono write-up of the event ● Provided reduced-rate services for the Galvin Electricity Initiative to develop a distribution and awareness-raising strategy 	<ul style="list-style-type: none"> ▪ Work with the Yale Center for Business and the Environment to coordinate a sustainability practicum (linking a corporate partner with students to complete a one-semester project) ▪ Continue work with the WNSF ▪ Provide services to not-for-profit organizations
<p>Thought leadership</p> <ul style="list-style-type: none"> ▪ Advance the practice of corporate responsibility strategy and communications through research, writing, and speaking ▪ Help integrate financial and corporate responsibility communications ▪ Share career/professional knowledge with undergraduate and graduate students interested in entering the corporate responsibility profession 	<ul style="list-style-type: none"> ● Speaker at the Enablon World User's Conference (addressing the topic of materiality in corporate responsibility strategy and communications), Paris, France, April 2007 ● Panelist at the Conference Board EHS Council meeting in Atlanta, Georgia, in October 2007 ● Panelist at the 15th Annual Net Impact conference in Nashville, Tennessee, in November 2007 ● Speaker at Yale University's undergraduate 	<ul style="list-style-type: none"> ▪ Host a day-long forum on transparency and disclosure for investor relations and legal professionals ▪ Participate as a panelist or speaker in two or more corporate responsibility conferences or events per year ▪ Publish articles in the corporate responsibility press ▪ Engage with academic institutions and organizations promoting awareness of career opportunities in corporate responsibility

2007 Goals	Progress in 2007	2008 Goals/Targets
	career networking event in November 2007 ● Conducted 7 informational interviews with graduate students ● Published 11 reviews and articles for <i>Ethical Corporation</i> magazine and Sustainable Life Media, an online publication	■ Establish a Framework:CR blog dedicated to advancing and integrating corporate responsibility in business
Environmental		
Eliminate carbon emissions associated with electricity sourcing	● Switched to a green power provider to supply electricity for office use	
Evaluate whether to purchase carbon offsets	● Evaluated feasibility and value of purchasing carbon offsets. Given evolving and uncertain nature of offset certification schemes, offsets were not purchased	■ Revisit offset purchase decision. Consider additional ways to mitigate greenhouse gas emissions
Develop a system to track the use, reuse, recycling, and disposal of office waste	● Informal tracking system established	■ Evaluate effectiveness of informal tracking system, institute additional controls as necessary
Establish and implement purchasing policy for office equipment and paper	● Informal sourcing strategy for environmentally preferable products	■ Formalize purchasing policy and incorporate into the Employee Handbook
		■ Configure computer systems to decrease energy use and improve energy efficiency

Legend

- Accomplished
- Partially accomplished
- Not accomplished