



2024

Sustainability Report



About us

SM·LT Art is an open, independent, socially responsible brand with a unique approach to products, people and business.

Since 1994, we have been an independent company and do not aim to become a large, faceless corporation. We have chosen another, much more beneficial path: we are free, flexible and can make sustainable and responsible decisions faster. We are a bold, small company with big goals - a company that thinks the same way as its consumers. A company whose limited resources encourage the creativity of its employees. We are free to choose the highest quality and most suitable raw materials for the products we create and manufacture from the best and most responsible manufacturers in the world.

Our company has a unique structure and an informal environment. We have about eighty employees and we involve each of them in business planning. Employees can "travel" within the company structure and choose their own place. We are open to employees' ideas and welcome them. We create unconventional business models and look for new business schemes. The company structure we use today was not found in any textbooks, so we created a new one. All of these decisions are related to the freedom, motivation of employees and the ability to create more favorable offers for our users.

We care most about people – both the team, users, partners and society. Our team is one big family. We accept people as they are and try to use the best qualities of each team member. We understand that there are no ideal people, and we do not expect employees to have no shortcomings. It is not easy, but with this approach we achieve better results. Our team does not just “do the job” – it actively participates in the management of the company. Strategic decisions are made by all members of our family.

We are not only a profit-oriented company. Two-thirds of the goals set out in our business strategy are non-financial. About half of the employees working in the company have disabilities. We create a favorable working environment and conditions for all employees, support fine artists, organize charity events and more. And we do this without the goal of advertising or earning more - this is our contribution to the welfare of society. Our company works first of all for society, and only then for the team and the owner.

We are open and share our experience, knowledge, news and products with consumers. This is how we involve them in our activities. We organize various non-commercial events, through which we express openness and gratitude to the community of our brand. We maintain constant contact with our consumers - they are our guides. We hear them, understand them and implement solutions that are suitable for everyone. We communicate directly with

consumers via social networks. We present consumer feedback and observations to the entire team. We are always happy to receive guests and organize excursions in our company. All employees of our company communicate directly with consumers (not only colleagues working with social networks). We organize art techniques and drawing training for our team - we all want to get to know the world of art better.

We have created several hundred different types of products, and each of them is important and unique, like a child. Our products are distinguished by authentic minimalist design, naturalness, quality, carefully selected raw materials, attention to detail and functional solutions. We create products in consultation with artists and consumers. When creating a new product, we always ask ourselves: what makes this product stand out? What makes it different? What makes it better? “Distinguished and better” - this description of products is also reflected in our business goals.

In the fall of 2023, we updated the company's strategy: we reformulated our mission, defined a new vision, set new long term goals and amicably agreed with the entire team on the values that will guide us moving forward.

MISSION: We are an open, independent, sustainable manufacturer of paper supplies for art, education and work, with a unique approach to products, people and business.

VISION: To be the most sustainable, most valued manufacturer of the best paper products for art, education and work.

About this report

We are a small company, so we are not required to submit a Sustainability Report for 2024 according to the European Sustainability Reporting Standard (ESRS). However, we strive to be as open, sustainable and socially beneficial as possible. Therefore, in this report we will present the most important aspects and facts of sustainability. The report covers the first full calendar year of the new strategy 2024.

The report defines the following key areas of our strategy: environmental, governance, economic and social. It provides factual data and explanations, but as this is the first report and the first calendar year of implementation of the new strategy, comparative data from previous periods will not yet be available. They will be provided in subsequent years' reports.



About the environment

We have been certified with the international FSC® (Forest Stewardship Council®) certificate (FSC-C133807) since 2017. This supply chain certificate for wood and paper made from it confirms that the raw materials used in production come from responsibly managed forests and are traceable throughout all production and trade processes - from the forest manager to the manufacturer of the final product. It provides the opportunity to purchase FSC-certified paper and cardboard and to develop and produce FSC-certified products.

In 2024, we produced 563,271 products with the FSC label. This accounts for 9.88 percent of all products manufactured. Compared to 392,137 products with the FSC label in 2023, which accounted for 6.77 percent of all products manufactured.

In recent years, the amount of sustainable raw materials purchased with the FSC label has increased:

Weight, tons			
Year	2022	2023	2024
Without FSC	470	427	367
With FSC	358	528	505
Total materials	828	955	872
Percentage of FSC materials	43%	55%	58%



At the beginning of 2024, we moved to newer and greener premises. The new premises are certified with the “green” BREEM sustainability and environmental assessment certificate. The building is newer, more modern and more energy efficient. Additional heating has not even been needed during the cold season. Energy saving LED lighting has also been installed everywhere in the new premises.



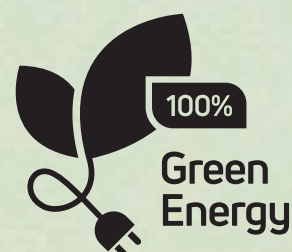
When we design products and carry out production, we ensure that there will be the lowest possible waste generation. Since our main raw materials are paper and cardboard, we recycle all waste from production processes. Waste from auxiliary raw materials is utilized without causing any harmful impact on the environment.

When developing and improving the range of products we produce, we have also decided to constantly increase the share of already recycled raw materials.



In recent years, the share of recycled raw materials purchased was:

Weight, tons			
Year	2022	2023	2024
Unprocessed materials	592	647	555
Recycled materials	236	307	318
Total, tons	828	955	872
Percentage recycled	29%	32%	36%



The part of the production that can be composted or recycled after use is about 99 percent. Simply after using the products, it is necessary to separate the recyclable parts (paper/cardboard, metal, plastic) and, after sorting them accordingly, send them for recycling.

We have set a goal that the energy used in production must always come from 100 percent renewable resources. All energy used in 2024 was from renewable sources.

In 2024, we replaced the last old gasoline forklift with a new modern and efficient electric one, and currently all 4 of the company's forklifts are environmentally friendly, electric.



GHG Emissions Footprint

In 2024, in accordance with the GHG protocol, we began calculating the emissions footprint - the amount of GHG emissions directly and indirectly emitted by the company's activities (for example, by purchasing electricity, etc.).

Total emissions	Total Scope 1 emissions	Total Scope 2 emissions	Total Scope 3 emissions
1,668.9 tCO ₂ e/year	43.9 tCO ₂ e/year	0.0 tCO ₂ e/year	1,625.0 tCO ₂ e/year

Your total emissions in Scope 1 and 2 are comparable to:	 238,418 trees to absorb generated emissions within 1 year	 13,907,740 kms driven (petrol)	 347 times travelling around the globe by car
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Scope 1 (direct emissions)	43.9 tCO ₂ e/year	% share	% actual data
Stationary emissions	16.8 tCO ₂ e/year	38.3%	100%
Non-stationary emissions	27.1 tCO ₂ e/year	61.7%	100%
Fugitive emissions	0.0 tCO ₂ e/year	0.0%	0%
Biogenic emissions	0.0 tCO ₂ e/year	-	0%

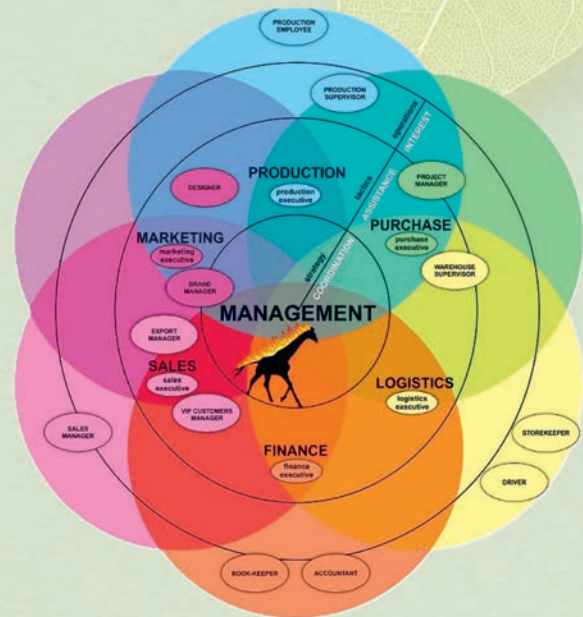
Scope 2 (indirect emissions)	0.0 tCO ₂ e/year	% share	% actual data
Electricity	0.0 tCO ₂ e/year	0.0%	0%
Heating/cooling energy	0.0 tCO ₂ e/year	0.00%	0%
RES certificates / PPA available?	PPA or guarantees of origin available		

Scope 3 (other indirect emissions)		
Sum of Scope 3 emissions	1,625.0 tCO ₂ e/year	Data provided directly by the company
Covered categories	9	

DATA COVERAGE
Total % of ACTUAL data: 100%
Total % of ESTIMATED data: 0%

About governance and economics

We have an unconventional company structure in place in the company. We have a so-called “flat structure”, where employees can get involved in various activities and their management as much as they want. We see that only a few companies share this type of internal information, and we take it very seriously and boldly state: working according to it is fun! There is a clear interaction and overlap of functions. The structure shows the need for cooperation in everyday life situations. There is neither “top” nor “bottom”, no one stands “above” or “below” the employees. They are free to choose in which direction they want to work – to operate in the outer field of operations, in the tactical rainbow of colors closer to the middle, or to dive straight into the strategic middle. In other words – in our company you can be whoever you want to be, participate where you want to participate!



All employees can openly learn about the company's performance results and current projects by participating in activity discussion meetings. They not only present the company's results, but also adopt new ideas, and vote on the most important general issues.

We have implemented a 4-day work week in the company. Work efficiency indicators have shown that an additional day off contributes to more efficient and productive work on the remaining working days and the results do not deteriorate at all. On the contrary, employee loyalty, workplace evaluation have increased, and employees are less likely to get sick.. And the previously mentioned flat company management system, division of duties and rest on different days of the week allow all company activities and functions to be carried out all 5 working days of the working week. In other words, customers and consumers receive all answers, goods and services "from the outside" for 5 working days, although individual employees of our company work only four. A four-day work week also contributes to environmental protection: by not going to work for an additional 1 day a week, employees save about 20 percent. reduces CO2 emissions from commuting.

Financial sustainability. Like disposable tableware, disposable, short-term business is environmental pollution. Therefore, we act in such a way that our activities are stable, long-term and do not waste public resources. Our company celebrated its 30th anniversary in 2024! For the past few years, the company's turnover has been stable at around 3.5 million euros.

In our activities, we strive to ensure a responsible choice of business partners and customers. We have prepared a Supplier Code of Ethics, in which we have defined the main principles that we expect all our suppliers to adhere to in order to ensure fair, responsible and sustainable operations. We encourage suppliers to develop innovative solutions, maintain high quality products and services, care for their employees and communities, and contribute to environmental initiatives.

About social responsibility

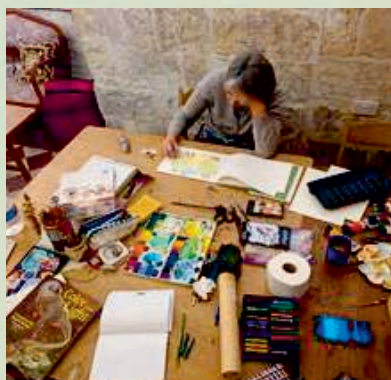
Volunteerism and support projects. In the Sustainability Strategy, we set out the goal of contributing to the well-being of society, especially vulnerable groups of society. To this end, the company provides various support and encourages employee volunteer activities.

The company allocates 2 working days per year, which an employee can allocate to various volunteer activities, after prior agreement. Volunteer activities can be organized and carried out both individually (by agreement with the direct manager), and by participating in group activities organized twice a year.

The support provided in 2024 included 9 support projects: 2 financial sponsorships, 3 sponsorships with manufactured products, 4 cases - sponsorship with scrapped products or raw materials.

Education and popularization of art among children in 2024:

educational events were organized for children, excursions to production facilities with an educational lesson about paper and art (6 excursions, 126 participants).



Other important aspects

▪ *Proportion of women and men in the company:* 59.09 percent. women and 40.91 percent. men (at the end of 2024).

▪ *The share of people with disabilities employed in the company* at the end of 2024 was 48.5 percent. (out of 66 employees, 32 employees - with disabilities).

▪ *Employee satisfaction indicators:* in 2024, a survey was conducted during the annual performance interviews of employees to determine the company's recommendation index (eNP S) among administrative employees, it was +33.33, and among production -6.67. After identifying shortcomings in production employee satisfaction, appropriate decisions were made. For example, transportation of employees to and from work premises was organized and partially compensated; general working and rest conditions in the new premises were improved.

▪ *A Labor Council* was established in the company that actually represents employees. It represents employees on various issues of both general and individual working conditions, participates in solving general, strategic, etc. issues.

▪ *Employee loyalty.* Employees by length of service in the company in 2024 consisted of:

Period worked, years	<1	1-5	5-10	10-15	15-20	>20
Women	10	8	11	9	5	2
Men	6	4	3	9	7	0
Total:	16	12	15	18	12	2



The Corporate Sustainability Reporting Directive (CSRD) is a broad set of requirements for companies falling within its scope to provide a variety of non-financial public information.

As a small, unlisted company, we are not required to provide this information, and we will not be in the coming years. However, we ourselves strive to be as open, sustainable and socially responsible as possible and to share everything with the public.



More information about the sustainability goals, projects and achievements of the **SM·LT Art** brand

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