

A CATALYST FOR CHANGE IN THE NICOTINE INDUSTRY

# HAYPP GROUP

## Sustainability Report 2023

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# About Haypp Group's Sustainability Report

Haypp Group's sustainability report for 2023 is based on our integrated sustainable business model. It presents results with a focus on our five strategic areas for sustainability that align with our vision and higher purpose, which is to inspire healthier enjoyment for millions. These areas of strategic focus are health contribution, insights for all, sustainable innovation, best place to work, and business ethics.

This report marks an important first step in complying with the legal requirements of the new EU directive for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). This directive aims to support Europe's climate-neutral goals for 2050 and the EU's Green Deal.

Therefore, we have initiated a new double materiality assessment (DMA) in accordance with the requirements outlined in the CSRD and European Sustainability Reporting Standards (ESRS) - expected to be completed during the spring of 2024.

We have begun to report most of our data points in compliance with ESRS requirements. As a result, some of the data included in this document differs from the model used in previous years.

We will continue throughout 2024 to transition our systems to meet CRSD requirements. Our goal is to be fully compliant with the legal obligations for the 2025 reporting year.

In accordance with Chapter 6, Section 11 of the Swedish Annual Reporting Act, Haypp Group has chosen to issue the statutory sustainability report separately from the annual report. Haypp Group reports on its sustainability work annually, and the relevant period for this report is the financial year from January 1 2023 to December 31 2023. This is the fourth time a sustainability report has been made for Haypp Group and the third time as a listed company.

This report applies to Haypp Group AB, corporate identity number 559075-6796, and its subsidiaries\*. The Board of Directors of Haypp Group is responsible for this sustainability report, and comments related to the sustainability report can be sent to [sustainability@hayppgroup.com](mailto:sustainability@hayppgroup.com).

\*Haypp Group AB is the parent company in a group with the wholly owned companies Haypp AB (559174-2738), Snusbolaget Norden AB (556801-3683) and Northerner Scandinavia AB (556559-1699), all based in Stockholm. Further, Haypp Group AB is the parent company of the wholly owned company Snushjem.no AS with its registered office in Norway and the wholly owned company Haypp Limited registered in United Kingdom. Northerner Scandinavia AB in turn owns Northerner Scandinavia Inc.



# Highlights 2023

2023 was a challenging year for many companies in the e-commerce industry due to customers' declining purchasing power, combined with inflation and high costs. However, Haypp Group has defied the headwinds and continued its growth journey, inspiring even more people to enjoy healthier options.

## Health Contribution



150,156

lives actively impacted



5,490,887

years which will be lived

The benefits for consumers in 2023 by choosing a significantly less harmful alternative for their nicotine enjoyment



### +5,000,000 visits to editorial and educational pages

Over 5 million visits to editorial and educational pages across our various sites which cover everything from market developments to scientific facts.



### 85 % of the portfolio tested

85 percent of the 2023 nicotine pouch product launches were tested against our standards by an independent third party.



### +1,900,000 SEK invested in product testing - NicoLeaks

Invested over 1.9 million SEK in product testing and marketing our standard of nicotine pouches. Results shared openly on [www.NicoLeaks.com](http://www.NicoLeaks.com)



### +6,400,000 SEK invested in initiatives to increase knowledge

Over 6.4 million SEK has been invested in spreading knowledge to enable consumers to make informed choices about products for enjoyment.



### +14.97 % orders shipped

The number of orders shipped each day rose by +14,97% from about 10521 orders to around 12096 orders per day in 2023 totalling almost 87 292 565 million cans.



### New warehouses for improved consumer convenience

We have upgraded our Swedish warehouse with a completely new automated storage system. This enables us to handle our volumes faster, with higher accuracy and in a much more convenient way, improving not only our packing lead times but also meeting our sustainability targets. This newly automated system saves around 21 % on packaging material on an annual basis, which allows us to send smaller parcels and reduce the air inside our packages. We also reduced our transport costs and increased our capacity by 50 % when it comes to packed orders per hour.

In August we opened our own warehouse in the UK, increasing the convenience for our UK customers and enabling further category and market initiatives. We also opened our first 3PL warehouse in Germany towards the end of the year.



### Decreased gender salary gap

In 2023, the trend from previous years continued, further reducing the gender pay gap in more employment categories. In some categories, there is currently a pay gap in favor of women, but with legitimate underlying reasons.



### Building the organisation according to our values

In 2023, we have continued to maintain a high pace of hiring competence to strengthen our business. Throughout the year, we have consistently invested in our culture to promote collaboration, innovation, inclusivity, and execution. The model we have established is a winning concept for creating high levels of both well-being and ensuring a high degree of accountability among our employees. It is the delicate balance between the two that needs to be achieved to encourage people to step out of their comfort zone and learn new things. This way, we can ensure that individuals have a good opportunity for meaningful and long-term development at Haypp Group.



# About Haypp Group

Haypp Group is a consumer-driven e-commerce group focusing on risk-reduced nicotine products. We aim to reduce tobacco-related deaths globally, promoting healthier enjoyment for millions. We achieve this by supporting the development of quality products, selling the best and most attractive products and brands, and maintaining strict control. We must also ensure that only people of legal age can purchase our products and influence industry actors to be responsible through an active dialogue. At the same time, we must offer our customers the most

sustainable and attractive products where the impact on future generations' health should not be overlooked.

Haypp Group can generate real change in the industry, driving the consumer-centric approach for a global transformation from smoking to healthier alternatives which are found to be below 5 % in harmfulness. Haypp Group originates in Scandinavia with extensive experience from pioneering markets in smoke-free alternatives and being a leader in the e-commerce sector.

In recent years, Haypp Group extended the number of e-commerce platforms mainly through acquisitions, today operating eleven platforms. The online presence is strong within Scandinavia, selected European markets, as well as in the United States.

The value chain normally starts with harvesting tobacco leaves from which nicotine is extracted to produce nicotine pouches or e-juices for vaping products. The tobacco leaves are also used directly in manufacturing Swedish-styled snus, which contains tobacco. There are also products which do not use tobacco-derived nicotine but instead laboratory-produced nicotine, a synthetic nicotine source.

and developing nicotine pouches or related products. Haypp Group is an active driving force in the industry's development and changes towards healthier products. This is achieved through anchoring the ideas and values with the consumers as well as influencing the product suppliers.

As Haypp Group makes new nicotine products available to customers for purchase, such products must comply with all applicable legal requirements. Haypp Group has further initiated product and laboratory testing for certain categories where product regulations are not yet in place or are limited to ensure that the products are reliable to use, creating a future proof industry standard.

Our main suppliers are nicotine pouch and snus manufacturers, which are upstream of the value chain. As an online retailer of consumer products, Haypp Group also has suppliers that provide services related to transport and delivery, mainly found downstream in the value chain. Furthermore, suppliers include IT hardware and software as well as services related to warehouse operations and offices.

As an international e-commerce retailer, Haypp Group operates both its own warehouses and utilises third-party alternatives. These warehouses are located based on volume demands and market developments. Reallocation of warehouse capabilities has in recent years been made to secure competitiveness as well as consumer needs, especially in relation to convenience. Additional infrastructural changes with more warehouse capabilities over Europe and the United States are progressing as planned.

Haypp Group works in collaboration with the brand owners, both larger international companies and smaller start-ups producing

## Our portfolio

**HAYPP**  
SE UK DE/AT

**SnusBolaget.se**  
SE

**SNUSNETTO**  
SE

**NETTOTOBAK**  
SE

**SnusHjem.no**  
NO

**Snuslageret**  
NO

**snus.com**  
NO

**VAPEGLOBE**  
DE

**SnusMarkt.ch**  
CH

**NICOKICK**  
US

**NORTHERNER**  
US DE

**7**  
markets

**11**  
brands

# Milestones

## 2017

Our higher purpose was established – to inspire healthier enjoyment.

Refined our portfolio. Due to the higher purpose, all smoking products like cigars, cigarillos, pipe tobacco etc., were de-listed. Implemented fully by December 31, 2017.

## 2019

We needed more information in order to encourage growth and reach our higher purpose. Therefore we invested heavily in our insights platforms, where we met our consumers to grow our market and develop our products. Launched in 2019, then ramped up each coming year.

Further product and nicotine regulations, marketing rules, and information during 2019.

Change of storage and warehouse for Sweden, also serving European markets, in November 2019. From 3PL to our own organisation, to control operations and packaging. Invested in a new packaging machine to decrease the package size and filling.



## INSPIRE HEALTHIER ENJOYMENT FOR MILLIONS

## 2018

To grow our international presence, we decided to enter a variety of other markets. Firstly Norway, followed by Switzerland, the US and then several European countries.

Product and marketing policies were developed and implemented in November 2018.

Along with payment partner, Klarna, we developed a 100 % age verification system. This ensured that only individuals over the age of 18 years of age were able to purchase nicotine products.

## 2020

We developed and evolved our new ambitions and strategies. Including the adjustment of the operation and organisation – like our employment of senior resources in sustainability and communication.

Stakeholder dialogues performed with employees, suppliers and customers.

Joined the newly-formed organisation “Hållbar E-handel” (‘Sustainable E-commerce’) as an active member.

Launched the Supplier Code in Q2 2020.

In Q3 2020, we initiated the first overall category and product testing for quality assurance, standard development, and market control for nicotine pouches.

External certification program during Q3-Q4 2020 for individuals working with sustainability for e-commerce.

We developed the company’s Code of Conduct – applying to all employees and fully implemented it in 2021.

Ramped up investments in Insights, version 2.0, to meet the needs and requirements of business partners.

# Milestones



## 2022

Opened a new warehouse in Texas, US, to enhance distribution and reduce long distant shipping across the southern States. This, combined with two 3PL facilities will enable us to optimise delivery to consumers.

Improved UK distribution with operations moved to a 3PL warehouse, which will also add capacity for the domestic market in Sweden.

We participated in several seminars on our sustainable business model, harm reduction, and public health to inspire other e-commerce actors and inform key decision-makers about the benefits of harm reduction in the tobacco and nicotine field.

At the end of 2021, we became a member of the technical committee of the Swedish Institute for Standards for oral nicotine products.

## 2021

Mandatory signing of Supplier Code for business partners – delivering oral nicotine products as of January 1st, 2021, for all markets.

Established a structure for sustainability within Haypp Group. Making it part of the core of our Sustainable Business Model with five strategic areas.

Heavily invested in new insights platforms of Haypp Labs, version 3.0. In order to share insights and data with a bigger group of stakeholders, incl. authorities, media and the general public.

Becoming the world's largest provider of research within the nicotine pouch category.

Opened our own warehouse with our own organisation in Norway, moving away from 3PL solution in November-December 2021. Invested in a new packaging machine to decrease the package size and filling.



# Milestones



We participated in more externally organised seminars and media events than ever before to discuss our sustainability efforts, our sustainable business model, harm reduction, and public health. This is to disseminate knowledge, inform decision-makers about the benefits of harm reduction, and inspire other e-commerce actors.

Upgraded to a new business system and a new integration platform in order to more easily scale up and expand to additional markets.

We started actively monitoring employee health on a regular basis, and a more clearly defined evaluation of performance and employee behavior, aligned with our values, has been implemented as the basis for salary setting in the company.

Implemented an optimised age verification feature in Germany that will also be utilised for multiple platforms and markets in the future. The feature enhances compliance with age verification in sales and reduces our carbon emissions per order by minimising returns.

The process of migrating all various sales sites to the same technical platform has been initiated. This will strengthen efficiency, agility, and the ability to scale up the company once completed.

## 2023

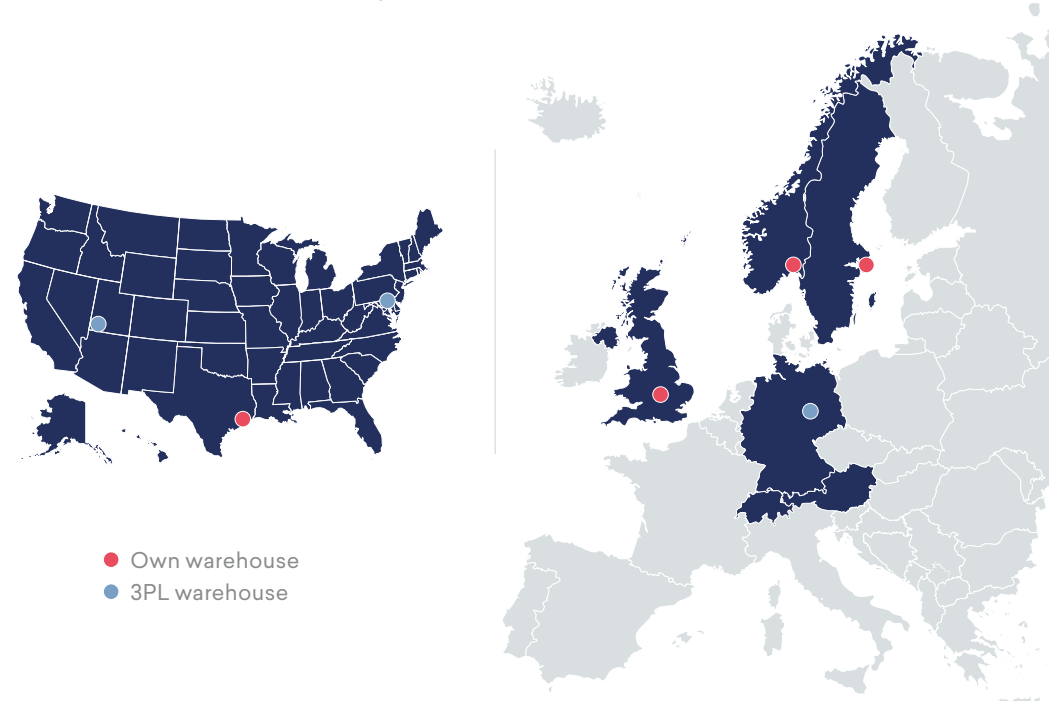
Introduced a new safer nicotine product in the form of vapes, first launched in the United Kingdom, followed by Sweden and Germany.

Expanded our warehouse in Sweden and built an entirely new automated storage system to handle, more efficiently, and in a much more convenient way, both in terms of packing times, accuracy, and from a sustainability perspective.

We opened our new warehouse in the UK and our new 3PL warehouse in Germany for vape products, increasing convenience for customers and enabling further opportunities within both product ranges and markets.

Initiated the transition process and began establishing our own professional organisation to comply with the new EU laws for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD).

Reinforced our internal compliance system within the company to further strengthen the work on business ethics and compliance.





# Financial management

The head office of Haypp Group is located in Stockholm, Sweden, and the company is listed on the stock exchange, Nasdaq First North Growth Market, as of October 2021. Among its main shareholders, the original founders, the management team, and the employees are all found together with larger private and institutional investors. The fiscal year for Haypp Group follows the annual calendar year. Please refer to the Annual Report for Haypp Group AB for financial information on, e.g. turnover and growth and the entities included in the consolidated financial statements.

## Financial targets

Financial targets and dividend policy Haypp Group's board of directors has adopted the following financial targets::

### Growth

Haypp Group targets to reach net sales of at least SEK 5 billion by 2025, predominantly through organic growth.

### Profitability

Haypp Group will prioritise growth over profitability and targets to reach a high single-digit adjusted EBIT margin in the medium to long term.

### Dividend policy

In the upcoming years, the board of Haypp Group will primarily use the generated cash flows for the company's continued expansion.

## Performance measures

(AMOUNTS IN MSEK)	2018	2019	2020	2021	2022	2023
Net sales	460.1	802.4	1,729.2	2,266.8	2,598.8	3,165.7
Gross profit	-	-	224.9	248.7	328.5	402.6
Adjusted EBIT	-	-	38.3	41.5	58.5	78.2
Profit/loss for the period	-	-	-27.8	-27.6	20.1	5

## Shareholders

TOP 10 LARGEST SHAREHOLDERS	# OF SHARES	SHARE*	EMPLOYEE WARRANTS	# OF WARRANTS
GR8 Ventures AB	4,323,953	14.49 %	CEO, Gavin O'Dowd	171,883
Patrik Rees	3,627,423	12.16 %	Employees	697,965
Fidelity Investments (FMR)	2,896,220	9.71 %	Management team employees	1,524,173
Northerner Holding AB	2,797,917	9.38 %	Non employees	65,100
MadHat AB	1,908,097	6.39 %	Old employees	160,687
Hudson 215 Capital	1,144,700	3.84 %	Total	2,619,808
e-Business Partner Norden AB	1,122,114	3.76 %		
Ola Svensson	1,083,855	3.63 %		
Gavin O'Dowd	1,079,391	3.62 %		
Pulsen Sb Investment AB	1,065,900	3.57 %		

\* Shareholders at the end of the fiscal year 2023. Employees also include a statistically insignificant portion of former employees.

# Governance and sustainability

## Corporate structure and governance

The highest governing body for Haypp Group is the general meeting, referred to as Annual General Meeting (AGM), in which the shareholders exercise their decision-making powers. At the AGM the Board of Directors (BoD) are elected after a proposal by the Nomination Committee, whose task is to propose an appropriate composition and mix, including age, gender, education and professional background. The diversity should be manifested by the elected members regarding versatility and breadth regarding competencies, experiences, and background. During the year 2023, the BoD consisted of six members and the Chairman of the BoD of Haypp Group is Ingrid Jonasson.

The BoD appointed Gavin O'Dowd as the CEO of Haypp Group, who in turn leads the Management team, composed of eight members. The corporate governance structure is set up with different functional and department managers who report to the CEO and together handle the daily operations, including decision-making in relation to economic, environmental, and social fields. The work of the Management team is continuously overseen by the BoD.



Ingrid Jonasson, chairman of the Board of Directors



Gavin O'Dowd, CEO

## The ownership of sustainability and handling of risks

The overall responsibility for performance within sustainability lies with the BoD. They determine the strategy for Haypp Group and identify the various risks based on recommendations from the Management team. The BoD is tasked with monitoring the risk management process and is continuously informed about existing and newly identified risks and measures taken to mitigate these risks. All functions are responsible for managing the risks associated with their plans, both centrally, and by individual employees.

Several members of the BoD have, through various leadership positions in the business sector, dealt with sustainability-related matters. Despite this lack of formal education in the field, several of members of the Management Team have valuable practical experience in addressing sustainability-related issues.

The management team has developed Haypp Group's sustainability strategy and has decided to implement the strategy aligned with the business strategy. Many members of the Management team have significant professional experience in companies within the same industry that have actively tackled sustainability issues, especially in terms of compliance and governance.

The Code of Conduct helps to ensure a corporate culture that prevents unnecessary and avoidable risk-taking. All employees are requested to identify and report events and circumstances which include risks. Existing and potential risks are discussed on an ongoing basis within

the Management team. To ensure the responsibility is clearly communicated and the management team has the right tools, a policy was developed and adopted in 2021, followed by internal dialogues and e-learnings. As part of the onboarding process for all employees, the Code of Conduct is reviewed, training completed, and individuals are required to actively acknowledge the Code of Conduct.

Each year a risk assessment is made to identify any significant hazards the Haypp Group faces. These risks, together with probability, potential impact, connection to other hazards, preventative activities and how to monitor, are presented to the management team, which in turn presents the risks to the BoD. Based on the outcome of the annual risk assessment process, strategies are developed to manage new or changed risks. Decisions about risk management may include that risks must be avoided, reduced, shared, or accepted. This process ensures appropriate measures are taken to reduce, prevent, ameliorate and counteract unwanted risks.

We govern sustainability the same way we govern everything else that is critical to the business. The evaluation of our impact on sustainability is a part of our ordinary business review presented to management and handled accordingly. Sustainability risks are addressed with the same priority as financial or operational risks and coordinated together in the annual risk assessment process. This ensures that ESG risks are managed in the same manner as other significant risks identified by the organisation.

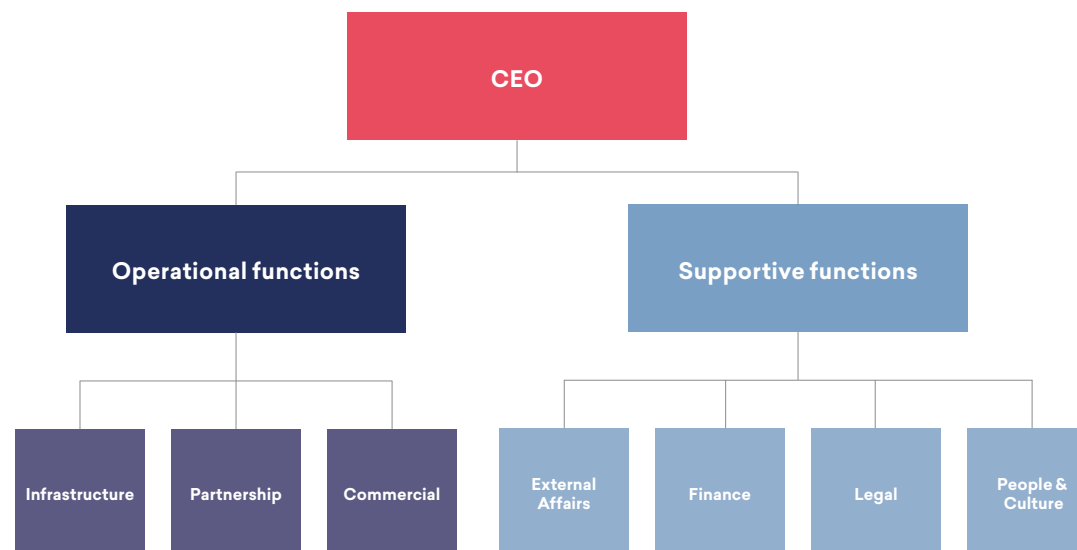
# Functional structure

The functional structure of Haypp Groups is illustrated here with operational and supportive functions. Within each of the functions, the activities are performed by several different departments. This is especially applicable for the operational functions where certain division structures exist based on the type of activity and geographical market.

Apart from Sweden, we operate and serve customers in Norway, the United Kingdom, Germany, Austria, Switzerland and the United States. The vast majority of personnel are located in Sweden, either working from the head office in Stockholm or remotely. Additional staff are found in Norway, the United Kingdom, Spain, Germany, Hungary, Slovenia, and the United States. Most senior managers have been hired from the local community, typically with a background in e-commerce or tobacco and nicotine.

During the year 2023, Haypp Group had an average of 177 employees, with 92.6 % on permanent contracts or, in the case of the United States, working full-time. On January 1, 2023, there were 169 employees, and on December 31, 2023, there were 186 employees. In Sweden, the number of employees was 147. In addition, Haypp Group had 23 consultants globally, of which 13 were in Sweden.

Haypp Group does not have significant changes in employees due to seasonality, with permanent employees performing a main portion of activities. During peaks in orders, During peaks in orders additional warehouse capacity might be brought in, however, this is most often handled by increasing our permanent staff as operations have been growing continuously.



EMPLOYEE	FULL TIME	PART-TIME	CONTRACTED
Sweden	134	13	13
Norway	13	-	-
United Kingdom	3	-	3
Other European countries	1	-	7
United States	13	-	0
<b>Total</b>	<b>164</b>	<b>13</b>	<b>23</b>



# Logistics and value chain of oral nicotine products

Each and every day, Haypp Group sends roughly 12 000 packages to customers around the world, to everyone from suppliers to informed consumers who have chosen to use less harmful nicotine products. Haypp Group purchases products manufactured across the globe via suppliers in Europe and the United States.

In 2023, Haypp Group continued its planned investments and upgraded its warehouse infrastructure.

In Sweden, we have expanded our warehouse and enhanced capacity by building an entirely new automated package system that can handle volumes faster and more efficiently. The capacity for packed orders per hour has increased by 50 percent. This change reduces lead times for packaging, streamlining package sizes, taking up less space in transportation, and enabling more packages to be shipped with each transport. It also means that each package requires less packaging material, saving approximately 21 percent of corrugated cardboard material each year.

In the United Kingdom, during 2023, we transitioned from having a 3PL warehouse to opening our own

warehouse in early Q3. In Germany, we opened a new 3PL warehouse in Q4 specifically for vape products. This enhances convenience for customers and simplifies future scaling of sales.

Four of the seven warehouses are our own, located in Sweden, Norway, United Kingdom, and the United States. Of the three 3PL warehouses, one is located in Germany and two are in the United States.

Though most of the work is manual, in Sweden and Norway the warehouse work is facilitated by picking and packing machine. The packages are pre-sorted and sent with whichever shipping methods are available locally to either the customer's door or a selected delivery point. Depending on the customer's location and choice of delivery method, the customer should receive their package within 1-5 days.

As Haypp Group has its own warehouse in Stockholm, Oslo, Milton Keynes and Huston together with additional 3PL, the distance between the warehouse and many of our customers has become significantly shorter. As a benefit, fewer packages need to travel long distances, thereby optimising the delivery, both from an operational and logistical perspective.

We constantly work on selecting carriers and freight methods that actively work on transitioning their vehicle fleets. Currently, all carriers are increasing their share of electrified vehicles in all markets where we operate, so it is a general trend among all our transport providers that we are part of.

Additionally, a significant portion of the energy supply for our warehouses in Stockholm and Oslo comes from solar panels.

## The value chain

The value chain is a combination of product research and development, raw material sourcing and production, processing and manufacturing at suppliers, distribution and transportation to our facilities. After purchasing through our e-commerce, additional transportation is necessary for the products to reach the customer. Then it is the consumer who finally disposes of both the packaging and the product itself after enjoying it.

In regard to the development of new products and raw material sourcing, our ability to influence is low, likewise with the manufacturing and inbound transportation. However, Haypp Group's ability to influence the warehouses and other facilities, as well as how the e-commerce is presented and operated, is much higher.

We have medium influence over transportation from our facilities to the consumer, as it depends on negotiations with carriers, as well as customer preferences. The influence on the actual consumer, including the disposal of product is low. Nevertheless, it is an important part of our sustainability efforts as we believe that informed people make better choices.

# A sustainable business model

Haypp Group’s business model includes a focus on our strategic areas of sustainability, making it our sustainable business model. The model covers ESG aspects, commercialisation as well as the process and structure we follow on a corporate and operational level. The foundation of the business model rests on five strategic areas for sustainability that align with our vision and higher purpose and help us drive the business on both an operational and more strategic level.

The company process

The business concept

The strategic areas



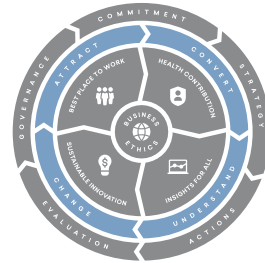


## The company process – it all starts with a commitment

This begins with Haypp Group's commitment to the higher purpose of “inspiring healthier enjoyment for millions”, and the company process gives a stable framework to develop strategically and operationally.

The Haypp Group is strongly committed to offering people across the world a safer form of nicotine, while fulfilling our vision of “inspiring healthier enjoyment for millions”. It is this vision and higher purpose which guides the company's leadership to take decisions on strategies for the future. Based on these decisions and available research, corporate and operational plans are made with concrete actions for the different teams in the organisation to implement and manage.

We operate within two evolving industries at the same time, the transformation of the nicotine industry and the advancing e-commerce sector. Therefore, continuous evaluations need to be undertaken to clearly see what should be re-evaluated and improved.



## The business concept – the consumer is the focus

The inner circle of the sustainable business model illustrates the consumer-oriented aspects of our business process. It deals with how consumers are attracted today as well as how we can improve processes, services, and products to meet consumer needs better and drive commercial excellence.

Our model starts with managing the consumer experience, reaching out to a broad consumer base and then advocating for healthier non-smoking alternatives. We then assist in finding our consumers the most appropriate solution.

Our concept enables us to innovatively gain a more comprehensive understanding of the consumer. We utilise this knowledge to constantly evolve and improve our customer's journey. Our insights drive the whole industry to create great quality products, provide superb offers, and produce responsibly and sustainably.

The business concept is solid and scalable. It is a proven success that has resulted in increased customer growth across a broader range of consumer profiles. Compared to the rest of the industry, it has also increased sales of premium products and tobacco-free nicotine pouches.

A way to describe how we make the change from a consumer-centric perspective is according to the four operational steps below:

### Attract

We track existing and potential consumer behaviours, needs, desires and ambitions. We then correlate these with our product lines to promote healthy choices, all delivered conveniently.

### Convert

We simplify and manage consumer needs and desires in an online context – for payment, distribution, service and added value.

### Change

We take an active role in driving change in the market and the industry. We help direct not only consumer choices (i.e. which products, to whom, in what way) but also industry behaviour and conduct in emerging markets.

### Understand

We provide aggregated and specific data analysis of consumers, categories and market behaviour. This is done to assist manufacturers in driving sales more efficiently, but more importantly, to secure relevance and act responsibly in existing and emerging markets.





## The strategic areas – to drive change

At the core of the business model, we have several areas organising our sustainability efforts and ESG initiatives. These areas have been chosen carefully based on the materiality analysis, dialogues with our stakeholders, and a way to organise our work. The five areas are also the base for our scorecard, a tool to drive change throughout the different departments, functions and the organisation as a whole.



**Health contribution**, how we can help people convert from smoking, and other tobacco products, into less harmful alternatives among oral nicotine products. Our contribution leads to more years and lives lived.



**Best place to work**, aspiring to be the best employer for all within Haypp Group.



**Insights for all**, working with the data we, as an e-commerce business, have access to help develop products, increase convenience, meet consumer needs, form relevant market policies, and create new alternatives.



**Sustainable innovation**, utilising the data, can contribute to sustainable growth and development together with business partners, suppliers, regulators, and consumers.

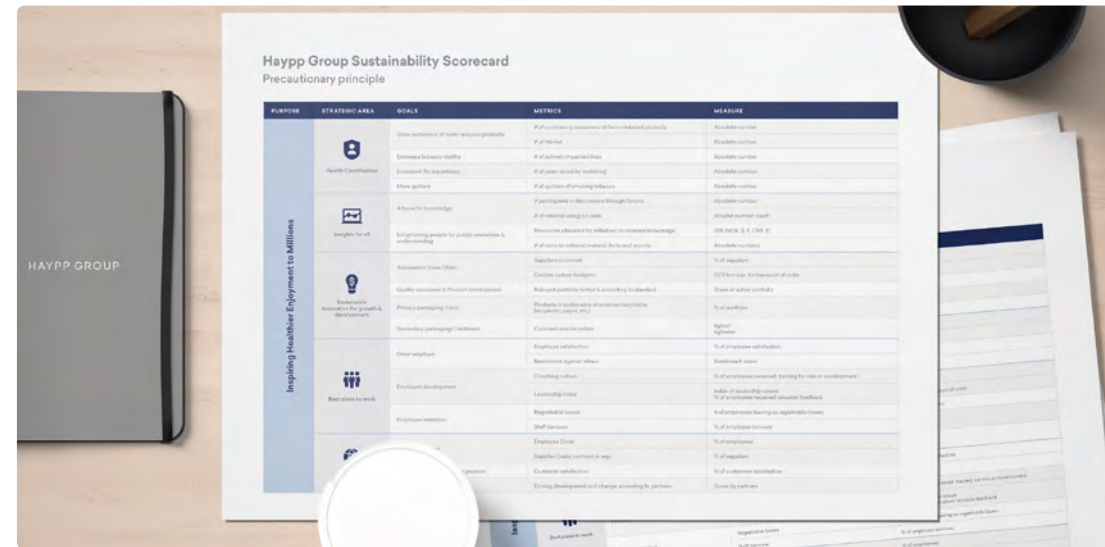


**Business ethics**, at the core of sustainability and business. Our ethics shall always guide our decisions as we must apply a high level of ethics in e-commerce and the oral nicotine sector.

## A scorecard for sustainability

For Haypp Group to continuously monitor and review progress in relation to the strategic areas for sustainability within the business model, Haypp Group has created a Sustainability Scorecard. The scorecard sets out the metrics that we have identified to measure progress and actions to help achieve the overall purpose.

The meaning is to function as an inspiration for different initiatives and projects within the organisation. All to drive the overall purpose of inspiring healthier enjoyment for millions and encouraging change from smoking to less harmful oral nicotine products.



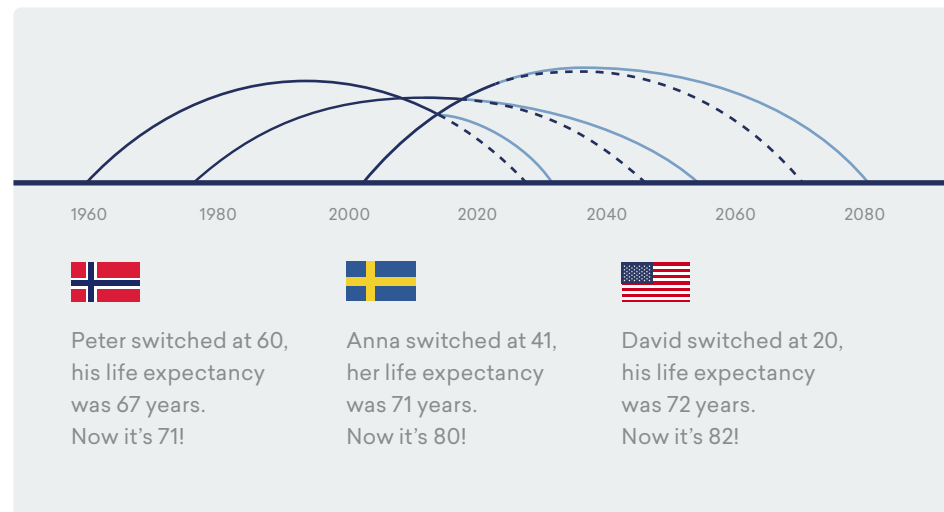


PURPOSE	STRATEGIC AREA	GOALS	METRICS	MEASURE	
Inspiring Healthier Enjoyment to Millions	 Health Contribution	Grow customers of harm-reduced products	# of purchasing customers of harm-reduced products	Absolute number	
			# of Market	Absolute number	
		Decrease tobacco deaths	# of actively impacted lives	Absolute number	
			Increased life expectancy	# of years saved by switching	Absolute number
			More quitters	# of quitters of smoking tobacco	Absolute number
	 Insights for all	A force for knowledge	# participants in discussions through forums	Absolute number	
			# of external using our data	Absolut number reach	
		Enlightening people for public awareness & understanding	Resources allocated for initiatives to increase knowledge	SEK (NOK, \$, €, CHF, £)	
			# of visits to editorial material, facts and reports	Absolute numbers	
	 Sustainable innovation for growth & development	Sustaianble Value Chain	Suppliers screened	% of suppliers	
			Carriers carbon footprint	CO2 ton equ. for transport of order	
		Quality assurance & Product development	Relevant portfolio tested & according to standard	Share of active portfolio	
		Primary packaging: Cans	Products in sustainable alternative (recyclable, bio-plastic, paper, etc.)	% of portfolio	
	 Best place to work	Great employer	Employee satisfaction	% of employee satisfaction	
			Benchmark against others	Benchmark score	
		Employee development	Coaching culture	% of employees received training for role or development	
			Leadership index	Index of leadership values % of employees received valuable feedback	
		Employee retention	Regrettable losses	# of employees leaving as regrettable losses	
	Staff turnover		% of employee turnover		
	 Business Ethics	Code of Conduct	Employee Code	% of employees	
Supplier Code; contract or equ.			% of suppliers		
Delivering on the customer promise		Customer satisfaction	% of customers satisfaction		
Catalyst for change		Driving development and change according to partners	Score by partners		

# Health contribution

Consumer health is a matter of concern for everyone in the industry. To us, everything we do focuses on better consumer health, saving lives, more years to be lived, and reducing the use of tobacco and the harmful effects of smoking.

For Haypp, working with consumer health means respecting and enforcing age restrictions, being transparent with product information, and labelling products so that consumers can make informed choices. We attract adult consumers seeking an alternative to extremely damaging consumption and offer a range of nicotine products. Not only is it the right thing to do, but it also makes good business sense. In addition, we offer nicotine-free alternatives for customers that wish to reduce their nicotine consumption or would like to quit altogether.



## Health contribution indicators included in the scorecard;

### Grow customers of harm-reduced products

Users of alternative nicotine have decided to use significantly less harmful nicotine than traditional tobacco products. A sizeable proportion of these users previously would use products resulting in severe health-related issues or even death. An additional share of consumers would statistically enter a lifelong harmful habit of smoking, but now instead can be considered inoculated. The recruitment of new smokers is thereby hindered.

### Decrease tobacco deaths

Decreasing the number of deaths due to tobacco is entirely in line with our higher purpose. The number of lives saved by offering risk-reduced nicotine products to our customers who would otherwise use more harmful products. The hidden statistics do not include all those who have quit nicotine completely.

### Increased life expectancy

Individuals who convert to safer nicotine alternatives will prolong their life expectancy. Our customers will have a quantifiably longer life the earlier they decide to convert. Meaning the health benefit is higher – more years – the younger you are when quitting.

### More quitters

The number of customers who have quit by switching to our products. They have prevailed in the battle against smoking and harmful tobacco use.

GOALS	METRICS	2021	2022	2023
Grow customers of harm reduced products	# of purchasing customers of harm-reduced products	682,000	792,000	953,346
	# of Market	7	8	7
Decrease tobacco deaths	# of actively impacted lives	113,303	132,241	150,156
Increased life expectancy	# of years saved by switching	2,382,812	3,200,000	5,490,887
More quitters	# of quitters of smoking tobacco	273,108	319,440	363,857

The health contribution of our business gives individuals a better quality of life and significantly improves public health.



# Insights for all

To save millions of lives every year, we aim to be a worldwide source of essential health-related information and insights. We are committed to reducing risk while developing an understanding of how tobacco-related death can be avoided. Spreading the word is the way to support global efforts for increased health awareness, as well as growing our business together with others.

These insights give Haypp Group the opportunity to contribute to both market development and product innovation, as well as consumer research and regulations – so we can improve business and the category together.

By collecting and analysing data, Haypp Group has become the leading research and insight provider within the oral nicotine category. These insights are shared with business partners and the wider external environment, including authorities and researchers, to provide factual and evidence-based information for commercial and public health-related decision-making.

## Insights indicators included in the scorecard:

### A force for knowledge

We gain insights and provide researchers with quantitative data while providing forums to share and discuss alternative nicotine products and especially the oral nicotine category – its developments, challenges, and opportunities.

During 2023, we reduced participation in forums whose initiatives we were involved in supporting. Instead, we participated in more externally organised seminars and media events than ever before to discuss our sustainability efforts, our sustainable business model, harm reduction, and public health.

The data we have is shared with external stakeholders, including suppliers and industry participants, but also researchers and other external parties.

### Enlightening people for public awareness & understanding

Insights from our consumers' data, and research from others, need to be shared widely. Within the general public, the consumers using harmful tobacco products are especially important to reach. When understanding the relative risks of nicotine products, consumers can make their own decision and choose a healthier enjoyment and hopefully inspire others. We highlight others' initiatives as well as take our own actions through different editorial and corporate channels, focusing on current tobacco users to encourage them to quit.

Furthermore, Haypp Group also drives different industry initiatives where one of the strategic ones is the laboratory testing of all nicotine-containing non-tobacco pouches, called nicotine pouches or all-whites. Even though we are an e-commerce retailer, not a manufacturer or product owner, we allocate substantial resources in the advocacy category, making the results public and ensuring availability for not only the industry but also authorities, decision-makers, and consumers.

GOALS	METRICS	2021	2022	2023
A force for knowledge	# participants in discussions through forums	17,830	16,126	550
	# of external using our data	20	27	25
Enlightening people for public awareness & understanding	Resources allocated for initiatives to increase knowledge	+2,700,000 SEK <i>Accumulated since 2020: +3,000,000 SEK</i>	+1,650,000 SEK <i>Accumulated since 2020: +4,650,000 SEK</i>	6,467,687 SEK <i>Accumulated since 2020: +11,117,687 SEK</i>
	# of visits to editorial material, facts and reports	1,225,375	2,251,167	5,010,054

**We always represent our customers in public conversations. Our aim is to provide stellar service and information about our products and their impact on health, our environment and society at large.**

# Sustainable innovation for growth and development

We are constantly looking for new ways to provide a more consumer-centred and sustainable offering, focusing on smoke- and tobacco-free products with balanced nicotine content. With our aim of converting smokers to tobacco-free nicotine pouches, we are convinced that our growth in the global market will go hand in hand with healthier nicotine consumption.

Our entire product range should maintain a high standard. Products and services we offer to the market shall meet or exceed our standards for quality and sustainability. In some cases, we set a new or higher standard for the industry. As the global leaders in consumer insights within the industry, we can lead and push product development from both a customer- and market perspective.

## Sustainable innovation indicators in the scorecard

### A more sustainable supply chain

As new suppliers enter the market and engage with Haypp Group, they are screened based on the Supplier Code of Conduct. All the suppliers listed in 2023 did pass the initial screening and signed the Supplier Code.

Carriers and last-mile transporters are requested to share their data regarding deliveries they perform for Haypp Group's customers, focusing on climate emissions. Historically, it has been challenging to obtain this data, but for 2023, we have managed to map a significant portion of our climate emissions through our transportation providers. The data is not entirely comprehensive, but a large majority of our transports from warehouse to customers are included. It has mainly been data from providers handling transports in the US, UK, and Switzerland that we have been unable to map due to various obstacles. We also lack data on emissions from the transportation from our suppliers to our warehouses. During 2024, we will continue to work on enhancing our capabilities to map all emissions in our transport chain.

### Products following standard

The oral nicotine category has grown rapidly. Regulations are beginning to come into place, however, there is still a lack of guidelines and procedures, including product content and ingredients. In order for consumers and authorities to have an independent and reliable source of information to inform decision making, aside from manufacturer data, standards and testing have a critical role to play.

The information gap for consumers decreases with standards in place against which products can be measured. Of Haypp Group's portfolio of active nicotine pouches, 85% of the products launched in 2023 had been tested and complied with applied product standards. Products launched towards the end of the year, which did not have the opportunity to undergo testing, are included in the 15% that were not tested, explaining why not all products are marked as tested.

GOALS	METRICS	2021	2022	2023
Sustainable Value Chain	Suppliers screened	100 %	100 %	100 %
	Carriers carbon footprint	n/a	n/a	227.5 tCO <sub>2</sub> e
Quality assurance & Product development	Relevant portfolio tested & according to standard	87 %	85 %	85 %
Primary packaging: Cans	Products in sustainable alternatives (recyclable, bio-plastic, paper, etc.)	n/a	n/a	n/a
Secondary packaging: Cardboard	Cardboard used in orders	73.6 g / order	70.1 g / order	60 g / order

*\*The calculation for grams per order is for our markets in Sweden, Norway, Germany, Austria, and Switzerland.*

### Use of product packaging

In Haypp Group's operation, cardboard is the main material used as the outer packaging for the goods consumer orders. The amount of used material increases as more customers place orders, while a focus on efficiency hopefully decreases the amount of material used per order. At the Swedish warehouse, a new packing machine was installed during Q3, which increased efficiency and consequently reduced the material per packaging by an average of 21%

Manufacturers have historically favoured plastics as the primary packaging material. There is a shift beginning to be seen as other materials and especially bioplastics and recycled plastics have grown in popularity. We do not have a system in place yet to obtain a detailed overview of the contents of all packages, but it is something we plan to implement during 2024.

**As one of the global leaders in consumer insights within our field, we can take part in leading the development of sustainable products and services.**

# Best place to work

We know that Haypp Group improves when our employees reach new levels in their own development. By promoting equality, diversity and inclusion, the people involved in Haypp Group’s operations and development can move mountains.

Knowing and embracing the long-term ambitions of Haypp Group in saving lives is an essential part of our group's initiatives and values. This creates value for employees, customers, the company, as well as society at large.

Engagement among and between colleagues is fundamental to building a strong culture so we can meet the targets we have set out to achieve. Research shows that certain factors directly contribute to the level of engagement, such as leadership, meaningfulness, personal development, and team spirit, to mention a few. We continuously measure how these factors are developing throughout the different functions and the whole company to be able to follow the temperature of the employees.

## Best place to work indicators in the scorecard:

### Being a great employee - following employee satisfaction

We make a constant effort to listen to all our employees’ opinions and voices. We try to take into consideration what it is like to be employed by Haypp Group. With our temperature measuring, we get an overall value which is possible to benchmark with others organisations.

### Employee development by coaching and leadership

Throughout the year, we have consistently invested in our culture to promote collaboration, innovation, inclusivity, and execution. The model we have established is a winning concept for creating high levels of both well-being and ensuring a high degree of accountability among our employees. It is the delicate balance between the two that needs to be achieved to encourage people to step out of their comfort zone and learn new things.

We always encourage our employees to seek new knowledge and ways to enhance their skills. This way, we can ensure that individuals have a good opportunity for meaningful and long-term development at Haypp Group.

### Joiners and leavers

In 2023, we have continued to maintain a high pace of hiring competence to strengthen our business. We have a history of rapid growth, and now the focus is on consolidating existing resources by boosting efficiency. We are building a stable infrastructure as a foundation and refining our perfect ways of working while promoting high performance.

GOALS	METRICS	2021	2022	2023
Great employer	Employee satisfaction	87 %	81 %	80 %
	Ranking against benchmark	-	76 %	76 %
Employee development	Coaching culture	73 %	81 %	81 %
	Leadership index	-	84 %	84 %
Employee retention	Regrettable losses	5	3	9
	Staff turnover	35.9 % joining 21.4 % leaving	33.7 % joining 26.8 % leaving	12.96 %

*For 2022 and 2023, employee satisfaction has been measured continuously and methodically compared to previously with a onetime employee survey.*

**We give our employees the right conditions to reach the next level.**

# Business ethics

In order to deliver consistently and successfully to our current and future customers, we must hold ourselves to the highest ethical standards. There are policies in place to prevent corruption, bribery and extortion.

Ethical behaviours are fundamental to the way we want to do business. It is also necessary to place higher demands on both our suppliers and ourselves in order to realise our goal of leadership in our market. The Code of Conduct has been developed to ensure proper behaviour, and it guides us in the different situations which may occur.

## Business ethics indicators Haypp Group track include

### Code of Conduct

As we grow, both in business and the number of employees, the need to have clear guidelines on how we operate is paramount. The Code is not only a declaration of how we act and the standards we commit to, but it's also a tool for compliance and gaining experience.

The Code was first rolled out in 2021, which all employees and full-time consultants have to review and complete an e-training on. With many new employees joining the company, this has made it especially hard to cover 100 % of the target group, and for 2023 the result is 93 %.

### Supplier Code

In each of the negotiations we have with suppliers of goods, we include references to our Supplier Code, which the supplier signs or present a similar declaration from their side.

We have updated our measurement method for 2023 and the 77 % figure reported for 2023 covers the percentage of goods suppliers who have signed our own Supplier Code of Conduct.

For the future, there is an initiative to implement similar agreements with suppliers of transport and delivery services, which are utilised in the delivery of orders to our customers, and we hope to be able to present more about in the near future.

To support this, we need to ensure that all employees and business partners are both able and comfortable enough to report and share their experiences. We have a “whistle-blowing” mechanism in place for employees as well as a function to escalate unlawful or questionable market actions and practices, regardless of whether it is our own or other actors’ market activities.

Our ethical standards are key to maintaining the highest level of consumer confidence. Consumer confidence is needed to gain crucial insights and knowledge so we are able to be the modernising and converting force that we have set out to be.

### Customer promise and satisfaction

When customers are asked, the most important aspect for the customer of Haypp Group is that the promise given at the purchase is met. This means that the right product is delivered in the right way and at the right time. Customers are asked for their opinion, which results in a customer satisfaction score. For 2023 the customer satisfaction score was 70.7 out of 100.

### Being a catalyst for change

We take pride in driving the transformation of the nicotine industry as well as being part of the change from traditional brick-and-mortar retail to e-commerce. When asking our business partner if they consider Haypp Group as a force for this change, we are rated 3.9 out of 5 in 2023.

GOALS	METRICS	2021	2022	2023
Code of Conduct	Employee Code	85 %	84 %	93 %
	Supplier Code	100 %	100 %	77 %
Delivering on the customer promise	Customer satisfaction*	4.4 / 5.0	4.3 / 5.0 NPS score 74.4	NPS score 70.7
Catalyst for change	Driving development and change according to partners	-	3.2 / 5.0	3.93 / 5.0

\*We have updated our measurement method for 2023 and the 77 % figure reported for 2023 covers the percentage of goods suppliers who have signed our own Supplier Code of Conduct.

**In order to continuously deliver successfully to our current and future customers, we must hold ourselves to the highest ethical standards.**



# ESG initiatives

## Environment

### New Warehouse Automation Reducing Carbon Footprint

In our largest warehouse in Sweden, we have implemented a completely new automation system to handle our products more efficiently and sustainably, reducing packing times, improving accuracy, and minimising environmental impacts. With the new automation, we save approximately 21% on packaging material annually, allowing us to send smaller parcels and reduce the air within our packages. This results in more packages fitting into each transport.

### Enhanced Age Verification for Reduced Returns

We have introduced an optimised age verification feature in Germany, which will be expanded to multiple platforms and markets in the future. This feature improves compliance with age verification in sales and reduces our carbon emissions per order by minimising returns.



## Social

### Knowledge Sharing on Harm Reduction and Sustainability

In 2023, we actively participated in more externally organised seminars and media events than ever before to discuss our sustainability efforts, sustainable business model, harm reduction, and public health. This initiative aims to disseminate knowledge, inform decision-makers about the benefits of harm reduction, and inspire other e-commerce actors.

### Improved Monitoring of Employee Health

We have started actively monitoring employee health regularly by taking the pulse of employee well-being. Pulse measurements provide a detailed and up-to-date insight into our organisation's health. Regular feedback allows us to overcome obstacles, stay ahead, and create a winning corporate culture for our employees.

### Product Testing and Market Standards Application

The oral nicotine category of nicotine pouches has experienced rapid growth in recent years, with many brands and variants now available for users.

However, there is a noticeable lack of laws, regulations, and procedures for these products in some markets. While manufacturers and suppliers may possess knowledge about their products, this information is often inaccessible to the public, making it difficult for consumers to assess product quality according to industry standards.

[NicoLeaks](#) provide a valuable resource for those seeking a precise and reliable way to evaluate these products. All tests are performed by the accredited and independent laboratory Eurofins in Sweden, and everyone can access

the results without charge at NicoLeaks.com. Hence, the information asymmetry between manufacturers, consumers, and other stakeholders, including authorities, is reduced.

Random checks are conducted yearly, and we work actively with the producers and suppliers to address shortcomings if a product fails to meet the set industry standard. During 2023, we have expanded the scope of product testing to new markets.

## Governance

### Enhanced Internal Competence in Sustainability and Compliance

We have initiated the transition process and started establishing our own professional organisation to comply with the new EU laws for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). Additionally, we have reinforced our internal compliance function within the company to further strengthen the work on business ethics and compliance.

### Cybersecurity Strengthening

During 2023, Haypp Group proactively implemented measures to strengthen its cybersecurity. These actions include introducing new software and services across the Group for both internal and external security. This involves awareness training among staff regarding common points of attack and frauds commonly used in today's cyberattacks.

# ESG Data & Results

## Environmental topics

### Materials

Haypp Group is continually seeking new ways to reduce the use of non-renewable material, and replace with certified materials from sustainable sources. Most material Haypp Group purchases are for packaging of orders sent out from our warehouses. We also encourage our partners to take similar steps. Among the material purchased in 2023 for the Swedish warehouse, corrugated cardboard stands for the largest share of material. It is made from at least 95 per cent renewable material and is recyclable. In total 161 ton of cardboard was used for orders shipped to customers. The previously used e-commerce bags have been changed to paper bags.

PURCHASED MATERIAL (KG): SWEDISH WAREHOUSE	2023	2022	2021
Plastic bags	-	-	371
Paper bags	2,105	4,130	3,105
Corrugated cardboard	161,709	188,366	154,126
Labelling material	5,399	4,109	9,570

RESOURCE INFLOWS: GLOBAL	2023
Total weight of technical materials used (tonnes)	28.2
Total weight of biological materials used (tonnes)	250.2
Total weight of materials (tonnes)	278.4
Total weight of sustainably sourced biological materials (tonnes)	229.0
Percentage of sustainably sourced biological materials (%)	91.5%
Total weight of reused and recycled materials and components (tonnes)	12.5
Percentage of secondary reused or recycled components (%)	4.5%

### Energy

Haypp Group's electricity consumption in Sweden comes from renewable energy sources. The warehouse today has about 60 per cent sourced from solar panels and the rest purchased, while the office electricity is fully from wind power. For the facilities outside of Sweden, the data has not been available.

ENERGY (KWH): SWEDEN	2023	2022	2021
Electric consumption	151,093	125,476	142,322
- warehouse	98,000	98,000	133,822
- office	53,093	27,476	8,500
Ventilation, heating & cooling	208,395	202,467	109,500
- warehouse	165,000	165,000	72,000
- office heating & ventilation	30,735	21,996	23,000
- office cooling	12,660	15,471	14,500
	359,488	327,943	251,822

### Emmissions

We have, for several years, engaged in a dialogue with transportation providers to access data on our carbon emissions from our shipments. This year, we have made progress in our efforts to map these emissions both in Sweden and in other markets. In our downstream transportation chain, we can now report the majority of our emissions. We have a comprehensive overview for Sweden and Norway. We have a partially comprehensive overview of the rest of Europe and an inadequate overview of the USA. This is largely due to Nordic transportation providers being ahead in offering data, while there are still significant barriers to accessing the data we have requested in other markets.

### Waste

Waste is generated upstream and downstream in our value chain. The upstream waste is mainly a product of the manufacturing process, which includes effluents. For a better understanding, we direct those interested to the larger suppliers' comprehensive sustainability reporting. Downstream, waste is generated by packaging used in transportation and delivering customer orders. We are in dialogue with our suppliers and business partners to reduce waste in the value chain and use recycled and biodegradable packaging, especially in terms of the primary packaging, which for nicotine products often is a plastic can.

The waste collection of primarily paper, metal, wood and plastic from the Swedish warehouse had an emission saving of 43,665 kg CO2.

In the Stockholm office, we have a waste management system where waste is sorted and measured. The carbon impact from office waste is currently greater than the savings, with a load of 873 kg CO2 and savings of 319 kg CO2. We will continue to assess how this can be monitored in the future.

### Supplier environmental assessment

All suppliers must fulfil the environmental aspects of the Supplier Code of Conduct. Supporting document is requested if needed. No onsite inspections have been conducted during 2023.

# Social topics

## Employment

GENDER DIVERSITY	2023			2022			2021		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Board of Directors	6	33 %	67 %	6	33 %	67 %	6	33 %	67 %
Management team	5	0 %	100 %	13	15 %	85 %	12	8 %	92 %
All employees	177	41 %	59 %	205	41 %	59 %	131	35 %	65 %
Consultants	23	30 %	70 %	19	32 %	68 %	15	27 %	73 %
New employees	40	60 %	40 %	69	49 %	51 %	47	36 %	64 %
Employee turnover	23	35 %	65 %	55	53 %	47 %	28	32 %	68 %
Parental leave	11	55 %	45 %	14	57 %	43 %	15	33 %	67 %

AGE DIVERSITY	2023			2022			2021		
	Under 30 years of age	30-49 years of age	50+ years of age	Under 30 years of age	30-49 years of age	50+ years of age	Under 30 years of age	30-49 years of age	50+ years of age
Board of Directors	0 %	33 %	67 %	0 %	33 %	67 %	0 %	50 %	50 %
Management team	0 %	87 %	12 %	0 %	92 %	8 %	0 %	92 %	8 %
All employees	42 %	56 %	2 %	40 %	55 %	6 %	29 %	66 %	5 %
Consultants	22 %	69 %	9 %	21 %	74 %	5 %	20 %	67 %	13 %
New employees	37 %	62 %	0 %	54 %	43 %	3 %	43 %	53 %	4 %
Employee turnover	48 %	52 %	0 %	44 %	49 %	7 %	32 %	64 %	4 %

### Diversity and equal opportunity

Haypp Group undertake salary comparison between roles for its Swedish employees. Roles are divided into eight categories to be evaluated with comparable positions and responsibilities.

In 2022, the gender pay gap decreased between men and women, and this trend has continued into 2023. The latest salary comparison shows that there are currently no differences between genders among senior specialists and middle managers. Even among specialists, the gender pay gap has closed. Among junior specialists in 2023, we have hired more women than men for roles in digital professions, which has driven pay differences in favor of women. We have more men than women in roles as senior managers, but the gender pay gap is in favor of women in this category.

Since the top category, management level consists only of men, there are no differences to report in this regard. We will continue to closely monitor the gender pay gap in the future. However, it is particularly important to apply extra awareness of equal opportunities when it comes to filling top-level positions. These positions, however, have low turnover within the company, so a change is expected to take time.

In terms of other remuneration, there are no significant differences recorded between similar roles and responsibility.

No incidents of discrimination have been reported.

GENDER DISTRIBUTION OF TOP MANAGEMENT		
	Headcount	Percentage
Male	5	100,0%
Female	0	0,0%
Other	0	0,0%
Not disclosed	0	0,0%
Total (in top management)	5	0,0%

AGE DISTRIBUTION OF ALL EMPLOYEES		
	Headcount	Percentage
Below 30	53	29,9%
Between 30-50	116	65,5%
Above 50	5	2,8%
Undisclosed	3	1,7%
Total employees	177	

GENDER PAY GAP	
Average gross hourly pay level of female employees	277,52
Average gross hourly pay level of male employees	330,96
Gender pay gap	16,1%

*This measurement is carried out for all Haypp Group employees, broken down by gender only. In addition to this survey, we make an extended version where we divide the employees into eight comparable categories.*



HEAD COUNT BY GENDER	
Gender	Headcount
Male	100
Female	77
Other	-
Not disclosed	-
Total employees	177

EMPLOYEE HEAD COUNT BY COUNTRY	
Country	Headcount
Sweden	147
Norway	13
UK	3
Germany	1
USA	13

EMPLOYEE TURNOVER	
Employees who have left	23
Percentage of employee turnover	12,96%

### Benefits and coverage

Benefits and coverage Insurances and benefits such as health care, disability and invalidity coverage are provided, as well as retirement provisions and stock ownership for key positions. Benefits for part-time employees are provided in correspondence to the percentage of work, however, health insurance coverage is full. All Swedish citizens are entitled to parental leave.

Haypp Group does not apply any collective bargaining agreements.

### Occupational health and safety

Haypp Group has a reporting system for occupational health and safety management for employees in Sweden and Norway. Weekly employee surveys are conducted to measure the pulse of how the various teams are doing and functioning.

There are several safety routines and procedures for the warehouses and employees working within these roles compared to employees mainly working in our offices. Training is provided to all employees on occupational health and safety routines, particular training applies to warehouse staff.

### Training and education

Training and development opportunities are given to employees based personal development plans to best cater to everyone's needs as well as aspirations. We encourage all employees to partake in training and develop skillsets. All employees have annual mid-year and end-of-year reviews relating to performance and career development. Managers are encouraged to focus on coaching respective team members. Furthermore, there are certain mandatory training given depending on role and responsibility, for example, the Code of Conduct (applicable to all), marketing regulation, and health & safety procedures.

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER (FTE) 2023					
	Female	Male	Other	Not disclosed	Total
Number of employees (FTE)	77	100	-	-	177
Number of permanent employees (FTE)	71	92	-	-	163
Number of temporary employees (FTE)	6	8	-	-	14
Number of non-guaranteed hours employees (FTE)	0	3	-	-	3
Number of full-time employees (FTE)	72	92	-	-	164
Number of part-time employees (FTE)	5	8	-	-	13

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY REGION (FTE) 2023					
	Sweden	Norway	UK	Germany	USA
Number of employees (FTE)	147	13	3	1	13
Number of permanent employees (FTE)	133	13	3	1	13
Number of temporary employees (FTE)	14	-	-	-	-
Number of non-guaranteed hours employees (FTE)	-	3	-	-	-
Number of full-time employees (FTE)	134	13	3	1	13
Number of part-time employees (FTE)	13	-	-	-	-

All employee numbers in FTE, averaged over the reporting year, unless specified otherwise

PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	
Gender	Percentage
Male	100,0%
Female	100,0%
Other	-
Not disclosed	-
Total	100,0%

AVERAGE NUMBER OF TRAINING HOURS BY GENDER	
Gender	Percentage
Male	6,0
Female	6,0
Other	-
Not disclosed	-
Total	6,0

Development time is offered to employees at 5% of working hours. In 2023, 6 hours per employee were taken.



## Human rights assessment

All operations have been subject to human rights reviews as a part of the work to develop the Code of Conduct. When new facilities or operations are added, it includes such an assessment. New employees undertake e-learning on the Code of Conduct as well as being part of each manager’s responsibility to cover during onboarding, including full-time consultants.

## Social supplier assessment

All suppliers of tobacco and nicotine products are required to adhere to our Supplier Code of Conduct, which, among other things, stipulates the need to respect human rights and adhere to ILO conventions. In the majority of cases, suppliers sign our Supplier Code of Conduct, in some instances, both parties may use their respective Codes of Conduct, and in very few cases, only the counter-party's Code of Conduct is used, provided it is equivalent to our own Code of Conduct.

Haypp Group did not identify any negative social impacts among its product suppliers in 2023.

## Marketing and labelling

There are strict laws and regulations relating to the marketing and labelling of tobacco and nicotine products. However, all markets have not yet, or to a sufficient extent, regulated tobacco-free nicotine products. In the event such products are unregulated in a specific market, Haypp Group still applies the same principles with respect to age verification and responsible marketing as would have been the case in a regulated market.

Haypp Group has not had any incidents of noncompliance with regulations or voluntary codes relating to information and labelling during 2023.

# Governance topics

## Anti-corruption

A vital part of the Code of Conduct is the opposition towards any form of bribery or corruption. Employees are urged to report any suspicions of incidents related to corruption. During 2023 no such incidents have been reported.

## Privacy and data protection

The provision of products to our customers imply that we are entrusted with processing their personal data. Such personal data processing and the protection of our customers’ personal data is of great importance for Haypp Group.

During 2023 the Group proactively took measures to strengthen its cybersecurity. These actions included introducing new software and services across the Group both for internal and external security to awareness training among the staff of common points of attack and frauds commonly used in today’s cyberattacks.

The company has not received any customer complaints relating to its personal data processing during 2023.

VIOLATIONS OF ANTI-CORRUPTION AND ANTI- BRIBERY LAWS	
Number of convictions for violation of anti-corruption and anti- bribery laws	-
Amount of fines for violating anti-corruption and anti-bribery laws (EUR)	0.0 €

INCIDENTS OF CORRUPTION OR BRIBERY	
Number of confirmed incidents of corruption or bribery	-
Number of confirmed incidents where workers where dismissed or disciplined	-
Number of confirmed incidents where business partner contracts were terminated or not renewed	-

# Organisational memberships

Haypp Group is a member of several trade associations that allow the group to gain further insights, communicate its message and inspire change in the larger industry of e-commerce relating to questions important to Haypp Group and our stakeholders.



## Sweden

- Stockholm Chamber of Commerce
- The Swedish Federation of Business Owners
- Swedish Trade Federation
- Sustainable E-commerce
- SIS, Swedish Institute for Standards



## Norway

- The Norwegian Federation of Business Owners



## United Kingdom

- The Swedish Chamber of Commerce for the United Kingdom
- UK Vaping industry association



## Germany

- The Swedish Chamber of Commerce for Germany



## Switzerland

- The Swedish – Swiss Chamber of Commerce



## United States

- The Swedish – American Chamber of Commerce
- TMA, Tobacco Manufacturers Association

# Code of Conduct

Haypp Group's Code of Conduct as well as its first and updated comprehensive Supplier Code of Conduct was implemented throughout 2021 and serves as the foundation for the values by which Haypp Group and all its employees act.

The initial development of the Code of Conduct started as a way to create a policy that reflects what Haypp Group and all of its employees, management and board members stand for and apply. In 2021 this became the formal Code of Conduct as it became more thorough and inclusive, which defines the standards of behaviour essential to Haypp Group and the ethical business principles that are applied.

The Code was formally decided upon by the Board of Directors and then implemented through the management team in the organisation. New employees receive information about our Code as part of the recruitment and onboarding process. All employees shall individually participate in mandatory e-training on the material included, at which time the employee is actively asked to sign and abide to the Code.

The Code of Conduct represents Haypp Group's dedication to compliance with the law and commitment to ethical business practices.

## Anti-corruption

Haypp Group has assessed all its operations for risks related to corruption and did not identify any significant problems. The anti-corruption policies and procedures have been communicated to the members of the board of directors, the management team and to all employees as well as suppliers of Haypp Group. The policies and procedures on anti-corruption are also communicated to authorities, municipalities, the relevant ministry as well as the Parliament committees on Civil Affairs and Industry and Trade.

Individuals who would have a higher risk of being exposed to situations where corruption could be present have received training directly. All employees review information on the topic as part of the onboarding process. Haypp Group did not have any incidents of bribery or corruption in 2023.

## The Code of Conduct is divided into the following sections:

C.E.O. on C.o.C.	Intro to the code	Living by the code	We act ethically in line with our beliefs
We celebrate diversity & equality	We contribute to a workplace free from harassment	We promote a safe & healthy workplace	We avoid conflicts of interest
We communicate in an open, honest & responsible way	We protect trade secrets & confidential information	We reject bribery & inappropriate gifts	We keep accurate records & protect company assets
We follow the law	We play fair	We promote a happy, healthy life for consumers	We contribute to a happy planet
We contribute to a healthy society	Reporting breach of the code	Code acknowledgement	

For further information please see the full Code of Conduct on our website [HERE](#).

# Supplier Code of Conduct

Parallel to the Code of Conduct, which Haypp Group formally implemented in 2021, we have worked with our suppliers to fulfill our fundamental sustainability principles as far and wide as possible. This was formalised in 2020, and in 2021 the Supplier Code of Conduct became an important part of all our contracts with our suppliers, manufacturers and distributors of nicotine products. All of Haypp Group's product suppliers must fulfil the Supplier Code of Conduct.

Suppliers of oral nicotine products have either signed the Supplier Code of Conduct or have their own corresponding Code of Conducts setting out the same standards. The Supplier Code of Conduct focuses on:

- **Safe products**
- **Taxes and other fees**
- **Working environment and human rights**
- **Anti-bribery and corruption**
- **Environmental and climate innovation**

## Safe products

All suppliers must guarantee that the oral nicotine products provided to Haypp Group comply with statutory requirements and industry regulations relating to production, content, packaging, labelling, warning texts, and marketing.

## Taxes and other fees

All suppliers must comply with all tax and fee obligations from national legislation.

## Working environment and human rights

All suppliers must guarantee that they do not violate or contribute to the violation of human rights or labour rights. Product production must comply with the ILO's eight fundamental conventions on human rights in working life.

## Anti-bribery and corruption

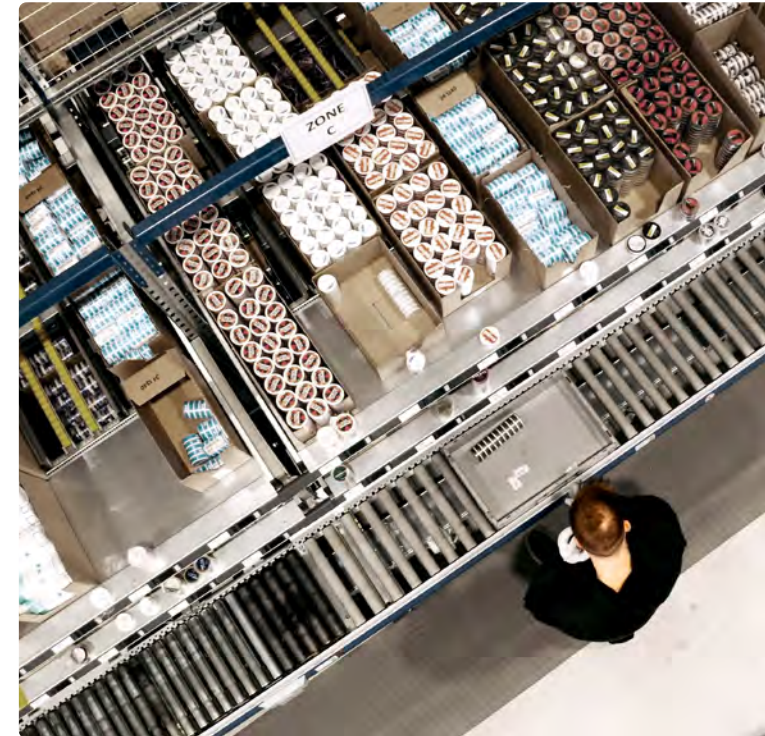
Haypp Group has zero tolerance for bribery and corruption. All suppliers must comply with relevant laws and regulations applicable in markets in which the business is conducted, e.g. anti-bribery legislation in Sweden, the UK and the United States.

## Environmental and climate innovation

Haypp Group is actively trying to contribute to the global environment in a positive way. Haypp Group brings consumer and market insights to the table when engaging in product development with partners and encourages all sustainable and climate-innovative initiatives from partners. Such initiatives can create a more sustainable range of products and services.

## Other business partners

The Supplier Code of Conduct covers the most essential suppliers of Haypp Group, where we see the highest risk through the value chain. For other service providers used in daily operations, we in procurement as for their stance on topics included in our Code of Conduct, as well as explain our principles. For logistic service providers such as transporters and carriers, we do see a need to potentially formulate a relevant statement to include in our contracts which come from issues which publicly have been discussed about working conditions as well as we see the need to also push for a more sustainable and fossil-free delivery of our goods to consumers.





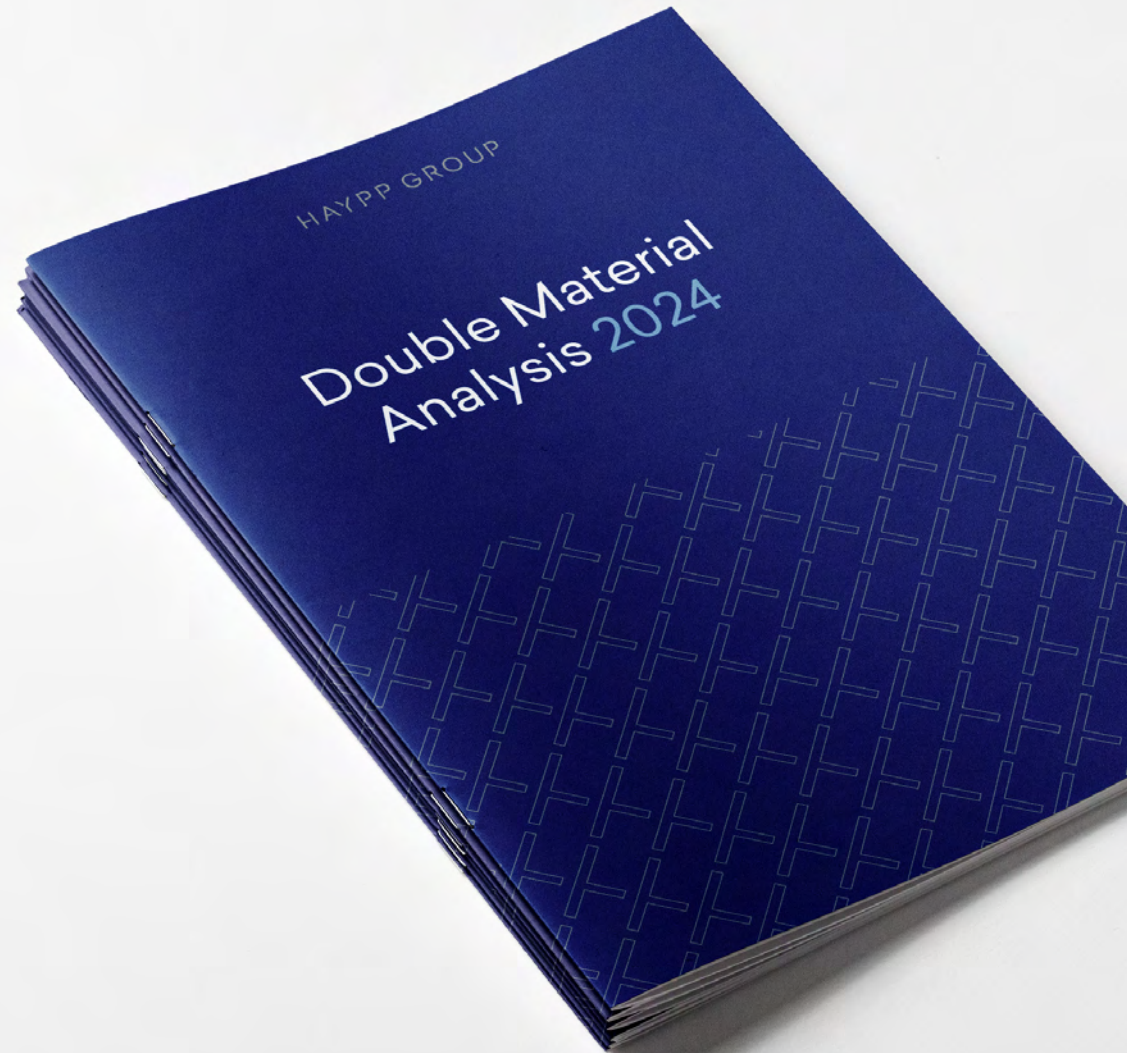
# Materiality analysis and risk assessment

At Haypp Group, we have started to adapt our sustainability reporting in accordance with the new EU legislation, which aims to support Europe's climate-neutral goals for 2050 and the EU's Green Deal.

A central component of this effort is the implementation of the European Sustainability Reporting Standard (ESRS) defined by the Corporate Sustainability Reporting Directive (CSRD). ESRS aims to standardise and make sustainability reporting comparable across the EU.

To meet the regulatory requirements, we have initiated a double materiality analysis (DMA) in 2023. This analysis includes both impact materiality and financial materiality to ensure comprehensive and transparent reporting on sustainability topics that will serve as a guide in sustainability strategies and reporting going forward.

**In 2024, we plan to finalise the DMA and define processes to fully adhere to ESRS requirements, demonstrating our commitment to transparent reporting and sustainability overall.**





# Swedish Statutory Sustainability Report

	ENVIRONMENT	SOCIAL CONDITIONS AND STAFF	HUMAN RIGHTS	ANTI-CORRUPTION
POLICY	<p>Haypp Group has the ambition to drive change in the industry where sustainability is at the core of our business model. In 2020, Haypp Group kick-started its broader sustainability focus, a workstream that continued during 2023, including the sustainability policies and procedures. The work is continuous as further areas and initiatives arise, and we learn more.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group's Code of Conduct and Personnel policy ensure positive social conditions in terms of the working environment and our responsibility as an employer. Haypp Group also has a Supplier Code of Conduct to ensure the ILO conventions are respected.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group's Code of Conduct as well as its Supplier Code of Conduct, contain requirements to respect human rights. The Supplier Code of Conduct was updated and implemented in 2020. As of 2021, all essential suppliers of products have signed. In 2023, a review of all our suppliers has been conducted. 77 percent of our suppliers have signed our Supplier Code of Conduct, and the remaining have been able to present an equivalent Code of Conduct, which we have then utilised instead.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group has zero tolerance towards corruption, bribes, inappropriate gifts or other personal benefits. This statement is communicated in the Code of Conduct. Training related to anti-corruption is given to all employees at boarding and through mandatory e-learning, which was implemented in 2021 and strengthened in 2022. Individuals at higher risk through their specific roles are given additional guidance.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>
RESULT OF POLICY	<p>Reducing environmental impacts is a continuous process. Haypp Group works with its stakeholders to achieve this goal and strives to always improve and be better.</p> <p>In 2023, work was initiated to comply with the new EU legislation, Corporate Sustainability Reporting Directive (CSRD). The foundation for this work is the new double materiality analysis and risk assessment. This work is currently under production, expected to be in place during 2024.</p> <p>Please refer to "Materiality analysis and risk assessment" as well as "ESG initiatives".</p>	<p>Haypp Group wants to be a great place to work for its employees and a trusted and valued partner in its relations with suppliers and other business partners.</p> <p>In 2023, work was initiated to comply with the new EU legislation, Corporate Sustainability Reporting Directive (CSRD). The foundation for this work is the new double materiality analysis and risk assessment. This work is currently under production, expected to be in place during 2024.</p>	<p>In 2023, Haypp Group continued to deepen the dialogue with the suppliers related to the Code of Conduct, Supplier Code of Conduct, our and their sustainability work and due diligence in order to gain more control of the supply chain and related risks. Suppliers are asked to share assessments of how they validate that human rights are upheld.</p> <p>In 2023, work was initiated to comply with the new EU legislation, Corporate Sustainability Reporting Directive (CSRD). The foundation for this work is the new double materiality analysis and risk assessment. This work is currently under production, expected to be in place during 2024.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>	<p>Our Code of Conduct guides our work relating to anti-corruption and bribery.</p> <p>In 2023, work was initiated to comply with the new EU legislation, Corporate Sustainability Reporting Directive (CSRD). The foundation for this work is the new double materiality analysis and risk assessment. This work is currently under production, expected to be in place during 2024.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>
PERFORMANCE INDICATOR	<p>Please refer to "Data &amp; results", "Scorecard", and "Sustainable innovation for growth and development".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "The best place to work".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "Business ethics".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "Business ethics".</p>

For business model, please refer to "A sustainable business model" on page 10 with the following pages. The strategic areas are on page 14-18. Code of Conduct and Supplier Code of Conduct, please refer to pages 31-32. Materiality analysis, please refer to page 35. Data and results, please refer to page 33.

# Signatures from the Board of Directors

Stockholm, date as stated by electronic signatures

**Ingrid Jonasson Blank**  
Chairman

**Per Sjödel**  
Board member

**Anneli Lindblom**  
Board member

**Kristian Ford**  
Board member

**Linus Liljegren**  
Board member

**Patrik Rees**  
Board member

**Gavin O'Dowd**  
CEO

# Auditor's report



## Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Haypp Group AB (publ), org.nr 559075-6797

### Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2023 och för att den är upprättad i enlighet med årsredovisningslagen.

### Granskningens inriktning och omfattning

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

### Uttalande

En hållbarhetsrapport har upprättats.

Stockholm, den dag som framgår av vår elektroniska signatur  
Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg  
Auktoriserad revisor

# HAYPP GROUP