

A CATALYST FOR CHANGE IN THE NICOTINE INDUSTRY

HAYPP GROUP

Sustainability Report 2024

HAYPP GROUP AB (PUBL)

ORG.NR 559075-6796

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[HAYPPGROUP.COM](https://hayppgroup.com)

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About Haypp Group's Sustainability Report

This report applies to Haypp Group AB (hereafter referred to as Haypp Group), domiciled in Sweden, with corporate identity number 559075-6796 and its subsidiaries¹. 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

Performance measures

(AMOUNTS IN MSEK)	2018	2019	2020	2021	2022	2023	2023
Net sales	460.1	802.4	1,729.2	2,266.8	2,598.8	3,165.7	3,679.8
Gross profit	-	-	224.9	248.7	328.5	402.6	552.7
Adjusted EBIT	-	-	38.3	41.5	58.5	78.2	134.5
Profit/loss for the period	-	-	-27.8	-27.6	20.1	5	45.0

¹ Haypp Group AB is the parent company in a group with the wholly owned companies Haypp AB (559174-2738), Haypp Sverige AB (559505-9944), Nicokick AB (559505-9972), Northerner Scandinavia AB (556559-1699), Snusbolaget Norden AB (556801-3683) and Snusbolaget Europa AB (559466-7122) and 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 the United Kingdom. Northerner Scandinavia AB in turn owns Northerner Scandinavia Inc.

Highlights 2024

In 2024, Haypp Group continued its growth journey and further developed within our strategic focus areas. We remained dedicated to inspiring even more people to leave smoking and choose less harmful options. This year, our efforts have been centered on optimizing our ways of working and enhancing the tools we use to advance our global mission of saving more lives.

Our Contribution

 **821 546**

Lives actively impacted

 **6 778 040**

years which will be lived

The benefits for consumers in 2024 by choosing a significantly less harmful alternative for their nicotine enjoyment



Research, Insights & Investments

+4 700 000 visits to editorial and educational pages

Over 4,7 million visits to editorial and educational pages across our various sites which cover everything from market developments to scientific facts.

+1 700 000 SEK invested in product testing - NicoLeaks

Invested over 1.7 million SEK in product testing and marketing our standard of nicotine pouches. Results shared openly on www.NicoLeaks.com

100% of new products tested

100 percent of the 2024 nicotine pouch product launches were tested against our standards by an independent third party.

7 500 000 SEK invested in initiatives to increase knowledge

Over 7.5 million SEK has been invested in spreading knowledge to enable consumers to make informed choices about indulgence products.

Product & Logistics

+12,03% orders shipped

The number of orders shipped each day rose by +12,03% from about 12 096 orders to around 13 551 orders per day in 2024 totalling 99 201 802 cans.

Building the Organisation According to our Values

In 2024, 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.

Investing in and Upgrading the U.S.

In the U.S., we have phased out our 3PL warehouses and instead invested in centralizing our warehouse capacity at our own facility in Texas. This allows us to have full control over the entire logistics chain.

At the new warehouse, we have implemented an advanced automation system, the same as we use in our warehouses

in Sweden and Norway. This automation enables faster and more efficient volume handling, improves packing lead times and accuracy, and strengthens our sustainability efforts.

With this new automation, we reduce the use of packaging materials, allowing us to ship smaller parcels and minimize the amount of air inside our shipments. Additionally, we have significantly reduced plastic usage, replacing it with corrugated cardboard for a more sustainable and environmentally friendly packaging solution.



Milestones



2017

Established Haypp Group's higher purpose – to inspire healthier enjoyment.

All smoking products, including cigars, cigarillos, and pipe tobacco, were delisted by the end of the year.

2018

Expanded into Norway, Switzerland, the US, and Europe.

Developed and implemented product and marketing policies.

Partnered with Klarna to launch a 100% age verification system ensuring purchases only by legal-age customers.

2019

Expanded insights platforms to better understand consumers, driving market growth and product development.

Strengthened product and nicotine regulations.

Moved Swedish warehouse operations from 3PL to in-house, improving control over logistics and packaging.

Invested in new packaging machines to reduce package size and filler materials.

2020

Refined ambitions and strategies, strengthening sustainability and communication functions.

Engaged in stakeholder dialogues with employees, suppliers, and customers.

Joined Hållbar E-handel as an active member.

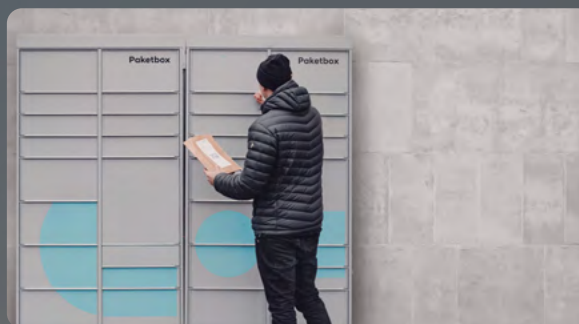
Launched the Supplier Code in Q2.

Initiated category-wide product testing for nicotine pouches in Q3.

Introduced an external certification program for sustainability in e-commerce.

Developed the Code of Conduct, fully implemented in 2021.

Expanded Insights 2.0 to support business partners.



2021

Mandatory signing of the Supplier Code for all business partners delivering oral nicotine products as of January 1.

Established a sustainability structure, integrating it into Haypp Group's Sustainable Business Model with five strategic areas.

Invested in Haypp Labs 3.0 to expand insights and data sharing with authorities, media, and the public.

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

Opened an in-house warehouse in Norway, transitioning from a 3PL solution in November–December.

Invested in new packaging machines to reduce package size and filler materials.

2022

Opened a new warehouse in Texas, US, to enhance distribution and reduce long-distance shipping across the southern states. This, combined with two 3PL facilities, optimizes delivery to consumers.

Improved UK distribution by moving operations to a 3PL warehouse, also increasing capacity for the Swedish domestic market.

Participated in seminars on sustainability, harm reduction, and public health to inspire other e-commerce actors and inform decision-makers about the benefits of harm reduction in the tobacco and nicotine field.

Became a member of the technical committee of the Swedish Institute for Standards for oral nicotine products at the end of 2021.

2023

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

Expanded our Swedish warehouse and built a fully automated storage system, improving efficiency, accuracy, and sustainability in packaging.

Opened a new warehouse in the UK and a 3PL warehouse in Germany for vape products, increasing customer convenience and expanding market opportunities.

Initiated the transition to comply with the EU Corporate Sustainability Reporting Directive (CSRD) by establishing a dedicated professional organization.

Reinforced our internal compliance system, strengthening efforts in business ethics and regulatory adherence.



2023

Participated in more sustainability-focused seminars and media events than ever before, promoting our sustainable business model, harm reduction, and public health initiatives.

Upgraded to a new business system and integration platform to facilitate scalability and market expansion.

Began actively monitoring employee health, introducing a structured performance and behavior evaluation system aligned with company values for salary assessments.

Implemented an optimized age verification system in Germany, improving compliance and reducing carbon emissions per order by minimizing returns.

Initiated the migration of all sales platforms to a unified technical system, enhancing efficiency, agility, and scalability.

2024

Expanded and centralized our logistics operations to our warehouse in Texas, closing down our 3PL warehouses in the U.S. A new automation system has been installed, which has significantly improved efficiency, reduced packaging waste, and minimized plastic use. The upgrade enables us to ship smaller parcels, lower transportation costs, and enhance sustainability.

In Sweden, we have increased the share of fossil-free transportation from 53% to 77%.






Introduced a new product in the safer nicotine category in the form of HTP in the UK.

The process of migrating all various sales sites to the same technical platform has continued, and all Norwegian sites were fully migrated during the year. This will strengthen efficiency, agility, and the company's ability to scale up once completed.

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.

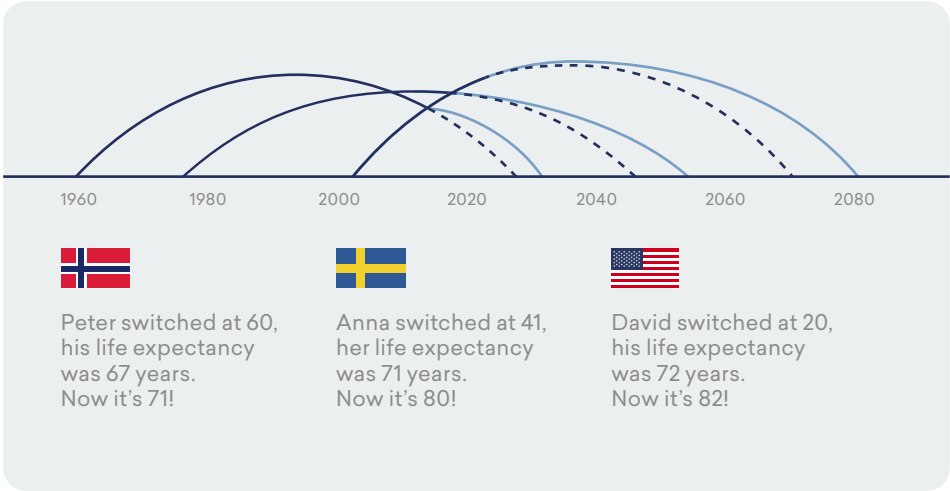
The meaning is to function as an inspiration for different initiatives and projects within the organisation. All to drive the overall purpose of inspiring healthier enjoyment for millions and encouraging change from smoking to less harmful oral nicotine products.

PURPOSE	STRATEGIC AREA	GOALS	METRICS	MEASURE
INSPIRING HEALTHIER ENJOYMENT TO MILLIONS	<div>  </div> <div>Our Contribution</div>	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
	<div>  </div> <div>Insights for all</div>	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
	<div>  </div> <div>Sustainable innovation for growth & development</div>	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
		Secondary packaging: Cardboard	Carboard used in orders	kg/can kg/order
	<div>  </div> <div>Best place to work</div>	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
	<div>  </div> <div>Business Ethics</div>	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

Our 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.



Our 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. The statistics show the accumulated number of years saved that Haypp Group has contributed to since 2012.

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	2024
Grow customers of harm reduced products	# of purchasing customers of harm-reduced products	682,000	792 000	953 346	1146 126
	# of Market	7	8	7	7
Decrease tobacco deaths	# of actively impacted lives	113 303	132 241	150 156	821 546
Increased life expectancy	# of years saved by switching	2 382 812	3 200 000	5 490 887	6 778 040
More quitters	# of quitters of smoking tobacco	273 108	319 440	363 857	427 203

The Our 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.

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	2024
A force for knowledge	# participants in discussions through forums	17 830	16 126	550	17 742
	# of external using our data	20	27	25	111
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>	+7 500 000 SEK <i>Accumulated since 2020: +18 617 687 SEK</i>
	# of visits to editorial material, facts and reports	1 225 375	2 251 167	5 010 054	4 768 897

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 Business Partner Code of Conduct.

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 2024, 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. During 2025, 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, 100% of the products launched in 2024 had been tested and complied with applied product standards.

Read more about our testing and see the results at [NicoLeaks.com](#).

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 U.S. Texas warehouse, a new packing machine was installed during Q4, which increased efficiency and consequently reduced the material per packaging.

GOALS	METRICS	2021	2022	2023	2024
Sustainable Value Chain	Suppliers screened	100 %	100 %	100 %	100 %
	Carriers carbon footprint	n/a	n/a	227.5 tCO ₂ e	5,838.9 tCO ₂ e
Quality assurance & Product development	Relevant portfolio tested & according to standard	87 %	85 %	85 %	100 %

**The calculation of grams per order is derived from data covering 80% of our orders*

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 how it is 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 2024, 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	2024
Great employer	Employee satisfaction	87 %	81 %	80 %	80 %
	Ranking against benchmark	-	76 %	76 %	76 %
Employee development	Coaching culture	73 %	81 %	81 %	81 %
	Leadership index	-	84 %	84 %	84 %
Employee retention	Regrettable losses	5	3	9	9
	Staff turnover	35.9 % joining 21.4 % leaving	33.7 % joining 26.8 % leaving	12.96 %	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.

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 “whistleblowing” 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.

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 2024 the result is 80 %.

SUPPLIER CODE

In each of the negotiations we have with suppliers of goods, we include references

to our Business Partner Code of Conduct, which the supplier signs or present a similar declaration from their side.

We have updated our measurement method since 2023, and the 80 % figure reported for 2024 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.

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 2024 the customer satisfaction score was 67.0 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.

GOALS	METRICS	2021	2022	2023	2024
Code of Conduct	Employee Code	85 %	84 %	93 %	80 %
	Supplier Code	100 %	100 %	77 %	80 %
Delivering on the customer promise	Customer satisfaction*	4.4 / 5.0	4.3 / 5.0 NPS score 74.4	NPS score 70.7	NPS score 67.0
Catalyst for change	Driving development and change according to partners	-	3.2 / 5.0	3.93 / 5.0	3.85 / 5.0

**We have updated our measurement method since 2023.*

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



ESRS 2

General Information

Reporting Areas

STANDARD	CONTENT
ESRS 2	General disclosures
E1 ESRS E1	Climate change
E2 ESRS E2	Pollution
E3 ESRS E3	Water
E5 ESRS E5	Resource use and circular economy
S1 ESRS S1	Own workforce
S2 ESRS S2	Workers in the value chain
S4 ESRS S4	Consumers and end-users
G1 ESRS G1	Business conduct
X1 ESRS X1 ENTITY SPECIFIC	Our contribution

BP-1

General basis for preparation of the sustainability statements

Our sustainability statement has been structured in preparation for compliance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Our ambition has been to implement parts of the standards in our 2024 reporting. The sustainability statement has not been consolidated with the financial statement.

We continuously monitor the development of new legislation and reporting standards that may affect our operations and future reporting

The sustainability statement covers our operations and upstream and downstream value chains. The value chain can be found under SBM-1 on page 22.

BP-2

Disclosures in relation to specific circumstances

Haypp Group strives to report the most accurate data possible to provide transparency on how our operations impact people and the environment. We have made significant progress in the data coverage and quality related to climate change, resource use and circular economy, own workforce and governance and we will continue to evaluate our processes for improvement potential. However, we also depend on the data we receive from suppliers.

In particular, figures reported for climate change and resource use and circular economy are partially provided by external sources, such as logistics and waste management suppliers. The remaining part was sourced from internal systems, such as information for the products we have procured over the reporting period. Data related to our workforce and governance was mainly available from internal sources, such as our HR system.

Where no reliable data was available for this reporting period, we have chosen to exclude the relevant locations and/or categories to reduce the risk of high inaccuracies. By following this approach, we have not identified any metrics that we deem at risk of a high level of measurement uncertainty. All limitations, exclusions and assumptions are described alongside the reported metrics in the respective sections of this report.



1.1

Sustainability Governance

GOV-1

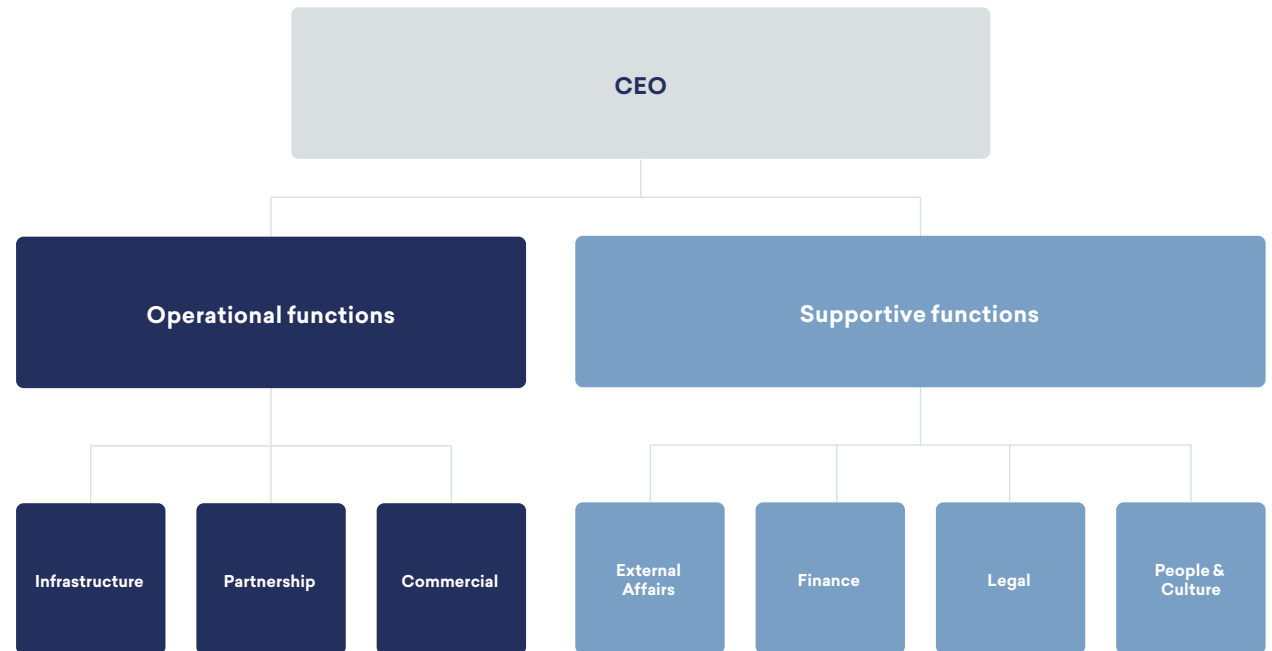
The role of the administrative, supervisory and management bodies

THE BOARD OF DIRECTORS

The Board of Director comprises six non-executive members, with no current representation of employees or other workers. The Board consists of 66% men and 33% women, 0% are independent board members. They have collected experience across retail, marketing, finance, company scaling and tobacco industry-specific knowledge. Their collective expertise spreads over the Nordic region, the UK, the US and other European markets.

THE MANAGEMENT TEAM

The Board of Directors appointed Gavin O'Dowd as the CEO of Haypp Group, who leads the Management team of four members. The Management team consists of 100% men. 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.



FUNCTIONAL STRUCTURE

The illustration shows Haypp Group's functional structure, which includes operational and supportive functions. Within each function, activities are performed by several different teams. This is especially true for operational functions, where specific division structures exist based on the type of activity and geographical market. This functional structure ensures efficient reporting of impacts, risks and opportunities related to sustainability matters.



Impact, Risk and Opportunity Management

Haypp Group conducts a risk assessment each year to identify significant hazards. This assessment evaluates risks based on their probability, potential impact, interconnections with other hazards, preventative measures and monitoring strategies. The findings are presented to the Management team, which reports them to the Board of Directors. The Management team and Board of Directors oversee the impact, risk and opportunity management.

Based on the annual risk assessment results, strategies are developed to address new or evolving risks. This structured process ensures that appropriate actions

are taken to prevent, reduce and counteract undesirable risks while safeguarding the organisation's resilience.

The Board of Directors is ultimately responsible for sustainability performance, setting Haypp Group's strategy by applying the identified impacts, risks and opportunities, as advised by the Management team. The Board of Directors 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. After the yearly risk evaluation, each function is responsible

for managing the risks associated with their plans, both centrally and by individual employees, to create a mitigation plan.

The Management team is responsible for ensuring sufficient resources and expertise to supervise and progress Haypp Group's sustainability work. The Board of Directors collective competences in sustainability matters is upheld through regular briefings on current sustainability matters in board meetings, as well as their collective experience across various business sectors in addressing sustainability-related challenges in practice. Ongoing formal training to meet governance requirements

will be assessed going forward. Several Management team members have significant professional experience from companies within the same industry that have actively tackled sustainability issues, especially in compliance and governance. These skills are helpful when managing impacts, risks and opportunities related to material topics.

In 2024, Haypp Group initiated a plan for an annual sustainability cycle. This initiative establishes timelines for administrative, management and supervisory bodies to set and review the year's targets, policies and strategies.



Ingrid Jonasson, chairman of the Board of Directors



Gavin O'Dowd, CEO

Management in numbers

BOARD DIVERSITY		NUMBER OF (HEAD COUNT)	PERCENTAGE
Male		4	66.7%
Female		2	33.3%
Total board members			6
Board's gender diversity ratio			0.5

EXECUTIVE AND NON-EXECUTIVE MEMBERS (HEAD COUNT)	
Executive	0
Non-executive	6



GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Haypp Group has established processes for informing management and supervisor bodies of the yearly risk assessment. However, neither the management nor Board of Directors has a structured framework to assess sustainability. Nevertheless, we will take the opportunity to analyse our processes and integrate a double materiality assessment review, thus considering the results and effectiveness of policies, actions, metrics and targets and the potential development and integration of new ones.

Haypp Groups' material sustainability topics and the impacts, risks and opportunities have been addressed by the administrative, management and supervisory bodies.

ESRS TOPICS	
E1 Climate change	S2 Workers in the value chain
E2 Pollution	S4 Consumers and end-users
E3 Water & marine	G1 Business conduct
E5 Resource use & circular economy	X1 Our contribution
S1 Own workforce	

GOV-3

Integration of sustainability-related performance in incentive schemes

Haypp Group has several incentive schemes across the organisation; currently not related to sustainability matters.

1.2

Risk Management and Internal Control Systems

GOV-4

Statement on sustainability due diligence

Haypp Group does not currently have a formalised due diligence process specifically focused on sustainability issues, apart from efforts such as the double materiality assessment, where negative impacts are identified and assessed.

GOV-5

Risk management and internal controls over sustainability reporting

Risk management and internal controls for sustainability reporting are core elements to becoming CSRD-compliant. We will, therefore, take this opportunity to assess process development as Haypp Group has not implemented risk management or internal control processes tailored to sustainability reporting, including aspects related to the double materiality assessment.



1.3

Market Position, Strategy, Business Model(s) and Value Chain

SBM-1

Market position, strategy, business model(s) and value chain

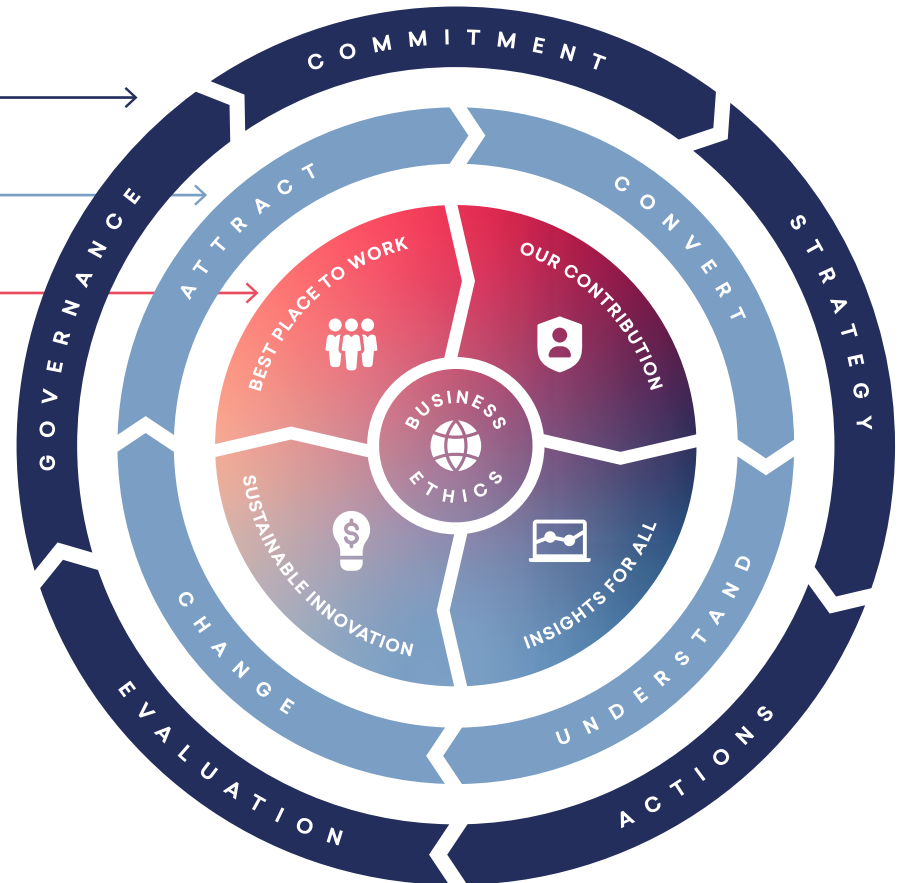
1.3.1

A Sustainable Business Model

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. Haypp Group is strongly committed to offering people worldwide a safer form of nicotine while fulfilling our vision of "inspiring healthier enjoyment for millions". It is this vision and higher purpose that guides the company's leadership in making 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 must be undertaken to see what should be reevaluated 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 we attract consumers today and 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 a broad consumer base and advocating for healthier, non-smoking alternatives. We then assist in finding our consumers the most appropriate solution. Our concept enables us to gain a more comprehensive understanding of the consumer innovatively. We constantly utilise this knowledge to evolve and improve our customers' journeys. Our insights drive the 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.



The strategic areas – to drive change

At the core of the business model, we have several strategic areas organising our sustainability efforts. These areas have been chosen carefully based on a previous materiality assessment and dialogues with our stakeholders. 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.



Five strategic areas



Our 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.



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.



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



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.

Business model impact on sustainability matters

Our 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.

Haypp Group has a wide range of products within its product portfolio. We have

a well-defined strategy for navigating regulatory compliance across product development, marketing and expansion. Regulatory requirements for permissible products vary between markets; therefore, our development strategy always aligns with these national regulations. This means that vapes and heat-not-burn products are prohibited in Norway.

1.3.1.1

Transition from Strategic Areas to ESRS Topics

To ensure alignment with the CSRD requirements, Haypp Group's strategic focus areas, Our contribution, Insights for all, Sustainable innovation for growth & product development, Best place to work and Business ethics, have been integrated under the ESRS framework. While our core

sustainable business model and strategic priorities remain unchanged, the reporting structure has been restructured into new material topics. Our strategic focus areas will be addressed under the material ESRS-topics, as detailed in the table below.

PURPOSE	STRATEGIC AREA	ESRS TOPICS
Inspiring Healthier Enjoyment to Millions	Our contribution	S4 Consumers and end-users
		X1 Our contribution
	Insights for all	S4 Consumers and end-users
	Sustainable innovation for growth & product development	E1 Climate change
		E2 Pollution
		E3 Water & marine
		E5 Resource use & circular economy
	Best place to work	S1 Own workforce
	Business ethics	E2 Pollution
		S2 Workers in the value chain
		G1 Business conduct



1.3.2

Products and Markets

Haypp Group is a consumer-driven e-commerce group focusing on risk-reduced nicotine products, customer insights and marketing. In recent years, Haypp Group has expanded its number of e-commerce platforms mainly through acquisitions, currently running eleven platforms. We operate in seven markets: Sweden, Norway, the United Kingdom, Germany, Austria, Switzerland and the United States.

As of December 31, Haypp Group employs 220 people across five countries.

COUNTRYNO. OF EMPLOYEES		COUNTRYNO. OF EMPLOYEES	
Sweden	183	Norway	10
United Kingdom	9	Germany	2
United States	16	Number of employees per region	
Total revenue		3 715 379 881 kronor	

Haypp Group does not generate revenue from fossil fuels, chemical production, controversial weapons, or tobacco cultivation and production.

1.3.2.1

Sustainability Goals for Targeted Groups

We aim to reduce tobacco-related deaths globally, promoting healthier enjoyment for millions. We achieve this by supporting the development of quality products, providing the best and most attractive products and brands whilst maintaining strict control. We must ensure that only people of legal age can purchase our products and influence industry actors to be responsible through an active dialogue. Furthermore, we must offer our customers the most sustainable products where the impact on future generations' health should not be overlooked.

SUSTAINABILITY GOALS FOR TARGETED GROUPS	
Tobacco consumers	Underaged consumers
Convert tobacco smokers to our less harmful alternatives	Ensure age verification to prevent sales to underaged consumers.

1.3.3

Business Model and Value Chain

Our value chain includes everything from raw material sourcing and production, processing and manufacturing at suppliers to distribution and transportation to our facilities and finally post purchase, through our e-commerce, additional transportation is necessary for the products to reach the customer.

Upstream

The value chain begins with the harvesting of tobacco leaves, which are processed to extract nicotine for use in nicotine pouches or e-juices for vaping products. Tobacco leaves are also directly utilised in producing Swedish-style Snus, a tobacco-containing product. However, some of our products are produced on synthetic nicotine, which is laboratory-produced and does not rely on tobacco leaves as a source.

Our primary suppliers include manufacturers of nicotine pouches. We also collaborate with suppliers of IT-hardware, software and services related to warehouse operations and office management.

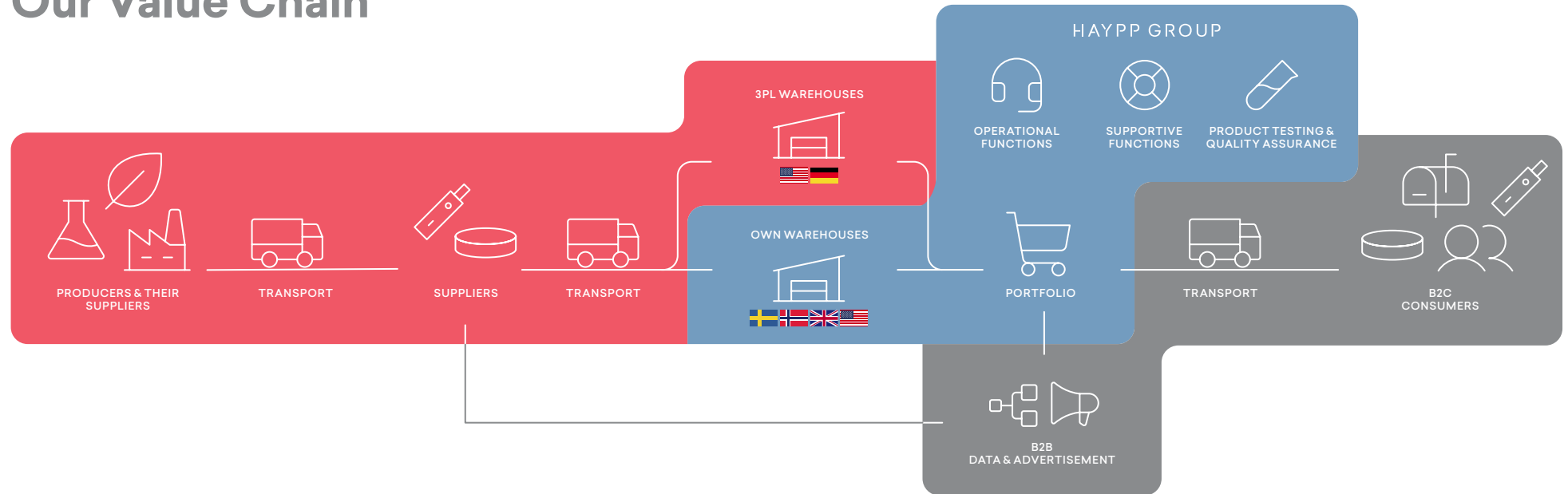
Own operation

Haypp Group collaborates with various brand owners, from large international companies to smaller start-ups, to produce and develop nicotine pouches and related products. As an industry leader, Haypp Group drives progress toward healthier alternatives by creating consumer awareness and influencing product suppliers.

Downstream

As an online retailer, Haypp Group relies on downstream suppliers for transport and delivery services. Once customers make purchases through our e-commerce platform, additional transportation is required to deliver products to their final destination. Then, after enjoying the product, the consumer finally disposes of both the packaging and the product itself.

Our Value Chain



Upstream

PRODUCERS & THEIR SUPPLIERS

Nicotine producers - harvest
Nicotine producers - nicotine
Other supplier production

SUPPLIERS

Service suppliers
Product suppliers
Brand owners

3PL WAREHOUSES

USA (Colorado), USA (New Jersey), Germany

TRANSPORT

Own operation

HAYPP GROUP

Operational functions
Supportive functions
Product testing & Quality assurance

OWN WAREHOUSES

Sweden, Norway, UK, USA

PORTFOLIO

HAYPP

Downstream

B2B

Sale of consumer data insights, banners and marketing spots

B2C

Sale of nicotine and tobacco products

TRANSPORT



1.3.4

Stakeholders

SBM-2

Interests and views of stakeholders

Haypp Groups' key stakeholders are customers, employees, owners and board and business partners. But other external stakeholders also include public authorities, media, academics and non-governmental organisations (NGOs), including associations we are members of. Stakeholder engagements and dialogues occur several times yearly to prioritise and cooperate on sustainability issues. While external stakeholder dialogues are held a few times a year, we seek employee feedback weekly through a digital tool where employees can give Haypp Group feedback on the working environment.

We take a structured and systematic approach to stakeholder engagement, ensuring that relevant topics and progress updates are continuously addressed. What matters to our stakeholders matters to us.

Their insights play a key role in shaping our strategies, identifying material topics and driving improvements. Through collaboration, we work to reduce environmental impacts and refine our processes. These dialogues not only validate our sustainability strategy and material analysis but also provide valuable perspectives that influence our long-term development.

An example of this could be to understand business partners' perspectives on product development or governmental representatives to understand legal requirements better.

Extended stakeholders are key to understanding Haypp Group's expectations for its sustainability approach. These insights are reported to management and the board to ensure effective integration into our business strategy and

plan going forward. Haypp Group has often considered stakeholder input when alternating business strategies, including expansion to new geographies and product portfolio development.

STAKEHOLDER	INTERACTION AND DIALOGUE OPPORTUNITIES	STAKEHOLDERS' ESSENTIAL QUESTIONS
Customers	Web site, order confirmation, customer service, mail about delivery, newsletter, social media, reviews online, editorial sites and opinion pieces in external media, surveys and polls	Ethical business conduct, sustainable product development, consumer information, consumer health, transport, packaging, climate action
Employees	Conversations in daily activities, weekly town hall meetings emails, employee survey, development and coaching conversations, management meetings, department meetings, company gatherings, staff handbook	Climate impact, safe workplace, environmentally friendly transport, sustainable range, contribute to a healthy lifestyle, sustainable suppliers, reduce packaging / plastic, consumer health, working environment, consumer information
Owner/board	Annual report, annual general meeting (AGM), board meetings and presentations, participation in daily activities, workshops, strategy discussion	Healthy finances, well-functioning organisation, climate impact, environmentally friendly operations, safe workplace, reduce packaging / plastic in operations
Business partners	Emails, meetings, telephone, contact persons, contract negotiations, study visits in logistics, market activity collaborations, insight gathering activities	Business ethics, wide and sustainable product range, alternative packaging material, profitable business agreements, brand and product development
Public authorities	Emails, meetings, telephone, contact persons, licenses, supervision, regulations and consultations	Climate impact, compliance, addiction, protection of youth
Media, academics, NGO & other	Cooperation agreement, memberships, data base, emails, meetings, telephone, editorial and opinion pieces, research project, thesis	Climate impact, Our contribution, addiction, community voice

1.4

Material Impacts, Risks and Opportunities and their Interaction with Strategy and Business Model

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model(s)

In 2024, Haypp Group conducted its first double materiality assessment to approach alignment with the CSRD. The double materiality assessment evaluated each topic from an impact and financial perspective, identifying potential impacts, risks and opportunities that could influence our business operations and value chain.

The process highlighted areas we previously did not integrate into our sustainability strategy, revealing gaps in processes related to policies, targets and actions. Moving forward, we will use the insights from the double materiality assessment for reporting purposes and to further evaluate and enhance business processes to drive continuous improvement.

A more detailed description of each material topic can be found under each topic specific chapter in this report. The topics of Affected communities and Biodiversity and ecosystems were assessed as not material.





Overview of material topics

STRATEGIC AREA	MATERIAL TOPICS	SUB-TOPICS	VALUE CHAIN			IMPACT - RISK - OPPORTUNITY			PAGE
			UPSTREAM - OWN OPERATION - DOWNSTREAM			IMPACT	RISK	OPPORTUNITY	
 OUR CONTRIBUTION	<div>S4</div> Consumers and end-users	Information-related impacts for consumers and/or end-users			DS	IMPACT	RISK	OPPORTUNITY	53
		Personal safety of consumers and/or end-users			DS		RISK	OPPORTUNITY	
	<div>X1</div> Company specific: Our contribution	Our contribution			DS	IMPACT		OPPORTUNITY	60
 INSIGHTS FOR ALL	<div>S4</div> Consumers and end-users	Information-related impacts for consumers and/or end-users			DS	IMPACT	RISK	OPPORTUNITY	53
		Personal safety of consumers and/or end-users			DS	IMPACT	RISK	OPPORTUNITY	
 SUSTAINABLE INNOVATION FOR GROWTH & DEVELOPMENT	<div>E1</div> Climate change	Climate change mitigation	US	OO	DS	IMPACT	RISK		34
		Energy	US	OO	DS	IMPACT	RISK		
	<div>E2</div> Pollution	Pollution of air	US		DS	IMPACT			38
		Substance of concern		OO		IMPACT	RISK		
	<div>E3</div> Water and marine resources	Water	US	OO		IMPACT	RISK		39
		Resource inflows	US	OO		IMPACT	RISK		40
	<div>E5</div> Circular economy	Resource outflows	US	OO	DS	IMPACT			
		Waste		OO	DS		RISK		
	<div>S2</div> Workers in the value chain	Working conditions		OO	DS	IMPACT			51
 BEST PLACE TO WORK	<div>S2</div> Own workforce	Working conditions		OO		IMPACT	RISK	OPPORTUNITY	40
		Equal treatment and opportunities for all		OO		IMPACT	RISK	OPPORTUNITY	
 BUSINESS ETHICS	<div>G1</div> Business conduct	Corporate culture	US	OO		IMPACT	RISK		56
		Political engagement	US	OO		IMPACT	RISK	OPPORTUNITY	
		Corruption and bribery	US		DS		RISK		



1.5

Haypp Group's Double Materiality Assessment

IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, we conducted our first double materiality assessment in alignment with the European Sustainability Reporting Standards (ESRS). This assessment enables us to identify, assess, prioritise and monitor actual and potential impacts, risks and opportunities. Going forward, this process will be conducted regularly to ensure ongoing evaluation and refinement of our material impacts.

As part of the assessment, we mapped our business units, sites and key organisational stakeholders to visualise the entire value chain, including activities within our operations and upstream and downstream activities.

STAKEHOLDER ENGAGEMENT AND SCREENING

The screening was conducted through evaluating potential material sustainability topics and subtopics, resulting in a selection of relevant internal and external stakeholders for the double materiality assessment.

We engaged stakeholders through structured dialogues to deepen our understanding of what impacts, risks and opportunities our business activities are exposed to across the value chain. These dialogues provided valuable insights into the material impacts of our operations and business relationships.

IMPACT ASSESSMENT PROCESS

The impact assessment was conducted through the following structured steps.

1. Identification of actual and potential impacts.

We identified actual and potential positive and negative impacts. These impacts are linked to our activities and business relationships across the value chain. The identification process incorporated diverse internal and external sources, including industry and country reports and feedback from internal stakeholders.

2. Assessment of significance.

The significance of each identified impact was evaluated based on the following:

- Actual or potential impact
- Severity: Assessed by scale, scope and irremediability for negative impacts and scale and scope for positive impacts
- Time horizon and likelihood

The impact assessment resulted in material topics relevant to Haypp Group's operations and value chain.

FINANCIAL MATERIALITY ASSESSMENT

We also conducted a financial materiality assessment to evaluate whether sustainability topics could have or are likely to have material economic effects. The purpose was to identify short, medium and long-term risks and opportunities that may not yet be reflected in traditional financial statements but could influence key decision-makers and stakeholders.

This assessment involved evaluating the risks and opportunities that could affect company development, financial position, financial performance, cash flows, access to financing, or cost of capital. Materiality was assessed by combining the likelihood of occurrence with the potential magnitude of financial effects.

Considering financial effects across different time horizons:

- Short-term: within the reporting year.
- Medium-term: one to five years.
- Long-term: beyond five years.
- Limitations and qualitative evaluation

We have used a combination of qualitative assessment and company specific financial thresholds to quantify the magnitude of financial effect for all risks and opportunities. Some financial risks and opportunities cannot be evaluated quantitatively; instead, they are assessed qualitatively based on available expertise and insights.

RESULTS

The result from the double materiality assessment has been approved by Management team and the Board of Directors.



1.6

Minimum Disclosure Requirements

MDR-P

Policies adopted to manage material sustainability matters

During 2024, Haypp Group updated several policies to align with our business practices. All policies are approved by the Management team and the board of directors.

MDR-A

Actions and resources in relation to material sustainability matters

Haypp Group has not developed or finalised actions and resource allocations concerning material sustainability matters but remains committed to refining and pursuing our targets. Previously established actions will continue to serve as reference points for addressing relevant topics.

MDR-T

Tracking effectiveness of policies and actions through targets

Haypp Group has not developed or finalised targets related to material sustainability. Nevertheless, Haypp Group has set its own goals, including Out contributions, Insights for all, Sustainable innovation for growth and development, Best place to work and Business ethics. Haypp Group will evaluate how future development can align our current targets with our material sustainability matters.

POLICIES, CONTENT AND MATERIAL TOPICS

POLICIES	CONTENT AND PURPOSE	MATERIAL TOPICS
Code of Conduct	Our commitment Our people & workplace Our business Our assets	S1 S2 S4 G1
Occupational Health and Safety Policy	Occupational health and safety A work environment free from discrimination and harassment Roles and responsibilities	S1 G1
Business Partner Code of Conduct	Product compliance Bribery and corruption Fair competition and anti-trust Anti-money laundering and terrorist financing Taxes Human rights and working environment Environmental sustainability	E1 S2 G1
Marketing and Product Standard for Nicotine Containing Consumer Products	Sale of products Product labelling Product Marketing Governance	S4 G1



Data Points from other EU-Laws

IRO-2

Requirements in ESRS covered by the undertaking’s sustainability statements

DISCLOSURE REQUIREMENTS AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION (SFDR)	REFERENCE IN THE THIRD PILLAR (PILLAR 3)	REFERENCE IN THE BENCHMARK REGULATION (BENCHMARK REGULATION)	REFERENCE IN EU CLIMATE LAW (EU CLIMATE LAW)	PAGE NUMBER IN HAYPP GROUP'S REPORT
ESRS 2 GOV-1 Improving gender balance on boards of directors paragraph 21 d	Indicator No 13 Table 1 of Annex I		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		16
ESRS 2 GOV-1 Percentage of independent directors paragraph 21 e			Annex II to Delegated Regulation (EU) 2020/1816		15
ESRS 2 GOV-4 Statement of due diligence paragraph 30	Indicator No 10 Table 3 in Annex I				17
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40(d)(ii)	Indicator No 4 Table 1 in Annex I	Article 449a of Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on environmental risks and Table 2: Qualitative information on social risks	Annex II to Delegated Regulation (EU) 2020/1816		21
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40(d)(ii)	Indicator No 9 Table 2 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816		21
ESRS 2 SBM-1 Participation in activities related to controversial weapons paragraph 40(d)(iii)	Indicator No 14 Table 1 of Annex I		Article 12(1) of Delegated Regulation (EU) 2020/1818 (7), Annex II to Delegated Regulation (EU) 2020/1816		21
ESRS 2 SBM-1 Involvement in activities related to tobacco growing and production paragraph 40(d)(iv)			Article 12(1) of Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816		21
ESRS E1-1 Transition plan to achieve climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1).	34
ESRS E1-1 Enterprises excluded from the EU baseline for adaptation to the Paris Agreement paragraph 16(g)		Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 1: Non-trading book, climate change transition risk: Credit quality of exposures by sector, emissions and remaining maturity	Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g) and Article 12(2)		Not reported



DISCLOSURE REQUIREMENTS AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION (SFDR)	REFERENCE IN THE THIRD PILLAR (PILLAR 3)	REFERENCE IN THE BENCHMARK REGULATION (BENCHMARK REGULATION)	REFERENCE IN EU CLIMATE LAW (EU CLIMATE LAW)	PAGE NUMBER IN HAYPP GROUP'S REPORT
ESRS E1-4 Reduction target for greenhouse gas emissions paragraph 34	Indicator No 4 Table 2 in Annex I	Article 449a of Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 3: Non-trading activities - climate change-related transition risk: adaptation measures	Delegated Regulation (EU) 2020/1818, Article 6		Not reported
ESRS E1-5 Energy consumption from fossil sources by source (high climate impact sectors only) paragraph 38	Indicator No. 5 Table 1 and Indicator No. 5 Table 2 in Annex I				Not material
ESRS E1-5 Energy consumption and energy mix paragraph 37	Indicator No 5 Table 1 of Annex I				37
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40-43	Indicator No 6 Table 1 of Annex I				Not material
ESRS E1-6 Gross and total greenhouse gas emissions scope 1, 2, 3 item 44	Indicator 1 and indicator 2 Table 1 in Annex I	Article 449a, Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 1: Non-trading book activities - climate change-related transition risk: Credit quality of exposures by sector, emissions and remaining maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		35
ESRS E1-6 Gross output intensity of greenhouse gas emissions points 53-55	Indicator No 3 Table 1 in Annex I	Article 449a of Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, template 3: Non-trading activities - climate change-related transition risk: adaptation measures	Delegated Regulation (EU) 2020/1818, Article 8(1)		36
ESRS E1-7 Greenhouse gas removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1).	Not material
ESRS E1-9 Reference portfolio exposure to climate-related physical risks paragraph 66			Annex II to Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816		Phase-in
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets exposed to significant physical risk, paragraph 66(c).		Article 449a of Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47: Template 5: Non-trading book - Climate change related physical risk: Exposures exposed to physical risk			Phase-in
ESRS E1-9 Breakdown of the carrying amount of its property assets by energy efficiency classes paragraph 67(c).		Article 449a of Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, point 34, Template 2 - Climate change risk outside the trading book: Loans secured by immovable property - Energy efficiency of the collateral			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Annex II to Delegated Regulation (EU) 2020/1818		Phase-in



DISCLOSURE REQUIREMENTS AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION (SFDR)	REFERENCE IN THE THIRD PILLAR (PILLAR 3)	REFERENCE IN THE BENCHMARK REGULATION (BENCHMARK REGULATION)	REFERENCE IN EU CLIMATE LAW (EU CLIMATE LAW)	PAGE NUMBER IN HAYPP GROUP'S REPORT
ESRS E2-4 Amount of each pollutant listed in Annex II of the Regulation concerning the European Pollutant Release and Transfer Register for air, water and land, point 28	Indicator No 8 Table 1 in Annex I Indicator No 2 Table 2 in Annex 1 Indicator No 1 Table 2 in Annex 1 Indicator No 3 Table 2 in Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator No 7 Table 2 of Annex I				Not material
ESRS E3-1 Specific strategy paragraph 13	Indicator No 8 Table 2 of Annex I				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator No 12 Table 2 of Annex I				Not material
ESRS E3-4 Total recycled and reclaimed water paragraph 28(c)	Indicator No 6.2 Table 2 of Annex I				Not material
ESRS E3-4 Total water consumption in m3 per net income from own activities paragraph 29	Indicator No 6.1 Table 2 of Annex I				Not material
ESRS 2 - IRO 1 - E4 point 16 a and	Indicator No 7 Table 1 of Annex I				Not material
ESRS 2 - IRO 1 - E4 point 16 b	Indicator No 10 Table 2 in Annex I				Not material
ESRS 2 - IRO 1 - E4 point 16 c	Indicator No 14 Table 2 of Annex I				Not material
ESRS E4-2 Sustainable soil/agricultural practices/policies paragraph 24 b	Indicator No 11 Table 2 of Annex I				Not material
ESRS E4-2 Sustainable practices/policies for ocean sustainability paragraph 24(c)	Indicator No 12 Table 2 of Annex I				Not material
ESRS E4-2 Policies to address deforestation paragraph 24(d)	Indicator No 15 Table 2 of Annex I				Not material
ESRS E5-5 Non-recycled waste paragraph 37(d)	Indicator No 13 Table 2 of Annex I				42
ESRS E5-5 Hazardous and radioactive waste paragraph 39	Indicator No 9 Table 1 of Annex I				42
ESRS 2 - SBM3 - S1 Risk of being subjected to forced labor paragraph 14 f	Indicator No 13 Table 3 of Annex I				45
ESRS 2 - SBM3 - S1 Risk of exposure to child labor paragraph 14 g	Indicator No 12 Table 3 of Annex I				45
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator No. 9 Table 3 and Indicator No. 11 Table 1 in Annex I				46
ESRS S1-1 Due diligence policies on matters covered by International Labor Organization (ILO) fundamental conventions 1-8, paragraph 21			Annex II to Delegated Regulation (EU) 2020/1816		46



DISCLOSURE REQUIREMENTS AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION (SFDR)	REFERENCE IN THE THIRD PILLAR (PILLAR 3)	REFERENCE IN THE BENCHMARK REGULATION (BENCHMARK REGULATION)	REFERENCE IN EU CLIMATE LAW (EU CLIMATE LAW)	PAGE NUMBER IN HAYPP GROUP'S REPORT
ESRS S1-1 processes and measures to prevent human trafficking paragraph 22	Indicator No 11 Table 3 of Annex I				46
ESRS S1-1 Workplace accident prevention strategy or management system paragraph 23	Indicator No 1 Table 3 in Annex I				46
ESRS S1-3 Complaint handling mechanisms related to human resources issues paragraph 32 c	Indicator No 5 Table 3 of Annex I				46
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88(b) and (c)	Indicator No 2 Table 3 in Annex I		Annex II to Delegated Regulation (EU) 2020/1816		49
ESRS S1-14 Number of days lost due to injury, accidents, death or illness paragraph 88(e)	Indicator No 3 Table 3 in Annex I				49
ESRS S1-16 Unadjusted gender pay gap paragraph 97a	n gender point 97(a) Indicator No 12 Table 1 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816		49
ESRS S1-16 Excessively high CEO salary paragraph 97 b	Indicator No 8 Table 3 of Annex I				Not reported
ESRS S1-17 Cases of discrimination, paragraph 103a	Indicator No 7 Table 3 of Annex I				50
ESRS S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD Guidelines paragraph 104(a)	Indicator No. 10 Table 1 and Indicator No. 14 Table 3 in Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		50
ESRS 2 - SBM3 - S2 Significant risk of child or forced labor in the value chain paragraph 11 b		Indicator No. 12 and Indicator No. 13 Table 3 in Annex I			51
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator No. 9 Table 3 and Indicator No. 11 Table 1 in Annex I				51
ESRS S2-1 Policies for employees in the value chain paragraph 18	Indicator No. 11 and indicator No. 4 Table 3 in Annex I				51
ESRS S2-1 does not respect the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 19	Indicator No 10 Table 1 in Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		51
ESRS S2-1 Due diligence strategies on issues covered by International Labor Organization (ILO) fundamental conventions 1-8, paragraph 19			Annex II to Delegated Regulation (EU) 2020/1816		51
ESRS S2-4 Human rights issues and cases related to the company's upstream and downstream value chain paragraph 36	Indicator No 14 Table 3 of Annex I				51
ESRS S3-1 Human rights commitments paragraph 16					Not material
Indicator No. 9 Table 3 in Annex I and Indicator No. 11 Table 1 in Annex I					Not material



DISCLOSURE REQUIREMENTS AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION (SFDR)	REFERENCE IN THE THIRD PILLAR (PILLAR 3)	REFERENCE IN THE BENCHMARK REGULATION (BENCHMARK REGULATION)	REFERENCE IN EU CLIMATE LAW (EU CLIMATE LAW)	PAGE NUMBER IN HAYPP GROUP'S REPORT
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator No 14 Table 3 of Annex I				Not material
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD Guidelines paragraph 17	Indicator No 10 Table 1 in Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35		Indicator No 14 Table 3 of Annex I			Not material
ESRS G1-1 UN Convention against Corruption paragraph 10(b)	Indicator No 15 Table 3 of Annex I				Not material
ESRS G1-1 Protection of whistleblowers paragraph 10 d	Indicator No 6 Table 3 in Annex I				Not material
ESRS G1-4 Fines for breaches of anti-corruption and bribery laws paragraph 24(a)	Indicator No 17, Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		58
ESRS G1-4 Anti-corruption and bribery standards paragraph 24(b)	Indicator No 16 Table 3 in Annex I				58

Environmental Information

Haypp Group's primary environmental impact on our operation arises from product production, transportation and end-of-life stages. This chapter outlines Haypp Group's material topics related to environmental sustainability. Our strategic focus area is Sustainable innovation for growth and development, driving our efforts in climate change, pollution, water and circular resource management.



2.1

EU Taxonomy

Haypp Group will aim to report on the EU taxonomy regulations for the financial year of 2025. In 2025, we will initiate the preparation process, which includes evaluating our activities against the EU taxonomy criteria.

2.2

Climate Change

IRO-1

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Material climate-related impacts, risks and opportunities were assessed based on an evaluation of the organisation's business units, sites and key organisational stakeholders, with respective activities along the value chain. Haypp Group has an impact on climate change through each part of the value chain. Therefore, to ensure a representative materiality assessment, assumptions are based on stakeholder dialogues and industry research.

2.2.1

Strategy, Policies and Process

E1-1

Transition plan for climate change mitigation

Haypp Group does not have a transition plan for climate change mitigation but is considering developing a transition plan in the coming years.

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Haypp Group has not performed a resilience analysis. Instead, climate-related risks are evaluated using identified general risks and standardised scenarios rather than individual scenario assessments. The material topics are disclosed below:



CLIMATE CHANGE MITIGATION

Climate change mitigation will impact all parts of the value chain. Upstream, the impact relates to shifting tobacco production, which has a severe environmental impact, to synthetic nicotine and the impact that Haypp Group could have on encouraging the usage of virgin packaging. Meanwhile, the operations and downstream value chain centre around renewable energy alternatives, recycling efforts and zero-emission transportation.



ENERGY

Energy is required in all value chain stages, from producing products for office and warehouse facilities to consumers buying our products in online stores.

E1		VALUE CHAIN			IRO			TIME HORIZON	
SUBJECT		UPSTREAM – OWN OPERATION – DOWNSTREAM			IMPACT – RISK – OPPORTUNITY			IMPACT	FINANCIAL
Climate change mitigation		US	OO	DS	IMPACT	RISK		Short to long-term	Medium to long-term
Energy		US	OO	DS	IMPACT	RISK		Short to long-term	Short to long-term

Double materiality assessment of climate change

2.2.2

Climate Change Mitigation

Basis of preparation and sources of estimation and outcome uncertainty

For energy consumption and emissions, we rely on suppliers as well as internal systems to source the data. Any specific limitations and exclusions are detailed in the notes below each data table.

Where available, we prioritise to report greenhouse gas (GHG) emissions as provided to us by suppliers to ensure the highest possible accuracy. For 2024, supplier-specific emissions are available from some cloud service providers (Microsoft Azure, Google Cloud, AWS US, Friends iPaaS) and from most of our carriers, i.e., providers of downstream transportation.

Where no supplier-specific emission data is available, we rely on activity-based data and, in the case of employee commuting, on estimations based on national statistics (see description of value chain estimations for more information on employee commuting). We avoid reporting emissions calculated on a spend-based approach due to the low accuracy levels of such methodologies. Where neither supplier-specific emissions nor activity-based data was available for 2024, we have excluded

the relevant geographies and/or scope categories from the reporting and disclosed this in the table notes. As a result of this approach and excluding data with high risk of inaccuracies, we have not identified any particular metrics that we deem at risk of a high level of measurement uncertainty.

Value chain estimations

When reporting on GHG emissions from upstream and downstream value chain (Scope 3), we use some data estimations. For instance, emissions in, category 7, Employee commuting are calculated based on indirect sources of average commuting and teleworking habits instead of collecting primary data. The basis of the estimation are several studies by Trafikanalys², Statista³ and Eurostat⁴ that were used to determine average commuting habits in Sweden and globally. An estimate is then calculated based on the number of employees we have per country, average working days per year, the share of remote work and the share of workspaces located in cities. Using several studies as data source, considering remote work and distinguishing between workspaces in urban and rural areas leads to a moderate level of accuracy. We do not expect employee commuting to represent a large share of our emissions. Currently, the category makes up approximately 1 % of our total GHG emissions. Nevertheless, we are evaluating potential steps to increase the accuracy in the future.

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

RETROSPECTIVE	2023	2024	% CHANGE
SCOPE 1 GHG EMISSIONS			
Gross Scope 1 GHG Emissions (tCO ₂ e)	-	0.0	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	0.0	-
SCOPE 2 GHG EMISSIONS			
Gross location-based Scope 2 GHG emissions (tCO ₂ e)	-	70.8	-
Gross market-based Scope 2 GHG emissions (tCO ₂ e)	-	49.8	-
SIGNIFICANT SCOPE 3 GHG EMISSIONS			
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ e)	227.5	5,838.9	2466.4%
1 Purchased goods and services	-	62.7	-
Cloud computing and data centre services	-	1.7	-
2 Capital goods	-	0.0	-
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	-	13.9	-
4 Upstream transportation and distribution	-	5,487.0	-
5 Waste generated in operations	-	0.3	-
6 Business travel	-	0.0	-
7 Employee commuting	-	64.3	-
9 Downstream transportation	227.5	208.9	-8.2%
TOTAL GHG EMISSIONS			
Total GHG emissions (location-based) (tCO ₂ e)	227.5	5,909.7	2497.6%
Total GHG emissions (market-based) (tCO ₂ e)	227.5	5,888.7	2488.3%

² Trafikanalys: Resvanor i Sverige 202, published 25 June 2024

³ Statista: How the World Commutes, published 19 September 2022

⁴ Eurostat: Persons in employment by commuting time, educational attainment level and degree of urbanization, updated 02 April 2022



NOTES

Emissions of greenhouse gases are calculated in line with the GHG Protocol. Emission factors are from DEFRA (2024), IEA (2024) and Energiföretagen (2024).

Included in the data collection on GHG emissions are Scope 1, Scope 2, and Scope 3 categories 1 to 7 and 9. Previously, only Scope 3, category 9, Downstream transportation was included. We have worked actively to increase the data coverage and include more relevant scope categories in our emissions report. We will continue to take steps towards increasing the coverage and quality of data.

Several Scope 3 categories that are relevant for us to report on in the future are excluded from this data collection due to a lack of processes and methodologies in place. Scope 3, category 11, Use of sold product, which is relevant for the small share of electronic devices in our product portfolio, is excluded from the 2024 reporting on GHG emissions, as well as, category 12, End-of-life treatment of sold products, which is relevant for our entire product portfolio.

The remaining Scope 3 categories are excluded as they do not apply to our current business model. Scope 3, category 8, Upstream leased assets is excluded as we follow the operational control approach and therefore cover all in-use emissions from upstream leased assets under Scope 1 and 2. Scope 3, category 10, Processing of sold products, category 13, Downstream leased assets, category 14, Franchises and category 15, Investments are excluded as we currently do not conduct business activities that cause emissions related to these categories.

We have no Scope 1 emissions in 2024, as we have not used fuel for stationary or mobile combustion and had no leakage of refrigerants.

For Scope 2, we collect data on our consumption of purchased electricity, district heating and district cooling. We have no consumption of steam. For information on exclusions in Scope 2, see the notes on E1-5 Energy consumption and mix.

For Scope 3, category 1, Purchased goods and services, we use activity-based data. No data is available on purchased food and drinks and electrical items. Data on cloud services is partially available, as some suppliers (Atea Cloud, AWS Data, RavedDB and Cloudflare) could not provide data. We are also currently not able to report on the cradle-to-gate emissions from the products we purchase and offer to our customers, as there is no standard emission factor available. We plan to work together with our suppliers to develop an appropriate methodology going forward. We purchased no capital goods in 2024, which is why the emissions in Scope 3, category 2, Capital goods are 0 tCO₂e.

We have acquired capital goods during the reporting year 2024 but have no appropriate emission factors to account for it yet, which is why the quantity of emissions in Scope 3, category 2, Capital goods is not disclosed.

Emissions in Scope 3, category 3, Fuel and energy-related emissions are calculated based on fuel and energy consumption in Scope 1 and Scope 2.

For Scope 3, category 4, Upstream transport, we use activity-based data on the type and class of transport vehicles, the type of fuel, the weight of goods transported and the distance of transport.

For Scope 3, category 5, Waste generated in operations, only data on waste generated by office operations is reported. Moving forward, the data will include waste from warehouse operations as well.

For Scope 3, category 6, Business travel, no data is available for 2024. Haypp Group is working to implement a tool that allows data on business travel to be reported for 2025.

For Scope 3, category 7, Employee commuting, an estimate is made based on the number of employees per country, the average number of workdays per year, the share of remote work and share of workspaces located in urban areas. More information on the methodology is detailed above, under Value chain estimations.

For Scope 3, category 9, Downstream transport, data emissions data is available from most suppliers. Data is missing from Airmee, Widerö, UPS and InPost. Those suppliers represent 11% of all shipments, with UPS making up the large majority with a share of 10% of all shipments.

Haypp Group had no biogenic emissions in Scope 1. Potential biogenic emissions from Scope 2 and 3 are currently not captured by the data collection.

GHG INTENSITY PER NET REVENUE		2024
Total GHG emissions (location-based) per net revenue (kgCO ₂ e/SEK)		0.0016
Total GHG emissions (market-based) per net revenue (kgCO ₂ e/SEK)		0.0016



2.2.3

Energy Consumption and Efficiency

E1-5

Energy consumption and mix

ENERGY CONSUMPTION AND MIX		2024
Fuel consumption from coal and coal products (MWh)		0.0
Fuel consumption from crude oil and petroleum products (MWh)		0.0
Fuel consumption from natural gas (MWh)		0.0
Fuel consumption from other fossil sources (MWh)		0.0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)		137.42
Total fossil energy consumption (MWh)		137.42
Share of fossil sources in total energy consumption (%)		28.5%
Consumption from nuclear sources (MWh)		0.0
Share of consumption from nuclear sources in total energy consumption (%)		0.0%
Fuel consumption for renewable sources, including biomass (MWh)		0.0
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)		344.70
The consumption of self-generated non-fuel renewable energy (MWh)		N/A
Total renewable energy consumption (MWh)		344.70
Share of renewable sources in total energy consumption (%)		71.5%
Total energy consumption (MWh)		482.12

NOTES

Electricity consumption excludes Norway, warehouses in Germany and the warehouse in Sweden as the property owners were unable to provide the required data.

Consumption of district heating excludes data from Norway and Germany due to lack of data availability.

Consumption of district cooling is only included for the office in Sweden, due to lack of data availability for all other locations.

2.3

Pollution

IRO-1

Description of the processes to identify and assess material climate-related impacts, risks and opportunities


We mapped our business units, sites and key organisational stakeholders to assess pollution, including activities within our operations and upstream and downstream activities. We assessed pollution impacts, risks and opportunities through stakeholder dialogues and industry research. Haypp Group's materiality assessed both air pollution and the substance of concerns as relevant. The value chain impact assumptions are based on internal expertise and industry research.

2.3.1

Strategy, Policies and Processes


SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model



POLLUTION OF AIR

Air pollution significantly impacts upstream and downstream value chains, particularly in the production and transportation phases. Key contributors include manufacturing plastic packaging, vape oil and pouches, where the generated pollutants negatively impact the environment.



SUBSTANCE OF CONCERN

Nicotine, the primary component of our revenue stream, is classified as a substance of concern due to its health effects. Financial risks include potential market restrictions or penalties for non-compliance with regulations such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). As nicotine is listed under REACH as a substance of concern, we prioritise transparent and accurate communication regarding its health implications to uphold our commitment to responsible practices.

E2		VALUE CHAIN			IRO		TIME HORIZON		
SUBJECT		UPSTREAM – OWN OPERATION – DOWNSTREAM		IMPACT – RISK – OPPORTUNITY			IMPACT	FINANCIAL	
Pollution of air		US		DS	IMPACT			Short to long-term	-
Substance of concern			OO		IMPACT	RISK		Short to medium-term	Short to medium-term

Double materiality assessment of pollution



2.4

Water

2.4.1

Strategy, Policies and Processes

IRO-1

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

We mapped our operations, upstream and downstream activities to assess water consumption. The methodology consisted of stakeholder dialogues and industry research to better understand the impacts, risks and opportunities related to water. Haypp Group's product portfolio is heavily dependent on upstream nicotine production, which requires a substantial amount of water usage, industry research was used as a primary source of information. Assumptions related to water usage in nicotine production are based on industry standards. Cooling processes were identified as the primary source of water consumption in our operations.

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

WATER

Our operations and value chain have a significant effect on water resources. In the upstream value chain, the production relies on the water supply, making the industry heavily dependent on the reliant supply. Increased demand for our products could lead to a significant impact on the water along the value chain. The industry is sensitive to water scarcity and regulatory constraints on water withdrawals, consumption and discharge. Scarcity and limitations to water usage could disrupt operations, reduce supply and cause financial impact.

Water consumption is primarily linked to cooling processes necessary to maintain high product quality within our operations.

E3		VALUE CHAIN			IRO		TIME HORIZON	
SUBJECT		UPSTREAM – OWN OPERATION – DOWNSTREAM			IMPACT – RISK – OPPORTUNITY		IMPACT	FINANCIAL
Water		US	OO		IMPACT		Short to medium-term	-

Double materiality assessment of water

2.5

Resource Use and Circular Economy

IRO-1

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

We mapped our business units, sites and key organisational stakeholders to assess resource use and circular economy, including activities within our operations and upstream and downstream activities. The methodology consisted of stakeholder dialogues and industry research to better understand impacts, risks and opportunities related to resource use and circular economy. Haypp Group's product portfolio heavily depends on upstream production, packaging and downstream end-of-life treatment, the main conclusions related to resource use and circular economy are based on industry research and organisational expertise. Assumptions related to material usage are based on organisational data and industry research.

2.4.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model



RESOURCE INFLOWS

Haypp Groups' suppliers depend on inflows such as harvested tobacco and synthetic nicotine. In the operations, they need electrical office supplies and warehouse interiors. Nevertheless, we have a minimal impact on resource inflow from finished goods. There are financial risks in the inherent problem of climate change's impact on the production of essential materials, as it can lead to scarcity of products.



RESOURCE OUTFLOWS

Resource outflow occurs in the value chain's upstream, operations and downstream parts—all aspects impact product usage, recyclability and waste management. We need to adopt to packaging requirements, which may increase packaging prices and squeeze margins.



WASTE

Waste management in its operations and downstream relates to, for example, the end-of-life treatment of e-waste and the recycling of nicotine containers. We have limited control over how consumers recycle our products. However, increased pressure from the EU, such as the extended producer responsibility (EPR), transfers the costs to us, leading to reduced margins and potential loss of price-sensitive customers.

E5	VALUE CHAIN			IRO			TIME HORIZON	
SUBJECT	UPSTREAM - OWN OPERATION - DOWNSTREAM			IMPACT - RISK - OPPORTUNITY			IMPACT	FINANCIAL
Resource inflows	US	OO		IMPACT	RISK		Short-medium-term	-
Resource outflows	US	OO	DS	IMPACT			Short-medium-term	-
Waste		OO	DS		RISK		Short-medium-term	-

Double materiality assessment of resource use and circular economy



2.5.2

Targets, Outcomes and Measures

E5-4

Resource inflows

E5-4 RESOURCE INFLOWS		2024
Total weight of technical materials used (tonnes)		1,937.3
Total weight of biological materials used (tonnes)		1,664.9
Total weight of products and materials (tonnes)		3,602.1
BIOLOGICAL MATERIALS AND SOURCING		
Total weight of sustainably sourced biological materials (tonnes)		256.0
Percentage of sustainably sourced biological materials (%)		15.4%
REUSED OR RECYCLED INPUT MATERIALS		
Total weight of reused and recycled materials and components (tonnes)		280.7
Percentage of secondary reused or recycled components (%)		7.8%

NOTES

To avoid double-counting, all resource inflows have been considered as materials.

Data reported under inflow of materials includes products such as nicotine products, including the plastic containers, vape products, heated tobacco products, and packaging material for sold products.

Reported data is calculated based on order statistics, product data and physical measurements. Some estimates have been made regarding share of packaging material and weight of products.

Material from sustainable sources refers to packaging material and is FSC-certified.



E5-5

Resource outflows

Haypp Group does not have own production processes. We purchase products (nicotine pouches, vapes and heated tobacco products) and provide them to our customers.

The durability of products purchased and sold by Haypp Group are in line with the industry average. The repairability applies to a very small share of our product portfolio, as the vast majority (approximately 98 %) are consumable and/or one-time use goods. The remaining 2 % consist of battery devices within the Vape/Heated tobacco category and are not recommended to be repaired, nor come with spare parts.

E5-5 RESOURCE OUTFLOW		2024
PRODUCTS AND MATERIALS		
Share of recyclable content in product (%)		58%
Share of recyclable content in product packaging (%)		100%
WASTE MANAGEMENT		
WASTE AMOUNTS		
Total waste generated (tonnes)		242.0
WASTE TYPES		
Hazardous waste (tonnes)		0.4
Non hazardous waste (tonnes)		241.6
Radioactive waste (tonnes)		0.0
WASTE RECYCLING		
Non-recycled waste (tonnes)		95.0
Non-recycled waste (%)		39.3%
Recycled waste (tonnes)		146.9

WASTE TREATMENT TYPES	HAZARDOUS WASTE	NON-HAZARDOUS WASTE
WASTE DIVERTED FROM DISPOSAL		
Total	0.4	146.6
Reuse	0.0	0.0
Recycling	0.4	146.6
Other recovery	0.0	0.0
WASTE DIVERTED TO DISPOSAL		
Total	0.0	0.0
Incineration	0.0	95.0
Landfill	0.0	0.0
Other disposal	0.0	0.0

NOTES

Nicotine pouches and nicotine products consist of a recyclable plastic can (approximately 58 % of the weight) and non-recyclable consumable content (approximately 42 %). The product packaging is made of plastic wrapping and/or cardboard material and 100% recyclable.

Environmental Minimum Disclosure Requirements

This is the first year Haypp Group has started to align our sustainability report with the CSRD requirements. Moving forward, we will use the insights from the double materiality assessment to further evaluate and enhance business processes to drive continuous improvement. The process highlighted gaps in the implementation of the sustainability strategy and business processes related to minimum disclosure requirements. While environmental topics are highly important to Haypp Group, we currently lack policies, actions and targets related to our material environmental topics.

MDR-P

Policies adopted to manage material sustainability matters

Haypp Group recognises the importance of climate change, pollution mitigation, sustainable water management, resource use and a circular economy. Through our Business Partner Code of Conduct, we encourage business partners to work towards preventing, reducing and addressing environmental impacts within their operations. However, we have not yet established policies addressing our management of our material environmental topics. We will continue to evaluate possible policy implementations to ensure alignment with our sustainability goals.

MDR-A

Actions and resources in relation to material sustainability matters

Haypp Group has a few formalised actions for climate change, pollution and water. However, we will continue to evaluate our material topics' impact and explore ways to better understand and address this area.

Resource use and circular economy

CENTRALISATION OF THE WAREHOUSE IN TEXAS

In December 2024, we established a new automated warehouse and centralised our operation in the US. The warehouse is designed to replace previous third-party logistics (3PL) facilities and enhance operational efficiency. We have now adopted the same model as in Sweden and Norway and it incorporates automation systems that minimise material usage, leading to optimised transportation and logistics.

Aligned with our core strategy of Sustainable innovation for growth and product development the automation systems also facilitate a gradual shift from plastic packaging to corrugated cardboard, reducing environmental impact. Haypp Group continues to evaluate its business operations to improve resource use and switch to more sustainable packaging materials.

Pollution

INCREASED SHARE OF DELIVERIES IN SWEDEN WITH FOSSIL-FREE TRANSPORTATION

Haypp Group has actively chosen to expand its use of fossil-free logistic providers. Additionally, many suppliers are making the transition to 100% fossil-free operations, further accelerating this shift.

MDR-T

Tracking effectiveness of policies and actions through targets

Haypp Group does not have specific targets addressing climate change, pollution, water, resource use and circular economy. We continue to evaluate the impact of our material topics and explore ways to better understand and address these.

Social Information

Haypp Group creates social impact on our employees, workers in the value chain and our consumers, which is evident at every stage of its operations. Haypp Group creates social impact in our strategic areas Best place to work, Business ethics, Insights for all and Our contribution. To align with ESRS, we included Own workforce, Workers in the value chain and Consumers and end-users.



3.1

Own Workforce

Our organisation is flat and prestige-less, meaning everyone should feel seen, heard and valued. We build genuine relationships that contribute to a positive, caring atmosphere. To ensure that our corporate culture reflects our ambitions, we must listen to and consider employees' opinions.

We have consistently invested in our culture throughout the year to promote collaboration, innovation, and inclusivity. We always encourage our employees to seek new knowledge and ways to enhance their skills. This ensures that individuals have an opportunity for meaningful and long-term development at Haypp Group.

3.1.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

All Haypp Groups' employees and non-employees, such as consultants, are included in the double materiality assessment.



WORKING CONDITIONS

Haypp Group shapes our employees' working conditions to ensure a safe, healthy and supportive working environment. Good working conditions can increase motivation and productivity, ultimately improving financial performance. It is essential for us to ensure a high level of employee well-being and productivity. Our Code of Conduct and employee handbook are designed to mitigate risks by promoting adequate behaviours. Non-compliance with health and safety standards could lead fo a financial risk.

Forced- or child labour by the nature is not material for Haypp Group's own operations.



EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

The Code of Conduct establishes clear guidelines for promoting gender equality and inclusion. Prioritising these values can strengthen an environment where employees feel included, respected and proud to work for Haypp Group, which can also improve our financial performance. On the contrary, a failure to prioritise diversity and inclusion could harm our reputation as an organisation and employer.

S1		VALUE CHAIN		IRO			TIME HORIZON	
SUBJECT		UPSTREAM – OWN OPERATION – DOWNSTREAM		IMPACT – RISK – OPPORTUNITY			IMPACT	FINANCIAL
Working conditions			OO	IMPACT	RISK	OPPORTUNITY	Medium-long-term	Medium-long-term
Equal treatment and opportunities for all			OO	IMPACT	RISK	OPPORTUNITY	Medium-long-term	-

Double materiality assessment of own workplace

S1-1

Policies related to own workforce

CODE OF CONDUCT

Haypp Groups’ Code of Conduct is set to manage impacts, risks and opportunities for our employees, covering topics such as Business ethics and management of external relationships. We follow applicable laws and regulations to protect employees in the workplace, following all internationally recognised human rights and labour rights acts.

The Code of Conduct outlines our commitment to diversity, equality and a safe and inclusive working environment. The objective is to ensure employees feel safe and supported while cultivating a culture where everyone enjoys equal opportunities. The Code of Conduct sets clear expectations and Business ethics to prevent discriminatory practices and promote a safe and respectful work environment. We also want to ensure a safe physical working environment; therefore, it also includes the goal of having zero work-related illnesses, injuries and fatalities. The Code of Conduct training ensures all employees understand how to apply the essence in our daily work.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Haypp Group's Occupational Health and Safety Policy defines our measurements to systematically approach our work environment and minimise any risks related to health, safety, discrimination and harassment. The Occupational Health and Safety Policy defines Haypp Group's complaint procedures so that employees feel secure reporting any case of discrimination or harassment.

S1-2

Processes for engaging with own workforce and workers’ representatives about impacts

At Haypp Group, we actively involve our employees in driving organisational performance. Managers are encouraged to share results and performance updates with their teams monthly to boost improvement. Furthermore, smaller teams hold weekly meetings to ensure consistent communication and alignment.

We believe that transparency and communication are signs of a healthy organisation. By listening to our employees and equipping leaders with relevant insights, we empower them to lead their teams to tangible and measurable results.

We conduct employee performance reviews twice a year to support employee development. These reviews provide an opportunity to set goals and encourage personal growth.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

WHISTLEBLOWING CHANNEL

We maintain a whistleblowing channel for employees and other stakeholders to report unlawful or questionable market practices, unethical behaviour, or misconduct, regardless of whether it involves our organisation or external market actors.

The whistleblower function is hosted by an independent third party to ensure confidentiality and impartiality. Once a case is reported, it will be handled by the general counsel and the head of HR, who will handle it anonymously and discreetly. Our Code of Conduct and Occupational Health and Safety Policy outline information on individual protection and the secure reporting channel.

CASES OF DISCRIMINATION OR HARASSMENT

In our Occupational Health and Safety Policy, employees who believe they have been subjected to discrimination or harassment or have witnessed such behaviour should report it immediately to their manager and/or People & Culture Function. The People & Culture Function are responsible for investigating the complaint, implementing procedures to prevent such events and following up to ensure effective implementation. Haypp Group ensures that employees engaging in discrimination or harassment face disciplinary actions.

3.1.2

Targets, Outcomes and Measures

S1-5

Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Haypp Group recognises the critical role our employees plays in the success of our operations. While specific quantitative targets have not yet been established, we will evaluate our approach to transform our active employee management into actionable targets.

S1-6

Characteristics of the undertaking’s employees

HEADCOUNT BY GENDER		2024
GENDER	NUMBER OF EMPLOYEES (HEADCOUNT)	
Male		130
Female		102
Total employees		232

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER (HEADCOUNT)	FEMALE	MALE	TOTAL
Number of employees	102	130	232
Number of permanent employees	93	125	218
Number of temporary employees	1	1	2
Number of non-guaranteed hours employees	8	4	12

EMPLOYEES BY COUNTRY, BROKEN DOWN BY GENDER (HEADCOUNT)	FEMALE	MALE	TOTAL
Sweden	82	101	183
Norway	10	12	22
United States	6	10	16
United Kingdom	3	6	9
Germany	1	1	2

EMPLOYEE TURNOVER		2024
Employees who have left the organisation		22
Employee turnover		10.53%

NOTES

Employee characteristics are reported in headcount (HC) as of the end of the reporting period.

S1-7

Characteristics of non-employees in the undertaking’s own workforce

NUMBER OF NON-EMPLOYEES (HEADCOUNT)		2024
Self-employed people		8
People provided by other organisations		90
Other		0
Total non-employees		98



S1-8

Collective bargaining coverage and social dialogue

NUMBER OF EMPLOYEES WITHIN AND OUTSIDE EEA		2024
COLLECTIVE BARGAINING AGREEMENT COVERAGE		
Coverage of employees within EEA		0
Coverage of employees outside EEA		0
Total number of employees covered		0
Percentage of coverage		0%
WORKER'S REPRESENTATIVE COUNCILS		
Total number of employees within EEA covered by workers' representatives		0
Percentage of employees within EEA covered by workers' representatives		0%
WORKER'S REPRESENTATIVE COUNCILS		
Total number of employees within EEA covered by workers' representatives		0
Percentage of employees within EEA covered by workers' representatives		0%

NOTES

Data is reported in headcount (HC) as of the end of the reporting period.

S1-9

Diversity metrics

GENDER DISTRIBUTION OF TOP MANAGEMENT	HEADCOUNT	PERCENTAGE
Male	4	100.0%
Female	0	0.0%
Total (in top management)	4	
AGE DISTRIBUTION OF ALL EMPLOYEES		
Below 30	90	32%
Between 30-50	186	65%
Above 50	8	3%
Total employees	284	

NOTES

Data is reported in headcount (HC).

The top management consists of our executive management team.

For data on gender composition in our workforce, please refer to section S1-6 Employee characteristics.

When reporting on age distribution, the total number of employees does not correspond to the total number of employees reported in other sections, as the basis for the data was an average over the reporting period and is therefore not directly comparable to the data reported as of the end of the reporting period.



S1-10

S1-11

Adequate wages and Social protection

We take great pride in offering market salaries, applying market indications and performance as the foundation for yearly salary reviews. Therefore, all employees earn adequate wages. Employees have protection against income loss due to disability, invalidity and retirement. All European employees are entitled to parental leave and compensation for caring for relatives.

S1-13

Training and skills development metrics

PARTICIPATION IN PERFORMANCE AND CAREER DEVELOPMENT REVIEWS		2024
GENDER	% OF EMPLOYEES	
Male	53.1%	
Female	61.8%	
Total	56.9%	

NOTES

Data on the number of employees that participated in career development reviews is only partially available. We conduct performance reviews semi-annually, but only the data from the latest round could be extracted. It is therefore likely that the actual share of employees participating in the performance review is higher than reported in the table above. Haypp Group does not have data on average training hours per employee and by gender for 2024.

S1-14

Health and safety metrics

EMPLOYEES		2024
Health and management system coverage	0%	
Number of work-related accidents	0.0	
Accident rate	0.0	
Number of work-related ill health cases	0.0	
Number of days lost to work-related injuries, work-related ill health and fatalities	0.0	
Number of fatalities as result of work-related injuries and work-related ill health	0.0	
OTHER WORKERS ON UNDERTAKING'S SITES		
Number of fatalities as result of work-related injuries and work-related ill health	0.0	

NOTES

We currently do not have a health and safety management system in place.

S1-16

Remuneration metrics (pay gap and total remuneration)

REMUNERATION METRIC		2024
Gender pay gap	23.9%	

NOTES

To calculate the gender pay gap, gross hourly salaries are converted from national currencies to SEK. Haypp Group currently does not have data on the remuneration ratio.



S1-17

Incidents, complaints and severe human rights impacts

DISCRIMINATION AND HARRASSMENT INCIDENTS		2024
Number of Incidents of discrimination, including harrassment		0
Number of complaints filed through own workforce grievance mechanisms not included above		0
Number of complaints filed to National Contact Points for OECD Multinational Enterprises		0
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors		0
SEVERE HUMAN RIGHTS INCIDENTS		
Number of severe human rights issues and incidents connected to own workforce		0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises		0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce		0

S1-4

Taking action on material impacts on own workforce and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions

At Haypp Group, we prioritise health and employee well-being, recognising their essential role in growing a sustainable corporate culture. We, therefore, monitor employee health through initiatives like our “Taking the Pulse” program, which provides us with detailed and up-to-date insights into the organisation’s health. This process is supported by a continuous dialogue with employees, helping us mitigate potential risks while strengthening the work environment.

Haypp Group also continues to focus on employee development. Training and development opportunities are given to employees based on personal development plans to best cater to their aspirations. There are several mandatory trainings, such as the Code of Conduct. In addition, we offer a variety of voluntary trainings that we highly encourage employees to partake to support their ongoing professional development. During 2024, we increased our focus on training our next leaders within the organisation. This allows for organisational growth opportunities for employees and ensures that the organisation has competent and qualified leaders.

Our work to grow an inclusive and developing corporate culture and our competitive benefits are clearly shown in our retention and recruitment rates. During the year, we have retained a high percentage of our staff while recruiting new talents.

In the spring of 2024, we updated and clarified the organisation’s core values to better reflect its identity and purpose. This initiative is designed to provide greater clarity for current and future employees, to better align with the organisation’s values. Moreover, to ensure continuous alignment and organisational development, we also updated our Occupational Health and Safety Policy and the employee handbook.

3.2

Workers in the Value Chain

We actively ensure that all business partners sign our Business Partner Code of Conduct, or commits to an equivalent standard, to continue our work and provide safe and fair working conditions along the value chain. For Haypp Group, we must hold our business partners to the highest standard to ensure good working conditions for the workers in our value chain. In our updated Business Partner Code of Conduct, business partners must guarantee Haypp Group that they do not violate or contribute to a violation of human rights or labour rights.

3.2.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Haypp Group depends on both upstream and downstream value chain workers, who may be exposed to negative impacts. Negative impacts can range from poor working conditions to unequal treatment. As Haypp Group depends on sourcing and producing nicotine products, there is a risk of forced labour in the supply chain. While Haypp Group has a Business Partner Code of Conduct to ensure compliance with Human Rights Standards, a risk remains. Nevertheless, the Business Partner Code of Conduct aims to promote and provide fair and just working conditions for workers in the value chain.

S2-1

Policies related to value chain workers

The Business Partner Code of Conduct includes our requirements on human rights and working conditions for workers in our value chain. We require that all our business partners comply with fundamental human rights.

Including:

- Ensure equality and no discrimination
- Protect health and safety
- Respect freedom of association
- Fair wages and benefits
- No child labour
- No modern slavery or exploitation of labour
- Fair working hours

S2-2

S2-3

Processes for engaging with value chain workers about impacts and processes to remediate negative impacts and channels for value chain workers to raise concerns

Haypp Group is fully aware of the upcoming due diligence requirements outlined in the EU's Corporate Sustainability Due Diligence Directive (CSDDD). This will require a risk-based approach to identifying, preventing and mitigating adverse impacts on human rights and the environment throughout the value chain.

While the regulation will not directly impact Haypp Group, we will prepare to collaborate with our largest business partners, ensuring they are equipped to meet these requirements. Moving forward, Haypp Group will evaluate the appropriate approach to provide relevant stakeholders with sufficient information.



WORKING CONDITIONS

We depend on workers in the upstream value chain to assemble nicotine products, electrical components and many other functions. Haypp Group must ensure that our business partners follow the Business Partner Code of Conduct requirements for fair working conditions. There is an opportunity to positively influence our direct business partners by promoting decent working conditions for workers in the value chain. In the downstream value chain, specifically in distribution, we have a better insight into the health and safety risks as these business partners are closer to our core operations.

3.2.2

Targets, Outcomes and Measures

S2 - 5

S2 - 4

Actions and targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

At Haypp Group, we have established a target of 100% of our business partners signing our Business Partner Code of Conduct or committing to an equivalent standard. To monitor progress toward this goal, we conducted an outreach initiative in the fall of 2024 to identify business partners who had not signed the code. This effort included mapping the status and developing a structured plan to ensure full implementation of the Code of Conduct for every business partner going forward.

S2		VALUE CHAIN			IRO		TIME HORIZON	
SUBJECT		UPSTREAM - OWN OPERATION - DOWNSTREAM			IMPACT - RISK - OPPORTUNITY		IMPACT	FINANCIAL
Working conditions		US		DS	IMPACT		Short to medium-term	-

Double materiality assessment of workers in the value chain

3.3

Consumers and End-users

Consumer health is a core part of Haypp Group’s business strategy, with our ambitions to increase life length, save lives and reduce tobacco use and the harmful effects of smoking. To achieve this, we ensure correct age restrictions, communicate transparent product information and provide correct labelling for consumers to make informed choices. We aim to attract consumers seeking less harmful products, including tobacco and nicotine-free alternatives.

Our business's aims to improve individuals' quality of life, resulting in improved public health.

3.3.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

At Haypp Group, we have established a target of 100% of our business partners signing our Business Partner Code of Conduct or committing to an equivalent standard. To monitor progress toward this goal, we conducted an outreach initiative in the fall of 2024 to identify business partners who had not signed the code. This effort included mapping the status and developing a structured plan to ensure full implementation of the Code of Conduct for every business partner going forward.



INFORMATION-RELATED IMPACTS FOR CONSUMERS AND/OR END-USERS

Accurate labelling in compliance with the Food Act, Tobacco Act, industry standards and other regulatory requirements is essential to prevent harm to consumers. Robust data management and security practices can enhance public trust and attract more consumers, strengthening the organisation’s market position.

A part of our revenue is derived from consumer data sales, which involves managing significant volumes of personal information. Any data breach, improper handling of information, or non-compliance with GDPR could result in severe financial consequences, including customer and investor loss, reputational damage and regulatory fines.



PERSONAL SAFETY OF CONSUMERS AND/OR END-USERS

Although smoke-free nicotine products are a less harmful alternative to traditional tobacco products, they are not without risks. Consumers may face health issues such as heart complications, oral irritation, gum recession and tooth decay. Moreover, products like vapes and e-cigarettes carry risks of lung disease and asthma, emphasising the potential health impacts on consumers.

Regulations governing the composition and sales of nicotine products significantly affect the market expansion. Market restrictions, product content limitations and the illicit trade of non-compliant products pose substantial financial risks. To mitigate these challenges, it is critical for the organisation to navigate the regulated nicotine market, ensuring full compliance with legal and industry requirements.

S4		VALUE CHAIN			IRO		TIME HORIZON	
SUBJECT	UPSTREAM – OWN OPERATION – DOWNSTREAM			IMPACT – RISK – OPPORTUNITY			IMPACT	FINANCIAL
Information-related impacts for consumers and/or end-users			DS	IMPACT	RISK	OPPORTUNITY	Short to medium-term	Short to long-term
Personal safety of consumers and/or end-users			DS	IMPACT	RISK		Medium to long-term	Medium to long-term

Double materiality assessment of consumers and end users



S4-1

Policies related to consumers and end-users

Haypp Group has integrated consumers and end-users' considerations into the Code of Conduct, as our employees must be aware of the importance of customer relationships. The Code of Conduct focuses on Customers in focus, High-quality offerings to customers and Age restrictions.

CUSTOMERS IN FOCUS

We define customer satisfaction, trust and goodwill as the core of our success. Our Code of Conduct recognises that customers' needs, preferences and inquiries about our products and services are vital for our business development. Therefore, it is essential for us to incorporate customers' input into our business development.

HIGH-QUALITY OFFERING TO CUSTOMERS

We show our customer commitment by supporting the development of quality products while maintaining strict control. We must ensure sustainable product offerings that do not overlook the impact on consumers' health.

AGE RESTRICTIONS

Fundamentally, it is essential for Haypp Group that we ensure compliance with age restrictions when purchasing our products. The Code of Conduct also ensures that all employees are responsible for not directing any marketing, advertisement or promotion to minors, nor do we interact with them. We also want to go beyond compliance and engage in public debate to ensure that other industry actors act responsibly.

Haypp Group also has a Marketing and Products Standard for Nicotine Containing Consumer Products, which all business partners must comply with. The standard aims to ensure that consumers and end-users receive accurate and sufficient information regarding the product they consume.

The standard covers four topics:

- **Sales of products**
Ensuring that all nicotine-containing consumer products shall only be sold to adults of legal age in each jurisdiction. Thus, no marketing advertising or promotion of nicotine products shall be directed to persons under the legal age limit.
- **Product labelling**
The packaging must inform the consumer of the risks connected with the use of the product and applied content information.
- **Product**
The products must comply with relevant laws, including but not limited to, food legislation, tobacco/ or nicotine legislation, industry regulation and rules and recommendations from authorities.
- **Marketing**
The products should be advertised and promoted according to applicable laws and regulations.

S4-2

Processes for engaging with consumers and end-users about impacts

Haypp Group engagement channels which we communicate with our customers. Each year, Haypp Group conducts a customer survey, which we summarise in the Nicotine Pouch Report, which is published each year. The insight team at Haypp Group is responsible for the report. It highlights input from our customers and gives an overview of which clients used our products instead of tobacco.

We are also engaging our customers through other communication pathways such as newsletters and blog updates.

S4-3

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

In case of a negative impact on customers, there is a customer service channel where they can raise their concerns in addition to our whistleblowing channel. Each case will be assessed individually to ensure sufficient remedy for the negative impact caused by Haypp Groups' products or services. The channel can be reached either via phone or email on weekdays.

3.3.2

Targets, Outcomes and Measures

S4-4

S4-S

Targets and actions related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities related to consumers and end-users

Haypp Group's core business model focuses on contributing to an improved health impact on consumers. We have therefore created our entity-specific material topic, 'Our contribution', in which we outline key targets and actions aimed at addressing consumers. Please refer to the material topic Our contribution for more details.

Governance Information

Our strategic focus on Business ethics is driving our efforts in business conduct. Corporate governance ensures that Haypp Group is managed sustainably, responsibly and efficiently. Governance supports Haypp Group's long-term strategies and objectives and forms the foundation for continued profitable and sustainable growth. The aim is to increase shareholder value while maintaining confidence among shareholders and other key stakeholders through a high level of ethics in e-commerce and the nicotine sector.

4

Business Conduct

GOV-1

The role of the administrative, management and supervisory bodies

CORPORATE STRUCTURE AND GOVERNANCE

The highest governing body for Haypp Group is the annual general meeting (AGM), in which the shareholders exercise their decision-making powers. At the AGM, the Board of Directors 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 elected members should manifest diversity regarding versatility and breadth of competencies, experiences and backgrounds. During 2024, the Board of Directors consisted of six members and the chairman of the Board of Directors of Haypp Group was Ingrid Jonasson.

The Board of Directors appointed Gavin O'Dowd as the CEO of Haypp Group, who in turn leads the four-member Management team. The corporate governance structure is set up with different functional and department managers who report to the CEO and handle daily operations together, including decision-making concerning economic, environmental and social fields. The Board of Directors continuously oversees the work of the Management team.

The Board of Directors has the oversight responsibility for sustainability at Haypp Group. They determine the strategy for Haypp Group and identify the various risks based on recommendations from the Management team.

The Board of Directors is tasked with monitoring the risk management process and is continuously informed about existing and newly identified risks, including measures taken to mitigate these risks. All functions are responsible for managing the risks associated with their plans, both centrally and by individual employees.

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

4.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model



CORPORATE CULTURE

Our Business Partner Code of Conduct enforces high standards for ethical conduct across our supply chain, addressing safe production, compliance, human rights, environmental responsibility and bribery and corruption expectations. This reduces upstream social and environmental risks, although supplier non-compliance remains a relevant concern. Internally, our main risks are centred on the license to sell, age verification and marketing restriction, as non-compliance could significantly harm the organisation and our stakeholders. We aim for a thriving corporate culture, as it strengthens performance and motivation, increased retention rates and a high talent attraction. Thus, we are actively working to avoid risks associated with a poor corporate culture.



POLITICAL ENGAGEMENT

The nicotine industry is highly affected by regulatory changes, including packaging restrictions and nicotine content limits, making proactive political engagement essential. We collaborate with different organisations and stakeholders to share our expertise. Our contributions to research institutes and participation in health and nicotine seminars and conferences create industry awareness and help us attract investors.



CORRUPTION AND BRIBERY

While corruption vulnerabilities are present at an industry level, Haypp Group has assessed all its operations for risks related to corruption and did not identify any significant issues. Haypp Group does have management systems, policies and mandatory trainings in place to manage these risks.



G1	VALUE CHAIN			IRO			TIME HORIZON	
SUBJECT	UPSTREAM – OWN OPERATION – DOWNSTREAM			IMPACT – RISK – OPPORTUNITY			IMPACT	FINANCIAL
Corporate culture	US	OO		IMPACT	RISK	OPPORTUNITY	Short to medium-term	Medium to long-term
Political engagement	US	OO		IMPACT	RISK	OPPORTUNITY	Short to medium-term	Medium to long-term
Corruption and bribery	US		DS		RISK		-	Short to medium-term

Double materiality assessment of business conduct

G1-1

Corporate culture and business conduct policies

CODE OF CONDUCT

We must uphold the highest ethical standards to deliver consistently and successfully to our current and future customers. Haypp Group's first Code of Conduct and then called, Supplier Code of Conduct, were implemented throughout 2021. For us, it is essential to keep reevaluating and updating our policies to our current standards. Therefore, in 2024, we updated our Code of Conduct and rebranded our Supplier Code of Conduct as the Business Partner Code of Conduct. These updates were formally decided upon by the Board of Directors and implemented through the organisation's Management team. Therefore, our codes are not only a declaration of how we act and the standards we commit to but also tools for managing material impacts, risks and opportunities. The Code of Conduct is a part of developing and promoting our business conduct and corporate culture

and we continuously invest in our culture to encourage collaboration, innovation, inclusivity and execution. Aiming to create a winning concept for high levels of well-being and ensure high accountability among our employees.

To support this, we must ensure that all employees, business partners, workers in the value chain and external stakeholders are comfortable enough to report and share their experiences. Haypp Group commits to investigating business conduct incidents promptly, independently and objectively. To ensure this, our whistleblower function is hosted by an independent third party, which handles all reports securely and confidentially. The whistleblower function can be used to escalate unlawful or questionable market actions and practices, regardless of whether it is our own or other actors' market activities.

The updated Code of Conduct includes our commitment and integrates customer and sustainability ambitions. It sets clear guidelines for our people and workplace to ensure a safe and inclusive workplace where diversity and equality are recognised as strengths. It also incorporates zero-tolerance for bribery and corruption, communication practices and compliance. The Code of Conduct integrates organisational business practices and guidelines, establishing clear employee rules. All employees and full-time consultants must review and complete a mandatory e-training on the Code of Conduct.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Haypp Group's Occupational Health and Safety Policy defines our approaching to minimise any risks related to health, safety, discrimination and harassment. It also

defines roles and responsibilities, setting expectations and responsibilities for the CEO, managers, the People & Culture Function and employees. Through defined areas of responsibility, Haypp Group can ensure a structured and systematic management of our work environment.

BUSINESS PARTNER CODE OF CONDUCT

Our Business Partner Code of Conduct is fundamental to working with sustainable principles with our contracted business partners, manufacturers and distributors of nicotine products. All Haypp Group's product suppliers must fulfil the Business Partner Code of Conduct requirements. To ensure compliance with our contract, we reserve the right to conduct inspections and audits of the partner's compliance with the Business Partner Code of Conduct and the underlying contract. The code content is included in the table below.

MARKETING AND PRODUCT STANDARD FOR NICOTINE CONTAINING CONSUMER PRODUCTS

The Marketing and Product Standard regulates nicotine-containing consumer products that do not contain tobacco. All Haypp Group’s business partners must comply with the standard. In the event of non-compliance with the standard, Haypp Group reserves the right to terminate any business agreement with the business partner. More detailed information on the standard can be found under Consumers and end-users.

BUSINESS PARTNER CODE OF CONDUCT
Product compliance
Bribery and corruption
Fair competition and anti-trust
Anti-money laundering and terrorist financing
Taxes and other fees
Human rights and working environment
Environmental sustainability

PRODUCT AND MARKETING STANDARD
Sales of products
Product labelling
Product
Marketing
Governance

G1-3

Prevention and detection of corruption and bribery

Haypp Group has provided the Board of Directors, Management team, all employees and business partners with comprehensive information on our anti-corruption and anti-bribery policies and procedures. Additionally, they have all participated in dedicated anti-bribery and compliance training. In the Code of Conduct training, employees learn about detecting and preventing corruption and bribery through company policies. All employees are actively asked to sign and abide by the code. Members are also urged to report any suspicions of corruption and bribery to senior management or through our whistleblowing channel.

The policies and procedures on anti-corruption are also communicated to authorities, municipalities, the relevant ministry and the Parliament Committees on Civil Affairs and Industry and Trade. Individuals with a higher risk of being exposed to situations where corruption could be present have received direct training.

4.2

Targets, Outcomes and Measures

G1-4

Action plans and resources to manage its material impacts, risks and opportunities related to corruption and bribery

UPDATED POLICIES

To maintain resilient business management, we updated several key policies to ensure that our organisation and

business partners are held to the same high standards. These policies were approved by the Board of Directors. We continue to invest in internal training programs, ensuring that all employees, including the Management team, receive corruption and bribery prevention training.

G1-5

Political influence and lobbying activities

The Head of Legal and External Affairs oversees political influence and lobbying activities. However, currently, Haypp Group does not engage in any lobbying activities and has not made any financial contributions to political causes. Haypp Group has not appointed any members of the management or Board of Directors, who held comparable position in the public administration in the two years preceding such appointment. Haypp Group is not registered in EU Transparency register nor any equivalent register.

INCIDENTS OF CORRUPTION OR BRIBERY		2024
VIOLATIONS OF ANTI-CORRUPTION AND ANTI- BRIBERY LAWS		
Number of convictions for violation of anti-corruption and anti- bribery laws		0
Amount of fines for violating anti-corruption and anti- bribery laws (EUR)		0
INCIDENTS OF CORRUPTION OR BRIBERY		
Number of confirmed incidents of corruption or bribery		0
Number of confirmed incidents where workers were dismissed or disciplined		0
Number of confirmed incidents where business partner contracts were terminated or not renewed		0

Haypp Group Entity Specific

OUR CONTRIBUTION



Our contribution

At Haypp Group, consumer health is at the core of everything we do. Our ambition to promote better health outcomes by reducing tobacco use, minimising harmful effects and helping consumer live healthier lives.

We are committed to responsible business practices, which means respecting and enforcing age restrictions, ensuring transparency in product information and providing clear labelling so that consumer can make informed choices. Our focus is on offering adult consumers less harmful alternatives to traditional tobacco products, along with nicotine-free options for those looking to reduce or quit nicotine use entirely. Not only is it the right thing to do, but it also makes good business sense.

5.1.1

Strategy, Policies and Processes

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

MDR-P

Policies adopted to manage material sustainability matters

Haypp Groups' strong ambitions to continue to improve public health through harm-reducing products is integrated in our Code of Conduct in which we focus on consumers, age restrictions and high-quality offerings. More details on this policy can be found under Consumers and end-users.



OUR CONTRIBUTION

For Haypp Group, Our contribution, is a core element of our purpose and business model, which can be seen in our ambition to only offer products that are significantly less harmful products than cigarettes. We play a role in reducing tobacco-related deaths by offering nicotine products as alternatives to traditional tobacco products. However, in markets, Haypp Group continues to provide tobacco products, they are still responsible for the harm it causes these customers.

To support customers seeking to reduce or stop their nicotine consumption, Haypp Group also offers Nicotine-free alternatives. Their product offerings and business model align with their commitment to hard reduction, leveraging research that suggests that nicotine products will be less harmful than the negative impacts associated with traditional tobacco use. Nevertheless, while the products are less harmful, it is Haypp Group's responsibility to communicate the health-related impacts of nicotine products.

Haypp Group's strategy depends on an accurate, evidence-based assessment that nicotine products contribute to reducing tobacco-related deaths, increasing life expectancy and supporting customers to quit altogether. Changes in the scientific consensus could significantly impact Haypp Group's operations, including sales, reputation and potential financial consequences such as regulatory fines.

X1		VALUE CHAIN			IRO		TIME HORIZON	
SUBJECT		UPSTREAM – OWN OPERATION – DOWNSTREAM			IMPACT – RISK – OPPORTUNITY			FINANCIAL
Our contribution				DS	IMPACT	RISK	OPPORTUNITY	Short to medium-term
								Short to medium-term

Double materiality assessment of Our contribution



5.1.2

Targets, Outcomes and Measures

MDR-A

Actions and resources in relation to material sustainability matters

For Haypp Group, working with Our contribution means enforcing age restrictions, ensuring transparent product information communication and correct labelling so that consumers can make informed decisions.

To contribute to Our contribution, we aim to be a worldwide source of essential health-related information and insights. We achieve our goals by building insights and providing researchers with quantitative data to develop the knowledge of healthier alternatives.

In 2024, we continued our progression towards healthier alternatives of nicotine pouches, this is illustrated in our key figures:

- 111 external organisation used Haypp Group data
- 17 742 in reach through the oral nicotine forum
- + 4 768 897 visits on editorial sites

KNOWLEDGE SHARING ON HARM REDUCTION AND SUSTAINABILITY

A part of our continuous work, we actively participating in externally organised seminars and media events to discuss our sustainability efforts and harm reduction efforts, which aim to improve public health. The purpose of our engagement is to spread knowledge and enhance public awareness of harm-reducing products as a substitute for tobacco products.

MDR-T

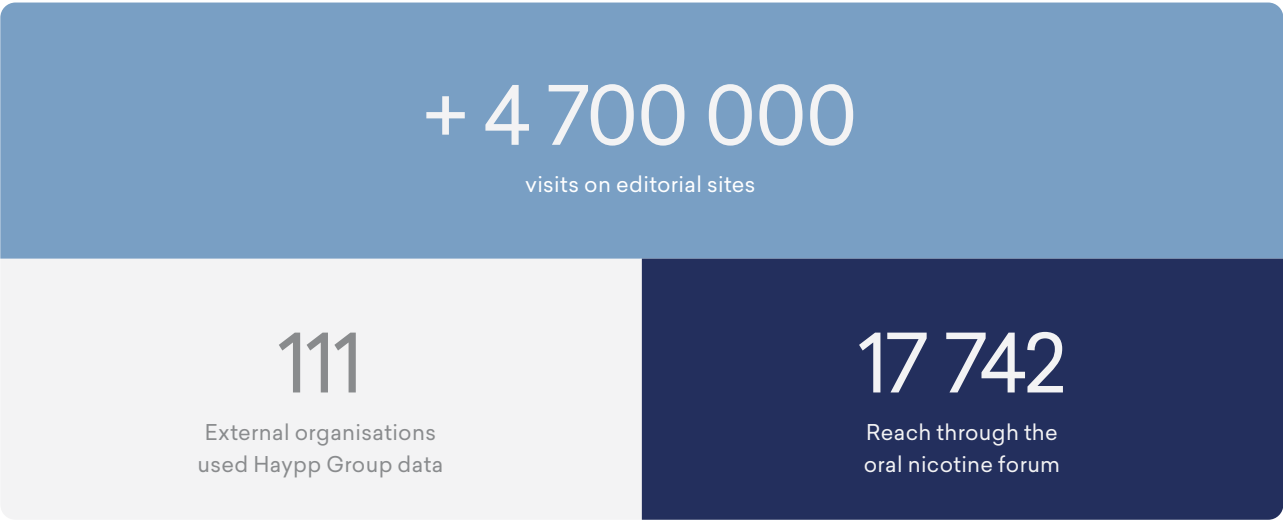
Description of metrics used to evaluate performance and effectiveness, in relation to material impact, risk and opportunity

Since 2021, Haypp Group has tracked Our contribution indicators across four categories: Growing customers of harm-reduced products, Increasing life expectancy, Decreasing tobacco deaths and Increasing quitters.

GOALS	METRICS	2021	2022	2023	2024
Grow customers of harm-reduced products	# of purchasing customers of harm-reduced products	682 000	792 000	953 000	1,108,632
	# of Market	x	x	8	7
Decrease global tobacco deaths	# of actively impacted lives	113 303	132 241	150 156	821,546
Increased life expectancy	# of years saved by switching	-	-	-	1,325,106
More quitters	# of quitters of smoking tobacco	237 108	319 440	363 857	427,203

NOTES

Number of years saved by switching and number of consumers quitting smoking tobacco is based on our latest macro surveys run in Sweden and US that suggest that around 52% of our consumers quit smoking through nicotine pouches.





Data Points Included in the CSRD-Report

LIST OF MATERIAL DISCLOSURE REQUIREMENTS

SECTION/ DISCLOSURE REQUIREMENTS	PAGE/REFERENCE	SECTION/ DISCLOSURE REQUIREMENTS	PAGE/REFERENCE
GENERAL INFORMATION		ENVIRONMENTAL INFORMATION	
ESRS 2 GENERAL DISCLOSURES		Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)	34
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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 2024, 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 "Business Partner 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 "Business Partner Code of Conduct".</p>	<p>Haypp Group's Code of Conduct as well as its Business Partner Code of Conduct, contain requirements to respect human rights. The Business Partner Code of Conduct was updated and implemented during 2024. 80 % percent of our product 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 utilized instead.</p> <p>Please refer to the "Code of Conduct" and "Business Partner 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 "Business Partner Code of Conduct".</p>
RESULT OF POLICY	<p>It is continuous work to decrease the environmental impact. 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, which was completed in 2024. Efforts to achieve compliance with CSRD continued and deepened throughout 2024, with the goal of being fully compliant by 2025.</p> <p>Please refer to "Materiality analysis".</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, which was completed in 2024. Efforts to achieve compliance with CSRD continued and deepened throughout 2024, with the goal of being fully compliant by 2025.</p> <p>Please refer to "Materiality analysis".</p>	<p>In 2024, Haypp Group continued to deepen the dialogue with the suppliers related to the Code of Conduct, Business Partner 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, which was completed in 2024. Efforts to achieve compliance with CSRD continued and deepened throughout 2024, with the goal of being fully compliant by 2025.</p> <p>Please refer to "Materiality analysis".</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, which was completed in 2024. Efforts to achieve compliance with CSRD continued and deepened throughout 2024, with the goal of being fully compliant by 2025.</p> <p>Please refer to "Materiality analysis".</p>
PERFORMANCE INDICATOR	<p>Please refer to "Data & results", "Scorecard", and "Sustainable innovation for growth and development".</p>	<p>Please refer to "Data & results", "Scorecard", and "The best place to work".</p>	<p>Please refer to "Data & results", "Scorecard", and "Business ethics".</p>	<p>Please refer to "Data & results", "Scorecard", and "Business ethics".</p>

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, org.nr 559075-6796

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2024 och för att den är upprättad i enlighet med årsredovisningslagen i enlighet med den äldre lydelsen som gällde före den 1 juli 2024.

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