

A CATALYST FOR CHANGE IN THE NICOTINE INDUSTRY

# HAYPP GROUP

## Sustainability Report 2022

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# The Report

This report pertains to Haypp Group AB, corporate identity no. 559075-6796, and its subsidiaries\*. Haypp Group reports its sustainability work based on our materiality assessment. These sustainability aspects follow the Global Reporting Initiatives standard and have been assessed as material in relation to the company's business and stakeholders' expectations. Previously reporting has been made based on GRI Core, while as of reporting 2023, the GRI Standards (GRI 1, GRI 2 and GRI 3) are used for reporting as the basis for Haypp Group's sustainability report for the fiscal year of 2022.

In accordance with Chapter 6, Section 11 of the Swedish Act of Annual Reporting, Haypp Group has chosen to issue the statutory sustainability report as separate from the annual report. Haypp Group reports on its sustainability work annually, and the relevant period for this report is the financial year from January 1, 2022, to December 31, 2022. This is the third time a sustainability report has been made for Haypp Group and the second time as a listed company.

The Board of Directors of Haypp Group is responsible for this sustainability report, and comments relating to the sustainability report may be sent to [sustainability@hayppgroup.com](mailto:sustainability@hayppgroup.com).

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



# Highlights 2022

As 2022 progressed and restrictions put in place to respond to the pandemic were lifted, consumers generally found their way back to physical stores. This meant several fast-growing e-commerce companies had a rude awakening, especially in the second half of the year, with declining sales. For Haypp Group, however, this did not manifest itself, partly due to a relatively loyal consumer base, the nicotine category not being as volatile and robust business performance.

## Health Contribution

 **130 672** lives actively impacted

 **4 586 958** years which will be lived

As consumers in 2022 choose a significantly less harmful alternative for their nicotine enjoyment.



### +2 250 000 visits to editorial and educational pages

Over 2.25 million visits to editorial and educational pages on our different sites which covers everything from market developments and scientific to fun facts.



### 100% Supplier Code of Conduct

100% of our nicotine product suppliers have signed our Supplier Code of Conduct or have developed similar codes of conduct and processes.



### +4 500 000 SEK invested in product testing - NicoLeaks

Invested over 4.5 million SEK in product testing and marketing standard of nicotine pouches. Results shared openly on [www.NicoLeaks.com](http://www.NicoLeaks.com)



### +13.5% orders shipped

The number of orders shipped each day rose by +13,5% from about 9 250 orders to around 10 500 orders per day in 2022 totalling almost 75 million cans.



### New warehouses for improved consumer convenience

The own warehouse operation in the United States was moved to new facilities in Texas, reducing the long distant shipping across the southern US. Together with two strategic 3PL warehouses, the distribution capabilities throughout the market were enhanced.

In the United Kingdom a new 3PL warehouse was opened, increasing the convenience for UK customers and enabling further category and market initiatives.



### Decreased gender salary gap

Previously salary comparison for Swedish employees showed a 10-19 per cent difference in favour of male employees in main employment categories. For 2022 the gender salary gap decreased notably. The latest salary comparison showed a difference of 3-9 per cent in favour of males among mid- and senior-level specialists, while among heads of departments and business managers, the difference is 8-10 per cent in favour of women. A clear focus on the issue of the gender gap has made a difference, and continued focus is needed in both directions.



### Building the organisation and strengthening our values

Strong growth and landing in a larger organisational suit while trying not to grow the organisation just for growing and keeping the efficiency high are only sometimes the easiest. During the year, Haypp Group established the organisation in local markets further to improve business functions and market presence. Relative high turnover rate and newcomers joining us is a challenge and an opportunity to continue integrating all new employees and building the organisation's culture. The People & Cultural organisation has therefore been strengthened. The cultural values of Haypp Group serve as a guide..

# About Haypp Group

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

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

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

In recent years, Haypp Group extended the number of e-commerce platforms through main acquisitions, today operating eleven platforms. The online presence is strong within Scandinavia, selected European markets, as well as in the United States. The value chain normally starts with harvesting tobacco leaves from which nicotine is extracted to produce nicotine pouches or e-juices for vaping products.

The tobacco leaves are also used directly in manufacturing Swedish-styled snus, which contains tobacco. There are also products which do not use tobacco-derived nicotine but instead laboratory-produced nicotine, a synthetic nicotine source. Our main suppliers are nicotine pouch and snus manufacturers, which are upstream of the value chain. As an online retailer of consumer products, Haypp Group also has suppliers that provide services related to transport and delivery, mainly found downstream in the value chain. Furthermore, suppliers include IT hardware and software as well as services related to warehouse operations and offices.

Haypp Group works in collaboration with the brand owners, both larger international companies and smaller start-ups producing and developing nicotine pouches or related products.

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

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

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

## Our portfolio

HAYPP

 SnusBolaget.se

 SnusHjem.no

 SnusMarkt.ch

 snus.com

Snuslageret

 NETTOTOBAK

GET SNUS

 NICOKICK

SNUSNETTO



NORTHERNER

8

markets

11

brands

# Milestones

## 2017

Our higher purpose was established – to inspire healthier enjoyment.

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

## 2019

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

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

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



## INSPIRE HEALTHIER ENJOYMENT FOR MILLIONS

## 2018

To have an international impact, we decided to enter other markets. Firstly Norway, followed by Switzerland, the US and several European countries.

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

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

## 2020

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

Stakeholder dialogues performed with employees, suppliers and customers.

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

Launched the Supplier Code in Q2 2020.

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

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

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

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

# Milestones



## 2021

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

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

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

Acquisition of Nettotobak respectively Snusnetto, both in Sweden, confirms Haypp Group's position as the Swedish market leader in oral nicotine.

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

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

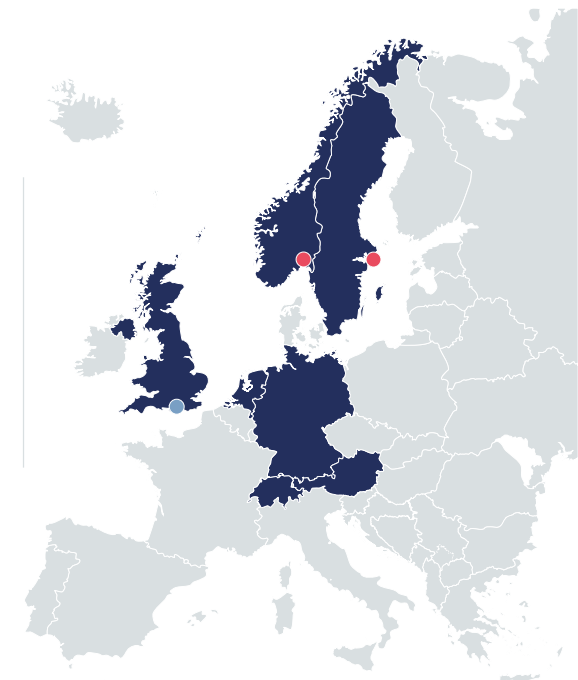
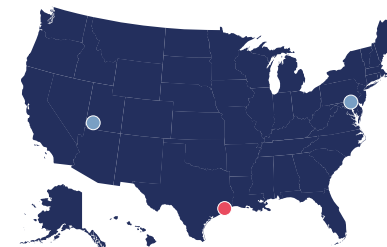
## 2022

New warehouse in Texas, US, to enhance distribution capabilities and reduce long distant shipping across the southern US. Now having one own warehouse and two 3PL to be able to optimise delivery to consumers.

Moved operations for the UK market to a 3PL warehouse in the market, which also gave capacity for the domestic market in Sweden.

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

At the end of 2022, we became a member and participates in the technical committee of the Swedish Institute for Standards, SIS, on tobacco and nicotine-related topics.





# Financial management

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

## Financial targets

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

### Growth

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

### Profitability

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

### Dividend policy

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

The employees of Haypp Group are, apart from shareholders in the company, heavily invested in the company's success, holding warrants comparable to approximately 10% of the issued shares.

## Performance measures

(AMOUNTS IN MSEK)	2018	2019	2020	2021	2022
Net sales	460.1	802.4	1 729.2	2 266.8	2 598.8
Gross profit	-	-	224.9	248.7	361.2
Adjusted EBIT	-	-	38.3	41.5	58.5
Profit/loss for the period	-	-	-27.8	-27.6	20.1

## Shareholders

TOP 10 LARGEST SHAREHOLDERS	# OF SHARES	SHARE*	EMPLOYEE SHAREHOLDERS	# OF SHARES	SHARE*
GR8 Ventures AB	4 323 953	14.85%	CEO	1 179 931	4.05%
Patrik Rees	3 612 423	12.41%	Employees (excl.CEO)	131 312	0.45%
Fidelity Investments (FMR)	2 909 789	9.99%	Total employees	1 310 703	4.5%
Northerner Holding AB	2 797 917	9.61%			
madHat AB	1 696 269	5.83%	EMPLOYEE WARRANTS # OF WARRANTS		
e-Business Partner Norden AB	1 216 130	4.18%	CEO, Gavin O'Dowd		116 883
Gavin O'Dowd	1 179 391	4.05%	Management team employees		2 111 487
Ola Svensson	1 174 665	4.03%	Non-management team employees		932 242
Pulsen Sb Investment AB	1 065 900	3.66%	Total		3 160 612
Erik Selin	1 000 000	3.43%			

\* Shareholders at the end of the fiscal year 2022. Employees also include an insignificant portion of former employees.



# Governance and sustainability

## Corporate structure and governance

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

background. During the year 2022, the BoD consisted of six members and the Chairman of the BoD of Haypp Group is Ingrid Jonasson.

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



*Ingrid Jonasson, chairman of the Board of Directors*



*Gavin O'Dowd, CEO*

## The ownership of sustainability and handling of risks

The overall responsibility for performance within sustainability lies with the BoD. They determine the strategy for Haypp Group and identify the risks based on recommendations from the Management team. The BoD is tasked with monitoring the risk management process and is continuously informed about existing and newly identified risks and measures taken to limit these risks. All functions are responsible for managing the risks associated with their plans, both centrally, and by individual employees. The Code of Conduct helps to ensure a corporate culture that prevents unnecessary and avoidable risk-taking.

All employees are requested to identify and report events and circumstances which include risks. Existing and potential risks are discussed on an ongoing basis within the Management team. To ensure the responsibility is clearly communicated and the management team has the right tools, a policy was developed and adopted in 2021, followed by internal dialogues and e-learning. As part of the onboarding process for all employees, the Code of Conduct is reviewed, training completed, and individuals are required to actively

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

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



# Functional structure

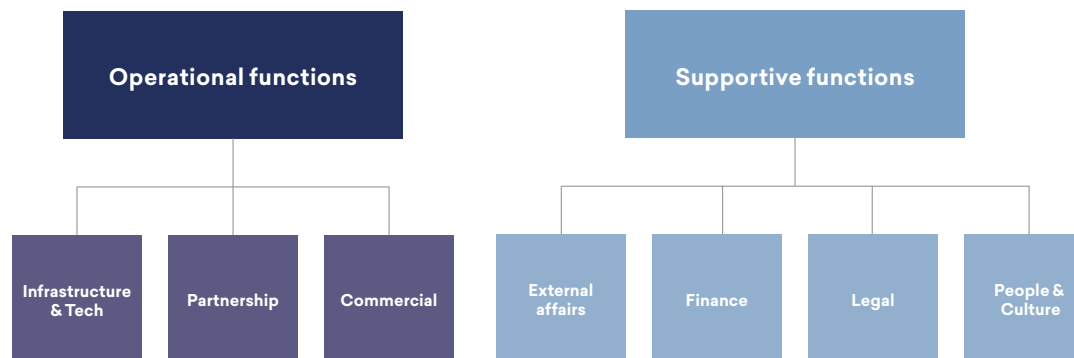
The structure of Haypp Groups is illustrated here with operational and supportive functions. Within each of the functions, the activities are performed by several different departments. This is especially applicable for the operational functions where certain division structures exist based on the type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

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

In total, during the year 2022, Haypp Group had 205 employees, out of 96% on permanent contracts or in the case of the United States, working full-time. In addition, Haypp Group had during 2022 a total of 19 consultants, whereof five working part-time. In Sweden, there were in total 172 employees in 2022, while the average number of employees throughout the year was 124 persons.

An overview of the employees within Haypp Group is shown here while further material topics can be found in the materiality analysis and data section.

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



EMPLOYEE	FULL TIME	PART-TIME	CONTRACTED
Sweden	158	14	10
Norway	15	-	-
United Kingdom	1	-	-
Germany	-	-	1
Other European country	-	-	7
United States	17	-	1
<b>Total</b>	<b>191</b>	<b>14</b>	<b>19</b>

# Logistics and value chain of oral nicotine products

**From suppliers to enlightened consumers who have chosen to use less harmful nicotine products.**

Every day, Haypp Group sends roughly 10 500 packages to customers around the world. From suppliers to enlightened consumers who have chosen to use less harmful nicotine products. Haypp Group purchases the products from suppliers in Europe and the United States, though they are manufactured from across the globe.

In 2022, Haypp Group continued its planned investments and changed its warehouse infrastructure. After setting up a Swedish warehouse and adapting a warehouse in the United States in 2020, Haypp Group established another warehouse in Norway at the end of 2021. In Europe, additional infrastructural changes with more warehouse capabilities were implemented in 2022 with a new 3PL warehouse in the UK.

In the US, the warehouse was moved to new facilities in Texas in 2022, which enhanced distribution capabilities and reduced long distant shipping across the southern US.

Three of the six warehouses are our own, located in Sweden, Norway and the United States.

The three 3PL-operated warehouses are in the United Kingdom, and two are in the United States.

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

As Haypp Group has its own warehouse in Stockholm, Oslo and Texas, together with additional 3PL the distance between the warehouse and many of our customers has become significantly shorter. As an

effect, fewer packages need to travel long distances, thereby optimising the delivery, both from an operational and logistical perspective.

We have also increased volumes with carriers that invest in green deliveries, for example, electric cars or emission-free alternatives of last mile delivery. On top of that, our warehouse in Stockholm, and Oslo, has a large part of its energy supply powered by solar panels. This additional positive environmental effect was not doable in the previous external warehouses.

## The value chain

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

In regard to the development of new products and raw material sourcing, our ability to influence is low, likewise with the manufacturing and inbound transportation.

However, Haypp Group's ability to influence the warehouses and other facilities, as well as how the e-commerce is presented and operated, is much higher.

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


# Culture and team values

As the restrictions by the Covid-19 pandemic were rolled back during 2021, an initiative to define Haypp Group’s cultural values was initiated through in-depth dialogue with employees. In 2022 these cultural values were taken forward and utilised to drive certain cultural and team behaviours by highlighting when individuals or groups of employees demonstrate the values.

When defining the values, both quantitative and qualitative methods were used. Certain core behaviours were identified based on what employees would like to see themselves as well as classified as fundamental for future successful company growth.




## Core success behaviours




**BADASS TEAMWORK**

- We accomplish things together with a cross functional approach
- We are always ready to help each other out
- We foster reflection in order to learn and grow
- We seek diversity in opinions, personality, backgrounds and capabilities




**NO DOUCHEBAGS**

- We listen to what everyone has to say
- We are welcoming and inclusive
- We keep a friendly tone and contribute to a fun and positive atmosphere
- We show appreciation and care about each others well-being



**ENCOURAGE INNOVATION**

- We welcome and nurture all ideas no matter where they come from
- We try new things and learn from it.
- We embrace and celebrate change
- We trust in each other



**DIVE IN HEADFIRST**

- We take action, go for it and make stuff happen
- We set clear and high goals and celebrate when we reach them
- We deliver quality and we are dependable
- We perform without prestige while keeping it simple
- We are proud and passionate of what we do

# A sustainable business model

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

**The company process**

**The business concept**

**The strategic areas**





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

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

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

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



## The business concept – the consumer is the focus

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

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

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

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

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

### Attract

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

### Convert

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

### Change

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

### Understand

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



## The strategic areas – to drive change

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



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



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



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



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



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

## A scorecard for sustainability

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

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

**Haypp Group Sustainability Scorecard**  
Precautionary principle

Purpose	Strategies	Goals	KPIs	Frequency	Measure	Action	Comment	
Health Contribution	Decreasing Global Tobacco Deaths	Constant Growth of alternatives	Number of active smokers globally Market share of ALN, L&E, E&C	Quarterly	Absolute number	Continuation Campaigning		
		Decreasing Global Tobacco Deaths	Number of oral nicotine products	Yearly	Absolute number	Continuation Campaigning		
		Increasing Stickers	Number of global tobacco products	Quarterly	Index figure	Health Contribution Work \$, Health, Risk, & Quality		
		At a regional level	Number of global tobacco products	Quarterly	Absolute number from country-specific data	Health Contribution Work		
Insights for all	Etabled new brands	All regional focus for health	# of health alternatives, as defined in WHO, using Haypp data	Yearly	Absolute number	Global that Revenue Based		
		Customer engagement (CTR) will be the goal	Customer engagement (CTR) will be the goal	Yearly	ROI, CTR, E, C, D	"Road of"		
		Public awareness & education	Public awareness & education	Yearly	Absolute number	Public to Public	"Healthy Tobacco Day Forum" "Green to Blue"	
		Public awareness & education	Public awareness & education	Yearly	Absolute number	Public to Public		
Inspiring Healthier Enjoyment to Millions	Sustainable Water Chain	# of regions covered	# of regions covered	Yearly	% of regions	Regulatory Update Follow-up		
		Transparency	Transparency	Yearly	Call for information	Regulatory		
		Services for Sustainable Growth & Development	Coordinate product development & quality assurance	New products on coming to standard	Yearly	Share of portfolio covered & sold to standard	Standard development, SA	
		Zero Waste	Waste to use sites	Yearly	tonnes	For 2022 have a zero-waste reduction program		
Best place to work	Ranked #1	Waste to use sites	Waste to use sites	Yearly	% of portfolio	Support initiatives		
		Share of sustainable products (plastic, paper or other)	Share of sustainable products (plastic, paper or other)	Yearly	% of portfolio	Support initiatives		
		Best place to work	Best place to work	Yearly	% of employees	Employee Opinion Survey		
		Employee satisfaction	Employee satisfaction	Yearly	% of employees	Employee Opinion Survey		
Bar	Change	Training & Learning opportunities	Training & Learning opportunities	Yearly	% of employees	Learning & Mentoring		
		Staff turn over	Staff turn over	Yearly	%	Learning & Mentoring		
		Staff turn over	Staff turn over	Yearly	%	Learning & Mentoring		
		Staff turn over	Staff turn over	Yearly	%	Learning & Mentoring		



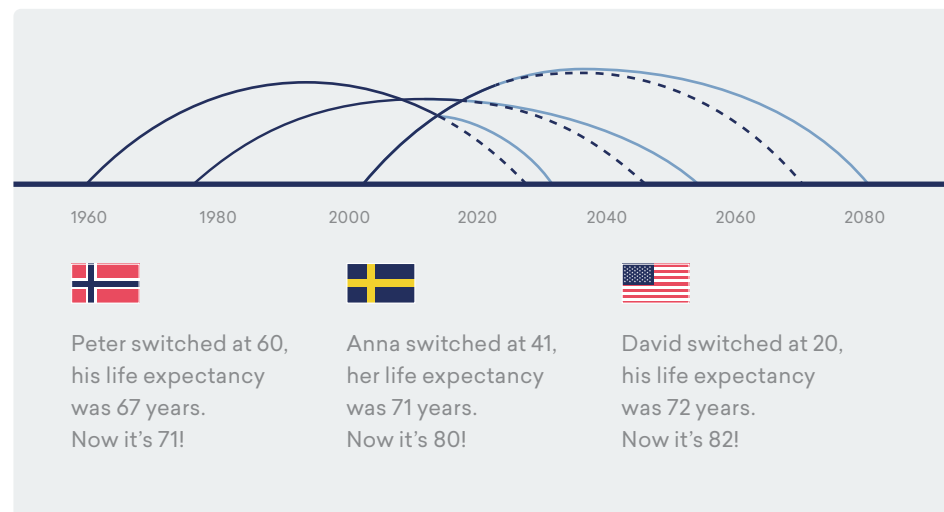
PURPOSE	STRATEGIC AREA	GOALS	METRICS	MEASURE	
Inspiring Healthier Enjoyment to Millions	 Health Contribution	Grow customers of harm-reduced products	# of purchasing customers of harm-reduced products	Absolute number	
			# of Market	Absolute number	
		Decrease global tobacco deaths	# of actively impacted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



# Health contribution

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

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



## Health contribution indicators included in the scorecard;

### Grow customers of harm-reduced products

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

### Decrease tobacco deaths

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

### Increased life expectancy

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

### More quitters

The number of customers who have quitters by switching to products we provide them with. They have prevailed in the battle against smoking and harmful tobacco use.

GOALS	METRICS	2021	2022
Grow customers of harm-reduced products	# of purchasing customers of harm-reduced products	682 000	792 000
	# of Market	7	8
Decrease global tobacco deaths	# of actively impacted lives	117 965	130 672
Increased life expectancy	# of years saved by switching	2 382 812	4 586 958
More quitters	# of quitters of smoking tobacco	354 640	411 840

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

# Insights for all

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

These insights give Haypp Group the opportunity to contribute to both market development and product innovation, as well as consumer research and regulations – so we can improve business and the category together. By collecting and analysing data, Haypp Group has become the leading research and insight provider within the oral nicotine category.

These insights are shared with business partners and the wider external environment, including authorities and researchers, to provide factual and evidence-based information for commercial and public health-related decision-making.

## Insights indicators included in the scorecard:

### A force for knowledge

We build insights and provide researchers with quantitative data while we see a need for forums to share and discuss alternative nicotine products and especially the oral nicotine category – its developments, challenges, and opportunities. Haypp Groups supported 2021 the launch of an oral nicotine symposium, “Post Tobacco”. The forum, which focuses on the meeting and knowledge sharing between regulators, trade, academics, NGOs, and public health activists, continued in 2022.

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, focused 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 resources for the greater of the category, making the results public and ensuring availability for not only the industry but also authorities, decision-makers, and consumers.

GOALS	METRICS	2021	2022
A force for knowledge	# participants in discussions through forums	17 830	16 126
	# of external using our data	20	36
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: +4 550 000 SEK</i>
	# of visits to editorial material, facts and reports	1 225 375	2 251 167 (+84%)

**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.

## Sustainable innovation indicators in the scorecard

### A more sustainable supply chain

As new suppliers enter the market and engage with Haypp Group, they are screened based on the Supplier Code of Conduct. All the suppliers listed in 2022 did pass the initial screening and signed the Supplier Code. Based on this, the intention is to deepen the evaluation and raise the bar.

The carriers and last-mile transporters are requested to share their data on the deliveries they do for Haypp Groups' customers in terms of distance and energy sources. This data has shown to be somewhat hard to obtain from carriers and only gives a fragmented picture due to partial data. Hence results are estimations based on currently available data.

### 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. For consumers, as well as authorities, to have something reliable to base their

knowledge of products on, other than the manufacturer itself, standards and testing of products have an important role. The information asymmetry for consumers is reduced with standards in place against which products can be measured. Of Haypp Groups' active nicotine pouch portfolio, 85% of the products had been tested and were according to applied product standards. Products launched at the end of the year may not yet receive their results.

### Carrier respective consumer footprint sustainability

Measuring of carbon monoxide equivalents in the value chain is desirable. Currently we have a fragmented picture due to partial data. For a clearer picture, data is planned to be compiled in 2023.

### Use of product packaging

In Haypp Group's operation, cardboard is a common material used as the outer packaging for the goods consumer orders. The amount of used material increases as more customers place orders, while an focus on efficiency hopefully decreases the amount of material used per order.

The material used by manufacturers as primary packaging has historically in large been based on plastics. There is a shift beginning to be seen as other materials and especially bioplastics and recycled plastics, as well as different paper-based alternatives. In 2023 an focus on taking the dialogue further with suppliers on primary packaging will take place..

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

**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 and diversity, together with inclusive leadership, we build engagement among our colleagues. By doing this, we will move forward and be able to move mountains.

Knowing and embracing the long-term ambitions of Haypp Group, saving lives with our company initiatives and values, is key. 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. Since 2022 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 the new temperature measuring, we get an overall value which is possible to benchmark with others organisations.

### Employee development by coaching and leadership

To spread knowledge and support employees in their work, a coaching culture together with a safe environment to practice and try out will foster innovation and personal development.

In 2021, 73% of employees deemed they had received useful feedback and development through coaching. In 2022 these employee variables were 81%.

### Joiners and leavers

Throughout Haypp Groups' history, the company has grown and expanded rapidly. At our current stage, the focus is to sustain a positive trend while settling on a good level. The attention has therefore been shifted towards monitoring the turnover, as well as retaining the most valuable employees.

GOALS	METRICS	2021	2022
Great employer	Employee satisfaction	87%	81%
	Ranking against benchmark	-	Benchmark: 76
Employee development	Coaching culture	73	81
	Leadership index	-	84
Employee retention	Regrettable losses	5	3
	Staff turnover – joiners & leavers	35,9% joining 21,4% leaving	33,7% joining 26,8% leaving

*\*For 2022, 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 continuously deliver 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 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 “whistle-blowing” mechanism in place for employees as well as a function to escalate unlawful or debatable market actions and practices, regardless of whether it is our own or other actors’ market initiatives.

Our ethical standards are key to maintaining the highest level of consumer confidence. Consumer confidence is needed to gain crucial insights and learnings 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. The fairly big turnover and new employees joining have made it especially hard to cover 100% of the target group, and for 2022 the result is 84%. If employees within the warehouse were excluded, the amount would be around 93%.

### Supplier Code

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

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, which we hope to be able to present more about in the near future.

### Customer promise and satisfaction

When customers are asked, the most important 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 2021 the customer satisfaction score was 4.3 out of 5.

### Being a catalyst for change

We take pride in driving the transformation of the nicotine industry as well as being part of the change from traditional brick-and-mortar retail to e-commerce. When asking our business partner if they consider Haypp Group as a force for this change, we are rated 3.2 out of 5.

GOALS	METRICS	2021	2022
Code of Conduct	Employee Code	85%	84%
	Supplier Code; contract or equ.	100%	100%
Delivering on the customer promise	Customer satisfaction*	4.4 / 5.0	4.3 / 5.0 NPS score 74.4
Catalyst for change	Driving development and change according to partners	-	3.2 / 5.0

\* During 2022, a new NPS measuring has been implemented to better capture customer satisfaction. From now on, the NPS scoring will be used.

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

# ESG initiatives

## Environment

### Sustainability labelling of e-commerce transports

We have actively participated in forums, discussions and working groups on the development of labelling of e-commerce transports. The label is based on the well-known Nordic Swan Ecolabel. The aim is to guide consumers shopping online to a more sustainable delivery.

After thorough discussions and consultation during 2022, the labelling and set criteria are yet to be launched, and roll-out is expected mid-year 2023.

### Decreasing the number of deliveries for subscribers

We offer adult consumers a subscription model in Sweden and Norway, which in practice, means that our customers can sign-up for continuous deliveries at set time intervals. In 2022, we took the initiative to actively reduce the number of transports in Sweden by ceasing to provide several subscription intervals and contacting each customer to ask if they would be willing to increase the time interval. All customers who had weekly deliveries were asked if they could receive their deliveries every second week or once per month instead. While other alternatives, such as delivery every 10 days, were taken out.

The result was that the vast majority of customers did opt-in to receiving their orders half as many times and instead increasing the volume of each order. This resulted in a decreased amount of transport and a lowering of emissions related to the subscribing customers. This is now being trailed in Norway as well.

## Social

### Research and reports on health-related effects

In 2022, we initiated several external reports on risk reduction and alternative nicotine products. The reports constitute a knowledge base on how alternative nicotine products could improve public health if more smokers converted to risk-reducing nicotine products. These are published and shared gradually as they are completed. Each report should be made with robust and relevant methods by a relevant expert within the field.

### Working environment with ASTER for e-commerce sector

At the end of 2022, a report from the Swedish Work Environment Authority stated that within the Swedish e-commerce sector, there were several issues in relation to the work environment. The authority pointed out several aspects where the workload for e-commerce employees is very high, and employers must take it seriously and act. Therefore, we joined forces with several other actors within the e-commerce chain, ranging from academics and transporters to unions and online retailers, under the umbrella of ASTER – Alliance for sustainable e-commerce. A working group has been formed with planned work for 2023-2024.

### Product testing and application of market standards

The oral nicotine category of nicotine pouches has experienced rapid growth in recent years, with many brands and variants now available for users. However, there is a noticeable lack of laws, regulations, and procedures for these products in some markets. While manufacturers and suppliers may possess knowledge about their products, this information is often inaccessible to the public, making it difficult for consumers to assess product quality according to industry standards.

NicoLeaks provide a valuable resource for those seeking a precise and reliable way to evaluate these products. All tests are performed by the accredited and independent laboratory Eurofins in Sweden, and everyone can access the results without charge at [NicoLeaks.com](https://nicoleaks.com). Hence, the information asymmetry between manufacturers, consumers, and other stakeholders, including authorities, is reduced.

Random checks are conducted yearly, and we work actively with the producers and suppliers to address shortcomings if a product fails to meet the set industry standard.

## Governance

### Market abuse reporting function

We must not only hold ourselves to the highest ethical standards. It is also necessary to place higher demands on others to realise our goal of leadership. We have ensured that all employees can report and share potential market abuse through an internal reporting function to support this.

All employees can use the internal reporting function if there is a suspicion that another market operator is not compliant with relevant marketing regulations. The legal team can review the potential abuse and, if relevant, reach out to the external operator and after that potentially take further actions, including informing relevant authorities.

# ESG Data & Results

## Environmental topics

### Materials

Haypp Group try to reduce the use of non-renewable material, as well as, whenever possible, choose renewable material in operation as well as certified material. Most material Haypp Group purchases are for packaging of orders sent out from our warehouses. Partners are encouraged to take similar actions. Among the material purchased in 2022 for the Swedish warehouse, corrugated cardboard stands for the largest share of material. It is made from at least 95 per cent renewable material and is recyclable. In total, 86 per cent of the cardboard was used for orders shipped to customers, while the remaining 14 per cent (27 206kg) was used in the supply chain and logistics with transporters. The previously used e-commerce bags have been changed to paper bags. The labelling material is since 2022 FSC certified and is currently made of 15 per cent recycled material, which plans to the changed to fully recycled material in the coming year.

PURCHASED MATERIAL (KG)	2022	2021
Plastic bags	-	371
Paper bags	4 130	3 105
Corrugated cardboard	188 366	154 126
- customer orders	161 160	126 383
- other logistics	27 206	28 451
Labelling material	4109	9 570

### Energy

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

ENERGY (KWH)	2022	2021	2020
Electric consumption	125 476	142 322	193 000
- warehouse	98 000	133 822	
- office	27 476	8 500	
Ventilation, heating & cooling	202 467	109 500	122 000
- warehouse	165 000	72 000	100 000
- office heating & ventilation	21 996	23 000	
- office cooling	15 471	14 500	22 000
	<b>327 943</b>	<b>251 822</b>	<b>315 000</b>

### Emmissions

The dialogue initiated the previous year with logistics providers and other business partners have given some data in terms of emissions, especially in relation to transportation. However, not all suppliers have been able to quantify or use different definitions credibly, giving only partial results. The discussions continue, and we hope to show a concrete declaration in the near future.

In parallel, Haypp Group have been participating and actively engaging in working on the development of an official ecolabel for e-commerce transportation, focused on last-mile delivery, together with the Nordic Swan Ecolabel.

### Waste

Waste is generated upstream and downstream in our value chain. The upstream waste mainly pertains to the manufacturing process, which also has certain effluents from its operations. For a better understanding, we direct those interested to the larger suppliers' comprehensive sustainability reporting. Downstream, waste is generated from the packaging used in the shipment of customers' orders as well as the packaging. We are in dialogue with our suppliers and business partners to reduce waste in the value chain and use recycled and biodegradable packaging, especially in terms of the primary packaging, which for nicotine products often is a plastic can.

The waste collection of foremost paper, metal, wood and plastic from the Sweden warehouse had an emission saving of 37 326 kg CO2.

In the Stockholm office, we have a waste management system where waste is sorted and measured. The sorting and recycling of the waste in the office corresponded to an emission saving of 43 per cent of our negative impact, which mainly comes from cleaning and kitchen waste. Aluminium capsules used in the office are collected and recycled through our supplier.

### Supplier environmental assessment

All suppliers must fulfil the environmental aspects of the Supplier Code of Conduct. Supporting document is requested if needed. No onsite inspections have been conducted during 2022.

# Social topics

## Employment

GENDER DIVERSITY	2022			2021			2020		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Board of Directors	6	33%	67%	6	33%	67%	7	14%	86%
Management team	13	15%	85%	12	8%	92%	10	10%	90%
All employees	205	41%	59%	131	35%	65%	114	40%	60%
Consultants	19	32%	68%	15	27%	73%			
New employees	69	49%	51%	47	36%	64%	53	45%	55%
Employee turnover	55	53%	47%	28	32%	68%	8	38%	63%
Parental leave	14	57%	43%	15	33%	67%	12	8%	92%

AGE DIVERSITY	2022			2021			2020		
	Under 30 years of age	30-49 years of age	50+ years of age	Under 30 years of age	30-49 years of age	50+ years of age	Under 30 years of age	30-49 years of age	50+ years of age
Board of Directors	0%	33%	67%	0%	50%	50%	0%	71%	29%
Management team	0%	92%	8%	0%	92%	8%	0%	90%	10%
All employees	40%	55%	6%	29%	66%	5%	37%	58%	5%
Consultants	21%	74%	5%	20%	67%	13%			
New employees	54%	43%	3%	43%	53%	4%	53%	43%	4%
Employee turnover	44%	49%	7%	32%	64%	4%	25%	75%	0%

### Diversity and equal opportunity

Haypp Group do salary comparison between roles for its Swedish employees. Roles are divided into eight categories to be evaluated with comparable positions and responsibilities. In the previous year, 2021, the first two categories, as well as the two highest, had none or just a small difference. However, in all four middle categories, where the greater part of all employees is included, there was a male favour of 10-19 per cent in terms of salary.

For 2022 the gender salary gap decreased notably. The latest salary comparison showed a difference of 3-9 per

cent in favour of males among mid- and senior-level specialists, while among heads of departments and business managers, the difference is 8-10 per cent in favour of women. A clear focus on the issue of the gender gap has made a difference, and continued focus is needed in both directions.

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

No incidents of discrimination have been reported.

### Benefits and coverage

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

Haypp Group does not apply any collective bargaining agreements.





### Occupational health and safety

Haypp Group did not have a reporting system for occupational health and safety management, but such a system covers all employees. There are several safety routines and procedures for the warehouses and employees working within these roles compared to employees mainly working in our offices. Training is provided to all employees on occupational health and safety routines, particular training applies to warehouse staff

### Training and education

Training and development opportunities are given to employees based on development plans to best cater to everyone's needs as well as aspirations. We encourage all employees to partake in training and develop skillsets. All employees have annual mid-year and end-of-year reviews relating to performance and career development. Managers are encouraged to focus on coaching respective team members.

Furthermore, there are certain mandatory training given depending on role and responsibility, for example, the Code of Conduct (applicable to all), marketing regulation, and health & safety procedures.

### Human rights assessment

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

### Social supplier assessment

All suppliers must adhere to our Supplier Code of Conduct which, among other things, states that human rights and the ILO conventions must be respected. Haypp Group did not identify any negative social impacts among its product suppliers in 2022.

### Marketing and labelling

There are strict laws and regulations relating to the marketing and labelling of tobacco and nicotine products. However, all markets have not yet, or to a sufficient extent, regulated tobacco-free nicotine products. We have decided that when there are no laws and regulations, we and the industry still need to follow the strict requirements relating to content, safe and adult use and how the product's packaging shall be disposed of in an environmentally friendly manner.

Our US subsidiary, Northerner Inc., was notified of potential non-compliance with the Americans with Disabilities Act (ADA) as a third party initiated legal action. The case was settled, and we are adjusting our sites accordingly.

Haypp Group has not had any incidents of noncompliance with regulations or voluntary codes relating to information and labelling, other than mentioned above.

## Governance topics

### Anti-corruption

A vital part of the Code of Conduct is the opposition towards any form of bribery or corruption. Employees are urged to report any suspicions of incidents related to corruption. During 2022 no such incidents have been reported.

### Privacy and data protection

Haypp Group has not received any complaints relating to breaches of customer privacy nor identified any leaks. The work on data protection is of importance for Haypp Group as we work with customer data daily as part of operations. Data are stored and aggregated in such a manner that all analysis and utilisation of data can be made in a secure and compliant way.

# Our contribution to the Sustainable Development Goals

Haypp Group supports the global goals of the 2030 Agenda for Sustainable Development as a universal call for action. Our business and its operations have a clear effect on several of the SDGs. Using the 17 goals, their 169 targets and associated indicators, we get a framework to follow and operate within to address the global challenges we face together. This is necessary to achieve sustainable development that allows both social development and economic growth without endangering the planet's ecosystem or jeopardising the climate. We follow the development and strive to contribute to several of them.

As part of our materiality analysis and sustainable business model, we have reviewed the SDGs and have decided to focus on the goals where we can have the most meaningful impact. Goals where we have tangible commitments and objectives connected to the detailed targets set for the identified SDGs. A total of 8 out of the 17 SDGs are our focus goals, as mentioned below. The main SDG for Haypp Group is identified as **SDG 3 of Health and Wellbeing**. This is in line with the higher purpose and core of our business – to inspire healthier enjoyment.

In addition to this, the following have been identified as our other primary SDGs to focus on:

- SDG 5 **Gender equality**
- SDG 8 **Decent work and economic growth**
- SDG 10 **Reduce inequalities**
- SDG 12 **Responsible consumption and production**
- SDG 13 **Climate action**
- SDG 16 **Peace justice and strong institutions**
- SDG 17 **Partnerships for the goals**

We contribute to several SDG goals through our general business contribution and other engagement. Based on the materiality analysis and continued stakeholder dialogues, we do not anticipate any major changes to our SDG focus in the short term, though we could possibly add additional SDG in the medium term.



## Our primary SDG





UN SDG OVERVIEW TARGETS OF IMPACT FOR HAYPP GROUP



The greatest possibility for Haypp Group to contribute to the SDGs is through goal number 3. Every two seconds, someone aged 30 to 70 dies a premature death from a noncommunicable disease – such as cardiovascular disease, chronic respiratory disease, diabetes, or cancer. And the reality is that the single most contributing factor to these deaths is smoking. Haypp Groups' higher purpose relates directly to our health contribution and harm reduction found in the materiality analysis.

We inform consumers about the addictive nature of nicotine and the health effects related to smoking tobacco. This means a no-nicotine rule for all under 18 years of age. We do not direct any marketing, advertising or promoting any products containing nicotine to individuals under 25 years of age.

**Target 3.4** – Reduce mortality from noncommunicable diseases and promote mental health. Work towards our higher purpose of healthier enjoyment for millions, and offer less harmful alternatives to cigarettes through oral nicotine products.

**Target 3.A** – Implement the WHO framework convention on tobacco control. With indicator 3.A.1 of the age-standardised prevalence of current tobacco use among people aged 15 and older.



As an employer, Haypp Group has a responsibility to promote gender equality at all levels to ensure the same rights and empowerment of all women and girls. We strive to be a truly open and inclusive employer with zero tolerance for discrimination. We aim to have a diverse workplace with all employees entitled to the same opportunities in order to fulfil their full potential.

A diverse workplace performs better, and it also requires gender balance at senior levels of the organisation. Here, Haypp Group has a certain focus as the balance has been lagging historically.

**Target 5.1** – End discrimination against all women and girls. At Haypp Group, we do not tolerate discrimination, including that based on gender.

**Target 5.5** – Ensure women's participation and leadership in decision-making.



For a fast-growing entrepreneurial company such as Haypp Group, economic growth and development is embedded in the company's DNA. Any activity or roadblock that affects an individual or group due to gender, age, disabilities or another form of discrimination is contrary to sustainable development. This rule applies to both our own and our partner's workforce.

Even though Haypp Group doesn't produce or source from high-risk countries itself, in the matters mentioned in 8.7, we do business with companies that do. When screening all types of the international agricultural supply chain, such as tobacco, risk factors should be observed. Therefore, we're very clear with our no-tolerance rule for these issues in our business partners' supply chain. Haypp Group believes in humans for their responsibility to each other, but foremost, for every human being's right to freedom.

**Target 8.5** – By 2030, we should achieve full and productive employment and decent work for all women and men, including young people and those with disabilities. With equal pay for work of equal value. Haypp Group are active within the male-dominated industry of tobacco and nicotine and similarly in e-commerce. It is, therefore, vital to have processes for promotions and recruitment which are non-discriminatory with fundamental conditions like the right to equal pay for equal work.

**Target 8.7** – Take immediate and effective measures to eradicate forced labour, and put an end to modern-day slavery and human trafficking. To secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and an end to child labour, in all its forms, by 2025.



Haypp Group strives for a truly open and inclusive environment where there's no room for discrimination, and all employees are given the opportunity to reach their full potential. Who you are, where you come from, where you are headed, or who you want to be should never limit you. This can only be done through cultivating a diverse workplace, where we are aware of all forms of prejudice and unconscious biases in order to prevent discrimination.

**Target 10.3** – Ensure equal opportunity and reduce inequalities of outcome. Eliminate all discriminatory laws, policies and practices while promoting appropriate legislation, policies and actions for equality.



**UN SDG OVERVIEW TARGETS OF IMPACT FOR HAYPP GROUP**



Today, by its nature, all commercial consumer goods have a certain level of waste in their supply chain, either up or downstream, or both. We need to move towards a circular economy where we reuse and then recycle.

At Haypp Group, we are getting deeper into assessing risk and working to reduce the negative impact our operations could have. We recognise the importance of engaging suppliers and other stakeholders to take action and, together with our work for more responsible production and consumption. As a dominant player in specific markets within the online segments, Haypp Group has a certain level of leverage, especially against its smaller suppliers when it comes to negotiation and purchasing power. When purchasing goods or services, Haypp Group has begun to implement sustainability factors and supports others in doing so, provided that no discriminatory element is included. Product packaging is one such factor. For example, oral nicotine packaging is primarily made out of plastic and filled by our suppliers. We have begun to raise the dialogue with several of our suppliers regarding the use of recycled material, a dialogue which will continue.

**Target 12.4** – By 2020, achieve environmentally sound management of chemicals and all waste throughout their lifecycle. This should be in accordance with agreed international frameworks to significantly reduce their release into air, water and soil to minimise their adverse impacts on human health and the environment.

**Target 12.5** – By 2030, substantially reduce waste generation through prevention, reduction, recycling and reusing.

**Target 12.6** – Encourage organisations, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.

**Target 12.7** – Promote public procurement practices that are sustainable in accordance with national policies and priorities.



The goal of combating the climate crisis. As well as preparing for it, it applies to all - irrelevant of size and carbon footprint. Here we may be seen by some as insignificant, but we truly believe all organisations need to have this goal included in their continuous evaluation of the organisation's operations and impact.

**Target 13.3** – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. We are assessing and will take proportional action to combat climate change.



Haypp Group take the necessary steps to ensure that ethical business practices are maintained both within our own company and in our relationships with outside parties. Working with excised products and products crossing national borders brings additional risks which need to be handled.

**Target 16.5** – Substantially reduce corruption and bribery in all their forms.

The Code of Conduct, which targets our own employees and consultants, as well as the Supplier Code of Conduct, is very clear about the goal and challenges we are combating, including our stance on corruption and the handling of bribes.



By sharing Haypp Group's knowledge of both the tobacco and e-commerce industry, together with consumer insights on tobacco and nicotine use, we have the possibility to save millions of lives, reduce inequalities and improve public health globally.

**Target 17.G** – Enhance the Global Partnership for Sustainable Development through our multistakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources. This allows us to support the achievement of the SDGs in all countries, especially developing countries.

Policy and regulatory developments in countries across the globe should take into consideration the knowledge, expertise and experiences of other countries and regions. Here, Haypp Group has a responsibility to act and share its insights and research. This can help give us momentum to change course for more sustainable development on both a national and global level. The insights generated by Haypp Group are also valuable for product development and innovation in order to further meet both consumers' and society's expectations and needs.

**Target 17.H** – Encourage and promote effective public, public-private and civil society partnerships, building on our experience and resourcing strategies.

# Sustainability ambition

As an industry leader, we can contribute to a better and more sustainable world. Our long-term goal is that we, through our sustainability efforts, are seen as a frontrunner in sustainable e-commerce while also spearheading the global transformation of smoking to healthier alternatives.

Here, we describe our ambition, commitment, and approach to sustainability. It is our statement on how to strive for the optimisation of our contribution to sustainable development. The ambition is essential for our core operation, business concept, and the core of the sustainable business model.

## 1. Systematic approach

We are systematically tackling sustainability to optimise our contribution to sustainable development and the Global Sustainable Development Goals. Haypp Group follows and utilises the best practices and EU-recommended international guidelines. We're guided by the globally accepted standard for sustainable business, such as ISO 26000.

## 2. Stakeholder dialogue

We must work with customers, partners, suppliers, authorities, and other stakeholders to achieve our sustainability goals. That is why Haypp Group actively dialogues with our most important stakeholders and stakeholder groups – starting with employees and customers worldwide. This is done to calibrate our sustainable efforts, so everyone gets as much support and autonomy as possible.

## 3. Materiality analysis

We engage in a win-win analysis to fully understand what Haypp Group can and should do. We want to make sure that we do what maximises value creation for most stakeholders – customers, employees, partners, suppliers, shareholders, and society at large. We do this according to our unique terms and conditions where we, for example, use the UN Sustainable Development Goals to guide us. This allows us to contribute, without compromise, to the global communities' achievements.

## 4. Business integrated sustainability strategy

Our analysis points Haypp Group in a clear direction. A direction where we can maximise our contribution to sustainable development in a way that contributes to the company's long-term performance. We see sustainability as a natural part of our daily business and manage it like we handle any other strategic issue. Every idea we nurse produces short-term value or can potentially create long-term value for the company and its shareholders.

## 5. Practical responsibility

Action speaks louder than words. We know that whatever we do for a sustainable world is far more critical than what we say or put in writing. That's why we prioritise practical action before communicating or reporting – though we recognise the need to spread best practices and dialogues.

## 6. Reporting as a living entity

Our business review embraces all strategic activities. Sustainability is one of them. We choose to present our case practically with a forward-looking and practical approach through our scorecard on sustainability topics. All our sustainability reporting work will comply with the law, using the best available and most cost-efficient methods that create value for the user – whomever they may be.

## 7. As an industry leader we can contribute to change

The world needs innovation and sustainable development – where economic, environmental, and social aspects are balanced. The global community has set the standard for achieving this balance through the UN Global Goals for Sustainable Development – Agenda 2030. It takes the effort of nations, civil society, individuals, and corporations, to make it happen. Haypp Group recognises that we can contribute – and wants to be held accountable for it.



# Stakeholder dialogue

In the materiality analysis from 2020, Haypp Group engaged with certain categories of stakeholders. The outcomes of these dialogues have been the basis for our sustainability efforts and initiative. All stakeholders are important for Haypp Group, as without them, we would not be able to reach our high-set goals. To validate our sustainability strategy and material analysis, our aim is to have systemic interaction with each stakeholder group every three years, which means this is in the plans for the coming year of 2023.

Extended stakeholders are key to understanding the expectations of the group's sustainability approach.

Through the stakeholder analysis, Haypp Group has identified our most important stakeholders, which are:

1. Our customers,
2. Our employees,
3. Our owners and board,
4. Business partners and suppliers,
5. Public authorities, as well as,
6. Media, academics, and nongovernmental organisations (NGOs), including the associations we are members of.

Stakeholders have subsequently been valued based on how they affect or are affected by Haypp Group. To prioritise and cooperate on sustainability issues, stakeholder dialogues have been carried out within these categories. They are done in a structured and systematic way to reflect on progress made, or when new topics arise. The idea is that whatever is relevant for our stakeholders is consequently relevant for us.

STAKEHOLDER	INTERACTION AND DIALOGUE OPPORTUNITIES	STAKEHOLDERS' ESSENTIAL QUESTIONS
<b>CUSTOMERS</b>	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
<b>EMPLOYEES</b>	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
<b>OWNER/BOARD</b>	Annual report Annual General Meeting (AGM) Board meetings and presentations Participation in daily activities Workshops Strategy discussion	Healthy finances Well-functioning organization Climate impact Environmentally friendly operations Safe workplace Reduce packaging / plastic in operations
<b>BUSINESS PARTNERS &amp; SUPPLIERS</b>	Emails, meetings, telephone Contact persons. Contract negotiations Study visits in logistics Market activity collaborations Insight gathering activities	Business ethics The wide and sustainable product range Alternative packaging material Profitable business agreements Brand and product development
<b>PUBLIC AUTHORITIES</b>	Cooperation agreement Memberships Database Emails, meetings, telephone Editorial and opinion pieces Research project, thesis	Climate impact Compliance Addiction Protection of youth
<b>MEDIA, ACADEMICS, NGO &amp; OTHER</b>	Cooperation agreement Memberships Database Emails, meetings, telephone Editorial and opinion pieces Research project, thesis	Climate impact Health contribution Addiction Community voice

## Organisational memberships

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



### Sweden

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



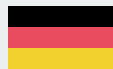
### Norway

- Federation of Norwegian Enterprise, E-commerce



### United Kingdom

- The Swedish Chamber of Commerce for the United Kingdom



### Germany

- The Swedish Chamber of Commerce for Germany



### Switzerland

- The Swedish – Swiss Chamber of Commerce









### United States

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

## Customer priorities

Among the stakeholders with which Haypp Group engage, the customers are one of the most prominent. They are especially important as they are both the requester of orders as well as the recipient of the goods. In the materiality analysis, the customers highlight certain areas they find important.

WHAT IS IMPORTANT?	DESCRIPTION	WHAT WE DO AT HAYPP
	<p>The topic Haypp Group's customers find most important is the responsibility we have against the consumer based on the goods and services we provide. They expect from us to keep our promises in terms of goods and services, which includes everything from correct goods provided, delivered in a timely manner and with high product quality to an expected price.</p>	<p>Creating a good customer experience is paramount. Hence, we need to be responsive to changes and needs. Through that, we can develop the entire customer experience – from first contact and use, to when it is time to buy something new from us again.</p>
	<p>The global climate crisis we are all aware of. Each company must take responsibility – us included – to do its part.</p>	<p>We are constantly looking for how processes and the product portfolio we sell can be more sustainable. We encourage innovation and testing of more sustainable materials, e.g., corn plastic or paper in our packaging instead of fossil plastic.</p> <p>Black plastics in primary packaging we are trying to phase out from suppliers as these are difficult to recycle. We use as much recycled material as we can in the packaging process. And we try to work with the best fossil-free transporters. To put it simply, we do what we can, as an e-commerce company, to be at the forefront of the sustainability movement.</p>
	<p>Transport is a contributing factor to our climate issues, and one of the characteristics of e-commerce is the last-mile delivery as well as the long-haul.</p>	<p>In our logistics, we are always looking for new ways to minimise our impact on the climate. We believe we have the best partners available, and we work together with suppliers, service providers and customers to improve even more. One way we do this is by asking our customers not to send back incorrect deliveries. Another way is to increase the purchasing intervals for subscribers.</p>
	<p>Packaging and how we do it can always be improved. Referring to the primary packaging of the goods (e.i. the cans) and the secondary e-commerce packaging (e.i. the cardboard packaging).</p>	<p>We think that we have come a long way in this regard. We maximise orders and try to convince customers to buy in a way that the "air" in the transport is minimised. And, of course, we use as much recycled and renewable material as possible. We also encourage suppliers to produce cans of recycled and/or biodegradable material.</p>
	<p>The expectation of influence over manufacturing to strive for more sustainable production and supply chain.</p>	<p>Though we don't have our own production, but we do what we can to support product development with our suppliers. Through dialogue, collaboration, and our own tests, we always try to find the most sustainable suppliers and production methods</p>
	<p>Nicotine addiction is a global challenge. Though very few of our customers raise the issue, it does come up. So, it is crucial that we handle it respectfully. Nicotine is an addictive substance, yet it holds a lot of possibilities to move to less harmful alternatives.</p>	<p>In our development dialogues, internally and externally, the issue of nicotine-related addiction is always present. And for our credibility in the market, it is extremely important that we handle it in the right way. We work with experts to figure out how we can minimise risks and maximise the conversion from unhealthy "smoke-based nicotine" to an use of oral nicotine. Together, conversion and risk reduction have the potential to save millions of lives around the world every year.</p>



# Code of Conduct

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

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

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

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

### Anti-corruption

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

Individuals who would have a higher risk of being exposed to situations where corruption could be present have received training directly. All employees review information on the topic as part of the onboarding process. Haypp Group did not have any incidents of bribery or corruption in 2022.

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

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

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

# Supplier Code of Conduct

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

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

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

## Safe products

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

## Taxes and other fees

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

## Working environment and human rights

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

## Anti-bribery and corruption

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

## Environmental and climate innovation

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

## Other business partners

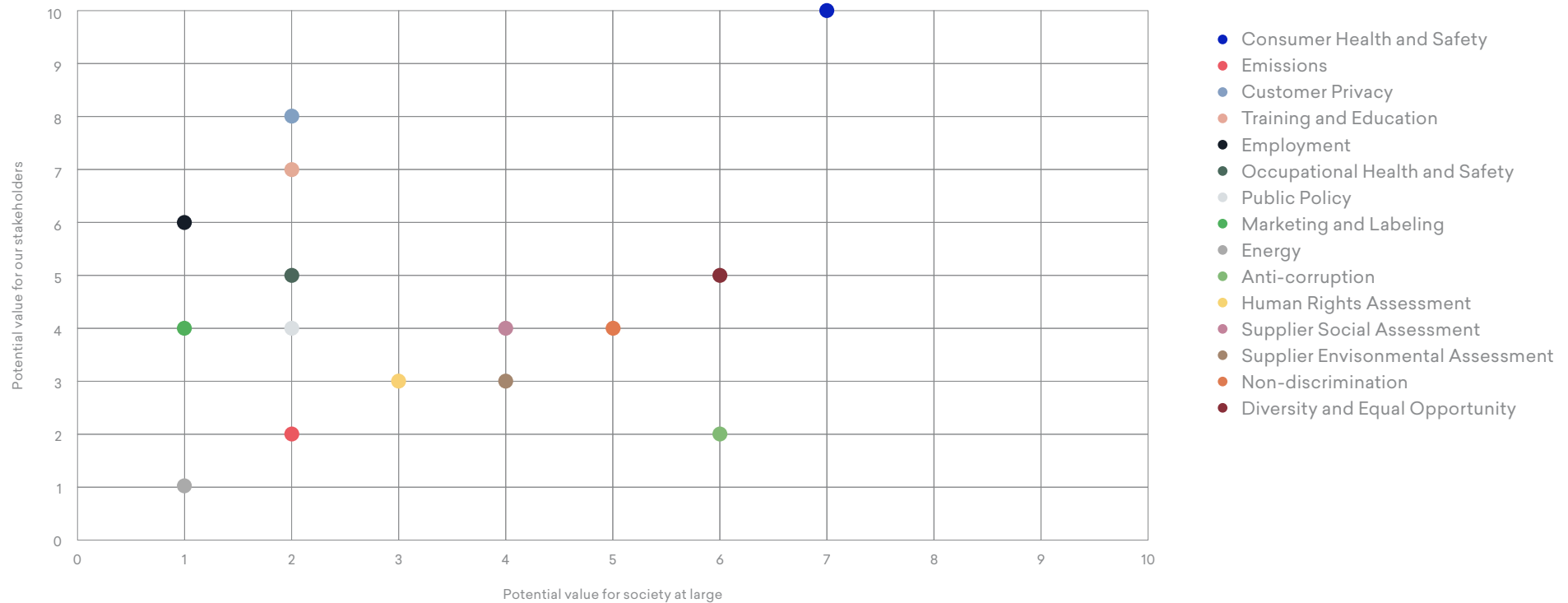
The Supplier Code of Conduct covers the most essential suppliers of Haypp Group, where we see the highest risk through the value chain. For other service providers used in daily operations, we in procurement as for their stance on topics included in our Code of Conduct, as well as explain our principles.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



# Materiality analysis and risk assessment

In 2020, using international guidelines, we created a process from which we can take a strategic approach to sustainability with our materiality analysis as the foundation for the sustainability strategy. The framework established is a Sustainability Management System that addresses both opportunities and risks in a practical “hands-on” manner with the aim to maximise value creation for society as a whole, while at the same time creating value for our shareholders.

Based on the overall statement on Haypp Group’s view of sustainability and its ambition, the analysis is validated by internal interviews, benchmarking, management discussions, youth leaders’ input and our customers. The materiality analysis is aligned with international guidelines for sustainability ISO 26000, Global Reporting Initiative (GRI) and industry best practices. The shift from previous GRI Core to GRI Standards 2021 has been attempted for the first time for the 2022 reporting.





Material Topic	Materiality	Risk (and/or opportunity)	Management	Strategic area
<b>Economic topics</b>				
<b>GRI 205: Anti-corruption</b>	Anti-corruption is an important question globally, even though our industry has not been particularly exposed. No market play cannot be overly confident and as our business grows it is reasonable to expect that the risk could increase.	Corruption is a business risk wherever it exists. It is a risk in relation to business relations and our reputation.	We have a Code of Conduct that all employees have to read and sign as well as participate in e-learning training on the Code. We also have a whistle blower system in place to identify all kinds of irregularities.	<i>Business Ethics</i>
<b>Environmental topics</b>				
<b>GRI 301: Materials</b>	Haypp Group is working to be effective when it comes to all types of resources. We try to be energy efficient reduce waste in every way we can. Being an e-commerce business, we do this to reduce our negative impact on the environment in our operations and encourage our suppliers to do the same. The work includes waste, use of recycled materials, energy efficiency, effective packaging, logistics and more.	Associated risks are increased costs for some materials. Identified a possibility to be at the forefront which could signify a better relationship with both suppliers and customers.	We strive to increase the use of recycled and renewable material in our packaging and evaluate incentives to reduce the waste in relation to all our markets.	<i>Sustainable Innovation for Growth and Development</i>
<b>GRI 302: Energy</b>	Haypp Group, as the rest of the world, is dependent on energy. We consider it natural to do our best to contribute to smart energy consumption.	Increased energy costs.	We seize all opportunities to reduce our energy consumption and choose green energy from trusted suppliers when we have the possibility to impact the decision.	<i>Sustainable Innovation for Growth and Development</i>
<b>GRI 305: Emissions</b>	The world needs to become climate neutral. This goal is important for us, and we know that it is important for our customers and partners and we want to contribute. All must contribute. As an e-commerce business, our initial task is to see how we can impact the transport of our products to our customers.	Increased costs of emissions in the future can create new costs for the business	We try to choose suppliers that will decrease the emissions in our value chain. We do also encourage other suppliers to take actions with the aim to reduce emissions from e.g., transports.	<i>Sustainable Innovation for Growth and Development</i>
<b>GRI 306: Waste</b>	To us waste is mostly connected to packaging, both primary and secondary packaging of the products. The development of packaging design is fast, and this contributes to the industry becoming more resource efficient, and contributing to the reduction of hazardous materials in the environment and optimizing transport. Haypp Group wants to contribute by setting good examples where ever we can to challenge the industry. For the environment, for our customers and for the company's success.	Badwill and increased costs for shipment of waste. There is an opportunity to contribute to solving the problems that can increase our brand's attractiveness as a responsible market player.	The packaging creates waste at customer level that should be recycled, and the portion bags as well as cans are sometimes thrown on the streets creating a problem for all. These are issues we contribute to solve. We are contemplating the best manner to increase recycling and separation at source besides that we require that of our suppliers and encourage our customers to do the right thing. Haypp has continuously worked towards removing all black plastics in products and logistics as black plastic is more difficult to recycle. We have also used our influence to increase the use of plastics from corn and other alternatives that are more environmentally friendly than ordinary plastic.	<i>Sustainable Innovation for Growth and Development</i>
<b>GRI 308: Supplier Environmental Assessment</b>	Haypp Group is working to be effective when it comes to all types of resources. We try to be energy efficient reduce waste in every way we can. Being an e-commerce business, we do this to reduce our negative impact on the environment in our operations and urge and encourage our suppliers to do the same.	Risk that our suppliers do not live up to what Haypp promises its customers.	Communication of Haypp Group's Code of conduct, dialogue, and testing.	<i>Sustainable Innovation for Growth and Development</i>

Material Topic	Materiality	Risk (and/or opportunity)	Management	Strategic focus for Haypp Group
<b>Social topics</b>				
<b>GRI 401: Employment</b>	A success factor for us at Haypp Group is the engagement and skills of the employees. Personal development is increasingly important for them, and for the company. We know that Haypp Groups develops when our employees reach new levels in their own personal development. People who are involved in Haypp Group's operations and development should know the long-term ambitions of the business. There shall be opportunities for all and clear that efforts to improve leadership, sustainability, innovation, and other skills is recognized and appreciated.	Identified risks are increase turnover among employees, increased costs for recruitment and a lower degree of innovation and key people deciding to leave the company. Opportunities relating to lower costs, increased innovation, and a better organisation.	Active dialogue with employees and whistle blower function are essential to ensure that Haypp continues to be a fantastic place to work. A focus on creating a beneficial culture is key.	<i>Best place to work</i>
<b>GRI 403: Occupational Health and Safety</b>	Safety is a must for Haypp Group as we put a lot of emphasis on our employees, and everyone must feel safe.	Risk of occupational fatigue, especially during the Covid-19 pandemic when many work from home. As employees return to office there is a need to reinforce a healthy working place.	Whistle blower function in place where employees can report issues.	<i>Best place to work</i>
<b>GRI 404: Training and Education</b>	To be a market player at the forefront, Haypp Group is dependent on employees be able to continuously develop.	Lower satisfaction level among employees	Haypp Group has individual development plans for each employee.	<i>Best place to work</i>
<b>GRI 405: Diversity and Equal Opportunity</b>	Diversity matters. It is important to our wellbeing and success. We are conscious about how much value equality and diversity adds to our business. Questions relating to salary, career opportunities, parental leave and to prevent discrimination are essential. To have a diversified workplace is to affirm opportunities, which includes a good workplace environment for today's and tomorrow's talents.	Lower degree of innovation and lower satisfaction levels and people choosing to leave Haypp Group are identified risks.	Active work with dialogue with employees and strive for equality and diversity when recruiting employees and managers.	<i>Best place to work</i>
<b>GRI 406: Non-discrimination</b>	Please refer to Diversity and Equal Opportunity	Please refer to Diversity and Equal Opportunity	Please refer to Diversity and Equal Opportunity	<i>Best place to work</i>
<b>GRI 412: Human Rights Assessment</b>	Human rights are an important topic which Haypp Group supports in any manner possible. It is important that all the products we sell are manufactured in a manner that respects human rights.	Haypp Group has a limited risk exposure to risks related to human rights, but our biggest suppliers have a bigger risk exposure why it is important for us to avoid any negative impact.	Please refer to Supplier Social Assessment	<i>Business Ethics</i>
<b>GRI 414: Supplier Social Assessment</b>	Human rights and other social issues are important to Haypp Group. We priorities this and have high ambitions for our value chain. We have some tobacco products and nicotine that are manufactured from organic tobacco. Therefore, it is important to include requirements on our suppliers relating to social responsibility.	The identified risks relate to Haypp Group not being able to influence or control our suppliers as we are a relatively small customer.	The requirements on suppliers are set in our Supplier Code of Conduct. The Code is communicated and discussed with our largest suppliers. Controls are carried out where appropriate.	<i>Business Ethics</i>

Material Topic	Materiality	Risk (and/or opportunity)	Management	Strategic focus for Haypp Group
<b>GRI 416: Customer Health and Safety</b>	Consumer health is a matter of concern for all industry players who manufacture or supply products in daily commodity trade, especially products containing chemicals or additives. For Haypp Group, working with consumer health means, respecting and enforcing age restrictions, being transparent with product information, labelling of the products so that consumers can make informed choices. In addition, Haypp Group offers non-nicotine alternatives for customers that wish to reduce their nicotine use or to quit altogether. We support and encourage initiatives that promote healthy user habits including sports and other activities that contribute to a healthy and balanced life. This is in line with the expectations from our stakeholders and our own values.	Our business is dependent on us being on our customer's side and support them. There is an opportunity as no other market player so clearly has taken the customer's side with the goal of risk reduction perspective for tobacco and contribute to positive health effects on a global scale in line with the UN sustainability goals.	Continuous product development, labs for testing of products and studies to acquire knowledge about the positive effects of oral nicotine, requirements set for suppliers, communication, and information to increase knowledge.	<i>Health Contribution</i>
<b>GRI 417: Marketing and Labeling</b>	We aim to provide stellar service and information about our products and their impact on health, environment, and society.	If not provided, there is a risk of badwill and lawsuits.	Continuously monitoring developments to ensure compliance	<i>Insights for All</i>
<b>GRI 418: Customer Privacy</b>	GDPR is a requirement in our business as we handle millions of purchases made by consumers each year. As Haypp is proud of our knowledge about the market and customers through different studies, it is important to respect people's integrity. If not, customers would not feel comfortable to share experience and knowledge. The integrity of the customer is crucial to maintain a good customer relation.	If we would not uphold the integrity of our customers, it would not be possible for Haypp to provide insights and that part of our business, the value of our brand and reputation should not remain as high.	We ensure to monitor developments and wants to be an active player	<i>Insights for All</i>
<b>Haypp Group specific assessment</b>				
<b>Plastic</b>	Plastic is an important topic both in relation to the environment and sustainable consumption, two important topics for Haypp Group. Haypp Group has chosen to highlight plastic as a separate category to be able to focus on plastic particularly. Considerations relating to plastic is important and given a sustainability perspective on the different levels of the production. It pertains to the strive to optimise the amount of plastic used in packaging, a better storage of the products but also an overall less use of plastic. Haypp Group encourages recycling and properly used and recycled, plastic is a good packaging material that we and our consumers appreciate.	The impact of plastic on the environment is material and our products can easily be identified if thrown on the streets which can lead to badwill.	Continuous information encouraging customers to recycle and discard of used products in the right manner.	<i>Sustainable Innovation for Growth and Development</i>
<b>Addiction</b>	Nicotine addiction is a globally discussed question. The question comes up in Haypp's dialogue with the market and customers why it is very important to handle the question with respect. Addiction related to nicotine is present in all our development dialogues both internally and externally and must be handled correctly in relation to our business.	Risks relate to ignorance and unwillingness about the effect from tobacco free nicotine products as a substitute for tobacco products. A risk that Haypp monitors is the risk for young people to use our products as a gateway to tobacco products which is contrary to Haypp Group's business values.	Haypp Group is aware of the worry surrounding the use of nicotine and its effects. We are trying to provide the best available information and continuously work towards marketing, growth and the use of our products are not related to the unhealthy tobacco market, i.e. the use of our products shall save lives. The nicotine level in the products sold are carefully checked, we have a lab that tests the products to ensure that the products are safe. Even though we know that nicotine products are addictive, it is also a possibility for a mitigated risk for millions of smokers around the world.	<i>Health Contribution</i>

# Statutory Sustainability Report

	ENVIRONMENT	SOCIAL CONDITIONS AND STAFF	HUMAN RIGHTS	ANTI-CORRUPTION
<b>POLICY</b>	<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 2022, including the sustainability policies and procedures. The work is continuous as further areas and initiatives arise, and we learn more.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group's Code of Conduct and Personnel policy ensure positive social conditions in terms of the working environment and our responsibility as an employer. Haypp Group also has a Supplier Code of Conduct to ensure the ILO conventions are respected.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group's Code of Conduct as well as its Supplier Code of Conduct, contain requirements to respect human rights. The Supplier Code of Conduct was updated and implemented in 2020. As of 2021, all essential suppliers of products have signed, and during 2022, the work has been initiated to map additional suppliers and service providers to include.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group has zero tolerance towards corruption, bribes, inappropriate gifts or other personal benefits. This statement is communicated in the Code of Conduct. Training related to anti-corruption is given to all employees at boarding and through mandatory e-learning, which was implemented in 2021 and strengthened in 2022. Individuals at higher risk through their specific roles are given additional guidance.</p> <p>Please refer to the "Code of Conduct" and "Supplier Code of Conduct".</p>
<b>RESULT OF POLICY</b>	<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>Please refer to "Materiality analysis and risk assessment" as well as "ESG initiatives".</p>	<p>Haypp Group wants to be a great place to work for its employees and a trusted and valued partner in its relations with suppliers and other business partners.</p> <p>Please refer to "Materiality analysis and risk assessment" and "ESG initiatives".</p>	<p>In 2022, Haypp Group continued to deepen the dialogue with the suppliers related to the Code of Conduct, Supplier Code of Conduct, our and their sustainability work and due diligence in order to gain more control of the supply chain and related risks. Suppliers are asked to share assessments of how they validate that human rights are upheld.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>	<p>Our Code of Conduct guides our work relating to anti-corruption and bribery.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>
<b>PERFORMANCE INDICATOR</b>	<p>Please refer to "Data &amp; results", "Scorecard", and "Sustainable innovation for growth and development".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "The best place to work".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "Business ethics".</p>	<p>Please refer to "Data &amp; results", "Scorecard", and "Business ethics".</p>

For business model, please refer to "A sustainable business model" on page 13 with the following pages. The strategic areas are on page 17-21. Code of Conduct and Supplier Code of Conduct, please refer to pages 33-34. Materiality analysis, please refer to page 35 and following pages. Data and results, please refer to page 23 and following pages.



**DISCLOSURE** **NOTES**

**GRI 1: Foundation**

Statement of use	Haypp Group has reported in accordance with the GRI Standards for the period of January 1, 2022, to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	None as not applicable or not available.

**DISCLOSURE** **NOTES AND OMISSIONS** **REFERENCE**

**GRI 2: General Disclosures 2021**

<b>Introduction</b>			
<b>1. The organization and its reporting practices</b>			
2-1	Organizational details	Please see the annual financial report. Certain ESG data does not include operations outside of Sweden.	3, 8
2-2	Entities included in the organization's sustainability reporting		3
2-3	Reporting period, frequency and contact point		3
2-4	Restatements of information	No restatement has been made	-
2-5	External assurance	The auditors PwC have reviewed the Sustainability report and approved it.	45
<b>2. Activities and workers</b>			
2-6	Activities, value chain and other business relationships		11
2-7	Employees		10, 24
2-8	Workers who are not employees		10, 24
<b>3. Governance</b>			
2-9	Governance structure and composition		9





DISCLOSURE		NOTES AND OMISSIONS	REFERENCE
2-10	Nomination and selection of the highest governance body	See corporate governance reporting in the annual report.	9
2-11	Chair of the highest governance body		9
2-12	Role of the highest governance body in overseeing the management of impacts	See corporate governance reporting in the annual report.	9
2-13	Delegation of responsibility for managing impacts	See corporate governance reporting in the annual report.	9
2-14	Role of the highest governance body in sustainability reporting	See corporate governance reporting in the annual report.	9
2-15	Conflicts of interest	See corporate governance reporting in the annual report.	
2-16	Communication of critical concerns		30, 32, 35
2-17	Collective knowledge of the highest governance body	See corporate governance reporting in the annual report.	9
2-18	Evaluation of the performance of the highest governance body	Evaluation by the highest governance body has not been made systematically. However, descriptions are found in the corporate governance report of the annual report.	9
2-19	Remuneration policies	See corporate governance reporting in the annual report.	
2-20	Process to determine remuneration	See corporate governance reporting in the annual report.	
2-21	Annual total compensation ratio	See corporate governance reporting in the annual report.	
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	See the annual report.	29
2-23	Policy commitments		33-34
2-24	Embedding policy commitments		21, 33-34
2-25	Processes to remediate negative impacts		19, 21-25, 28, 29-30
2-26	Mechanisms for seeking advice and raising concerns		13-15, 17-22, 23-25, 29-30
2-27	Compliance with laws and regulations		21, 22, 25, 33
2-28	Membership associations		31
<b>5. Stakeholder engagement</b>			



DISCLOSURE		NOTES AND OMISSIONS	REFERENCE
2-29	Approach to stakeholder engagement		29-30, 32
2-30	Collective bargaining agreements		24

### GRI 3: Material topics

3-1	Process to determine material topics		9, 29-30
3-2	List of material topics		35-38
3-3	Management of material topics	See relevant topics below	

#### Economic Topics

##### GRI 201: Economic Performance

*GRI 201: Economic Performance 2016*

201-1	Direct economic value generated and distributed		8
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##### GRI 202: Market Presence

*GRI 202: Market Presence 2016*

202-2	Proportion of senior management hired from the local community		10
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#### Material Topics

##### GRI 205: Economic topics

205-1	Operations assessed for risks related to corruption		33-34
205-2	Communication and training about anti-corruption policies and procedures		33-34
205-3	Confirmed incidents of corruption and actions taken		33-34

#### Environmental topics

##### GRI 301: Materials

301-1	Materials used by weight or volume		19, 22-23
301-2	Recycled input materials used		19, 22-23



DISCLOSURE		NOTES AND OMISSIONS	REFERENCE
301-3	Reclaimed products and their packaging materials		19, 22-23
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization		23
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions		23
305-2	Energy indirect (Scope 2) GHG emissions		23
<b>GRI 306: Effluents and Waste</b>			
306-1	Waste generation and significant waste-related impacts		19, 23
306-2	Management of significant waste-related impacts		19, 23
306-3	Waste generated		19, 23
<b>GRI 308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria		23, 24
308-2	Negative environmental impacts in the supply chain and actions taken		23, 24
<b>Social topics</b>			
<b>GRI 401: Employment</b>			
401-1	New employee hires and employee turnover		20, 24
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		24
401-3	Parental leave		24
<b>GRI 403: Occupational Health and Safety</b>			
403-1	Occupational health and safety management system		25
403-5	Worker training on occupational health and safety		25
<b>GRI 404: Training and Education</b>			
404-2	Programs for upgrading employee skills and transition assistance programs		25



DISCLOSURE		NOTES AND OMISSIONS	REFERENCE
404-3	Percentage of employees receiving regular performance and career development reviews		25
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees		24
405-2	Ratio of basic salary and remuneration of women to men		24
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken		24
<b>GRI 412: Human Rights Assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments		9, 33, 35
412-2	Employee training on human rights policies or procedures		21, 33
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		21, 25, 34
<b>GRI 414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria		21, 25, 34
414-2	Negative social impacts in the supply chain and actions taken		25, 34
<b>GRI 416: Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories		25
<b>GRI 417: Marketing and Labeling</b>			
417-1	Requirements for product and service information and labeling		25, 34
417-2	Incidents of non-compliance concerning product and service information and labeling		25
417-3	Incidents of non-compliance concerning marketing communications		25
<b>GRI 418: Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		25

# 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 Liljegen**  
Board member

**Patrik Rees**  
Board member

**Gavin O'Dowd**  
CEO

# Auditor's report



## Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

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

### Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2022 och för att den är upprättad i enlighet med årsredovisningslagen.

### Granskningens inriktning och omfattning

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

### Uttalande

En hållbarhetsrapport har upprättats.

Stockholm, den dag som framgår av vår elektroniska signatur

Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg  
Auktoriserad revisor

