

A CATALYST FOR CHANGE IN THE NICOTINE INDUSTRY



HAYPP GROUP

Sustainability Report 2020

Haypp Group Sustainability Report 2020

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About the sustainability report

The report pertains to Haypp Group AB, corporate identity no. 559075-6796, and its subsidiaries. Haypp Group reports its sustainability work based on the sustainability aspects that has been assessed as material in relation to the company's business and stakeholders' expectations. Haypp Group follows the Global Reporting Initiatives standard, GRI Core, in the report, the guidelines will be complied with in full starting 2021.

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 a separate report from the annual report. Haypp Group reports on its sustainability work annually and the relevant period for this report is the calendar year of 2020. This is the first sustainability report for Haypp Group.

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**.





An introduction from our CEO

At Haypp Group, we firmly believe that sustainability is not an add on to our business, rather, it is the essence of why our business exists. Globally, there are over a billion smokers which has led to a pandemic of smoking related diseases. Consequently, the long-term goal of Haypp Group is the global elimination of cigarettes.

Our higher purpose is to inspire consumers to choose safer nicotine. We strive to educate people and enlighten them to choose safer nicotine by providing healthier alternatives. We are committed to reducing or even eradicating the 8 million tobacco related deaths each year, 1 million of which are deaths resulting from secondhand smoke. We offer tobacco consumers healthier alternatives – from snus to tobacco free, nicotine pouches to ease the transition and help break unwanted habits; to nicotine free products for a brighter future. If a product does not meet our exacting standards for the improvement of life expectancy, then we do not sell it.

Haypp Group plays a pivotal role in the industry. We ensure that consumers get the product that they want and we also gather information from them, with their consent. We share this information with product development teams across the industry, in order to ensure that the right products are developed for tomorrow. We also cooperate with industry regulators to ensure that they understand the relevant scientific evidence and utilise this in the development of appropriate regulations. We are firmly on the consumer's side. We strive to procure the best products; ensure the consumer's freedom to use them and represent their desires to both the industry and its regulators.

Not only does this enhance the consumer's sales experience, but it also shapes the entire market and future products that will be available in the market. Our mission is to take the lead in the category and guide the entire industry towards a more sustainable, environmentally focussed future.

We recognize our primary responsibility to consumers, health authorities and government bodies around the world in the fight against the negative effects of tobacco. We strive to act ethically and morally in everything we do. We provide pioneering products and cutting-edge insights that create enlightened ambassadors for change and provide great customer experiences. Through our actions, we help millions to enjoy a longer, healthier and richer life. We believe that our influence in the global arena will make a difference and help consumers make informed choices now and in the future.

Last, but by no means least, we uphold the highest ethical standards. We pride ourselves on setting a high benchmark for others to follow and it forces sustainability to be centre stage not just for us, but for the entire category and we plan to keep it there for the long term.

Gavin O'Dowd
CEO Haypp Group

About Haypp Group

Haypp Group is a consumer driven e-commerce group focusing on oral nicotine products with the purpose of reducing tobacco related deaths globally and promote healthier enjoyment for millions. This is achieved through the support of product development of qualitative products, sale of the best and most attractive brands and products while maintaining a strict control in relation to the products as well as ensuring that only people that meet the legal age requirements can purchase the products. All this is done while at the same time ensuring the most sustainable and attractive offer to our customers and a consumer-oriented customer service.

Haypp Group has the ability to generate real change in the industry, the global transformation from smoking to healthier alternatives. Haypp Group has its origins in Scandinavia with extensive experience from pioneering markets in smoke free alternatives and being a leader in the e-commerce sector.

The tobacco supply chain starts with the harvesting of tobacco leaves as an input either to the snus products or from which nicotine is extracted in order to produce nicotine pouches and ends with the sale of the finished products to consumers. Our main suppliers are tobacco and nicotine pouches manufacturers. As a consumer-facing organisation, Haypp Group also has suppliers that provide services related to e.g. delivery and logistics as well as IT hardware and software. Haypp Group works in collaboration with the brand owners,

both larger international companies and smaller Swedish start-ups producing and developing nicotine pouches. Haypp Group is an active driving force in the industry's development and change towards healthier products. This is achieved through anchoring the ideas and values with the consumers. In 2020, Haypp Group made changes in its warehouse infrastructure by changing one of its warehouses in the United States as well as establish an own Swedish warehouse. Before Haypp Group makes new nicotine pouch products available to customers for purchase, all such products are tested to make sure that they comply with all applicable legal requirements. Haypp Group has initiated testing for products which are not yet regulated to ensure that the products are safe to use and thereby creating an industry standard.



A sustainable business model

Haypp Group has a sustainable business model that is built on five strategic areas for sustainability that is in line with our vision and incorporated into our operations; our contribution to sustainability, wellness and society go hand-in-hand with our business success. The better business we do, the better for society as a whole.



Haypp Group's sustainable business model is built around business ethics and focuses on health contribution, being the best place to work, provide insights for all and support sustainable innovation.

Health contribution, how Haypp Group can make people convert from smoking and other tobacco-products into less harmful alternatives among oral nicotine products.

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

Insights for all, working with the data Haypp Group as an e-commerce company has access to in order to help develop products, market restrictions and new alternatives.

Sustainable innovation, the data can contribute to sustainable growth together with business partners and consumers.

Business ethics is at the core of Haypp Group's sustainable business model as a guidance to always apply a high level of ethics to be able to operate a business within e-commerce and within the oral nicotine area.

Health contribution



Manufacturing or supplying products for daily commodity trading, especially products containing chemicals and additives, is heavily regulated and Haypp Group is at the forefront of developing new industry standards.

For Haypp Group, 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. It is not only the right thing to do, but it is also good business sense. In addition, we offer nicotine-free alternatives for consumers that wish to

reduce their nicotine consumption, or would like to quit altogether.

We support and encourage initiatives that promote healthy user habits including sports and other activities that add to a well-balanced life. This is in line with our values and the expectations from stakeholders.

Health contribution indicators that Haypp Group tracks:

GROWTH OF ACTIVE CUSTOMERS

An active oral nicotine user has made a decision to use significantly less harmful nicotine products. An active customer has made a purchase within the last 60 days.

NET HEALTH CONTRIBUTION

Lives are saved when a person converts from smoking and tobacco-use to safer oral nicotine products. Damages from smoking on public health can be estimated and quantified, allowing Haypp Group to offer healthier products and calculate its contribution to better public health.

DECREASING GLOBAL TOBACCO DEATHS AND SAVING LIVES

Estimating the number of lives Haypp Group helps save by offering risk-reduced oral nicotine products to adult consumer who would otherwise use harmful tobacco products.

NUMBER OF QUITTERS

Sharing information based on data and insights how many and who of our customers have won the battle against smoking and harmful tobacco-use.

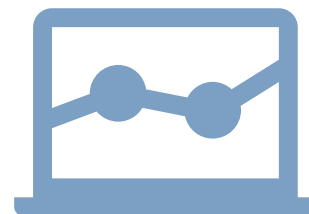
789 437

Active Haypp Group customers

97 680

Lives saved by using healthier alternatives

Insights for all



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

Through investment in data analysis, Haypp Group has become the leading research and insight provider within the oral nicotine category. These insights are shared with business partners and externally - so we can improve business and the category together. As an e-commerce business, we handle large quantities of consumer data, through which we gain new insights.

These insights give Haypp Group the opportunity to contribute to both market development and product innovation, as well as consumer research and regulations. Within public health and related policy enhancements, we always use factual, evidence-based information as a basis for decision-making.

Insights and indicators we track include:

RECOGNISED AS A DRIVING FORCE FOR HEALTH AND SHARING OF INSIGHTS

As Haypp Group builds insights and provides researchers with quantitative data, we see a need for a forum used to share and discuss the oral nicotine category - its developments, challenges and opportunities. In line with our goal of being the information collecting and unifying voice for consumers, we've launched the Global Oral Nicotine Symposium. This is where regulators, authorities, trade, research and academics media, NGO, public health activists and all consumers of oral nicotine can come together to access information.

EDUCATED CUSTOMERS MAKE CONSCIOUS DECISIONS

Insights from our consumers' data, and research from others, need to be shared widely and specifically reach consumers using harmful tobacco - as well as the public. When understanding the relative risks of nicotine products, consumers can make their own decisions for healthier enjoyment and inspire others. We highlight other's initiatives, as well as taking our own actions, focused on current tobacco-users to encourage them to quit. We do this, for example, by highlighting WHO initiatives, such as World No Tobacco Day, which is focused on decreasing smoking rates and for consumers to pledge and 'Commit to Quit'.

No. of health authorities, academics or NGOs using Haypp Group data
Will be documented from 2021

No. of people that "Pay it forward"
Will be documented from 2021

Innovation for sustainable growth



As one of the global leaders in consumer insights in our field we can lead a sustainable product development. We are constantly looking for new ways to provide more sustainable products. Specifically smoke- and tobacco free products with a balanced nicotine content. With our focus on converting smokers to tobacco free nicotine pouches we are convinced that our growth in the global market will go hand in hand with more healthier nicotine users.

Our entire product range should maintain a high sustainability standard. The products and services we offer to the market shall meet or exceed our high standards for quality and sustainability. And in some cases,

we set new higher standard for the industry. We believe that we as one of the global leaders in consumer insights in our field, can lead product development from a customer- and market perspective.



100%

No. of suppliers screened ensuring a sustainable value chain

70%

Share of nicotine pouches portfolio tested and accredited to standard

The best place to work



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

Knowing and embracing the long-term ambitions of the group, saving lives with our company initiatives and values, is key. In the same way, it should be clear that there are limitless opportunities for everyone.

There are opportunities for employees to improve themselves in leadership, sustainability, and innovation. This creates value for employees, customers, the company, as well as society at large.

Indicators we track that are part of our health contribution includes, amongst others:

FOLLOWING EMPLOYEE SATISFACTION

We make a constant effort to listen to all of our employees' opinions and voices. We take into consideration how it is to be employed by Haypp Group and we regularly perform employee opinion surveys (EOS). From these surveys, we learn what we need to work on as an employer, how to keep employee satisfaction high, and also, concerns that may need addressing or questions that might arise.

IMPLEMENTING LEARNING PLATFORMS

To spread knowledge and support employees in their work, and how this relates to our higher purpose and business ethics, we utilise e-learning. This includes our Code of Conduct, technical systems and product specifics to our working environment and privacy.



Employees received relevant training

Will be documented from 2021

65%

Employees that recommend
Haypp Group as an employer

Business ethics



In order to continuously deliver successfully to our current and future customers, we must hold ourselves to the highest ethical standards. The consumer is the focus of our business. For sustainable business growth, it's fundamental to earn their trust so that we can continue our relationship with them.

In order to continuously deliver successfully to our current and future customers, we must hold ourselves to the highest ethical standards. We have policies in place to prevent all forms of corruption, bribery and extortion. Our aim is to ensure proper behavior that guides us in conflicts.

Ethical behavior is fundamental to the way we want to do business. It's also necessary to place higher demands on both us and our suppliers, in order to realise our goal of

leadership in our market. To support this, we make sure that everyone is both able and comfortable to report and share their experiences. We also have a "whistle blowing" mechanism in place.

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're able to be the modernising and converting force that we have the potential to be.

Some of the activities part of our health contribution includes, and indicators that we track, are:

INTRODUCING A CODE OF CONDUCT

As Haypp Group grows, both in terms of business, and with the number of employees and business partners, the need to have clear guidelines on how we operate is paramount. Not only is it a declaration of how we act, and the standards we commit to, but it's also a tool for compliance and to gain learnings from. Which can then be developed and utilised even further.

THE ANONYMOUS

WHISTLEBLOWER FUNCTION

If you have worries about misconduct and wish to remain completely anonymous, please use the online whistleblower function to make your report.

100%

Recognised as a force for
change by partners

Compliance training
and e-learning

Will be documented from 2021

Financial management

Haypp Group's head office and main operations are based in Stockholm. We operate and serve customers all over the globe, with the exception for snus which is not available for the EU market except for Sweden. Haypp Group has warehouses in Sweden, Denmark, the United States and the United Kingdom. Personnel is present Norway, the United Kingdom, Spain and the United States besides for Sweden. Haypp Group is a limited liability company that is owned by the founders, management and employees. All senior managers have been hired from the local community.

The highest governance body of Haypp Group is the Board of Directors, consisting of seven members. The Board of Directors oversees the Management team, comprising of nine members, in charge of the daily operations including decision-making in relation to economic, environmental and social topics. Ingrid Jonasson is the chairman of the Board of Directors. The corporate governance structure is set up with different managers which report to the CEO.

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. During 2020, Haypp Group had 114 employees. The material topics prioritised for the report can be found in the Materiality analysis.



Governance and sustainability

The Board of directors has the overall responsibility for the sustainability performance and determines the strategy for Haypp Group and the identified risks based on recommendations from the management team. The Board of Directors are tasked with monitoring the risk management process and is continuously informed about existing and new identified risks as well as the measures taken to limit risks by the management team. All functions are responsible for managing the risks associated with its plans, both centrally in the function as well as individual staff members. The Code of Conduct will help to ensure a corporate culture that prevents unacceptable risk-taking.

All employees are requested to identify and report events and circumstances that include risks. Existing and potential risks are discussed on an ongoing basis within the management team. To ensure that the responsibility is clearly communicated and understood, as well as the management team having the right tools for working with risk management, a policy has been developed under 2020 and will be adopted in 2021.

Each year, a risk assessment is made identifying significant risks that Haypp Group is exposed to. The identified risks, including probability and potential impact, connection with other risks, preventative activities and monitoring are presented to the management team which in turn presents the risks to the Board of Directors. This process ensures that appropriate measures are taken to reduce, prevent and counteract unwanted risks.

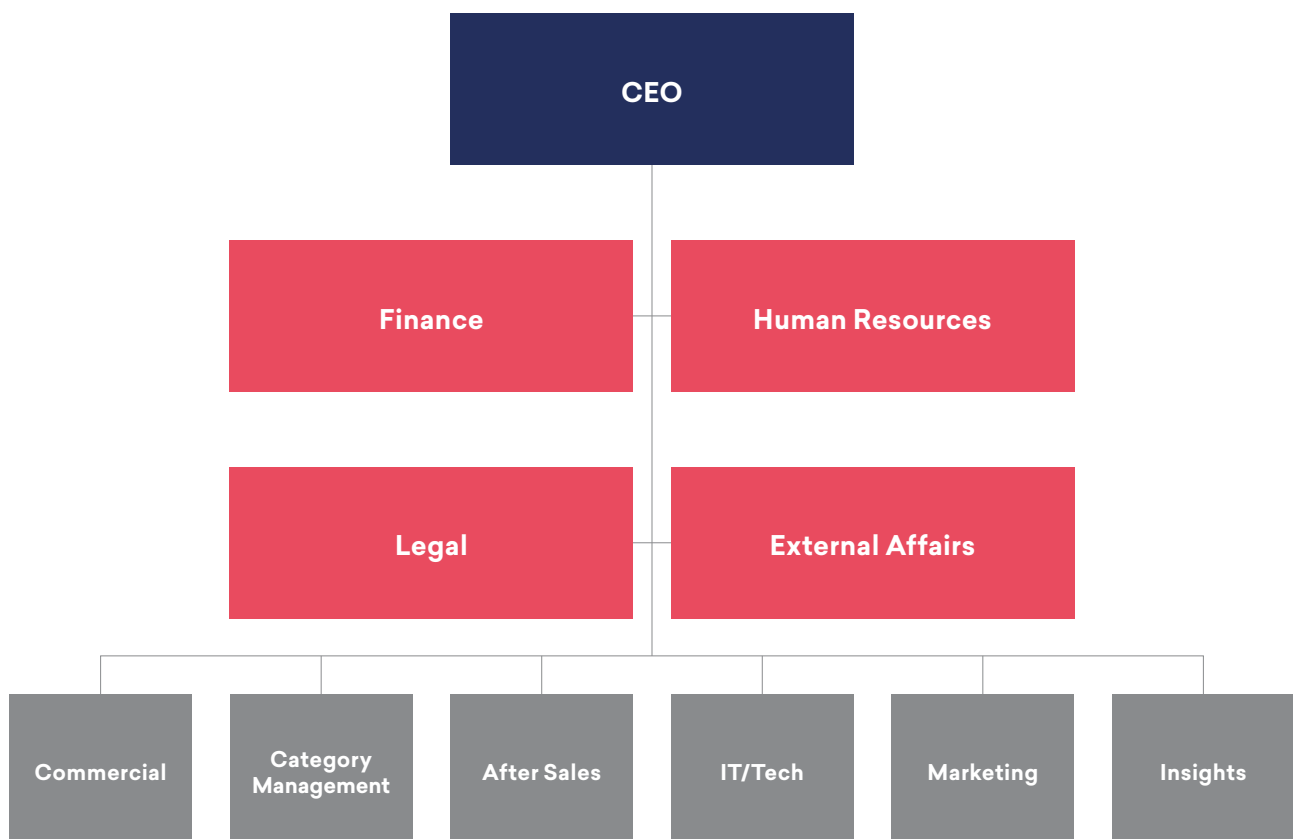
Based on the outcome of the annual risk assessment process, strategies are developed to manage new and/or changed risks. Decision about risk management may include that risks must be avoided, reduced, shared or accepted.

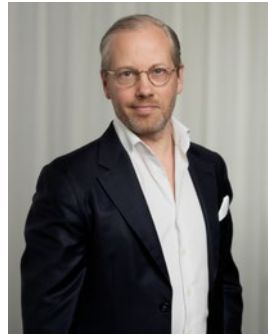
Sustainability risks are addressed with the same priority as financial or operational risks. The coordination responsibility for assessing sustainability risks is the same function as the annual risk assessment process. This promotes that ESG risks are managed in the same manner as other significant risks identified for the organisation.

Haypp Group has also appointed a sustainability manager which appropriate training in sustainability matters for e-commerce businesses.

Organisation

Haypp Group had a total of 114 employees in 2020, all but one was employed under a permanent contract. Two employees were employed on part-time contracts. Most employees are based in Stockholm, but Haypp Group also has presence in Norway, Spain and the United States. Haypp Group does not have a significant variation in employees due to seasonal variations and employees perform the significant portion of the activities.





Oral nicotine products - from suppliers, via Haypp Group, to consumers who have made a choice

Every day, Haypp Group sends about 7000 packages to customers around the world. The products are manufactured all over the world, but Haypp Group purchase the products from suppliers in Europe and the United States. In 2020, Haypp Group had a total of 7 warehouses, of which 4 were external third-party warehouses, located in Sweden, Norway, Denmark and the United States.

Much of the work is manual, but in the warehouses in Sweden the work is facilitated by picking and packing machines. The packages are pre-sorted and sent with any of the shipping methods locally available. The customer receives the package within 1-5 days, depending on the customer's location.

Haypp Group now has its first own warehouse in Stockholm which means that the transport distance between the warehouse and most of

our Swedish customers has become significantly shorter. As an effect, fewer packages need to travel long distances. Furthermore, Haypp Group has increased the volume with carriers that invest in green deliveries with, for example, electric cars. The warehouse in Stockholm also has a large part of its electricity supply from solar cells on the roof, which is a positive environmental effect that was not available in the previous external warehouse.

In the beginning of the covid-19 pandemic, Haypp Group took action to secure supplies by purchasing larger volumes for its warehouses to minimise any negative effects due to the initial general reports of impacts on the supply of products. This allowed Haypp Group to maintain its delivery times and be able to offer a big variety of products and ensure that people had the possibility to keep their promise to themselves of using healthier alternatives.



A man in silhouette is reaching up towards a small object in the air against a sunset background. The scene is captured in a warm, golden light, with the man's arm extended upwards. The background shows a city skyline and a body of water, all in silhouette.

Haypp Group's actions due to Covid-19

Haypp Group took immediate action to ensure the health and safety of its employees from the start of the Covid-19 pandemic. Haypp Group has strictly applied and adhered to the rules and recommendations enacted by public authorities, in particular the Swedish Public Health Agency and has communicated such information to the employees as well as the internal policies of Haypp Group.

All employees that can carry out their tasks from home have been requested to work from home. To ensure a healthy working environment, Haypp Group has ensured that working equipment such as desks, chairs, computer screens etc. have been shipped to all employees that request such equipment. For employees at our warehouses, we have changed schedules to ensure that the people working different shifts will not cross paths with each other to ensure social distancing between the different working groups

and remind employees to practice social distancing. Haypp Group has also changed the cleaning routines to increase the cleaning at both the warehouse and head office with particular focus on the common areas.

At the head office, Haypp Group provides face masks and disinfectant for those employees that must be at the office and ensured that social distancing is practiced whereby people e.g. do not use adjacent desks or chairs in common areas. Haypp Group has also ensured alternative transportation to public transport whenever employees need to go to the office.

To maintain the company culture Haypp Group has initiated digital gatherings such as quizzes, lunches, coffee breaks among different groups of employees to maintain the social contacts. All employees are also encouraged to call or use video meetings to maintain interactive contacts with colleagues.

Sustainability ambition

Haypp Group leadership on the world's most important topic. Our ambition, commitment, and approach to sustainability. Our leadership's ambition statement for how to optimise our contribution to sustainable development.



1. SYSTEMATIC APPROACH

In order to optimise our contribution to sustainable development and the Global Sustainable Development Goals, we have chosen a systematic way to sustainability. Haypp Group follows the international guidelines pointed out by the EU, that also follow industry best practice. We're guided by the world's broadest accepted standard for sustainable business ISO 26000.

2. STAKEHOLDER DIALOGUE

To achieve our sustainability goals, we need to work together with clients, partners and suppliers. That is why Haypp Group has an active dialogue with our most important stakeholders and stakeholder groups – starting with employees and customers around the world. This is done to calibrate our sustainable efforts so they get as much support and autonomy as possible.

3. MATERIALITY ANALYSIS

To fully understand what Haypp Group can and should do – we engage in a win-win analysis. We want to make sure that we do what maximises value creation for most stakeholders – clients, employees, partners, suppliers, society at large, as well as for our shareholders/owners. And do this according to our unique terms and conditions. We recognise the UN Sustainable Goals: 3, 12, 14 and 17 as our guiding goals – where we can contribute without compromise to the global communities achievements towards other goals.

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 overall long term performance. We see sustainability as a natural part of our daily business, and manage it in the same way we manage any other strategic issue. Every idea we nurse produces short term value or has the potential to create long term value for shareholders.

5. PRACTICAL RESPONSIBILITY

Action speaks louder than words. We know that whatever we do for a sustainable world is far more important than what we say. That's why we will always prioritise practical action, before communicating or reporting – though we of course, 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 in a practical way with a forward-looking and practical approach. All our sustainability reporting work will be compliant with law, using the best available and most cost-efficient methods that create value for the user – whoever she may be.

7. AS AN INDUSTRY LEADER WE CAN CONTRIBUTE TO CHANGE

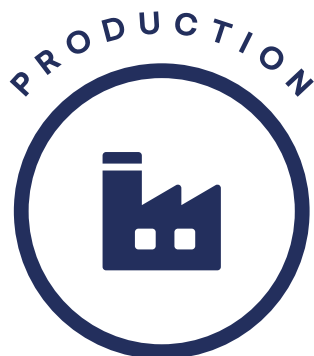
The world needs sustainable development – where economic, environmental and social aspects are all in balance. Through the UN Global Goals for Sustainable development – Agenda 2020 – the global community has set the standard for how this balance can be reached. It takes the effort of nations, civil society, individuals, and corporations, to make it happen. Haypp Group recognises that we can contribute – and wants to be held accountable for it.

Stakeholder dialogue

Without our stakeholders, Haypp Group as a company will not prosper – it's only together that we can achieve great things. That's why we have a stakeholder dialogue system in place. To validate our sustainability strategy and material analysis, our aim is to have systemic interaction with each stakeholder group every three years. Extended stakeholders are key to understanding the expectations of the group's sustainability approach.

Our stakeholders are our customers, business partners and suppliers, the associations we are members of and public authorities as well as our management team and our employees. Stakeholder dialogues have been carried out with these categories to set priorities and to cooperate on sustainability issues. The dialogues are carried out in a structured and systematic way to reflect on progress and new topics that are relevant for our stakeholders and as a consequence are relevant for us.

Customer priorities



Membership of Associations

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

Norway

- Federation of Norwegian Enterprise, e-commerce

United Kingdom

- The Swedish Chamber of Commerce for the United Kingdom

Switzerland

- The Swedish-Swiss Chamber of Commerce

United States

- The Swedish-American Chamber of Commerce



External initiatives

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

Strategic direction for sustainability

Sustainability influences everything Haypp Group does and characterises product assortment, purchasing, logistics, marketing, sales and work culture. Haypp Group's goal is for the business to contribute to significantly reduce death rates and save lives. Therefore, sustainable development - that is, one long-term responsibility for all aspects of the company - always must be a part of our contribution to the surrounding world.



Core values

Haypp Group's business concept addresses one of the world's biggest problems – how to end smoking. Our goal is to significantly reduce death rates and save lives.

Our vision and mission

We put the consumer first. We engage with them every day to understand their needs and desires, and we know them like no other actor in the industry. Our vision to “Inspire healthier enjoyment for millions” will help consumers change harmful habits, whilst simultaneously increasing our global presence.

Our values

Society is demanding a change in the tobacco and nicotine industry. We believe that “Inspiring healthier enjoyment for millions” is pivotal to drive the global change. As a result of our success in Scandinavia, and our recent achievements when entering new markets, we're in a unique position to help drive that change in society.



Code of Conduct

In 2020, Haypp Group started developing its own Code of Conduct as well as updated its Supplier Code of Conduct.

Code of Conduct

The project with the Code of Conduct started as way to create a policy that reflects what Haypp Group and all of its employees, management and board members stand for and apply. The Code of Conduct defines the standards of behaviour that are essential to Haypp Group and the ethical business principles that are applied.

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

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	

The Code of Conduct is set to be implemented with training and signing of the code by employees in 2021.

ANTI-CORRUPTION

Haypp Group has assessed all of 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 is also communicated to authorities, municipalities, the relevant ministry as well as the Parliament committees on Civil Affairs and Industry and Trade. Training on the anti-corruption procedures will be carried out in 2021.

Haypp Group has not had any incidents of corruption in 2020.

Supplier Code of Conduct

The Supplier Code of Conduct was updated and implemented in 2020. All of Haypp Group's suppliers must fulfil the Supplier Code of Conduct. All of Haypp Group's suppliers of oral nicotine products have either signed the Supplier Code of Conduct or have their own internal Code of Conducts setting out the same standards.

The Supplier Code of Conduct focuses on (i) safe products, (ii) taxes and other fees, (iii) working environment and human rights, (iv) anti-bribery and corruption and (v) 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 be comply with the ILO's eight fundamental conventions on human rights in working life.

ANTI-BRIBERY AND CORRUPTION

Haypp Group has zero tolerance against bribery and corruption. All suppliers must comply with relevant laws and regulation 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 encourage all sustainable and climate innovative initiatives from partners. Such initiatives can create a more sustainable range of products and services.

Actions & initiatives

To be able to reach our goals, and measured indicators within our work, several initiatives are put in place – as well as actions implemented continuously. These actions are concrete and strive towards the overall objective and higher purpose of Haypp Group.

Certain actions are part of daily operations and relate directly to how well our operations are delivering and increasing the number of consumers choosing to purchase their oral nicotine from Haypp Group. For each customer there is a positive net health effect for society on top of the increased quality of life for the individual.

Particular initiatives, for the category as such, are to develop it and ensure qualitative products that meet the needs and requirements of nicotine consumers today and tomorrow. Development of standards for oral nicotine products, their ingredients, market restrictions and controls, including a supplier code, is another initiative.

Other actions include establishing of guidelines for our own business to keep the high level of business ethics as we, as a market leader, grow.

All our actions and initiatives relate to at least one of our strategic focus areas that are part of our sustainable business model:

- Health Contribution
- Insights for All
- Sustainable Innovation for Growth
- Best Place to Work
- Business Ethics



Pledge to quit smoking – and pay it forward



Because we support the goal of reducing tobacco smoking, we ask those consumers who still smoke to pledge to quit. If you've already quit smoking, or never started, then please 'pay it forward' and ask someone you know to pledge to quit!

The theme of World No Tobacco Day 2021 is "Commit to quit!". Because of the many health-related consequences for individuals and society, the aim is to engage with smokers and support them in their efforts to quit.

The best health decision a smoker can make is to completely quit their tobacco-smoking. This can be difficult, or you might simply be unwilling to quit. But it's always easier to do if

you make a commitment – and that's why we encourage you to pledge to quit!

If you've already put down your cigarettes, or never picked them up in the first place, then perhaps you can help others around you? Support a friend, relative or family member in their pledge to quit – this is what we call paying it forward!



New standards and database development



Through innovation, new products and procedures can reach the market where the current framework might not be applicable. Because of this, new universal standards need to be developed, and the understanding and governance of these standards need to be formalised.

As new categories and products reach the market, we at Haypp Group perform laboratory testing and analysis of products to give us an organised overview and governance. By doing this, we're able to ensure that products meet consumer needs and safety standards.

Our data and reports will be shared in a transparent way. This is to ensure that both authorities and consumers have the possibility to find more information about these products.



Global Oral Nicotine Symposium



By sharing and discussing insights, we can develop our understanding of oral nicotine. Increasing the prospects of evidence-based actions in reducing tobacco-related illnesses and deaths globally. A single institution, authority, organisation or public health board can't do it all. By exchanging knowledge, such as consumer behaviour, transaction data, and research, we're able to find new insights. These views should be discussed openly and in a transparent way. This will open up the possibility of contributing to a joint goal of reducing the damages of smoking on a national and global level. To enable this exchange Haypp Group takes the initiative for the first Global Oral Nicotine Symposium.

Tobacco-related illnesses and death are one of the most prominent non-communicable diseases (NCDs) which can be prevented by reducing smoking – with the goal to eventually eliminate smoking completely. Views on how to reach this goal differ on a national level, and opinions go in different ways regarding which actions are most efficient or should be prioritised.

Information relating to oral nicotine products, how they differ, and their role in reducing the harm of tobacco, is not as widely known among all relevant groups or outside of a few countries.

This is why a forum for discussion is needed – where insights and best practices can be shared. The target audience includes lawmakers, scientists and researchers, health practitioners, industry, media, NGOs and public health advocates.



Round up your purchase



As a consumer you might not think that you are able to make a difference, but together you can. By joining forces and getting a support network to understand the effects of nicotine, consumers can really make an impact. The power of a larger group can move mountains. We are currently working on implementing a solution whereby when making a purchase through our platforms, it will be possible for you to round up your order. By rounding up, you donate to the work of the New Nicotine Alliance – then Haypp Group will match your contribution.



Health Contribution Study



No one knows more than we do about the benefits of oral nicotine – and the positive effects it can have on global tobacco-related illnesses and death. As snus contains nicotine, it can act as a substitute for cigarettes – and it is a lot less harmful to your health than smoking. Snus is often used by smokers as a means to quit smoking and some people choose to start using snus instead of starting to smoke. For these reasons, snus can be seen as a consumer product that helps reduce the negative effects of smoking. With these factors in mind, Haypp Group wants to assess how snus and similar nicotine products can help to reduce the damage from smoking.

We address a number of difficult questions:

- How many positive health differences can be attributed to snus?
- How has snus and different conditions contributed to health effects in Sweden and Norway – the two countries where snus is most common?
- Has the ban on snus in the EU contributed to deteriorating public health?
- How could public health in the EU be improved if snus were permitted?
- Exploring different ways of thinking about the health effects – and how we can measure them.

The purpose is to see how snus contributes to reducing smoke-related damage. For an accurate result, different calculations should be performed, with different assumptions, and based on different starting points.

An important part of this work is to ensure that calculation methods are simple and transparent. Ensuring that as many people as possible understand the assumptions on which they are based, thus alleviating uncertainty.



Top KPIs

The goal to significantly reduce death rates and save lives is a serious and outlandish goal, and we have KPIs to match it. As Haypp Group expands, more people's lives can be saved by reducing unhealthy tobacco use while at the same time promoting more sustainable products and packaging.

Our KPIs are:

- Global deaths by smoking yearly
- Active Haypp Group customers
- Lives saved by using healthier alternatives
- Percentage of Haypp Group customers that have changed from smoking

Key figures

8 000 000

Global deaths by
smoking yearly

97 680

Lives saved by using
healthier alternatives

789 437

Active Haypp Group customers

52%

Percentage of Haypp
Group customers that
have changed from
smoking

Calculation of lives and years saved

In order to be able to measure two of our most important KPIs, the number of lives saved and the number of years saved, Haypp Group has, together with external partners, come identified a means to calculate the KPIs based on research by professor Prabhat Jha at the University of Toronto.

Calculation of lives saved

The basis for the calculations is (i) the share of former smokers saved from dying in smoking-attributable diseases by quitting, (ii) No. of Haypp Group's active customers and (iii) share of customers stating that they quit by using products sold by Haypp Group. This calculation can be made for both snus and nicotine pouches. Based on such calculations, it is estimated that total of 97 680 lives were saved due to the healthier product alternatives sold by Haypp Group in 2020.

CALCULATION FOR SNUS

(i) 40 per cent of former smokers' lives are estimated to be saved due to quitting.
(ii) Haypp Group had 220 000 active snus customers in 2020, (iii) 52 per cent of the active snus customers stated that they have quit smoking. By multiplying the values, it is estimated that 45 760 lives were saved due to snus products sold by Haypp Group in 2020.

CALCULATION FOR NICOTINE POUCHES

(i) 40 per cent of former smokers' lives are estimated to be saved due to quitting
(ii) Haypp Group had 220 000 active nicotine pouches customers in 2020, (iii) 59 per cent of the active nicotine pouches customers stated that they have quit smoking. By multiplying the values, it is estimated that 51 920 lives were saved due to snus products sold by Haypp Group in 2020.

Calculation of years saved

The basis for the calculations is the number of people who quit smoking using products sold by Haypp Group, multiplied with the share of smokers saved from dying by quitting, multiplied with the gain in life expectancy by quitting smoking. For example, life expectancy is assumed to increase by 10 years if a person stops smoking before the age of 35, 9 years before the age of 45, 6 years before the age of 55 and 4 years between the age of 55 and 64.

It is estimated that snus products have saved 428 796 years and nicotine pouches 385 937 years. In total, it is estimated that products sold by Haypp Group has contributed to saving 814 733 years in 2020.



Our contribution to the Sustainable Development Goals

Haypp Group supports the global goals of the 2030 Agenda for Sustainable Development as an universal call for action for a more sustainable development and address the global challenges we all face together. The 17 SDGs with its 169 targets and associated indicators give a framework to follow and operate within to achieve sustainable development which allows both social development and economic growth without endangering the planet's ecosystem or jeopardizing the climate. Haypp Group follows the development and strives to contribute in a concrete way to several of them.

As part of our materiality analysis and our sustainable business model we have reviewed the SDGs and have decided to focus on those goals where we have identified our largest impact. We have chosen these goals as we believe we can contribute the most to them, both in relation to the planet and humanity for the long-term survival of both.

The main SDG for Haypp Group has been identified as SDG 3 (Health and well-being) which is in line with the higher purpose and core of our business, to inspire healthier enjoyment. In addition, SDG 12 (Responsible consumption and production) together with SDG 17 (Partnerships for the goals) has been identified as our other primary SDGs on which we focus. Based on the materiality analysis and continued stakeholder dialogues we do not anticipate any major changes to our SDG focus in the short term, if any it would be adding additional SDG in the medium term.



Our selected goals

3. Good health and well-being

The greatest possibility for Haypp Group to contribute to the SDGs is within goal number 3. The reality is that every 2 seconds someone aged 30 to 70 years dies prematurely from noncommunicable diseases – cardiovascular disease, chronic respiratory disease, diabetes, or cancer. The single most contributing factor to these deaths is smoking.

Cigarette smoking is directly linked to severe health related illnesses and causes serious diseases. By replacing cigarettes and eliminating all smoke inhalation more than 7 million lives could be possible to save annually and the huge negative impact smoking has on both individuals and on society could be reduced.

Included in SDG 3 are targets and indicators specifically related to smoking and tobacco use:

TARGET 3.A

Strengthening the implementations on WHO's Framework Convention on Tobacco Control (FCTC), as appropriate

INDICATOR 3.A.1

Age-standardized prevalence of current tobacco use among persons aged 15 years and older.

Haypp Group closely monitors the work being done worldwide to combat tobacco death. We agree with WHO on much, but not on everything. Nevertheless, Haypp Group does recognize and acknowledge the great work being done by the WHO with the same goal as



Haypp Group, namely, to truly reduce tobacco deaths and illnesses. Haypp Group wants to contribute and follows developments in the work towards this goal 3.A.

In all markets where Haypp Group operates there are strict regulations related to the products we handle. We support regulations in place throughout our operations, and in markets where we currently are not operating, we advocate for factual and scientifically based regulation with the aim of reducing the harm of smoking and tobacco use.

Although we ultimately prefer that people stop using tobacco completely, either fully or through less harmful nicotine alternatives, we realize that our products are also considered harmful by some and it is therefore crucial for us to be strict with for whom products are made available. Strict age limits are essential, and Haypp Group is known for advocating for a raised age limit, also in markets where regulations are in place and limiting all availability to 18 years of age.



TARGET 3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

INDICATOR 3.4.1

Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease.

Smoking is the unrivaled largest factor of premature deaths from non-communicable diseases, such as cardiovascular disease, chronic respiratory disease, diabetes, and cancer. The target of reducing premature mortality lies in line with the mission of Haypp Group and we will have a positive contribution and impact as our business continues to grow. For every individual that either quit smoking or change to a less harmful tobacco or nicotine alternative lives are saved and public health improves.

TARGET 3.D

Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

INDICATOR 3.D.1

International Health Regulations (IHR) capacity and health emergency preparedness.

The logic behind Haypp Groups health contribution is that with less harmful alternatives to smoking inhalation and tobacco use the burden caused by cigarettes and similar products can greatly be lessened. Haypp Group is an active supporter of risk reduction, emphasizing the evident research and scientific basis for it when it relates to smoking and tobacco use. We also complement existing research with the unique insights we gain and can contribute with, to reach a more sustainable future together on a global level.

12. Responsible consumption and production

As a fast-growing company within online retail Haypp Group has a responsibility to contribute to a more sustainable and responsible consumption of goods.

Only one fifth of all the world's final energy consumption (2013) was from renewable sources and the levels of waste in the supply-chain has never been higher. Haypp Group seeks to decrease the negative impact of the products – from reducing the environmental impact in manufacturing, efficient low-carbon logistics and waste management to product eco-design, responsible littering and recycling programs both within our organization and especially our business partners and suppliers.

As an e-commerce business, the vast majority of emissions and waste related to the value-chain of which Haypp Group is part of is not under the direct control of Haypp Group. Instead Haypp Group must fulfill the role of both encouraging and demanding business partners to take actions to recycle, reduce waste and create a more efficient production and supply-chain to help us shift towards a more resource efficient economy and sustainable use of natural resources.

Haypp Group also sees a need to inform and raise awareness among not only our business partners but also our consumers to reduce waste and increase the level of recycling and reuse. We all need to be informed on sustainable development and lifestyles in harmony with nature.



For in SDG 12 the targets were Haypp Group see it contribution clearest is within:

TARGET 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

INDICATOR 12.5.1

National recycling rate, tons of material recycled.

TARGET 12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

INDICATOR 12.6.1

Number of companies publishing sustainability reports.

14. Life below water

Life cannot exist without water and when the worlds' water is polluted it undoubtedly means we are not being sustainable for generations to come. One of the severe marine pollutants is the alarming levels of plastic littering. An average of 13,000 pieces of plastic litter can be found per every square kilometer of ocean, and it is increasing. Microplastics, plastic broken down into pieces of less than 5 mm, can harm marine life and organisms when ingested.

As the product Haypp Group handles are consumer goods, which to a large extent uses plastics as a container, it means the risk for plastic waste and littering is high. Plastic waste placed as landfill together with leachate may lead to further pollution of our watercourse and oceans. Therefore, Haypp Group recognizes its responsibility to both reduce its own plastic use, but even more important to encourage business partners to reduce the use of non-degradable fossil plastics in the value-chain.



Haypp Groups contribution in terms of SDG 14 and the reduction of plastic and marine pollution is included in:

TARGET 14.1

By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

INDICATOR 14.1.1:

(a) Index of coastal eutrophication; and (b) plastic debris density.



17. Partnerships for the goals

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

Policy and regulatory developments in countries across the globe should take into consideration the knowledge, expertise and experience from other countries and regions. Here Haypp Group has a responsibility to act and share the insight and research based on these and function as a gathering force for the momentum to change the course for a more sustainable development on both national and global level. The insights generated by Haypp Group are also valuable for product development and innovation to further meet both consumers' and society's expectations and needs.

Haypp Group's contribution to SDG 17 includes:

TARGET 17.16

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

TARGET 17.17

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.



Materiality and risk analysis

MATERIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
ECONOMIC TOPICS				
GRI 205: Anti-corruption	Anti-corruption is an important question globally, even though our industry has not been particularly exposed. No market player 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 a whistle blower system in place to identify all kinds of irregularities.	<i>Business Ethics</i>
ENVIRONMENTAL TOPICS				
GRI 301: Materials	Haypp Group is working to be effective when it comes to all types of resources. We try to be energy efficient and reduce waste in every way we can. Being a 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 relation with both suppliers and customers.	We strive to increase the use of recycled material in our packaging and evaluate incentives to reduce the waste in relation to all our markets.	<i>Innovation for Sustainable Growth</i>
GRI 302: Energy	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>Innovation for Sustainable Growth</i>

MATERIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
GRI 305: Emissions	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.	<i>Innovation for Sustainable Growth</i>
GRI 306: Waste	To us waste is mostly connected to packaging. 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 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. We require that of our suppliers and encourage our customers to do the right thing. Haypp Group 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>Innovation for Sustainable Growth</i>
GRI 308: Supplier Environmental Assessment	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 a 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 Group promises its customers.	Communication of Haypp Group's Code of conduct, dialogue and testing.	<i>Innovation for Sustainable Growth</i>

MATERIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
SOCIAL TOPICS				
GRI 401: Employment	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 Group 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 relate to lower costs, increased innovation and a better organisation.	Active dialogue with employees and whistle blower function are essential to ensure that Haypp Group continues to be a fantastic place to work.	<i>Best Place to Work</i>
GRI 403: Occupational Health and Safety	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.	Whistle blower function in place where employees can report issues.	<i>Best Place to Work</i>
GRI 404: Training and Education	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>
GRI 405: Diversity and Equal Opportunity	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 an 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>
GRI 406: Non-discrimination	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>

MATERIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
GRI 412: Human Rights Assessment	Human rights is 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>
GRI 414: Supplier Social Assessment	Human rights and other social issues are important to Haypp Group. We prioritise 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>
GRI 416: Customer Health and Safety	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, labeling 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>

MATE- RIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
GRI 417: Marketing and Labeling	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 law suits.	Continuously monitoring developments to ensure compliance	<i>Insights for All</i>
GRI 418: Customer Privacy	GDPR is a requirement in our business as we handle millions of purchases made by consumers each year. As Haypp Group 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 Group 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>

MATERIAL TOPIC	MATERIALITY	RISK (AND/OR OPPORTUNITY)	MANAGEMENT	STRATEGIC FOCUS FOR HAYPP GROUP
HAYPP GROUP SPECIFIC ASSESSMENT				
Plastic	Plastic is an important topic both in relation to the environment and sustainable consumption, two important topics for Haypp Group. We have 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.	
Addiction	Nicotine addiction is a globally discussed question. The question comes up in Haypp Group'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 Group monitors is the risk for young people to use our products as a gateway to tobacco products which is contrary to our 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.	

Sustainability data & results

Environmental topics

MATERIALS

Haypp Group encourages its partners and strive to use renewable materials whenever possible. In 2020, Haypp Group changed its supplier that collects waste from the head office in Stockholm. The new supplier keeps track of all the waste collected from the office as well as provides and ensures separation at source for materials such as paper, plastics, glass etc. Haypp Group primarily purchases materials for packaging products. For the proprietary warehouse in Sweden, we purchased e-commerce bags made out of recycled plastics (192 kg) and circa 3700 kg of recycled corrugated cardboard.

ENERGY

Haypp Group's total energy consumption in Sweden was approx. 315 000 kWh in 2020 from the head office and the warehouse. Approx. 193 000 kWh pertained to electricity consumption, 100 000 kWh pertained to heating consumption and 22 000 kWh for cooling. 60 per cent of the electricity consumption for the ware house is sourced from solar panels and the rest is purchased.

EMISSIONS

Haypp Group has initiated dialogues with its business partners in relation to calculations of direct and indirect emissions in order to be able to accurately report such data in the future.

EFFLUENTS AND WASTE

Waste is generated both upstream and downstream in the value chain in which Haypp Group is active. Upstream is pertains to waste generated in the manufacturing process and transport of the goods to our warehouses. Downstream, waste is generated from the packaging used to ship customers orders to them. Haypp Group is actively working with its business partners to reduce waste in the value chain and use recycled and bio gradable packaging.

Haypp Group has during 2020 changed the business partner in charge of waste collection which will enable Haypp Group to report on total waste in the future.

SUPPLIER ENVIRONMENTAL ASSESSMENT

All suppliers must fulfil the environmental aspects of the Supplier Code of Conduct.

Social topics

EMPLOYMENT

We welcomed 53 new employees in 2020 and had an employee turnover of 8 people. The new employees are divided into the following age groups: (i) 28 people under 30 years old, (ii) 23 people between 30 and 50 years old and (iii) 2 people over 50 years old. Divided by gender, 24 are female and 29 are male. Of the 8 people that left Haypp Group, 5 were male and 3 were female, of which 2 were under 30 years old and 6 people in between 30 and 50 years old. Haypp Group does not apply any collective bargaining agreements.

Haypp Group provides benefits such as insurance coverage for health care, disability and invalidity coverage and offers benefits as retirement provision and stock ownership.

All Swedish citizens are entitled to parental leave. 12 employees took parental leave, of which one was a woman, during 2020.

OCCUPATIONAL HEALTH AND SAFETY

Haypp Group did not have a reporting system for occupational health and safety management but all employees are covered by such a system. There are more safety routines and procedures for warehouse staff than for staff working from the head office.

Training is provided to all employees on occupational health and safety routines, particular training applies for warehouse staff.

TRAINING AND EDUCATION

Haypp Group does not document the average hours of training per employee nor programs to upgrade employee skills and transition assistance programs. Haypp Group encourages all employees to partake in training in relation to upgrade employee skills. All employees have annual reviews relating to performance and career development.

DIVERSITY AND EQUAL OPPORTUNITY

Of the persons making up our Board of Directors, 14 per cent are female and 86 per cent are male. 71 per cent are between 30 and 50 years old and 29 per cent are above 50 years old. Considering all employees, 40 percent are female and 60 percent are male. 37 per cent of all employees are under 30 years old, 58 per cent are between 30 and 50 years old and 5 per cent are over 50 years old.

NON-DISCRIMINATION

No incidents of discrimination have been reported.

HUMAN RIGHTS ASSESSMENT

All operations have been subject to human rights reviews as a part of the work to develop the Code of Conduct. All employees are set to have training on human rights as a part of the training of the Code of Conduct in 2021. All business partners must adhere to the Supplier Code of Conduct which, inter alia, specifies that human rights must be respected.

SOCIAL SUPPLIER ASSESSMENT

All suppliers must adhere to our Supplier Code of Conduct which, inter alia, states that human rights and the ILO conventions must be respected. Haypp Group has not identified any negative social impacts among its suppliers in 2020.

CUSTOMER HEALTH AND SAFETY

Customer health and safety is at the core of Haypp Group. Providing our customers with healthier product alternatives is our core business. All our oral tobacco products must fulfill the legal requirements and in the absence of regulation on oral nicotine products Haypp Group has initiated testing of all oral nicotine products setting an industry standard to ensure that the products sold on the platforms are safe. If the products is not safe, Haypp Group will not sell it. Please also refer to "Actions & Initiatives relating to reducing smoking and tobacco use as well as the "Materiality analysis and risk assessment" regarding nicotine addiction.

MARKETING AND LABELING

There are strict laws and regulations relating to the marketing and labeling of tobacco products. In relation to oral nicotine products, there are no laws and regulations why the industry has decided to still follow the strict requirements relating to content, safe use and how the product's packaging shall be disposed of in an environmentally friendly manner. Haypp Group has not had any incidents of non-compliance with regulations or voluntary codes relating to information and labeling.

In 2020, the Swedish Consumer Ombudsman initiated court proceedings against one of Haypp Group's subsidiaries, Snusbolaget Norden AB, claiming that Snusbolaget Norden AB had used market communication that were not compliant with Swedish marketing rules for tobacco products. The Patent and Market Court will issue a ruling in 2021.

CUSTOMER PRIVACY

Haypp Group has not received any complaints relating to breaches of customer privacy, nor identified any leaks, thefts or losses of customer data.

Swedish Statutory Sustainability Report

Business model, please refer to "A Sustainable Business model", page 10.

Materiality analysis, please refer to page 42.

	ENVIRONMENT	SOCIAL CONDITIONS AND STAFF	HUMAN RIGHTS	ANTI-CORRUPTION
POLICY	<p>Haypp Group has the ambition to be a drive for 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 will be completed during 2021 including the sustainability policies and procedures.</p> <p>Please also refer to "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 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 also refer to "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 during 2020.</p> <p>Please refer to "Code of Conduct" and "Supplier Code of Conduct".</p>	<p>Haypp Group has zero-tolerance towards all forms of corruption, bribes, inappropriate gifts or other personal benefits. This statement is communicated in the Code of Conduct. Further policies and training on anti-corruption will be implemented in 2021.</p> <p>Please refer to "Code of Conduct" and "Supplier Code of Conduct".</p>
RESULT OF POLICY	<p>It is a continuous work to decrease the environmental impact. Haypp Group works together with its stakeholders to achieve this goal and strive to always improve and be better.</p> <p>Please refer to "Materiality analysis and risk assessment".</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".</p>	<p>In 2020, Haypp Group started having more conversations with the suppliers about the Code of Conduct and conducting due diligence in order to gain more control of the supply chain and related risks.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>	<p>Our work relating to anti-corruption and bribery is guided by our Code of Conduct.</p> <p>Please refer to "Materiality analysis and risk assessment".</p>
PERFORMANCE INDICATOR	<p>Please refer to "Environmental results and Scorecard".</p>	<p>Please refer to "Environmental results and Scorecard".</p>	<p>Please refer to "Environmental results and Scorecard".</p>	<p>Please refer to "Environmental results and Scorecard".</p>

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GRI INDEX

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Auditor's report



Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Haypp Group AB, org.nr 559075-6796

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2020 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 18 maj 2021
Öhrlings PricewaterhouseCoopers AB

Fredrik Geijer
Auktoriserad revisor

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID

2021-05-18 11:13:42 UTC

Namn returnerat från Svenskt BankID: Fredrik Geijer

Datum

Fredrik Geijer
Director

Leveranskanal: E-post

