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SUSTAINABILITY PROGRESS REPORT

2023 YEAR IN REVIEW

YEAR IN REVIEW

We partnered with Go Well, the sustainability experts, in November 2022 to develop a strategy to target areas we felt could have the most positive and beneficial effects on the health and well-being of our people and our shared environment.

From there, an internal team was established to help spread the message far and wide and be drivers of change, and by April 2023, we officially launched our Sustainability Strategy. With that launch, we gifted our staff 'Sustainability Seeds', a small envelope with seeds that will eventually grow into native trees, a novel approach encouraging sustainability at home and work.

Through this report, you'll see our wins and our WIPs (works in progress). Being transparent on the areas we can improve is part of our strategy to think differently, be different and provide a sustainable alternative to other businesses in our category.

The journey hasn't always been easy, especially across a network of over 200 people and three companies. At times, it felt like the sustainability ship was being steered in different directions. Still, it's proven a valuable lesson on the importance of communication and remaining on course through learning to overcome those unexpected hurdles.

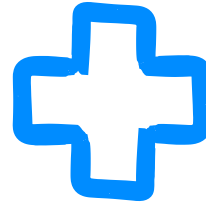
As always, we welcome any feedback, questions, ideas or support. Looking forward, 2024 will be a big year for us, and we're excited to see where our sustainability journey takes us.





Travel Policy

Developed a robust travel policy to reduce unnecessary carbon emissions.



Charity

Recommitted support of Auckland Westpac Helicopter Appeal.



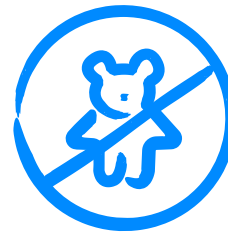
Rainbow Tick

Recommitted to Rainbow Tick and increased awareness of support.



Supplier Code of Conduct

Developed supplier code of conduct/standard of engagement.



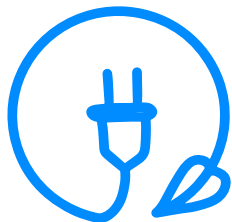
Anti-youth vaping

Formulated + published our advertising policy on youth vaping.



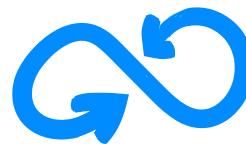
Nicotine-free Strategy

Launched 'Nicotine Zero' campaign and increased awareness of nicotine-free products.



Emissions Education

Launched awareness campaign to our staff around how they can reduce their personal emissions.



VapeCycle

New VapeCycle campaign launched and a milestone 2 tonnes of vape waste collected.



Updated Policies

Implemented DEI practices through updated policies and new learning modules.

SUSTAINABILITY SQUAD 2023

A bunch of our best and brightest make up the Sustainability Squad. Working to champion our sustainability strategy across all corners of the business, these guys put the pro in proactive and are leaders in our mission to reimagine what a smoking cessation company looks like.



Aidan Kaewkruasri

Becks Fitzgerald



Belinda Lelsz

Briahna Read

Daniel Lyon

Danielle De Leon

Fiona Kerr

Firoz Ghazali



Gair Mcculloch

Hannah Milton

Jaymie La Trobe

Kristina Iastrebova

Lisa Harrison

Lucy Mason

Nick Viente

Peter Stone

Sam Almeida

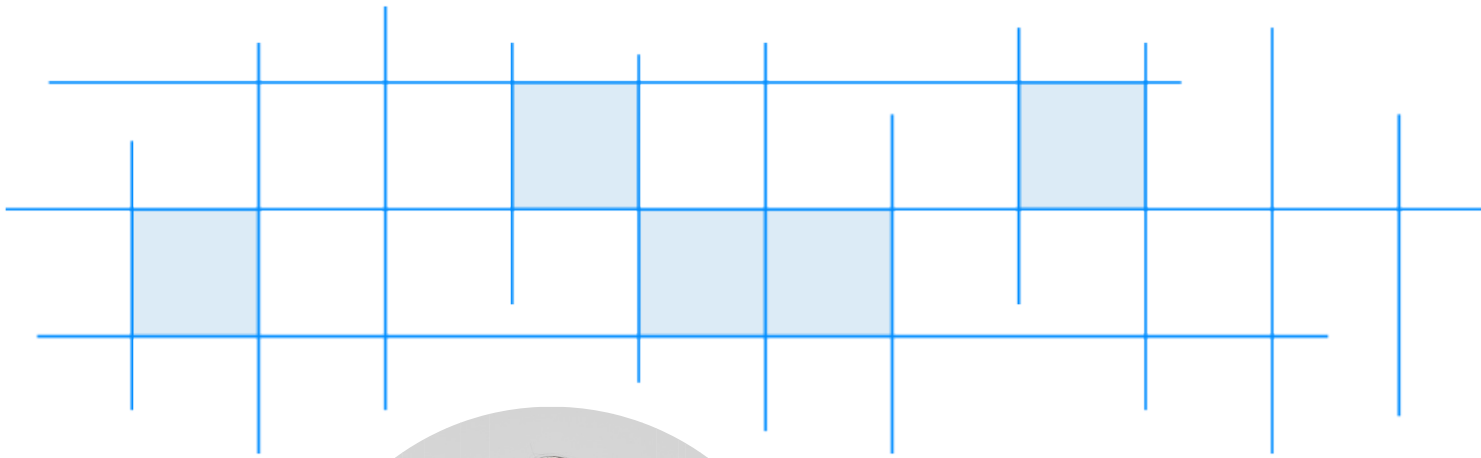
Sean Cardiff

Tayla Javarn Tokona

Tess Collins



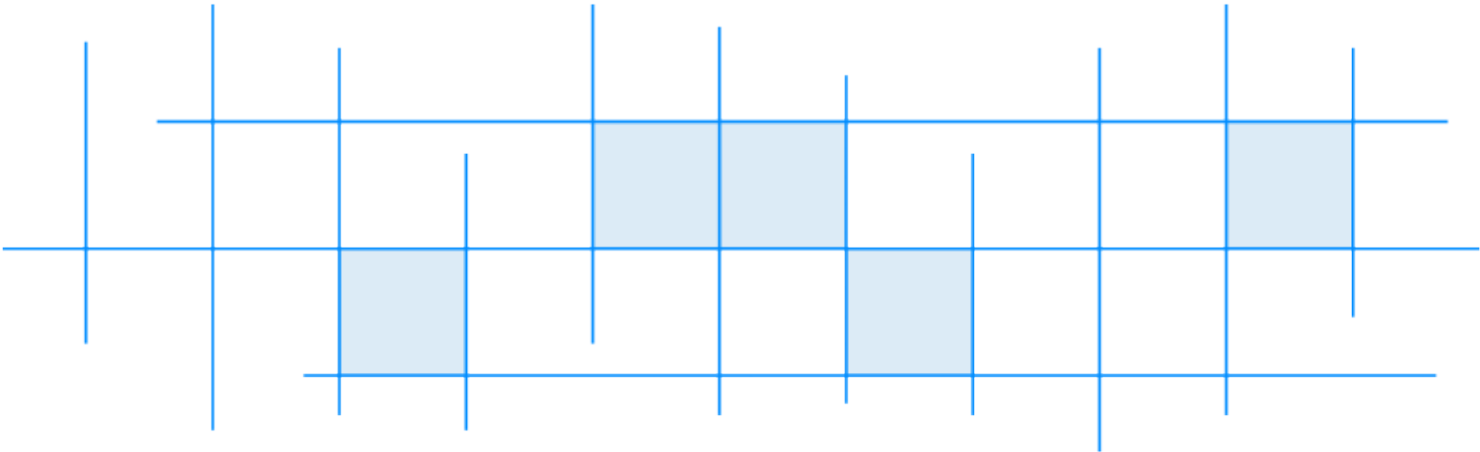
Recognised for outstanding efforts in sustainability.



SUSTAINABILITY AWARD WINNER '23

Gair McCulloch
Partnerships and Sponsorships Manager

The inaugural winner of our first Sustainability Award, Gair's contributions to implementing, actioning and educating our teams about our sustainability mission have made a serious impact for our staff and customers alike.



RECYCLING WEEK

Full week of promoting internally and externally how we can all be sustainable.



PINK SHIRT DAY

Celebrating and promoting an inclusive anti-bullying workplace.



RECYCLE HERE ---->

New signage installed at VAPO stores around NZ to advertise vape collection points.



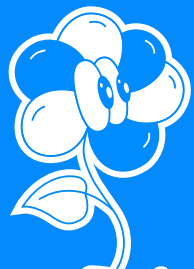
CLEAN UP WEEK

Getting out and about in our community and cleaning our shared environment.



FESTIVAL COLLECTIONS

VapeCycle collection team out in force at festivals over the summer.

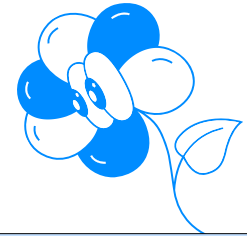


PEOPLE

DIVERSITY, EQUALITY & INCLUSION (DEI)

OUR GOAL

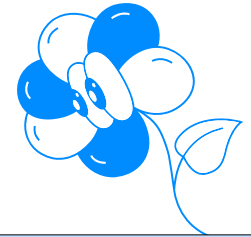
To be recognised as a leader in creating a just, diverse, equal and inclusive business.



December 2023 Target	Progress	
Continue to be endorsed and certified by organisations that champion DEI.	✓	Recommitted to Rainbow Tick and advertised this through various channels including VAPO stores, online store and marketing communications.
Formalise an internal DEI working group comprised of a cross-section of staff and allocate a budget for initiatives.	✓	Working group established and formalised through structure and budget. Investigated other DEI endorsements.
Ensure our staff engagement surveys capture information about our DEI initiatives and, to the extent permissible and consented, track diversity within our own staff.	WIP	Tracked/benchmarked diversity in staff.
Roll out DEI, cultural competency and unconscious bias training for all staff, then set targets for 2024 and 2025.	✓	Included formal DEI and unconscious bias training within VAPO learning and development training modules. Created bespoke DEI policies.
Review our facilities to ensure they align with our DEI goals.	✓	Reviewed and updated where applicable.

STAFF HEALTH & WELLBEING

OUR GOAL



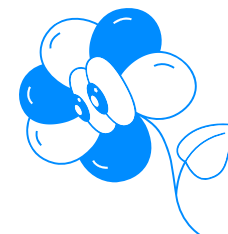
To have a thriving workforce that is healthy, happy and proud of the company they work for.

December 2023 Target	Progress	
Review the cadence and content of our staff surveys to ensure we accurately capture staff health and wellbeing data, then set targets for 2024.	✓	Content updated and new targets set.
Review our staff benefits package, seek feedback from our people on what support we should offer and investigate how this can be improved/implemented.	WIP	Evaluated and promoted EAP service internally.
Continue to measure our staff retention rates and set targets for 2024.	✓	Measured staff retention rates and set targets for next year.
Establish a regular review schedule of our workplace policies to ensure we continue to foster a culture of mental and physical well-being.	✓	Reviewed and discussed onboarding and induction process for new staff.
Review our current learning and development programmes and budgets, and set L&D targets for 2024.	✓	Investigated formalising learning and development budgets for external programmes.

COMMUNITY & CHARITABLE GIVING

OUR GOAL

To be a valued member of Aotearoa's society and materially contribute to the communities we touch.



December 2023 Target	Progress	
Collect data on all of our community and charity engagements and their impacts to date.	✓	Data collected and recorded on our community and charity engagements.
Develop a VAPO charities policy that aligns with our purpose, mission and values.	WIP	
Set targets for our charitable and community engagement for 2024.	WIP	Recommitted support to Auckland Westpac Helicopter Appeal as a Gold Supporter.
Implement organised paid volunteering /community outreach participation for all full-time staff.	✓	Engaged with external charities and community partners to discuss opportunities. Initiated a VAPO clean-up day for Recycling Week. Recycling bins and processes updated within Support Office. Investigated charity collection opportunities through VAPO owned channels.



PLANET

PLASTICS & OTHER CONTAMINANTS

OUR GOAL

To produce products within a circular business model, which are never sent to landfill.



December 2023 Target	Progress	
Undertake an audit of our packaging and investigate opportunities to remove unnecessary packaging within our supply chain.	✓	Ensured 100% of product packaging contains recycling info. Stopped unnecessary production of in-store POS and transitioned to digital communications (where possible).
Ensure 100% of our product packaging contains accurate information on end-of-life pathways.	✓	Information on manufacturer, recycling and ingredients added to all products.
Set strategic direction and goals for recycling VAPO products.	✓	Set VapeCycle recycling targets for the next 2 years. Incentivised customers to recycle their vape waste. Promoted and championed VapeCycle programme through flags, bins, posters, home collection and signage. Developed e-waste recycling policy. Opened VapeCycle programme to other vaping brands as part of our community-focused strategy, ensuring no vape waste ends up in our shared environments, regardless of where it comes from.
Research and deeply understand lithium battery recycling opportunities and challenges.	✓	Researched and understood lithium recycling options. Attended training on best practice lithium battery recycling and disposal.
Undertake a circular design session to ensure we have in-depth knowledge of circular economy product design.	WIP	

GREENHOUSE GAS EMISSIONS AND ENERGY

OUR GOAL

Accurately measure and then reduce our emissions in line with global targets.



December 2023 Target	Progress	
Map our operational emissions and energy footprint, develop a robust emissions reduction plan, and set targets for 2024 and 2025.	WIP	
Ensure 100% of our staff are aware of our carbon reduction plan and how it is influenced by their role. This includes engaging our staff on how they can reduce their personal emissions.	✓	Sustainability strategy shared with staff and engaged with education about personal emissions reduction opportunities. Educated staff on methods/tactics to reduce personal emissions.
Investigate 3rd party accreditation schemes for our carbon footprint and investigate offsetting opportunities that align with our purpose, mission and values.	WIP	
Align our energy, shipping and logistics with low-carbon providers and ensure we prioritize sea freight over other types of shipping.	WIP	Prioritised sea freight over other carbon-heavy shipping options where operationally feasible.
Develop a robust travel policy to make our corporate travel more efficient.	✓	Developed a robust travel policy to reduce unnecessary carbon emissions.

PRODUCT



OUR BRAND AND ETHICS

OUR GOAL

Have a clear, strong reputation in every market we operate in, built on trust and how we live our values.



December 2023 Target	Progress	
Develop a supplier code of conduct and set targets for suppliers to have signed up in 2023.	✓	Developed supplier code of conduct/standard of engagement.
Formalise our advertising policy and ensure it aligns with our purpose, mission and values.	✓	Formulated and published our advertising policy on youth vaping. Reconfirmed our commitment to responsible marketing practices. Updated R18 messaging within stores to be more overt.
Develop a strategy to increase the amount of nicotine-free products within our product mix and set targets for 2024.	✓	Increased promotion/awareness of nicotine-free products through new social and online content and a campaign.
Develop a clear policy and product pathway to assist customers who want to reduce their nicotine intake.	✓	Advertised product lines featuring various 0% nicotine options and pathway to zero campaign created.
Engage with our stakeholders on how we can improve the association of VAPO with positive health outcomes for smokers.	WIP	Engaged with external suppliers re: youth vaping issues and potential solutions.

OUR BUSINESS AND GOVERNANCE

OUR GOAL

Be a transparent business with robust governance arrangements that set the foundation for us to scale sustainably and preserve our values.



December 2023 Target	Progress	
Deeply understand and communicate our product's benefits/value internally.	✓	Shared sustainability strategy and targets both internally and externally for accountability.
Complete a purpose, mission and values refresh.	✓	Refreshed brand identity exercise for our corporate brand with new mission and values identified.
Establish a VAPO Sustainability Team.	WIP	Developed an internal team to deliver strategy and goals. Communicated and championed internal Sustainability Squad members. Created an annual Sustainability Award to drive participation and recognition.
Research and deeply understand modern slavery and related obligations our business may have in future.	WIP	
Ensure our privacy policies and processes regarding personal information are robust, with clarity around how we use and store consumer data.	✓	Reviewed and updated privacy policy to ensure highest standard reached and maintained, plus adhered to local and regional regulations in the locations we operate in.

OUR PRODUCTS

OUR GOAL

Produce the best, safest and highest quality vaping products worldwide.



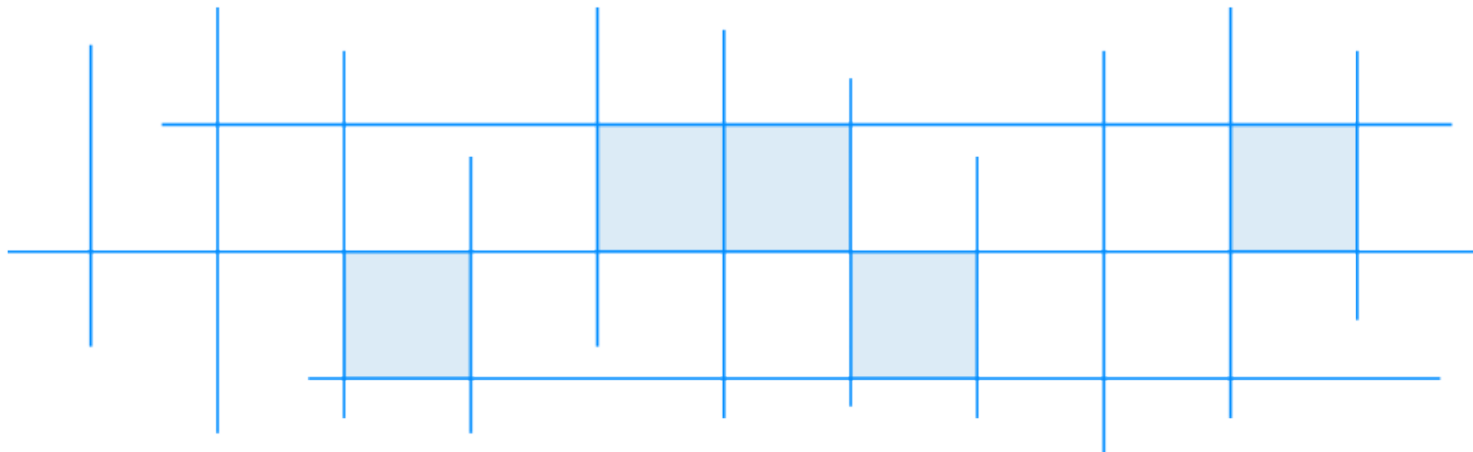
December 2023 Target	Progress	
Continue to undertake regular checks of store processes, including strategies to prevent underage vaping and implement actions accordingly.	✓	Reviewed cadence and frequency of store checks.
Continue to investigate opportunity of manufacturing our products in Aotearoa.	✓	Investigated opportunities for increased NZ production of products. Moved relevant e-liquid production/manufacture to Myriad Pharmaceuticals.
Invest in deeply researching the effects of nicotine and vaping and investigate sponsoring research on the effects of vaping and nicotine in Aotearoa.	WIP	
Develop and begin to implement a strategy to educate our stakeholders with in-depth, objective information on our product, including product safety, health impacts and addiction support.	✓	Developed and implemented education tools/tactics for consumers to increase safety, health impacts and addiction support. Implemented rigorous testing protocols for product quality, compliance and safety. Investigated and ensured all relevant ISO certifications in place and working towards GMP Standards certification.
Review our product recall process and policies, including any recall thresholds.	✓	Reviewed our product recall process and policies. Implemented batch and serial code information on all products to aid in recall processes.

LOOKING FORWARD...

With a new year ahead of us, now more than ever, we need to talk the talk and walk the walk. Complacency is not in our vocabulary, and we want to continue to set ourselves apart from other businesses.

One of our main goals for 2024 is to achieve a B Corp certification to show how committed we are to our sustainable mission. In addition to this, we're looking to grow VapeCycle through increased awareness, community activation, and engagement.

We're committed to taking the steps to ensure we keep the momentum going on our sustainability journey.



THANKS FOR READING!

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