



IMPACT

Sustainable Development Report 2018-2019



Message from our Chief Executive

Impact. It's something we all have on the world around us – from individuals to the biggest corporations.

3R's impact is always front of mind, and this year it's something we have been giving particular attention as we looked to redefine ourselves in the business world.

We are a commercial organisation, but we have never been purely about profit. 3R is a "for purpose" business in that how we work with businesses on the development of stewardship programmes and sustainability initiatives is strongly driven by beneficial outcomes to the environment, people and community.

With this in mind this year we engaged with the Ākina Foundation to gain independent advice and support to develop and consider options for transitioning 3R to an impact enterprise model. We had spent the previous 12 months weighing up our options: considering the work we already undertake, our future opportunities and whether it would be more beneficial for us and our customers if we formalised our position.

Ākina works with government, corporates, entrepreneurs and philanthropic partners to create a culture that measures and values the power of enterprises and businesses to deliver positive change for people and the world we live in. 3R is the first company they had worked with which had been established under a traditional "profit centred" business model – most often they work with new start-ups. So this was also a journey for them.

They spent two days with the 3R team in our Hastings office and identified that we are already operating as an impact enterprise.

For us this was hugely encouraging. Not only did it show we are walking our talk, but we are already operating in a way which is more closely aligned with an impact enterprise than a profit-driven organisation.

Their report also showed that the 3R team is very much in tune with the company's ethos and understands its purpose.

Amid this change, the past reporting period has also been one of growth and preparation for us. This has been led by signals from the coalition Government around the use of the Waste Minimisation Act 2008 to tackle problematic waste streams.

The Tyrewise project, which we manage, has reactivated, and we have taken on project management roles to progress stewardship for waste lubricant containers and synthetic refrigerant gases. Both represent significant opportunities for tackling waste and climate change.

These have seen a significant investment by the business as we worked to position ourselves for the expected expansion of stewardship programmes in New Zealand.

We foresee exciting times ahead and opportunity to have an even greater impact.

Adele Rose
Chief Executive
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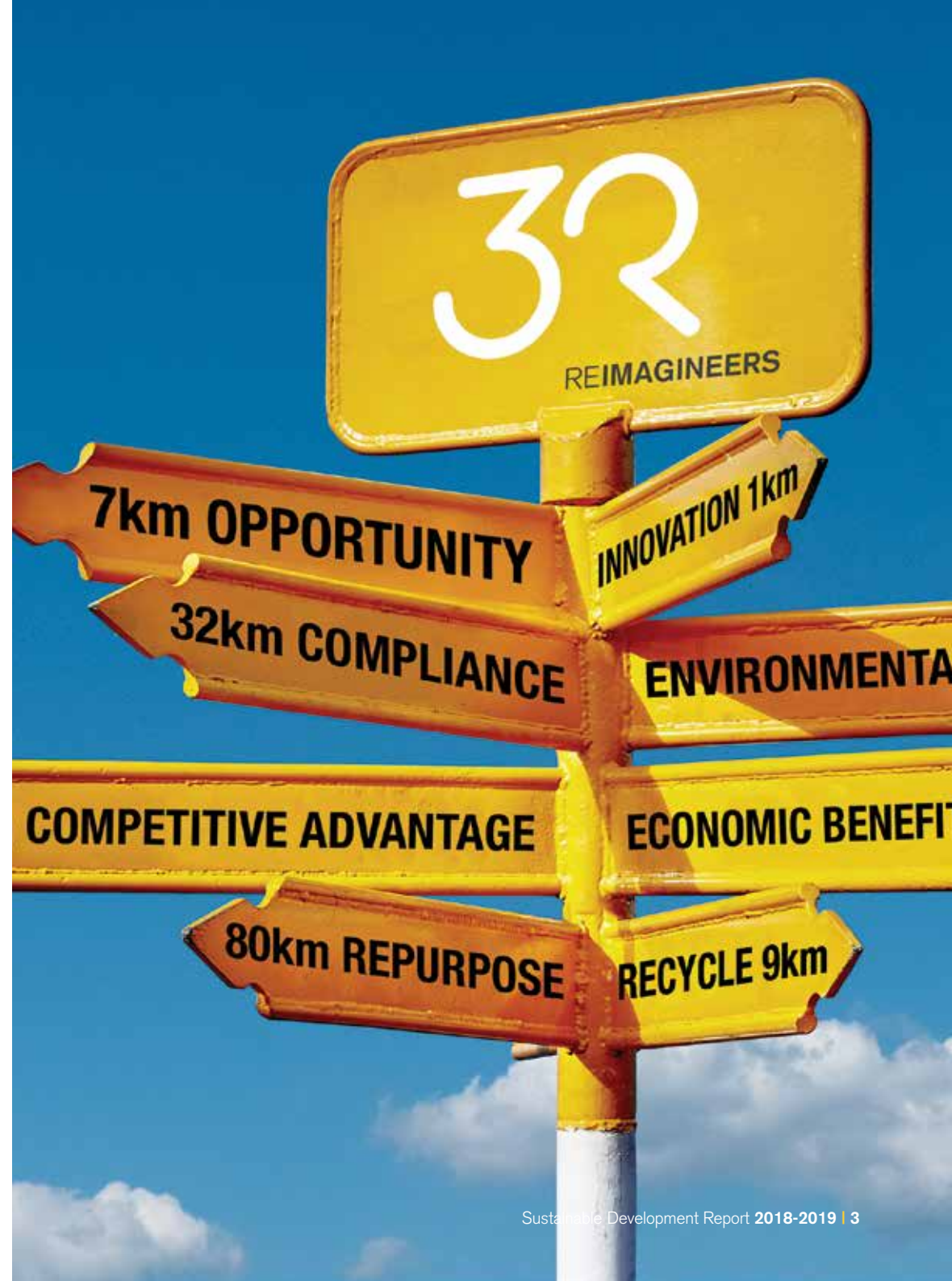
● Why we do a Sustainable Development Report

In New Zealand and elsewhere producing a Sustainable Development Report (SDR) has proven to be a valuable way for organisations to identify economic, environmental and social issues and impacts associated with their operations, highlight areas where performance can be improved, and also reveal areas where new opportunities can be developed.

We believe an SDR makes good business sense and many of the New Zealand Business Council for Sustainable Development member companies which have produced one have found it this to be true too.

A SDR serves as a risk-management tool, is useful in developing and enhancing reputation, assists in improving communication internally and externally, and helps to develop new systems in their organisations.

A SDR is much more than just producing a report – it is an overall approach to deliver real improvements in an organisation's economic, environmental and social performance. This is our 5th SDR and each year we find the process to be just as valuable as the last as we work towards our goal of a world without waste.



Purpose

● Impact

Since the early days of two men with laptops to the small corporate it is today, 3R has remained true to the founders' initial intentions – to imagine a world without waste.

Over the years, we have worked hard to balance social, environmental and economic impact in delivering on that intent, both in our own business and the programmes we design and deliver. We have always believed product stewardship can provide so much more than a good environmental outcome, with positive effects on society, efficiency, design, innovation and cost savings.

One example is our use of social enterprises for some of the dismantling work associated with our SeatSmart™ child car seat recycling programme. This provides paid work for people who have a disability or are disadvantaged or marginalised. The impact therefore goes beyond simply diverting waste from landfill and has a positive social effect too.

The UN's Sustainable Development Goals, adopted by our government in 2016, reflect this long-held belief in the interconnectedness of people, land and economy – values echoed in the principle of kaitiakitanga. It's also the driving force behind the regenerative, restorative circular economy approach which we strive to create in New Zealand.

● Impact enterprise

We have increasingly seen our customers express a desire to amplify their own contribution to the value chain by delivering positive social and economic outcomes through the stewarding of their products at end of life. Our work together shares this commitment to measure returns on an impact basis.

In recognition of this, our senior leadership team instigated a discussion with 3R's directors in 2018 to investigate the transition to an impact enterprise. As part of this, we also engaged with leading New Zealand impact development organisation the Ākina Foundation to provide independent advice and support to develop and consider options for transitioning to an impact enterprise.

As a result, we have formalised the decision to realign our position in the business world as an impact enterprise – equally valuing our financial, environmental and social impact.

Business New Way People Society Good Community Social Benefit Social Entrepreneur
Transformation Change People Business Good Society
Transformation Social Change Entrepreneur
New Way Community

Impact Enterprise





Tangible and intangible impacts

1,268 tonnes diverted from landfill

Reduced use of virgin **materials**

Reduced **environmental** harm

1,295 tonnes of paint & packaging collected

Developing **circular economy** with old pails used in the production of new pails

Protection of **waterways & aquatic life** from potential harm

3,810 car seats recycled

Increased **public awareness** of expiry dates on child car seats

Provide meaningful work for social enterprise and Department of Corrections community work programmes

27 tonnes of chemical collected

Risk of chemical contamination in waterways averted

Donation to Million Metres Streams - 100 metres of riparian trees planted

Positive **environmental** impact of trees planted

Facilitating improved **container glass recycling**

Reduced emissions from using recycled bottles and jars during production of **new bottles**

Energy savings from using recycled bottles and jars during production of new bottles

Supports **circular economy** - old bottles become new bottles

Thought Leadership, events, media

Growth of environmental **sustainability & benefits**

Pipeline of opportunity for design and delivery of **product stewardship solutions**

Improvements in our communities

carboNZero^{Cert™} certified and signatory to **Climate Leaders Coalition**

32% reduction in CO₂e (on 2013-2014 baseline)

Positive impact of carbon credits from **Permanent Forest Sink Initiatives**

50,624 staff hours

30 individuals employed

Regional development

Student internship

Much of the work we do has two or more levels of impact - the obvious tangible impact, followed by the intangible impact(s), amplifying the benefit of each initiative. Sometimes the intangible impact is as important and meaningful as the tangible impact. Being aware of these multiple levels is part of **The Sustainable Mindset**.

● A guided approach

During the last five years, we have engaged with our stakeholders and customers on various occasions, asking them what material issues matter most to them, how we are performing and what we can do better. This has taken place during annual contact reviews, regular programme management meetings, requests for feedback, day-to-day meetings and a formal materiality survey process.

Our stakeholders' responses reflect our desire to be resourceful and innovative, to deliver positive outcomes through product stewardship, to lobby for effective legislation, to support innovation in designing out waste, and to lead in both thought and action on sustainability matters.

Specifically, our materiality work, conducted three years ago and tied to the UN's Sustainable Development Goals, continues to underpin what 3R is and does, and how we measure and focus our work.

As part of this 2016 process we developed a new goal and this continues to be valid for the 2019-2020 financial year:

“3R demonstrates thought leadership by increasing use of research and development to accelerate the circular economy in New Zealand; encourages producers to include recycling and recovery costs in product costs; and demonstrates that our initiatives reduce costs and reinforce a social license to operate.”

Our purpose is always front and centre of any conversation with our customers, stakeholders and partners; after all we agree wholeheartedly with Simon Sinek that people, “don't buy what you do, they buy why you do it.” And while we highly value the observations gained from a formal process, business realities have forced us to delay this year's planned materiality survey.

We aim to pick up the materiality work again in the coming year; surveying councils, customers, membership organisations and recycling partners to see how we are tracking against previously identified issues and whether new issues have come to the fore. This work will help us continue to align our priorities and goals with those that matter most to our stakeholders.

Materiality Survey 2016



● Continuous improvement

The concept of continuous improvement is well imbedded in our business. From our carboNZero^{cert™} certification to our ISO 14001:2015 Environmental Management Standard (EMS), we strive to be more efficient, more sustainable, more impactful.

In 2019-2020 we will also begin work towards our ISO 45001:2018 Occupational Health and Safety (OSH) certification.

ISO 45001 and ISO 14001 are naturally aligned as environmental aspects can adversely affect health and safety and vice versa. ISO 45001 also fits with our value of integrity and our desire to maximise our social impact.

Within our business we regularly review our policies and practices to ensure close alignment with our strategy, our purpose and our values. At board level this includes a *Management Review of the EMS and OHS Management System*, as well as a *Governance Responsibilities Compliance Work Plan* which includes reviewing carbon reductions and 3R Impacts and Aspects.

One area identified for further improvement is creating a more formal review structure on progress towards our Sustainability Development Goals – while these are well embedded into the business and govern our short- to long-term decision making, visibility is critical to ensuring we hold each other to account and can manage progress in a timely manner. Examples of this may involve publishing further KPIs or targets in board papers, monthly leadership dashboards and in new internal communications. This could include our progress against the Climate Leaders' Coalition pledge and our key emission reduction targets for fuel, flights and waste. These actions would help to socialise these goals and foster broader ownership and commitment across the team to achieve them.





● Our values

Our values of innovation, integrity and environmental best practice are simple and shared across the company, from our bases in Auckland, Hastings and Christchurch. They fundamentally shape what we do and how we do it.

● Creating value

At 3R we have used a combination of "design, deliver and do" to create a unique business centered around resource recovery. We:

- foster interconnectedness by sharing knowledge and building capacity within our team and networks,
- enable partnerships that support social enterprise and regional job creation,
- allow our customers to be part of and influence our service design, and
- invest in and support those working in the business.

● Our value proposition

Few businesses are entirely motivated by the environment and our value proposition reflects that. The outcomes of working with 3R are broad; from cost savings to compliance, customer retention to reducing reliance on virgin materials, the benefits reach further than the environment.

● Our networks

Collaboration is key to our business. Our expertise lies in drawing together the right partners to create an innovative solution for the 'waste' at hand, while membership to key organisations allows us to share and grow and helps us achieve specific goals.

● Our SDGs



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



Unfamiliar with the UN's SDGs? The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. Find out more at [UN SDGs](#)

3R

REIMAGINEERS

SUSTAINABILITY SNAPSHOT 2018-2019

Staff travelled **147,489 air km**
42% reduction
in CO₂e (on 2013-2014 baseline)



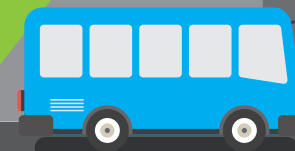
1,295 tonnes
of paint and packaging
diverted from landfill,
that's enough to paint
2,632 houses



27 tonnes
of chemicals collected



2:1 male to female
staffing ratio.



3,810
expired child car
seats collected
13.5 tonnes
of plastic and metal
diverted from landfill



Auckland Depot
Hawke's Bay Head Office & Depot
Christchurch Depot

Only 5.4%
of material
collected was
sent to landfill



1,268 tonnes
of material
diverted
from landfill
That's equivalent
to the waste
**1,736 average
Kiwis throw away
each year**



3 Sustainable Business
Network Regional
Connector events hosted

141
industry membership
organisation support
hours donated to
WasteMINZ &
Sustainable Business
Network



Good Friday
initiative
174.4
staff hours
donated to
community
projects

\$4,560
donated from
ChemCollect service
=100 metres
of trees planted

Certified
CEMARS®
2014-2016
carbonZeroCertTM
since 2016

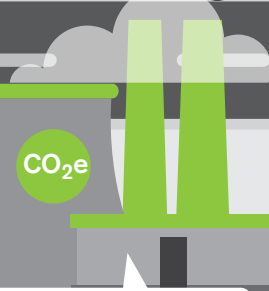


Manages 2
nationally accredited
Product Stewardship schemes



**Impact
influencer**
through consultancy
and thought leadership

32% reduction
on CO₂e from all 3R activity
(on 2013-2014 baseline)



43% reduction
in 3R's fuel consumption
(on 2013-2014 baseline)
Enough to fuel **23**
passenger vehicles
for a whole year



combining imagination and science to repurpose waste

● Circular economy

Product stewardship may be our core business, but at the centre of what we do is the circular economy.

Our belief that the circular economy holds the key to unlocking a truly sustainable future remains.

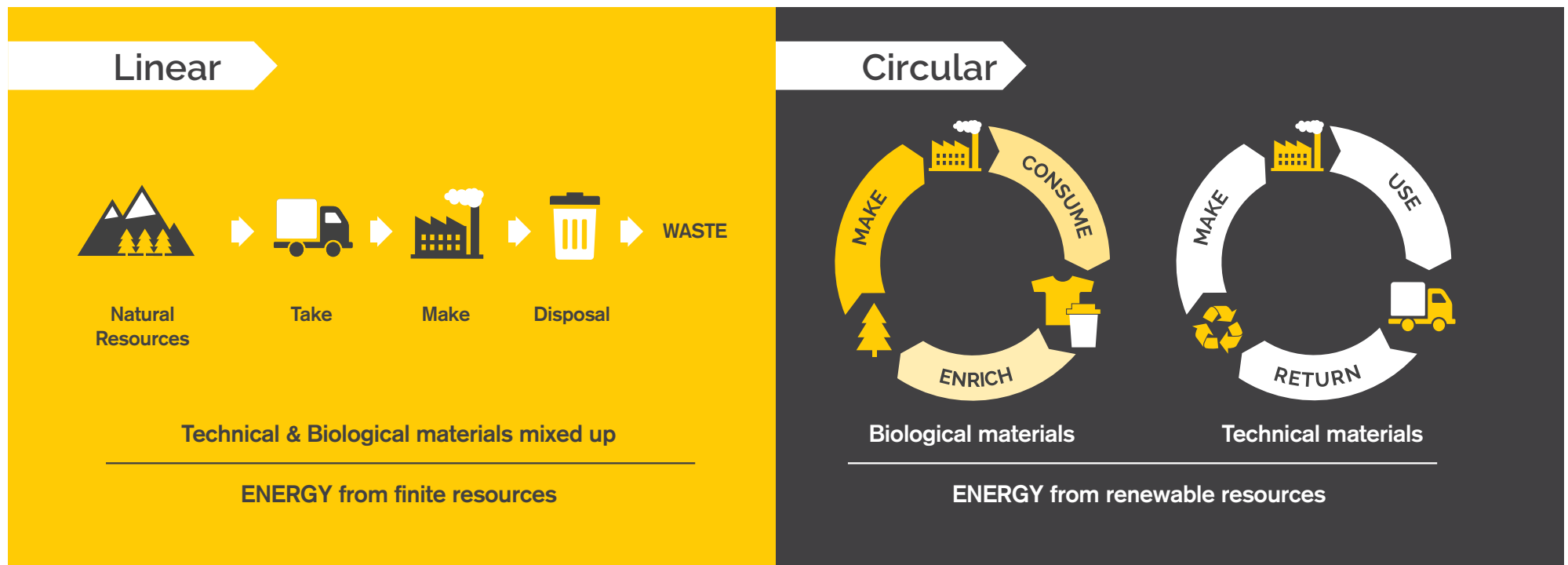
We must move from a wasteful linear economy (take, make, waste) to one which is circular and therefore regenerative and sustainable by design.

The need to enable an economy where economic growth is decoupled from wages, the use of natural resources and from ecosystems is critical.

Natural capital: the world's stocks of all natural assets - and its value, is a key component of circular economy design.

Possibly the most detrimental and hidden impacts of the linear economy are the externalised costs – the price paid by the environment and communities.

Product stewardship: where producers and consumers take responsibility for the products they make and use at the end of life – is the cornerstone of the development of a circular economy. It also enables a whole-lifecycle approach and the internalising of costs for managing both the impact of a product and its end-of-life management.



Environment

Our impact on the environment is something we are constantly aware of – be it the emissions from our trucks and staff travel or how much we put in the rubbish bin in the break room. However, our impact is not limited to the direct result of our business functions, but also encompasses our impact on our client's businesses, consumers and society.

● Our operations

While our ideal would be zero waste and zero emissions, we have no illusions as to the complexity, difficulty and barriers to achieving this. This reporting period has brought this into sharp focus with all but one of our annual emissions metrics showing an increase.

Our latest figures show our total gross emissions were up 17% from 2017-2018, although still 32% lower than our baseline year (2013-2014).

The increase caused us to do some introspection. Is it a bad thing to see your emissions increase, when you are offsetting these as a carboNZero^{Cert™} certified business?

For us, ultimately, it's yes but there are other factors at play.

Lowering emissions is of paramount importance – we have committed to keeping within 2 degrees of warming and that requires everyone to play their part in reducing, not increasing, their emissions.

However, on the flip side, the increase comes about largely because of new business and that means work focussed on reducing waste to landfill, increasing resource recovery opportunities, and specifically some projects like the refrigerant project, which are specifically focussed on reducing the impact of synthetic greenhouse gases with high global warming potential.

One point of concern for us in looking at our emissions is our waste to landfill, with a significant increase seen in the 2017-2018 reporting period. This has therefore been an area of focus for us over the past reporting period with a small decrease achieved.

Other, newer work like management of the Glass Packaging Forum (GPF), our advocacy role for The Packaging Forum, and other project work involves regular staff travel. This project management work creates emissions through air travel, but doesn't involve 3R in the operational side of waste diversion, which obviously impacts our measurement of carbon emissions per tonne of material collected.

Over the years we have made some notable emissions reductions by targeting low hanging fruit, which have borne good results. These included establishing a Christchurch processing hub to significantly reduce transport, and using a mobile granulator.

However, the challenge now lies in reaching that tantalising fruit hanging higher up the tree.

For us this means scrutinising our biggest emissions sources, such as fuel, air travel, and waste to landfill. Looking at electric trucks and forklifts, reducing third-party freight, being smarter about when and where we travel, and developing pathways to reuse or recycle more of the material we collect are areas of focus for us. To reduce air travel, we constantly assess what travel can be avoided by using other communications channels or what other visits and meetings we can combine to create efficiencies.

We will also continue to initiate and carry out other 'day-to-day' emissions saving ideas such as in-house waste sorting, composting, recycling, LED lighting, regularly maintaining vehicles and office heat pumps, as well as using carboNZero certified electricity provider Ecotricity where possible.

● Annual emissions

INDICATOR	UNITS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Material collected	Tonnes	1,288	1,225	1,177	1,472	1,399	1,341
Total GHG emissions from all 3R activity	Tonnes CO ₂ e	404	275	244.23	262	237	277
Total direct energy consumption (diesel, petrol)	Litres	88,118	64,801	65,883	73,690	57,249	63,481
Total direct energy consumption (electricity)	Kilowatt hours	29,776	31,387	35,371	36,080	34,410	38,743
Total waste to landfill	Tonnes	11	19	20	39	74	73
GHG emissions from freight and staff travel	Tonnes CO₂e	87.2	47.4	36.4	28	30.3	50.4
Total gross emissions per \$M turnover	Ratio	119	90	64	66	62	72
Total gross emissions per tonne of material collected	Ratio	0.31	0.22	0.21	0.18	0.17	0.21

● Ongoing environmental and emissions reductions initiatives

- LED lighting (Auckland and Christchurch sites)
- Use carboNZero certified Ecotricity (Christchurch and Hastings sites)
- Clean air filters in fleet vehicles and office heat pumps
- Bike stands (Hastings office)
- Food waste compost bin (Hastings office)
- Colgate Oral Care recycling (Hastings office)
- Assess necessity of flights and meetings
- Soft plastic recycling (Hastings office)
- Office waste assessment (Hastings office)
- In-house waste sorting
- Default double-sided printing
- Reusable shopping bags
- Source milk from Replenish & Co. using refillable glass milk bottles (Hastings office)
- E-waste recycling (Hastings office)

● Initiatives being investigated

- Alternative freight service providers
- Electric forklifts
- Electric truck (Auckland depot)
- Ongoing refinement of collection routes and timing

● carboNZero

If we are to be among those leading the way to a zero emissions future, then it's important we walk the talk. One of the biggest ways we achieve this is by being carboNZero certified through Enviro-Mark Solutions.

The programme sees us measuring, reducing and then offsetting our unavoidable emissions through carbon credits. We have been first CEMARS (2014) and then carboNZero certified (2016), with our carbon credits this period coming from Puhi Peaks in Kaikoura, a Permanent Forest Sink Initiative. We see the relationship as a real win-win, with the credits helping protect this special environment.

Puhi Peaks Station & Nature Reserve: a model for a high-country station, offering insight into how this land can be managed in an environmentally and economically sustainable way. Their main goal is to protect, preserve and enhance the station's indigenous biodiversity, while remaining a productive and economically sustainable farming and tourism operation.

To accomplish these goals a quarter of the land, 1200ha, is placed under a Queen Elisabeth II covenant, which is a way for private landowners to permanently protect special natural features of their land.



● Assessing ourselves

You can't manage if you don't first measure. It's something we strongly believe in at 3R.

Surprisingly then, this was the first year that we carried out what is now an annual waste assessment at our Hastings head office. American interns, Cristal Pugel and Katelynn Horner, who spent several weeks with us

through the Massey University National Expedition and Internship programme, conducted the audit of our waste and recycling.

The audit established a baseline ahead of our participation in the Plastic Free July challenge. 3R staff then carried out a follow-up audit

in early August with both proving valuable in establishing not only what was going into our waste and recycling bins, but whether staff were disposing of waste and recycling properly.

The results showed a pleasing decrease in plastic during the challenge of 40%,

by weight. Plastic went from our biggest recyclable (by weight) to our third. The challenge highlighted what we all know – that going plastic free is extremely challenging, but it was a useful reminder that good planning and a little effort goes a long way to using less single-use plastic. Our aim in taking part in the challenge is to retain the good habits established into the future.



● High praise

We don't do what we do for the plaudits, but it was encouraging to have our emissions reduction work recognised.

In June Enviro-Mark named 3R among its "emissions reduction exemplars" for our results to March 2018.

We were listed alongside organisations such as Auckland Airport, University of Canterbury and Brother International (NZ).

Given the challenges we faced during this period to continue reducing our emissions, this recognition shows mitigating your impact on the climate is a journey where you never stop learning and adapting to changes in your business.

Our work

During the 2018-2019 reporting period 3R managed the following programmes and projects:

- Resene PaintWise™ - a government-accredited, voluntary product stewardship scheme
- Dulux Paint and Packaging Recycling Service
- The Glass Packaging Forum's government-accredited, voluntary product stewardship scheme for container glass
- SeatSmart™ child car seat recycling programme
- ChemCollect™ - chemical collection and disposal service
- The Great DDT Muster™ - ridding NZ of persistent organic pollutants
- Rebound™ mattress recycling project
- Tyrewise™ project for end-of-life tyres
- Synthetic Refrigerant Regulated Stewardship Project
- Waste Lubricant Container Stewardship Scheme

In addition, we took on an advocacy and oversight role for The Packaging Forum. Other work carried out for individual clients during the period included waste assessments, resource recovery projects and research.



● Paint and packaging

The paint and packaging programmes we manage for Resene and Dulux continue to form the backbone of our operational work.

This reporting period saw a 10% increase in the total material collected – a total of 1,295 tonnes.

This comprised of a 10% increase for the Resene PaintWise programme and 11% for the Dulux Paint and Packaging Recycling Service.

The addition of collections from 13 Resene Automotive and Light Industrial stores was a significant change for their PaintWise programme. These new sites, located in the North and South Island, accounted for 48,000kg of material collected. Automotive and light industrial paint differs significantly to household paint in terms of its composition and will require different recycling and reuse outflows.

Finding outflow solutions for the paint we collect remains a high priority for our R&D team.

PaintCrete™, where paint is used as an admixture in cementious applications such as concrete, remains our largest outflow.

Developed in conjunction with 3R, Allied Concrete and Resene, PaintCrete is currently only produced at Allied's Penrose plant (pictured above). However, we are working towards scaled up production of PaintCrete, which will provide an outflow solution for almost all the paint we collect.





● Container glass stewardship

This was our first full reporting period as scheme managers of the Glass Packaging Forum's voluntary stewardship scheme. During this time, we oversaw the re-accreditation of that scheme, changed the funding application process to a more scheduled and targeted approach, worked hard on improving mass balance data and facilitated improvements to the flow of container glass back to the furnace in Auckland.

Government accreditation must be renewed every seven years through the Ministry for the Environment. In renewing the accreditation, we were delighted to see the Associate Minister for the Environment Eugenie Sage

acknowledge the scheme as a ***"showcase of the circular economy in action."***

The Minister also pointed out the scheme makes an important contribution to waste minimisation as well as helping to reduce CO₂ emissions. Using recycled glass in the manufacture of new bottles and jars requires less energy and reduces the need for virgin materials resulting in lowering the carbon footprint. The Minister is pictured above with Forum Chair Rob Langford and 3R Chief Executive Adele Rose (right).

Funding projects which improve the quality and quantity of container glass going back to the furnace to be recycled is a primary function of the GPF, like that at Tauranga Bridge Marina (pictured right).



After reviewing the funding process, we decided to move to a more scheduled approach, with three application rounds throughout the year. Alongside this we prioritised investment in infrastructure to support the recovery of glass and transport of it through the network. This provides more clarity for applicants and is a more efficient and effective way to allocate funds.

The transparency and integrity of the mass balance data for container glass is a critical issue. We therefore undertook a complete review of this process. Taking a more thorough and transparent approach, both recovery and recycling rates were reported.

Container glass recovery rates were also broken down into glass-to-glass recycling and glass-to-other uses (e.g. roading aggregate and drainage medium). This detailed view of the data has allowed greater insight into the material flow and provides a better understanding to inform strategy and to tell our story. We look forward with interest to reviewing the coming 12 month's data and to quantify the expected increase in recycling rates as a result of work to improve collaboration between stakeholders and provide targeted funding, as well as individual councils' efforts to improve container glass recycling rates.



● Child car seat recycling

The 2018-2019 period has been one of particular significance for the SeatSmart child car seat recycling programme.

While it has grown in volume, the rate of growth slowed compared to that reported in 2017-2018. This has been driven primarily by the necessity to increase the recycling fee per seat.

The change was not made lightly and stemmed from the increased volume and complexity of the seats which meant we needed to incorporate paid dismantling through social enterprises.

The programme had been using the Department of Corrections Community Work programmes to provide free dismantling for all the seats it collects. While SeatSmart will continue to use these programmes for some dismantling, the rapidly increasing volume of seats meant this was no longer a viable option on its own.

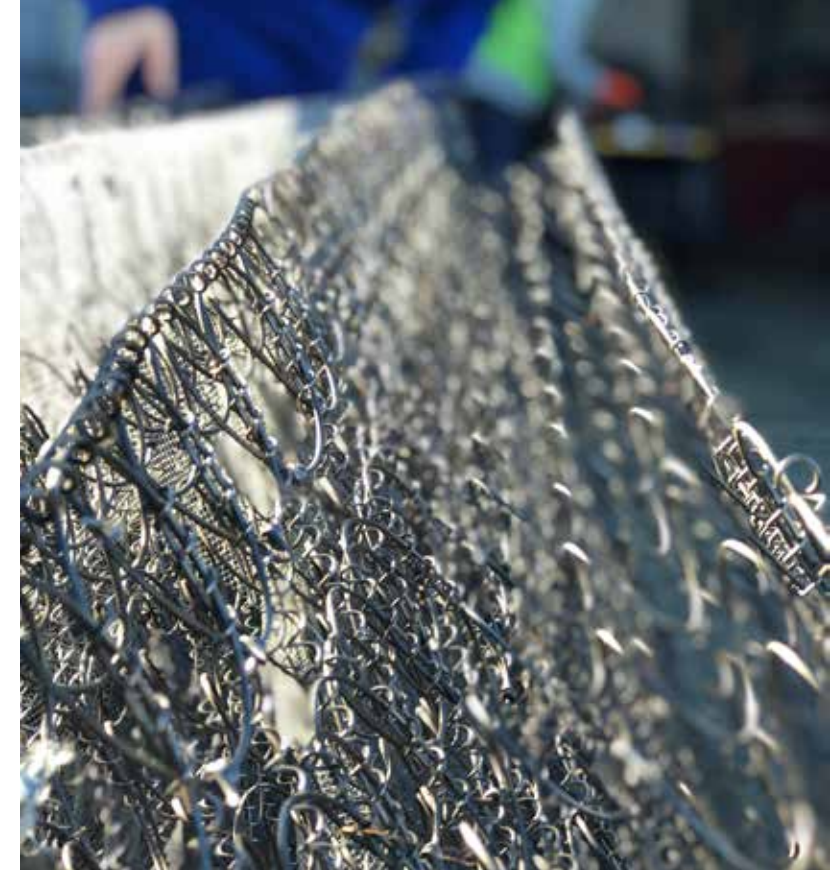
Using social enterprises provides work for people who have a disability, or are disadvantaged or marginalised, and also provides the chance for those employees to learn new skills.

As this work is paid for, it meant the cost of recycling a seat had to increase from \$10 RRP to \$25 RRP on 1 November 2018.

The increase resulted in a decline in the number of seats from areas where we were unable to secure council subsidies. However, overall the volume increased by 21%. We were also able to secure new subsidies for three areas – Hamilton, Nelson and Tasman. These commenced late in the period and will increase access to seat recycling in those areas during the next financial year.

Demand for the programme continues to be strong, however it was decided to limit expansion to two new sites in Dunedin in order to bed in new processes. We hope to continue expansion during 2019-2020.

Pictured above left - Shelali and William of the Recycle Centre at Wellington City Council's Southern Landfill with the 10,000th seat collected. **Above right** - bags made from car seat straps by Paper4trees.



● Mattress recycling

Our mattress recycling project, Rebound, continues to be a work in progress.

Mattresses represent a significant and damaging waste stream in New Zealand, with some 300,000, or around seven million kilograms of material, going to landfill each year. This, despite up to 90% of the materials – timber, metal, foam and coir – being recyclable.

Recycling mattresses also has further positive impacts, such as reducing illegal dumping and providing work for social enterprises. Mattresses also cause significant management issues for landfill operators.

During the period, we continued to have discussions with bed retailers and manufacturers interested in Rebound but they have not yet indicated a commitment to an industry-led product stewardship programme.

Despite a lack of industry commitment, we continued to work with councils to provide the service, with the Timaru District Council being the first to get on board. In July, Timaru residents became the first in the country to be able to recycle their unwanted mattresses through a council-funded Rebound initiative.

Mattresses brought to one of the council transfer stations are separated from general rubbish and assessed to ensure they are suitable for dismantling and recycling.

Residents pay the normal cost of landfilling a mattress, while the council covers the dismantling costs, done through a local social enterprise (pictured above).

From the start of the initiative at the end of July 2018 to the end of this reporting period (March 2019) 184 mattresses were diverted from landfill and dismantled for recycling.

We will continue discussions with other councils in order to expand Rebound via this avenue.



● Chemical and hazardous materials collections

Our chemical collection service ChemCollect has continued to grow with a 14% increase in collections on the previous year.

We have continued our focus of targeting the industrial and commercial sectors as well as continuing our work in the rural sector.

MyHazWaste

We also launched a new, customisable hazardous household waste service called MyHazWaste.

MyHazWaste solves long-running issues with traditional hazmobile events by requiring householders to pre-register.

Understanding the volume of waste and the number of participants who wish to take part significantly helps with budgeting, cost-effectiveness, and health and safety considerations.

The event also helps to educate the public on existing pathways for unwanted items, such as batteries, electronic waste and paint, removing the cost burden for these items from the council and ratepayers.

The first event (above right) was successfully held in conjunction with Palmerston North City Council and we have had additional interest from a number of other councils.

Firefighting foam drew strong media attention in 2018 when it was discovered foam containing the banned chemicals perfluorooctane sulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), was being stored at a number of airports in New Zealand. 3R was contracted by Task Protection Services Limited to collect its

stocks of banned foam at the Hawke's Bay, Palmerston North and Gisborne airports, as well as decontaminate all plant which had come into contact with the foam.

The collection was a great success with all the foam and rinsate being safely collected and sent for proper disposal. All plant was also successfully decontaminated.

In the coming year we will continue our commercial focus for ChemCollect, as well as promote the MyHazWaste and firefighting foam collection and disposal services.



● The Great DDT Muster

There are times you don't know the extent of a problem until you start to tackle it. This has certainly been the case with The Great DDT Muster – a programme which aims to safely collect and dispose of persistent organic pollutants (POPs), like DDT.

Despite being banned decades ago, there are still large volumes of POPs present in New Zealand, particularly on farms.

The New Zealand government is obligated under the Stockholm Agreement to clear the country of POPs, hence the Muster

received funding from the Waste Minimisation Fund, administered by the Ministry for the Environment.

The Muster initially had a funding deed for 7 tonnes over 2 years, but this was exceeded within the first 12 months.

The initial funding was extended, resulting in a further 4.6 tonnes being collected during 2017-2018, and another 4.3 tonnes during 2018-2019.

The collected material is sent to France for high-temperature incineration.



● Million Metres Streams

While our chemical collection work removes dangerous chemicals, which could potentially enter the environment, we wanted to take it one step further by protecting and restoring waterways through donations to Million Metres Streams projects on behalf of our customers.

This reporting period we donated \$2,800 towards the restoration the Wairoa River in

Auckland as well as \$1,760 for a project restoring a tributary of the Porangahau River in Central Hawke's Bay.

Million Metres Streams is a project run by the Sustainable Business Network which acts as a conduit through which people and businesses can help fund waterway and wetland restoration projects around New Zealand.

● Waste Lubricant Container Stewardship Scheme

Every year around 4.5 million lubricant containers are sent to landfill in New Zealand. This, despite them being made of highly recyclable material.

While a small percentage is recycled, the vast majority is not due to the residue left in the container, as well as a lack of collection infrastructure and audit-able pathways. The Waste Lubricant Container Stewardship Scheme was established by leading industry manufacturers and distributors from the oil industry to tackle the problem, with 3R brought on as an independent third-party project manager.

A working group, comprising of manufacturers and distributors, has been established and is seeking circular economy solutions for waste lubricant containers. In this way the number of containers diverted from landfill can be maximised, end use markets developed and the amount of virgin material used to manufacture other goods is reduced.

The project began in July 2018 and is expected to be completed by the middle of the next financial year.



● Synthetic Refrigerant Regulated Stewardship Project

The impact of carbon dioxide and methane on the climate is widely known, but it is in fact synthetic refrigerant gases which pose the biggest threat, and therefore the biggest opportunity.

The gases used in refrigerants – perfluorocarbons (PFC) and hydrofluorocarbons (HFC) – are rated among the most effective at trapping heat in the earth's atmosphere; thousands of times more potent than carbon dioxide. This, combined with their widespread use, makes them the number one target for tackling climate change worldwide according to **Project Drawdown**.

They are one of a smaller number of products highlighted by the Government as being considered as a priority product under the Waste Minimisation Act 2008, which means

refrigerants would need to be under regulated stewardship.

RECOVERY is a government-accredited product stewardship scheme which has been running in New Zealand since 1993. RECOVERY appointed 3R as the project manager and tasked us with investigating a mandatory scheme in which all importers and retailers of refrigerant equipment contribute towards the safe collection and disposal of the gases at end of life.

A working group has been established to represent the interests of the key industries affected by a priority product declaration. The group aims to produce a first report in May 2019, and our collaborative approach enjoys wide industry support.





● End-of-life tyres

In 2012, the Tyrewise project calculated that around 3.9 million passenger tyres and some 1.2 million truck and other tyres reach their end of life in New Zealand annually. However, only a small percentage are recycled.

Action on end-of-life tyres (ELTs) has been long overdue in New Zealand, with millions ending up in stockpiles around the country – posing a danger to people and the environment. 3R has been working on a solution for this problem as project manager of the Tyrewise project – an industry-led working group launched in 2012 to provide a framework for a stewardship programme for ELTs.

Industry has long indicated its willingness for a mandatory product stewardship solution, requiring tyres to be declared a priority product under the Waste Minimisation Act 2008. While the previous National government declined to make that declaration, the

desire for tyre stewardship written into the coalition Government's agreement, as well as subsequent announcements by the Ministry for the Environment, show a strong desire to act.

As a result, the Tyrewise working group was reactivated in 2018 (following a hiatus from 2015-2018), and their willingness to proceed with mandatory stewardship was presented to the Associate Minister for the Environment. The later part of the financial year involved discussions as to how and when Phase Two of the Tyrewise project would commence.

We're delighted that 3R's work updating the key reports from Phase One, and the wider public consultation on mandatory stewardship for tyres, starts in May 2019. Most importantly, a declaration that will see ELTs declared a priority product along with guidelines for accredited scheme regulation and associated product controls is expected by end of 2019.



● Working together for a sustainable packaging industry

The Packaging Forum is one of New Zealand's biggest packaging industry organisations, which has a vision that by 2025 there is no packaging waste going to landfill.

Packaging is facing a crisis in this rapidly changing environment of reduced markets for recyclables, coupled with a national drive to increase recycling rates across multiple products. This has increased scrutiny of packaging in litter, packaging design for recyclability and the current Container Deposit

Legislation debate which is presented without suitable data to enable members to make decisions for the good of NZ Inc.

3R was subsequently contracted to help The Packaging Forum Board deliver the 2025 vision by aiding with governance and systems, plus advocacy across industry organisations, central and local government, and to assist in the delivery of the strategic work across its schemes on behalf of its members.

● Reimagining waste into a resource

For 3R, diverting waste from landfill is only half the job. Finding a way to turn it into a resource is the critical second part. It's therein that the biggest challenges, and opportunities, lie.

While public awareness around waste has increased exponentially over the past 18 months the primary driver for this awareness – China's National Sword policy – has also made finding outflows for many councils and contractors more difficult. Increased awareness also brings with it programme growth as more people seek to divert more waste from landfill.

We have increased our focus on research and development, with former food technologist Natalie Martin joining 3R as our new Materials Innovation Manager after the departure of Harman Sandhu from this role.

During the past reporting period, Natalie's work, as well as that of General Manager Innovation, Trevor Tutt, focussed on continuing our collaborative approach with our customers, most notably Resene and Allied Concrete. This has leveraged their capabilities to help us find new value propositions and advance new product development on several projects.

The team has also undertaken market evaluation for possible products as well as one-off commercial projects. Overall, we have seen an increase in investment and time in the R&D component of the business.

Going forward we aim to partner with universities as well as re-invigorate our own scholarship programme.

We are also heavily focussed on finding additional outflows for paint.

Sitting alongside our R&D is a broader body of work aimed at helping businesses improve sustainability outcomes for their business. This ranges from waste audits and assessments to work focussed on creating critical behaviour change within an organisation.

Waste audits and assessments are a key tool to help businesses and organisations understand their waste profile so they can better manage and mitigate it. We find this is a great starting point for many businesses wondering how to begin their sustainability journey.

Two particularly interesting pieces of work involved Gisborne District Council and the Hawke's Bay DHB.

Gisborne District Council

In mid-2018 we completed our waste assessment work with the council.

This was a significant piece of work and culminated in 3R producing the Waste Minimisation and Management Plan 2018-2024 for the council.

Hawke's Bay DHB

At the DHB we continued our work creating and installing eye-catching waste and recycling bins as part of a waste campaign which targeted behaviour change with both staff and patients in key wards.



People

A business is nothing without its people. The people behind the desks, behind the steering wheels, and those at the boardroom table all have an important role to play in making an organisation tick. Here at 3R we are very fortunate to have a passionate and dedicated team which shares the business' purpose and vision.

● Total worker health

In a largely service-orientated business, people are critical to its sustainability and at 3R we honour that by putting our people at the centre of the business. This begins from the get-go with a multi-week induction into all areas of the business, and continues as staff are encouraged and supported to forge a pathway which best fits their strengths.

Ongoing training, opportunities to attend events and conferences, and generally increasing knowledge and skills have obvious benefits for all involved.

We also encourage staff to actively give back through our Good Friday Leave policy, which provides up to six days paid leave per year to be used for charitable work or personal development. Group street or beach clean-ups and tree planting days not only form part of corporate social responsibility but are good team-building opportunities.

This all aims to support a team which is adaptable, skilled and socially conscious; key skills in the ever-changing sustainability space.

● Health and safety focus

In May we undertook a reaccreditation by Telarc in order to have our ISO14001 accreditation upgraded to ISO14001:2015.

The reaccreditation was a major piece of work for 3R, especially considering our lack of a full-time health and safety officer at that time. Reaccreditation is important for any organisation, but this is especially so for 3R as we aim to lead in the field of environmental best practice.

Two major non-conformances were raised during the evaluation – one relating to substance controls and one for contractors. However, we were able to provide the necessary plans, evidence and documentation required to reduce these to minor non-conformances and ensure reaccreditation.

During the period, we were delighted to welcome Melanie Buxton as our new, full-time Health & Safety, Quality & Environmental Manager in August. Melanie's pragmatic approach is critical in helping us achieve our next goal of certification to ISO 45001:2018 Occupational Health and Safety Management System.



Health & Safety, Quality & Environmental Manager, Melanie Buxton, right, with our new Materials & Innovation Manager, Natalie Martin.



● Every bit helps

Being at the office is more than just about work – after all we spend most of our waking weekday hours at work.

Helping staff be as comfortable and relaxed as possible is therefore important. Having access to things like standing desks, bike racks, shower facilities, a full kitchen for making meals, break areas (indoors and out), and access to an Employment Assistance Programme are all part of that.

The concrete-walled courtyard at the back of our Hastings office has long been rather uninspiring, but thanks to the great work of Napier artist V Hoy it was transformed with a Hawke's Bay scenery-inspired mural. The vast majority of the paint used to both prepare the wall and paint the mural was sourced from the paint and packaging take back schemes we manage.

A number of reimagineers bike to work, some as far as 40km a day, or enjoy biking for fun at the weekend, so it made sense to enter the Aotearoa Bike Challenge in February. The informal contest sets participants the simple goal of cycling as many kilometres as possible during the month, either as a team or individually.

3R had six staff members from the Hastings office take part, clocking up a respectable 1,019km and avoiding 92kg of CO₂ emissions as a result of the kilometres done as a commute. We will certainly aim to better that result next year.



● Strategy days

3R doesn't have a big staff but with three locations, in Hastings, Auckland and Christchurch, it's not often the whole team can come together. However, we believe it's important for everyone to catch up, see old faces, meet new reimagineers, reflect on the past year and plan for the future.

This year we held our annual Strategy Days at the beautiful Mangarara Station in Central Hawke's Bay.

The rolling green hills of the farm provided a great backdrop for what was both a productive and relaxing two days.

Mangarara Station practices regenerative agriculture, a practice which significantly reduces environmental impact of primary food production, and its owners Rachel and Greg Hart are inspiring hosts.

Making connections

Creating a circular economy and acting on climate change takes collaboration, and while it's easier than ever before to connect, there is still no replacing a face-to-face conversation. Whether it's an event we have organised or simply attend, we find great value in networking as a way to provide thought leadership, make and enable new connections, provide learning opportunities for staff, and develop new business.

● NZBPT

We've been a member of the New Zealand Business and Parliament Trust for a number of years. The Trust works to connect the business world and members of parliament, and thereby foster and increase goodwill between them.

The Trust's Parliamentary Seminars give an in-depth look at the centre of New Zealand governance and law making – from the history through to the day-to-day workings. Of particular interest to 3R is the select committee process, where proposed laws and amendments are refined and debated.

We encourage staff to attend both the introductory and follow-up seminars and the enthusiastic feedback from those attending proves their value.

● Sustainable Business Council

3R has been a member of the Sustainable Business Council, part of Business NZ, for six years now, unofficially representing small regional businesses.

Our CE Adele was also elected onto the Business Central and Wellington Chamber of Commerce board.

Business Central is one of the Business NZ "family" as is the Sustainable Business Council. Adele was also appointed as one of Business Central's representatives on the Business NZ Board.

We see Adele's appointment as recognition of the wider business community making sustainability part of the leadership and decision-making process.

This year, the SBC has been jointly responsible for one of the most significant actions to date by New Zealand businesses on climate action – in partnership with 13 of New Zealand's largest businesses they created the Climate Leaders Coalition.

● Climate Leaders Coalition

When it comes to action on climate change the saying, "No man is an island", couldn't be more true.

The Climate Leaders Coalition is therefore a vital and ground-breaking initiative which saw 60 New Zealand organisations join together to act on the biggest threat of our time. (This number swelled to over 100 within 12 months.)

The coalition is made up of some of the country's biggest and smallest organisations, together representing around half of New Zealand's emissions.

We are proud to have our Chief Executive Adele Rose as one of founding signatories when the Coalition was formed in July. Leaders who sign the Coalition's Climate Change Statement recognise the role business can play in bringing about change and commit their organisations to action.

This means publicly setting greenhouse gas emissions targets, measuring and reporting emissions and working with suppliers to reduce their emissions, with the aim of helping to keep global warming within two degrees, as specified in the Paris Agreement.





● Sustainable Business Network

3R is the SBN Regional Business Connector for Hawke's Bay and throughout the year hosts events to encourage discussion and action on sustainability with local businesses.

This was our second year in this role, holding three events themed on transport using renewable energy, the circular economy and a movie night featuring the film *Living the Change*.

We also continued our partnership with SBN's Circular Economy Accelerator until the end of 2018 – an initiative aimed at accelerating New Zealand's move to a circular economy.



● WasteMINZ

Our membership of WasteMINZ offers not only the opportunity to network with the biggest group in the waste, resource recovery and contaminated land sectors, but to serve as well.

3R Business Development Director Darren Patterson has sat on the WasteMINZ board for 10 years, five of which have been as chair, including during 2018-2019.

General Manager Innovation Trevor Tutt also served for two years on the disposal to land sector group until October 2018.

In 2018 a new Product Stewardship Sector Group was added to the WasteMINZ portfolio.

The group was formed after a survey of WasteMINZ members was carried out earlier in the year identifying product stewardship as key to eliminating waste, accelerating resource recovery and developing the circular economy. We wholeheartedly agree, and were delighted to have our Programme Development Manager, Sarah Clare, elected as Chair.

The WasteMINZ annual conference at the end of the year is always a highlight in our events calendar, with valuable networking and learning opportunities.

● We all have a role to play

Ministry for the Environment Product Stewardship Collective and Advisory Group

In August 2018, MfE established the Product Stewardship Collective for owners and managers of accredited product stewardship schemes. It also established a non-statutory advisory body with a broader influencer audience. These groups are to assist MfE with ways to better support and promote existing product stewardship schemes, plus find ways to encourage and promote new product stewardship schemes. The groups will also provide feedback to, and create value for, accredited product stewardship schemes.

3R participate in the advisory group meetings and discussions with our CE Adele Rose being appointed as the inaugural Chair. 3R were delighted with the establishment of both the collective and the advisory group as we sought a non-competitive space to collaborate with other scheme owners on common issues that face many of the schemes. These include access to markets for recycled materials and accelerating the demand for stewardship programmes through procurement levers.

Learn more at the MfE website.



● Collaborating on options in response to effects created by the implementation of the National Sword Policy

Ministry for the Environment National Resource Recycling taskforce

Until earlier this reporting year China was the largest importer of recycled products.

However in February 2017, they reinforced restrictions on imported recyclables and, in February 2018, further tightened these restrictions.

This led to a decline in international commodity prices which our resource recovery sector relies on to fund the recovery of material, as well as a total loss of markets for some recycled materials. Fibre and plastic resin codes 3 – 7 were the most significantly impacted.

The Associate Minister for the Environment initiated an internal National Resource Recycling taskforce which brought together owners of recycling assets around New Zealand as well as councils and waste collectors impacted as a result.

The purpose of the taskforce is to examine New Zealand's resource recovery sector and potential responses to the effects created by China's National Sword policy.

On behalf of The Packaging Forum and Glass Packaging Forum, Adele was invited to be on the taskforce, with the first task to participate in the situational analysis led by Eunomia Research and Consulting, and MRA Consulting Group (Australia) on the effects of changes to the commodity prices.

Eight recommendations from the taskforce were carried forward by MfE - specifically those that had close alignment with work being undertaken on the circular economy.

If implemented, they will have a positive impact on the circular economy, strengthen New Zealand's resource recovery sector, support onshore reprocessing and encourage system-level change. Work has been divided into two streams, with Work Stream One being delivered over a 12-month period.

Learn more at the MfE website.

Social responsibility

The business world is changing. There is growing recognition that wellbeing and sustainability are linked, with more and more organisations recognising the roles they have in positively impacting the world beyond their day-to-day business. 3R has long held the view that we have a responsibility to use the resources available to us to make a difference. One of the main ways we do this is through paid leave for staff members to do volunteer work or personal development.

● Making an impact

Our Good Friday Leave policy gives each staff member six days of paid leave to use for things like volunteer work or personal development, and forms part of 3R's corporate social responsibility.

The 2017-2018 reporting period saw a sharp drop in the number of hours used, prompting us to look at new ways to use the time. It was decided the hours would be divided between group and personal activities, and as a result we saw a pleasing increase from 80.5 during that reporting period, to 152.4 hours in 2018-2019.

Group activities not only give everyone a chance to use their Good Friday Leave without having to commit to a specific charity or development course, but also means we are able to have a bigger impact in a short amount of time. They also served as good team-building events. We held three activities; a beach clean-up, street clean-up and tree planting day.

● Mangarara Station

Our tree planting day saw six reimagineers and our two American interns head out to Mangarara Station in Central Hawke's Bay to help property owner Greg Hart plant native trees and shrubs around the lake on his land.

Greg is among a new breed of farmers practicing regenerative agriculture, which mixes the production of healthy food with ecosystem restoration and carbon sequestration. Planting native trees and shrubs is an important part of his work and a morning of digging saw a sizable area of steep, erosion-prone lakeside land scattered with newly planted saplings.





● Keeping it clean

Helping keep the environment that little bit cleaner is something everyone can do to make a difference.

The 3R team has been doing beach clean-ups in Hawke's Bay since 2016. However, we are always looking for ways to maximise our impact and, with our beach clean-up in May not resulting in much rubbish collected for the amount of beach covered, we decided to focus our efforts on a street outside Hastings.

The result saw the majority of our Hastings office turn out to clean a stretch of country roadside which is notorious for fly tipping and casual littering. Some 60kg of rubbish as well as a disappointingly large number of recyclable items (which we diverted from landfill) was collected.

We also referred a large household load which had been dumped back to the council in the hope of identifying those responsible.

● Riding for the Disabled

Reimagineer Dominic Salmon put his love and knowledge of horses to good use by volunteering at the Hawke's Bay branch of Riding for the Disabled in Hastings.

The nationwide organisation provides therapeutic horse-riding opportunities to facilitate the training and rehabilitation of disabled and disadvantaged people in the region. Dominic also serves on the organisation's Hastings committee.

VOLUNTEERING	
WasteMINZ	111 hours
SBN Business Connector	30 hours
GOOD FRIDAY LEAVE	
Nourished for Nil	12.4 hours
Riding for the Disabled	14.5 hours
Tree planting	39 hours
Beach clean-up	59.5 hours
Personal development	9 hours
Governance	40 hours
DONATIONS & SPONSORSHIPS	
Million Metres Streams	\$5,892
Special Children's Extravaganza	\$690

● Staff + Health & Safety

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Total staff (FTE)	21.25	19.35	19.35	22	22	26
Workforce by gender (female / male)	8 / 10	7 / 13	7 / 13	5 / 17	8 / 14	9 / 17
Total worked hours	42,982	38,220	41,269	45,994	41,582	50,624
Accidents and incidents¹	25	28	7	13	6	0
Incidents¹	n/a	n/a	38	42	23	18
Near Miss¹	n/a	n/a	38	42	23	9
Early reporting DPI	n/a	n/a	3	2	0	0
Lost time (injuries)	1	1	3	0	0	1
Lost time (days)	17	6	31	0	0	2
Health & Safety attendance (No. of staff attending at least 1 meeting)	5 ³	11	21	16	12	18
Hazards (risks identified)	n/a	n/a	34	8	2	10
Quality improvements	45	39	54	25	19	55
Southern Cross Health Care (Staff take up)	N/A	N/A	17 of 18	16 of 22	15 of 21	21 of 25
Standing Desks (Staff take up)	N/A	N/A	6 of 14	6 of 15	6 of 18	7 of 20

¹ For transparency and clarity we are now separating our four key categories – accidents (notifiable event), incidents (non-notifiable event), near-miss (exposure to serious risk) and early reporting (pain and discomfort). In the past accidents and incidents had been reported together, however we are acknowledging that a defined difference exists between these. A notifiable event must be reported to the appropriate regulatory body.



● Interns

There is no substitute for first-hand experience, especially when it comes to inspiring and encouraging the next generation of sustainability champions and innovators.

3R has been part of the Massey University National Expedition and Internship programme for three years. It sees US undergraduates studying in the areas of agriculture, environment and food spend several weeks at various Hawke's Bay Companies.

We have always been impressed with the students who spend their time at 3R and this was no different with Cristal Pugel and Katelynn Horner.

While at 3R they conducted research for a wide variety of our programmes and projects, ranging from paint to waste lubricant containers and child car seats. They also conducted a waste assessment at our Hastings office.

Both Katelynn and Cristal were very eager to learn all they could about sustainability in New Zealand, and said they were particularly struck with the culture of recycling among Kiwis, which they say is years ahead of the US.

Financial

Last year we took the decision to have the financial section of the report at the end, better aligning with 3R's ethos of putting our impact on the community and environment first. This year is no different, especially in light of the company formally identifying as an impact enterprise.

● Economic performance

3R has to ensure it has successful financial outcomes in order to deliver on its sustainability objectives. This will be a focus for the leadership team over the coming year.

Our customers' desire to amplify their contribution to the value chain by delivering positive social and economic outcomes through the stewarding of their products at end of life, aligns with our own strong purpose-driven approach. This led to our leadership team and shareholders having open discussions to confirm, and then complete, our transition to an impact enterprise. These discussions confirmed our joint commitment to this vision with only one of our four shareholders deciding to review their position. As a result, a change in that shareholding may occur in 2019-2020. It is both exciting and vital to have shareholders who are willing to measure their returns on an impact basis as this allows us to better align the traditional ownership model of 3R with our purpose and customer expectations.

The financial forecasts for 3R are positive as we move into a period of opportunity where the need to switch from a linear to circular

economy will require industry to look for expert partners to assist them.

The 2018-2019 financial year was one focussed on preparing 3R for these opportunities. Our revenues increased by 1.7% which does not reflect the work completed to secure income for the coming year and beyond. New contracts and staff are already in place as a result, with more to come as product stewardship continues to gain traction through government support.

3R is well placed with a strong team and years of experience thanks to the foresight of the founders.

We have a talented team which is passionate about the company and its purpose. We are also attracting a high standard of candidate for new positions due to our enviable combination of a desirable regional location, purpose-driven environmental business and excellent employee benefits.

New business development is progressing well with rapidly growing referrals and significant projects with strong stakeholder buy-in in a number of new industries – lubricants, refrigerants, tyres and food packaging.

As with any business, the political cycle can bring risk with changes in focus, priority and regulation.

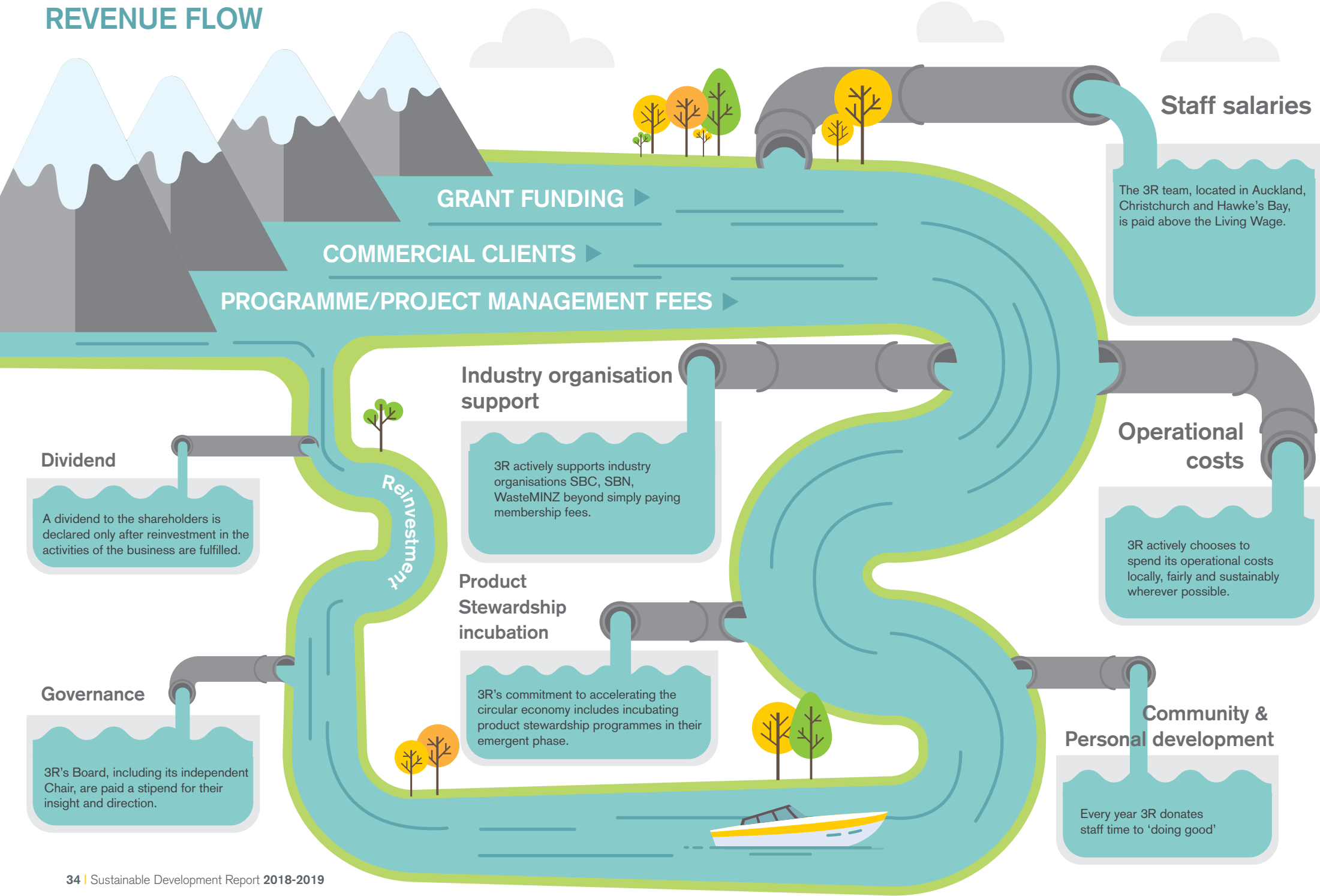
While the result can create delay or even cancellation of expected work, equally it can bring additional business, as with the current coalition Government.

3R's business model and experience allows us to maximise opportunities as they arise while also allowing us to 'play the long game'. The growth of consumer awareness, cross party collaboration on key environmental issues and business willingness to embrace sustainability is expected to level out the risks of the political cycle for 3R.

Only time will tell how many opportunities will be realised, however 3R is firmly optimistic that the future will bring positive environmental, social and financial returns for all our stakeholders.

Percentage change from previous year	2013-2014 (%)	2014-2015 (%)	2015-2016 (%)	2016-2017 (%)	2017-2018 (%)	2018-2019 (%)
Turnover	(2.16)	(9.53)	24.38	3.02	(4.8)	1.7
Operating Costs (excluding employee costs)	23.44	(13.84)	25.00	3.19	6.6	2.8
Salaries and Employment Benefits	8.80	(6.06)	(4.70)	13.56	7.7	23.9

REVENUE FLOW



● Buying power

The phrase “money talks” certainly isn’t new. In fact, the idea behind the idiom was stated by Euripides in the 5th century BC.

At 3R we don’t use money as the only metric for our decisions, however we do make full use of our buying power to help cultivate change, enable more sustainable and ethical practices, and set an example for others.

Whether it be fair-trade products, environmentally-friendly cleaning products or electricity from a carboNZero certified provider, we believe every cent helps.

Last year we switched to Z Energy as our fuel supplier – a significant change considering fuel is one of our largest costs. This was because Z Energy’s sustainability goals align with ours, and we have maintained this relationship.

We also continue to use carboNZero certified electricity provider Ecotricity for electricity at our Christchurch and two Hastings sites.

We believe that change, no matter how small, is worth the effort if it has a positive result. A waste audit at our Hastings office found milk bottles to be the overwhelmingly predominant source of plastic in the recycling bin.

We therefore looked at how we could reduce this impact and decided to get milk for our Hastings office from a Hawke’s Bay company which supplies local milk in reusable glass bottles. Some of the Hastings staff now also use this supplier for their own milk.

While the cost of the milk is greater, the reduced impact is certainly worthwhile.

We continue to:

- Use carboNZero certified Ricoh for our printer/photocopier
- Contract Clean Planet commercial cleaners for our two Hastings sites
- Return all toner and print ink cartridges
- Review our fuel strategy
- Purchase Forest Stewardship Council and Environmental Choice certified paper
- Re-use all single-sided printed paper for draft printing
- Purchase Ecostore and Fairtrade-certified products





● The Good Registry

Presents and gifts can be a tricky thing. We want to acknowledge our key suppliers, partners and clients with a small gift at the end of the year, or thank a speaker at an event. We also don't want to contribute to the huge pile of often useless or unwanted stuff which inevitably gets bought and gifted.

In previous years we tried to focus on items made of recycled material or which will be useful for everyday life. However, this year we decided to give the gift of giving through The Good Registry.

The not-for-profit works by 'selling' gift cards which are then used to give the same dollar value to any one of a multitude of charities registered with them. Any unredeemed gift cards are pooled and distributed to charities selected by The Good Registry Trust. We asked for any of our unredeemed cards to be donated to Million Metres Streams, with a total of \$1,332 going to help waterway restoration, such as the Wairoa River in Auckland (pictured).

The gift cards proved to be an excellent choice as the benefits were many-fold: people really enjoy giving, charities get much-needed funding, and the whole process produces zero waste.

Looking forward

Less than five years ago investment in sustainability was seen as an optional extra; today sustainability is taking its place at the board table alongside health and safety and wellbeing.

This business imperative is driven by the urgent need for action on climate change, an awakening consumer conscience, including the public shaming of suppliers using irresponsible packaging, and is reinforced by a government with an increasing interest in using the tools available to effect “producer responsibility” through the Waste Minimisation Act 2008.

Right from the outset, 3R has developed a formidable track record for ground-breaking innovation in product stewardship design and delivery. We are trusted for our talent in bringing organisations and industries together to achieve meaningful outcomes, and for our determined management of the complexities inherent in programme development.

It has never been easy; it is rare to find businesses that willingly commit to looking after their products at end of life. Both our business and team require, and have developed, great resilience.

The past two years have been the most exciting we have seen in terms of action and awareness around sustainability, and we only foresee this momentum building as we head into 2019-2020.

This past year has been spent building and preparing – not just to grow a financially sustainable base but critically to increase our impact on the environment and people. Our transition to an impact enterprise is secure throughout every aspect of our business and as always, our purpose - our why - will be at the forefront of our strategy, our partnerships and our conversations.

We will continue to advocate for, and work towards product stewardship as a building block of the circular economy, and we firmly believe in the change it can and will bring. Waste is a problem humans invented, but as the creator we can also be the solution. We hope you will join us.

Adele Rose

Chief Executive
adele@3R.co.nz





If you'd like to know more about **our journey**, you can find us at:

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