

It's a





Message from our Chief Executive

It's not often in business when you get a chance to take a good look at your operation in its totality – how things are being done, how they can be done better and what benefits that would bring. This is our third SDR and each year we find that creating this report is a great way to do just that.

A key focus this year was to conduct a materiality survey of internal and external stakeholders to ensure alignment of purpose. This built on our first external stakeholder review undertaken in late 2013.

At that time, we wanted to check that we were building a business that created value for our stakeholders in the resource recovery sector. The insights helped us understand our core strengths and areas where improvement was necessary. Some of the areas we continue to focus on are:

- Clarity around our values, brand and purpose;
- Clearly articulating our “Design and Delivery” (professional services) vs. our “Do” (operational activity) to improve transparency;
- Engaging with customers beyond agriculture, paint and packaging;
- Reducing complexity in all areas of our business; and
- Proactively engaging with social enterprises and existing recycling networks.

The materiality work completed during this last 12 months has proved invaluable in that it has confirmed a unity of purpose with our key stakeholders and provided further clarity in other areas. This work is outlined in more detail in the following pages.

This year, our Sustainable Development Report also reflects our ever-increasing engagement with the United Nations Sustainable Development Goals. These goals provide an easily understood framework with a common language that can align parties regardless of location, size or industry. The goals also clearly state the need for collaboration and partnerships, something we have long valued and excel in fostering. We look forward to seeing more and more businesses take advantage of the opportunities and threats outlined within the SDGs as a springboard to finding sustainable solutions for growth for themselves and New Zealand.

Adele Rose

Adele Rose
Chief Executive
adele@3R.co.nz

This report covers 1 April 2016 to 31 March 2017. We have decided to report our financial performance in relative rather than absolute terms due to the size and ownership structure of our company as well as the commercial sensitivity of this information.



Waste is an opportunity

Our Values

Our values of innovation, integrity and environmental best practice are simple and shared across the company, from Auckland to 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.

The 17 Global Sustainable Development Goals (SDGs) have been identified as those that represent an unprecedented opportunity for businesses, their stakeholders and government to collaborate on inter-connected topics across the economic, social and environmental dimensions of sustainable development, and achieve real change by 2030.

3R has made a commitment to actively support businesses, the government and councils to contribute to these goals. We believe that we can influence our clients, their customers and our networks to positively engage in this process.

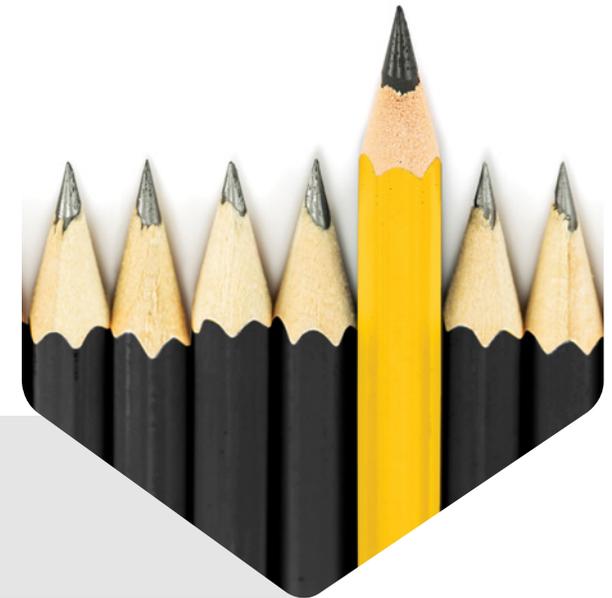




Materiality counts

Every business has 'material' issues. While some are common to most businesses such as financial, social, environmental and governance-related risks and opportunities, others are specific to the environment or sector the business operates in.

Combining internal and external stakeholder views on material issues offers a balanced view of what these issues are and provides a stronger platform from which to manage them. We have worked hard to align progress on key SDGs with the 3R business strategy to ensure they don't sit independently of one another. We have also made a commitment for our work to reflect the material issues which matter most to our stakeholders.



“ Material issues are those things that matter most to stakeholders and the business to create economic, social and environmental value in the short, medium and long term. ”

Jo Cain, Materiality Counts

The process

In August 2016, 3R engaged an independent interviewer to conduct a materiality survey of 20 external and 6 internal stakeholders. We defined materiality as “an aspect which has a direct or indirect impact on 3R's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large”.

We interviewed a range of our primary contacts from councils, customers, membership organisations and recycling partners. Stakeholders were chosen based on those that we knew had some expertise in sustainable development and who we believed would be willing to engage with us in the process. We also looked at the impact 3R had on their business, from minor to major.

From our original stakeholder feedback conducted in 2013, we were able to present a list of areas where 3R impacts on sustainable development. We asked our stakeholders what issues mattered most to them, and then to rank which areas they believed we should focus on. They were also able to include any issues of importance to them that were not on the list.

The responses

A thorough analysis of the aggregated data was carried out by the interviewer and the results presented to internal stakeholders for discussion. The outcomes were then presented to the 3R Board and our subsequent strategic planning process incorporated the findings. It was reassuring to find that overall, responses were largely consistent with our own internal views, however provided clarity in certain areas.

A materiality matrix has been created which compares stakeholder concern with the potential impact on the business and themselves. This is used to further align the sustainability goals and business strategy into the future.

An active strategy

We now have an active strategy which is guided by our vision statement, “to bring together business owners, brand managers and stakeholders to design and deliver product stewardship programmes that enable them to achieve a competitive advantage and compliance”. It is informed by a set of high-level actions set out in our strategic plan. This plan is in turn guided by input from our stakeholders and measured by the value we create for them.

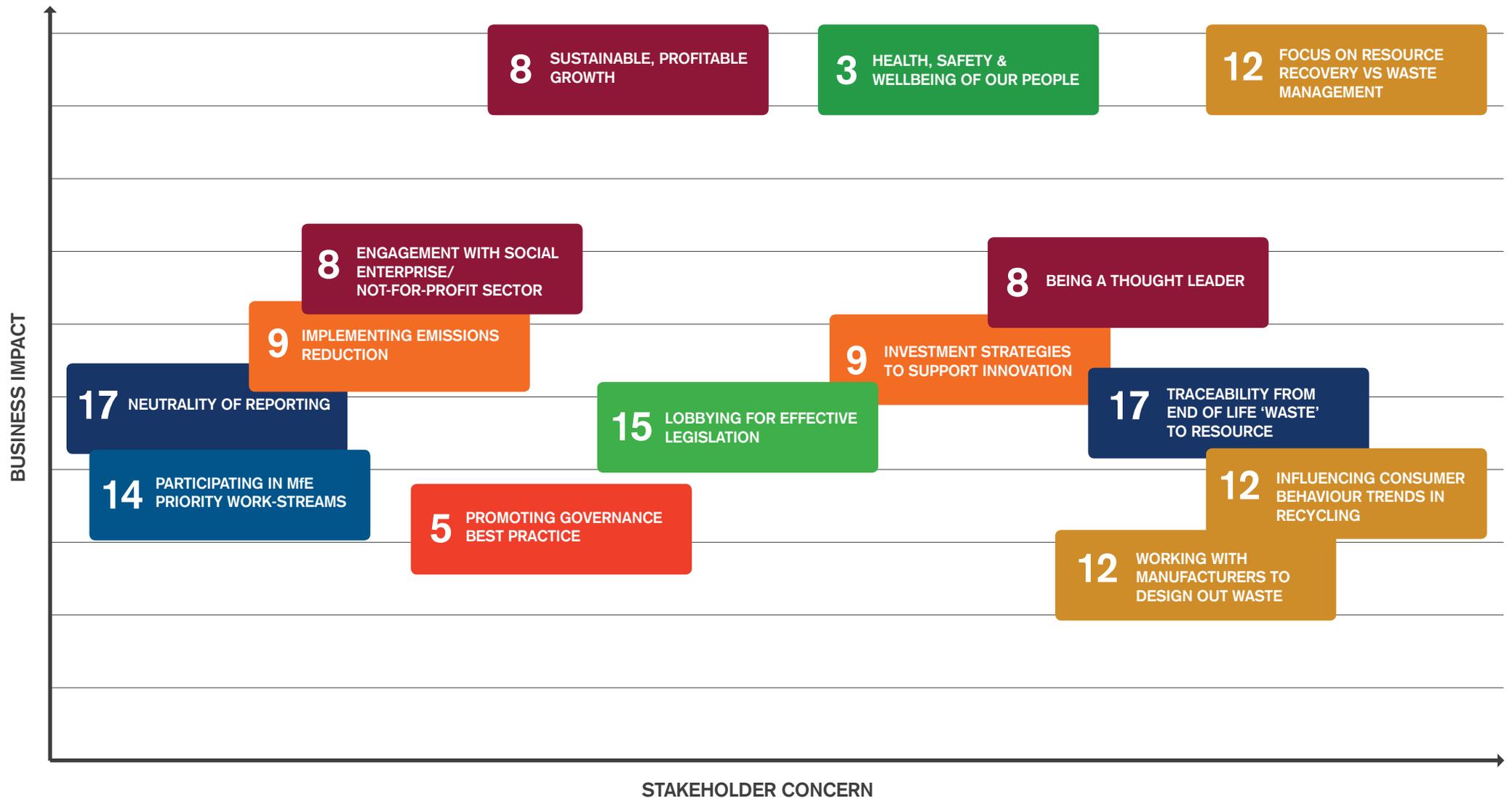
Future engagement

We know that our stakeholders' material issues change over time as we all get better at collaborating on these inter-connected topics. In 2019, we will repeat the process to sense check our goal alignment with our external and internal stakeholders' material issues, demonstrating our part in achieving real change by 2030.

THIS PROCESS LED US TO ESTABLISH A 2020 GOAL OF:

“ 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 cost; and demonstrates that our initiatives reduce costs and reinforce a social license to operate. ”

What matters most





Economic performance

In the 2016-2017 year, 3R reported a revenue increase of 3% over the previous year. In line with our increase in revenue we saw a small increase of 3.2% in operating costs, and a significant increase in salaries and employee benefits, particularly investment in professional development as we geared up for changes in the 2017-2018 year.

All of our work programmes including Dulux, Agrecovery, Resene PaintWise™, SeatSmart™ and ChemCollect saw increased volumes – this is a consistent theme year on year.

The Great DDT Muster, which is supported by funding from the Waste Minimisation Fund, has also exceeded our targets for booking and collection of persistent organic pollutants. Rebound Mattress Recycling, also a recipient of WMF funding to assist with the roll out of the collection model, has not enjoyed the support from manufacturers and distributors originally proposed, leading to a significantly scaled down implementation programme.

Policies that drive economic performance were developed during the period, including those relating to distribution of shareholder funds, pay equity and living wage. In line with SDG 8, our position descriptions and salaries will be reviewed by an external consultant for 2017-2018 to identify any areas of improvement we may need to make to achieve this goal. Seven new staff were employed during the period, one senior management position advertised nationally, which resulted in a move back to Hawke's Bay from Wellington. All other positions were filled from the local communities close to our processing locations.

Indirect economic impacts were measured in several areas, for example maximising our participation with our membership organisations beyond that of attending conferences, gives us the ability to network with peers and work together on climate change related matters. This increases our ability to share intellectual resources with other members. Similarly, we are increasing our relationships with Department of

Corrections and social enterprises to encourage rehabilitation and supported work opportunities within our communities.

We will be ceasing the programme management and delivery of the Agrecovery Container and Drum programme in the 2017-2018 year. This allows for sale of collection assets, a reduction in our carbon footprint, and freeing up resources to higher value opportunities. Commencement of scheme management of the Glass Packaging Forum scheme in April 2017 enables us to work with the Packaging Forum on delivering an economically sound stewardship scheme for many years to come.

Economic Performance				
Percentage change from previous year				
	2013-2014 (%)	2014-2015 (%)	2015-2016 (%)	2016-2017 (%)
Turnover	(2.16)	(9.53)	24.38	3.02
Operating Costs (excludes employment costs)	23.44	(13.84)	25.00	3.19
Salaries and Employment Benefits	8.80	(6.06)	(4.70)	13.56



Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs that stimulate the economy while not harming the environment. Job opportunities and decent working conditions are also required for the whole working age population.

Source: United Nations



Total worker health

To paraphrase Sir Richard Branson, your staff are the most important part of your business, and being a small company of just 22 employees means everyone is vital to 3R's success.

Health and Safety has long been a high priority for us with ISO 14001 Environment Management Standard achieved in 2009 and ACC Tertiary in 2012. The recently instituted Health and Safety at Work Act 2015 puts an emphasis on "total worker health" so we regularly review our policies and practices knowing that work has a very real effect on health, and not just physically.



PROGRAMME	2016-2017
Southern Cross	16 of 22
Standing Desks	5 out of 12 (Hastings) 1 out of 2 (Christchurch) 0 out of 1 (Auckland)
tracksuit-inc™	Discontinued



Thinking on your feet

In 2015-2016 3R bought several standing desks to allow office-based staff the option of working on their feet. The idea was a success and the trend has continued this year. While few staff spend the whole day standing, those who make use of the new desks have no desire to go back to the more traditional setup.

Ongoing support

Staying healthy is so much more than just being physically active. Therefore, 3R offers staff an Employment Assistance Programme (EAP) which gives practical help when personal or work issues arise which might affect their overall wellbeing or impact their ability to do their job. For example, personal or work stress, depression, anxiety or grief.

Assessing health

The tracksuit-inc workplace wellness programme was introduced in early 2016 as a way of helping staff look after their health and wellbeing.

It was a great success in the first year with many people taking health assessments and doing the weekly or monthly challenges. However, staff felt that the longer-term application of tracksuit-inc was limited and therefore the programme was discontinued.

We have surveyed staff on their views and are looking at alternatives to encourage further workplace wellness.



Challenge: create a standing hot desk or check out some of the cost-effective options that will help get your staff on their feet.

Staff + Health & Safety April 2016 - March 2017

	2013-2014	2014-2015	2015-2016	2016-2017
 Total staff (FTE) ¹	21.25	19.35	19.35	22
 Workforce by gender (female / male)	8 / 10 ²	7 / 13 ²	7 / 13 ²	5 / 17 ²
 Total worked hours	42,982	38,220	41,269	45,994
 Accidents and Incidents	25	28	7	13
 Incidents ⁴	n/a	n/a	38	42
 Early Reporting DPI ⁵	n/a	n/a	3	2
 Lost time (injuries)	1	1	3	0
 Lost time (days)	17	6	31	0
 Health & Safety attendance (number of staff attending at least 1 meeting)	5 ³	11	21	16
 Hazards (risks identified)	n/a	n/a	34	8
 Quality improvements	45	39	54	25

¹ 40 hour full time equivalent (FTE) includes non-payroll staff and differs from "feet on the ground"

² As at March

³ Permanent Health and Safety Committee of five staff in 2013-2014, changed to a requirement for all staff to attend at least 1 meeting per quarter in 2014-2015.

⁴ Incidents now include "near miss"

⁵ Early Reporting DPI (Discomfort, Pain or Injury) is encouraged by ACC. We encourage employees to report any discomfort or pain early to enable pro-active follow-up by employer/employee and assessment of work tasks to be undertaken before discomfort or pain becomes a serious problem, inhibiting work.



Education & awareness

Our materiality work clearly reflected that our stakeholders feel we have a role to play in education and awareness of recycling and resource recovery issues.

Social and print media as well as radio are all part of our communications channels to deliver on this.

RNZ's *Nine to Noon* is a particular favourite with some of us here at 3R and we relish the chance to contribute to the show. Tyres have been one of the reasons for featuring on the show, but in October Chief Executive Adele Rose was interviewed by Kathryn Ryan about innovative recycling, producer responsibility, valuing our natural capital and the tricky job of bringing together competitive stakeholders – just a few of our favourite topics!

This year saw 3R selected by Sustainable Business Council and Business New Zealand to feature as one of 10 companies in their **“Leading The Way - 10 New Zealand business stars show us how it’s done”** publication and video series. BusinessNZ, New Zealand’s largest business advocacy body, believes that each of the 10 companies has “a story to tell and a learning to share”. We were delighted to share the spotlight with Orion, Spark, Contact Energy, ApparelMaster, Deadly Ponies, Waikato Milking Systems, Family of 12, Bobux and Mercury, and remind others that a small regional company can make a big national impact.



Thought leadership

Membership of our business networks isn't just about networking and learning, but also about contributing to progress on sustainability issues.

During 2016 and 2017, Chief Executive Adele Rose was a member of the Zero Carbon Climate Action Group set up by the Sustainable Business Council as part of their work on Sustainable Development Goal 13 – Climate Action, with a priority on the transition to a low emissions economy. The group consists of a cross section of New Zealand businesses working together to find “quick wins” for a transition to a low carbon economy.

The results were used as part of the cross-party climate change report, **Net Zero in New Zealand: Scenarios to achieve domestic emissions neutrality in the second half of the century** by UK-based Vivid Economics. The report was commissioned by GLOBE-NZ, a cross-party group of New Zealand MPs, and published in March 2017.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12: Ensure sustainable consumption and production patterns

Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all. It involves different stakeholders, including business, consumers, policy makers, researchers, scientists, retailers, media, and development cooperation agencies, among others.

It also requires a systemic approach and cooperation among actors operating in the supply chain, from producer to final consumer. It involves engaging consumers through awareness-raising and education on sustainable consumption and lifestyles, providing consumers with adequate information through standards and labels and engaging in sustainable public procurement, among others.

Source: United Nations



Making connections



Operating a regional business with national scope is not without its challenges.

One issue often commented on by staff is the missed opportunities to regularly attend the fantastic networking events hosted by our membership organisations. These events foster important connections between likeminded businesses and help us grow and learn as individuals. Wherever possible we make the most of Livestreaming to watch these from the Bay, or combine them with other business in the main centres. Toward the end of this year we decided to take a more proactive approach and enable more sustainable connections right here in the Bay by taking on the role of the Sustainable Business Network's (SBN) Regional Business Connector.

Growing sustainably

Our first event, held in March, was focussed on the theme of 'enhancing NZ's natural capital'. Of particular interest was SBN's own crowd-funded Million Metres Streams (MMS) Project, which aims to plant 1,000km of native plants and trees along rivers, lakes and wetlands.

Attendees heard from Greg Hart of Mangarara Station (a MMS project to which 3R has donated), as well as SBN's Brigitte Hicks, Pat Turley of the Maraetotara Tree Trust, Campbell Leckie on the Cape to City project and our Chief Executive Adele Rose. The evening was a huge success and even resulted in a \$5,000 donation made by Kiwibank to a Million Metres Streams project with the Maraetotara Tree Trust.

We plan to hold an event each quarter around topics such as food waste, sustainability in the building industry, enabling the use of renewable energy and many more. We'd encourage other regional SBN members to attend if they are in the Bay or consider being a Business Connector in their own region – it's very rewarding!

Resource Recovery Tour

As part of her staff induction, our Programme Development Manager, Sarah Clare, went on a four-day *Bottom of the South Resource Recovery Study Tour* in November. The tour visited Wanaka and Alexandra WasteBusters, Smart Environmental in Queenstown, the Waitaki Resource Recovery Park in Oamaru and the Green Island landfill in Dunedin.

From the larger material recovery facility (MRF) at Smart Environmental down to the more manual sorting at the smaller, community-based outfits, Sarah said it all provided a great insight into how other resource recovery operations work. We now encourage new staff to take part in one of these tours.



Challenge: take part in local green drinks or other sustainability events in your town. If there aren't any, how about hosting one?

17 PARTNERSHIPS FOR THE GOALS



Goal 17: Revitalize the global partnership for sustainable development

A successful sustainable development agenda requires partnerships between governments, the private sector and civil society. These inclusive partnerships built upon principles and values, a shared vision, and shared goals that place people and the planet at the centre, are needed at the global, regional, national and local level.

Source: United Nations



44%

of New Zealand's monitored lakes are so polluted virtually nothing can survive in them.

62%

of New Zealand's lowland rivers are so polluted with pathogens we can't safely swim in them.

74%

of New Zealand's freshwater fish species are now classified as 'threatened'.

Freshwater scientists agree that riparian planting is vital to the health of our freshwater ecosystems. Plants filter toxic runoff, prevent sediment washing into water, and cool the water by shading it, so aquatic creatures can survive. Source: Million Metres Streams

Million Metres Streams Project

Sustainable Business Network was so concerned by these statistics that they created the Million Metres Streams Project which aimed to make it easy to invest in the health of our waterways. This crowdfunded project aims to plant 1,000km of native plants and trees planted along rivers, lakes and wetlands.

We believe very strongly in this project and made an initial contribution of \$3,000 to a local Hawke's Bay project at Mangarara Station in lieu of purchasing customer Christmas presents. We then highlighted the fantastic work being done by using Million Metres Streams as the basis for our first Regional Business Connector event in March (see p10).

Now, we've taken it a step further and will be donating \$200 for every tonne of materials we collect through our ChemCollect programme.

So far, the project has seen over 20,500 metres of stream-side planting carried out.



Imagination and science

SDG9 outlines how "technological progress is the foundation of efforts to achieve environmental objectives, such as increased resource and energy-efficiency". During our 2013 brand clarity review we recognised this synergy and incorporated it into the heart of our brand: "3R Reimagineers - combining imagination and science to repurpose waste".

One of our biggest challenges is preserving value in the materials we collect. Contamination is Enemy No. 1 when it comes to recycling and something we face daily, particularly with paint, agrichemical containers and fabrics.

We have made a decision to invest more heavily in research and development, as well as investing in technology which can reduce cost and create a transparent platform for our stakeholders and we hope, in the long term, foster further innovation.

We have also been adding our voice to the call for investment in infrastructure in New Zealand to manage our own waste streams onshore. This will help to create value locally and reduce the "dumping" of our waste offshore. The reliance on offshore avenues for much of New Zealand's recycling undermines our efforts to achieve a circular economy.



Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Investments in infrastructure – transport, irrigation, energy and information and communication technology – are crucial to achieving sustainable development and empowering communities in many countries. Inclusive and sustainable industrial development is the primary source of income generation, allows for rapid and sustained increases in living standards for all people, and provides the technological solutions to environmentally sound industrialization. Technological progress is the foundation of efforts to achieve environmental objectives, such as increased resource and energy-efficiency.

Source: United Nations



Emissions target: zero



It's been a busy year for us, with the amount of materials collected having risen by 295 tonnes compared to the previous 12 months.

All the programmes we manage have grown significantly, some as much as 20%, such as Resene PaintWise. SeatSmart and Dulux Paint and Packaging Take Back programmes have also experienced significant growth.

As a result, some of our emissions indicators have risen too - total greenhouse gas emissions per million turnover (up 3.8% on 2015-2016), direct energy consumption and waste to landfill. It is to be expected that various items we collect for recycling have some unrecyclable components or generate waste in the recovery process. However, we work hard to

maximise recovery and minimise waste and next year will be investing in a substantial volume of R&D to reduce this.

Despite the above increase, we are pleased to see another decrease in our key metric - that of total gross emissions per tonne of material collected. This was down to 0.18, 14% lower than 2015-2016. Overall, our emissions are 35% below our 2013-2014 baseline of 403.68 tCO₂e, and well below our targeted 20% reduction by 2020.

We continue our commitment to carboNZero^{Cert}™ certification and have once again offset our total carbon emissions through trees planted at the Hinewai Reserve on Banks Peninsula.

INDICATOR	UNITS	2013-2014	2014-2015	2015-2016	2016-2017
Material collected	tonnes	1,288	1,225	1,177	1,472
Total GHG emissions from all 3R activity	tonnes CO ₂ e	404	275	244.23	262
Total direct energy consumption (diesel, petrol)	litres	88,118	64,801	65,883	73,690
Total indirect energy consumption (electricity)	kilowattt hours	29,776	31,387	35,371	36,080
Total waste to landfill	tonnes	11	19	20	39
GHG emissions from freight and staff travel	tonnes CO ₂ e	87.2	47.4	36.4	28
Total gross emissions per \$M turnover	ratio	119	90	64	66
Total gross emissions per tonne of material collected	ratio	0.31	0.22	0.21	0.18

Hinewai Reserve - permanent forest sink initiative

Hinewai Reserve was established in 1987 and is comprised of more than 1000ha on Banks Peninsula. The land is owned by a private charitable trust whose main aim is the protection and restoration of native vegetation and wildlife.

Previous land cover was farmland, but this has been allowed to naturally regenerate and now attracts visitors and scientists from around the world. Bellbirds, grey warblers, tomtits and kererū are all regularly sighted. There are also numerous walking tracks on the reserve.





Efficiency is key

Fuel is a large cost financially and an even larger one in terms of environmental impact, so it is an area where we are always looking to maximise efficiency for our customers.

The routes we take and the frequency with which we drive them obviously have the greatest impact, so our logistic team constantly review these. However, sometimes annual KPIs or customer service demands mean the most efficient option isn't always possible. For example, annual targets for the Agrecovery programme have often meant less efficient clearing of the network in May and June to meet KPIs set by the governance body, Agrecovery Foundation. Or, as in the case of Resene Queenstown, improving customer service have led us to change from a more efficient third-party collection to a direct collection by 3R.

Bio-diesel is an exciting development which we have been watching with interest for several years. Unfortunately, availability across New Zealand remains limited, so we have decided to stay with our current fuel supplier. However, our Upper North Island fleet could now move to use bio-diesel within Auckland and we will act on this in 2017. We also reviewed our third-party transport provider but on balance there was no compelling reason to change.

New Zealand's geography and the concentration of suitable recyclers and plastics processors in the Auckland region also continues to play a significant part in our operations, and heavily influence our environmental footprint. Developing new relationships to close the loop closer to the source of the materials and to improve diesel efficiencies will remain a key focus going forward.

This year, our Operations Manager has undertaken training as part of the EECA Fuel Efficient Large Fleet programme and reviewed the option of using tyres branded as 'fuel efficient'. Like our review of fuel additives last year, our current tyres offer similar benefits and no appreciable difference would be gained by swapping tyres. We are also investigating the opportunity for our first electric vehicle to service the Auckland market in 2018-2019.

“ Developing new relationships to close the loop closer to the source of the materials and to improve diesel efficiencies will remain a key focus going forward. ”





Every little bit counts...



Let there be light!

Every time someone new to our Hastings office leaves our boardroom, especially on a sunny day, and reaches for the light switch they find the lights were off all along – despite the room having no windows. This is thanks to the installation of 2 Solatube skylights, which provide a surprising amount of light (and rainbows) into the room, all without using any electricity.



Livestream, not jet stream

Air travel may be one of our lowest sources of GHG emissions, but we believe in making reductions wherever and whenever we can. Taking advantage of the Livestream video conference platform, when on offer, allows staff to be part of meetings and events all over the country without the need for hopping on a plane, saving time, money and emissions.



We continue to provide...

-  South Island paint processing hub
-  Terracycle Oral Care recycling (Hastings office)
-  Driver training and education on fuel efficiency
-  E-waste recycling through Abilities Group
-  Oven for self-catering to reduce packaging waste (Hastings office)
-  Bike stands (Hastings office)
-  Enable in-house waste sorting to minimise waste to landfill
-  Soft plastics recycling (Hastings office)
-  Compost bin (Hastings office)
-  Reusable shopping bags
-  LED lighting in our Auckland and Christchurch hubs
-  Encourage use of public transport, green/carbonZero^{Cert}™ certified taxis, fuel efficient/hybrid rental cars and accommodation options with carbon reduction policies

Emission reduction initiatives

OBJECTIVES	ACTIONS	BENEFITS	COMPLETION TARGET	COMMENT
FUEL	Investigate biofuel availability for trucks	<ul style="list-style-type: none"> Reduce dependence on fossil fuels Reduce environmental impact Reduce emissions 	April 2015	Upper North Island to shift to bio-diesel during 2017-18 Awaiting availability for rest of fleet
	Implementation of 3R-owned chemical collections service instead of contractors	<ul style="list-style-type: none"> Increase fuel efficiency Expand business opportunities 	September 2016	Completed
	Clean air filters in fleet vehicles	<ul style="list-style-type: none"> Increase fuel efficiency Reduce emissions 	March 2017	Part of ongoing service schedule
FREIGHT	Investigate alternative freight service providers	<ul style="list-style-type: none"> Cost reduction Emission reductions (CEMARS certified suppliers) 	June 2016	Reviewed annually - no benefit in changing service providers in 2016-2017
TRAVEL/ACCOMMODATION	Investigate improved multi-participant web conference, fibre network	<ul style="list-style-type: none"> Reduce emissions from travel 	March 2017	Completed
ELECTRICITY	LED Lighting Auckland Office	<ul style="list-style-type: none"> Reduce emissions Increase visibility 	March 2016	Completed
	Install Solartube in 3R boardroom	<ul style="list-style-type: none"> Reduce emissions Increase visibility Increase wellbeing 	March 2017	Completed
	Change electricity provider to Ecotricity (CEMARS certified)	<ul style="list-style-type: none"> carboNZero^{Cert}™ certified supplier, 100% Kiwi owned 	March 2015	Christchurch completed March 2015 Hasting scheduled August 2017 Auckland TBA
	Clean air filters in office heat pumps	<ul style="list-style-type: none"> Reduce emissions Improve air quality/staff wellness 	March 2017	Part of ongoing service schedule
	Double glaze front and side windows at Hastings office	<ul style="list-style-type: none"> Reduce emissions Reduce noise/increase health and wellbeing 	March 2017	In progress
WASTE DISPOSAL	Provide reusable shopping bags for staff	<ul style="list-style-type: none"> Reduce waste plastic going to landfill 	April 2016	Ongoing
	Conversion to online board reporting use Boardpro Hub - a completely paperless board reporting system	<ul style="list-style-type: none"> Reduce paper use Reduce printer use 	April 2016	Completed
WELLNESS	Construct 'living wall' in Hastings office back courtyard/car park area	<ul style="list-style-type: none"> Improve staff health and wellbeing Carbon sink 	March 2017	In progress



Procurement

When it comes down to it, real change is most often driven by dollars and cents; the purchasing power that we all have to influence manufacturers and retailers. At 3R, we aim to use ours on everything from the diesel for our truck fleet to the soap we wash with.

Procurement is a key area where government can have substantial effect by making procurement choices which monetise the externalities (cost of emissions to air, pollution to land and use of water) and this is where businesses that embrace product stewardship for their waste streams will come into their own. We actively support our membership associations lobbying in this area.



We continue to...



use carbonZero^{Cert™} certified Ricoh for our printer/photocopier



review fuel strategy



contract Clean Planet commercial cleaners at our 2 Hastings sites



purchase Forest Stewardship Council and Environmental Choice certified paper



return all toner and print ink cartridges for recycling



re-use all single-sided printed paper for draft printing



use Ecotricity, New Zealand's only carbonZero^{Cert™} certified electricity provider, for our Christchurch site with plans to move other premises as it becomes available in Auckland and Hawke's Bay



purchase Ecostore and Fair Trade certified products



whenever possible use Green Cabs and public transport to get from airport to central city (Auckland/Wellington)



Challenge: take a fresh look at the products you purchase – do you consider how they are made or how you will dispose of them?



Christmas gifts

We always have a bit of fun trying to find a corporate gift with 'good environmental credentials' rather than simply add to everyone's Christmas clutter. This year we decided to make a \$3,000 donation to the worthy Million Metres Stream Project for extensive native plantings at Horseshoe Lake on Mangarara Station south of Hastings.

Our team held a two-day meeting at the station's EcoLodge and we can vouch not only for the beauty of the setting and the fabulous local food but for the genuine efforts of station owners Rachel and Greg Hart to restore the natural environment, farm regeneratively, and share it with their community. They don't call it "The Family Farm" for nothing.



\$3,000

donation to Million Metres Stream project in lieu of Christmas presents



1,452 TONNES

of material diverted from landfill



2 YEARS

carboNZero^{Cert™} certified



GHG emissions per tonne of material collected

14% REDUCTION



26,861 kg

of chemicals collected





Social responsibility

There is no denying we all have an impact on the world, be it for better or worse. At 3R, we believe businesses should use their influence and resources for the former.

We have been committed to supporting our staff and the Hawke's Bay community since our inception. Whether through sponsoring events like Presbyterian Support East Coast's *Redefine*, giving staff paid time off to do volunteer work or mucking in with a beach clean-up, we want our core values to go beyond our day-to-day business activities.

2

ZERO
HUNGER



Nourished for Nil

Nourished for Nil is a food rescue project in Hastings, redistributing it within the Hawke's Bay community on the same day. The project is entirely volunteer-run, including 3R Marketing and Communications Manager Toni Bye who collects food from cafes and bakeries around Havelock North once a week. As the collections take place partly during office hours, Toni uses her Good Friday leave to volunteer.

Nourished for Nil has been fortunate to receive fantastic support from a number of businesses, growers and individuals around the area who provide good quality surplus baked goods, fruit and vegetables.

With their ethos of 'no judgement, no questions asked', the project has been hugely successful and around 150-180 people come to the depot each day.

3R has also been able to connect Nourished for Nil with local businesses, such as Little Red Robot Design and Brebner Print, who have helped out with free design and print work. We will also provide a platform for them to showcase their project at the June SBN Regional Business Connector Event on food waste.



17

PARTNERSHIPS
FOR THE GOALS



Good Friday Leave

3R's commitment to the community and personal development is clearly demonstrated in our "Good Friday Leave" policy. This entitles staff to take up to 6 days of paid leave each year to undertake activities which promote education, self-development, community interest and the development of a deeper understanding of sustainability issues.

This year saw a significant decrease in the use of Good Friday Leave, with the numbers of hours used falling from 248 in 2015-2016 to 62 in 2016-2017. The drop-off is primarily due to changes in staff who were regular users of Good Friday Leave, however we will encourage new staff to fully embrace the opportunity.

We will also be investigating alternative ways of maximising the use of the leave in the future, such as more activities which involve all staff – like tree planting or additional beach clean-ups.



Redefine - love your op shop

The success of the inaugural *Redefine* event in 2015 saw the event return in 2016, with the same focus of encouraging people to take a fresh look at op shops in their community and the wealth of creativity the stores hold.

The Presbyterian Support East Coast-run event, sponsored by 3R, saw a family day out with contests, pop-up charity shops, workshops and demos. Sponsoring the event with its message of re-use was a great fit for 3R, and we will be doing so again in 2017.



Challenge: if you have a food rescue service in your town, how about asking your favourite café or bakery if they're involved?



Interns

There's nothing like offering hands-on experience when it comes to fostering awareness of sustainability in students. In May this year, 3R had the pleasure of hosting 2 American interns; Ben Morrison, from Quincy, Illinois and Ashley Burns, from Novi, Michigan.

The internship was part of Massey University's *National Expedition and Internship (NEI)* – a six-week programme for US undergraduates studying in the areas of agriculture, environment and food. It included a three-week internship at various companies in Hawke's Bay.

3R wanted for 2 students to work on a project looking at alternative uses for recycled water-based paint, and Ben and Ashley proved to be a great fit for the project and 3R.

Ashley, who is studying Environmental Economics and Policy, said that working with 3R opened her eyes to the possibility of recycling common household goods, like paint, that she never thought was possible.

For Ben, a Biological Systems Engineering student, the use of behaviour change methodologies seemed to him to be key to influence progress on sustainability.





Beach clean-up

In late June, 3R staff were joined by a number of suppliers for our annual beach clean-up along a 2km stretch of the Te Awanga to Clifton coastline. Dumping and fly tipping continues to be a significant problem in Hawke's Bay, illustrated by the fact that it took 28 people only 1.5 hours to collect around 600kg of rubbish including 3 large household appliances, 5 tyres and a mattress!

Thanks to New Zealand Digital, ANZ, Hawke's Bay Technology, Wilsigns and Pipeline Recruitment for joining us for the clean-up.



Challenge: adopt a patch of local beach or waterway, or join a beach clean-up through Sustainable Coastlines.

Supporting change

Building the foundations for a socially responsible business is an ongoing process. We recognise our role in enabling positive pathways between the for-profit and social good sectors. Here is a snap shot of some of the other socially responsible activities we have contributed to.

2016 - 2017

Volunteering	
WasteMINZ Chairperson sponsor; Sustainable Business Council working group & Sustainable Business Network Business Connector programme	162 hours
Redefine - love your op shop Presbyterian Support East Coast	13 hours
Hawke's Bay Chamber of Commerce Board Member & Champion of Young Entrepreneurs Scheme	24 hours (retired June 2016)
Environmental efforts	
Beach Clean-up	62 hours
School Talks	4 hours
Donations & sponsorship	
Million Metre Streams	\$3,000 (as Christmas gifts)
Redefine	\$500
Red Cross	\$313.08
Innovative Waste Kaikoura	\$173.91
Special Children's Extravaganza	\$540



Programme achievements



When it comes to resource recovery the list of things which can be steered away from landfill is virtually endless. However, some things require a little more investigation, imagination and innovation.

That's where we come in. While there are many programmes out there to deal with well-known recyclables like paper, metal, and plastic, at 3R we tend to tackle materials that are more complex or hazardous.



ChemCollect

Growing demand from the commercial and local government sector for a safe, compliant and auditable chemical collection system resulted in the launch of our ChemCollect service in 2016.

ChemCollect provides collection and disposal services to all sectors – from householders to rural property owners. We work equally closely with the commercial sector and government as we expand our collection capability and scope of service.

ChemCollect helps chemical users mitigate their risk from unnecessarily storing unwanted chemicals, which if allowed to enter the waterways through natural disasters or accidental spills, can cause damage to aquatic life.

Recognising this underlying purpose, we will be increasing ChemCollect's positive impact on the environment by donating \$200 per tonne of materials collected to Million Metres Streams projects (see page 10).

For this reporting period, we have been focusing on staff training and infrastructure to support the collection and aggregation of materials to ensure that safety for our people, our customers and the environment is top of mind.



April 2016 saw the official launch of SeatSmart Child Car Seat Recycling. After two years working with the industry, it was exciting to see a recycling programme underway, albeit as a user-pays model.

In launching a recycling rather than stewardship programme, our aim is to prove both the demand and the solution. We were disappointed that we were unable to get manufacturers and retailers to jointly fund a product stewardship programme, but we certainly haven't given up on this approach. We will continue to work with the original project group and other key players in the industry to achieve a level of stewardship.

Simone Budel, Plunket Northern Region Car Seat Service Manager, and Fena Bavastro of Baby on the Move have been instrumental in helping provide accessible collection sites across six regions. Of the 11 sites operating in April, 7 were at Baby on the Move and 3 at Plunket in Auckland and Tauranga. The

remaining site is at the Henderson Road Transfer Station in Hastings and we're grateful to the Hastings District Council for their ongoing support both as a collection site and sponsor. A significant reduction to Plunket's car seat business will limit their involvement as collection sites in the future, however Baby on the Move stores and resource recovery centres provide plenty of opportunity for expansion in the short to medium term.

During 2016-2017, we collected 1,979 seats, equivalent to 7,900kg of plastic and metal diverted from landfill. As might be expected, this was up 19% on the previous 12 months, which was our implementation phase.

Auckland Council's three-year funding through the Waste Minimisation and Innovation Fund will expire in March 2017 and we thank them for helping us fund the project and also playing a key role in the working group.

A challenge during the year has been to tackle the issue of the free inorganic collections in the city. While seats picked up through the collection can be separated by the Community Recycling Network at Penrose, the inability to charge a user pays fee at collection means that these seats fall outside our current funding model. The Council covered the costs of some of the seats diverted through CRN, however this was not a long-term option.

While ensuring significant diversion of waste from landfill, the inorganic collection does remove some of the onus from manufacturers and retailers to fund a solution, as their customers no longer have a disposal problem – seats are simply removed for free and, as we know, "out of sight, out of mind".



Auckland Council and 3R met with the SeatSmart working group specifically to discuss this issue but without a product stewardship model where seats are funded at point of sale, a solution has not yet been found.

Despite the free collection option of inorganic collections, 748 seats were brought in for recycling in Auckland. This shows that a segment of consumers will pay for recycling, even when free landfill disposal is available.

The start of 2017-2018 will see SeatSmart expand into the Wellington region with a grant from the Wellington and Hutt Valley councils. This will increase our collection sites to 16 collection sites, with 4 initial sites in Wellington and Lower Hutt and plans to expand to a total of 7 sites in the area. The focus of the next 12 months will be this expansion, maximising options for materials and the continued push for a stewardship solution.

Seat straps are used in the production of bags.



REBOUND

MATTRESS RECYCLING

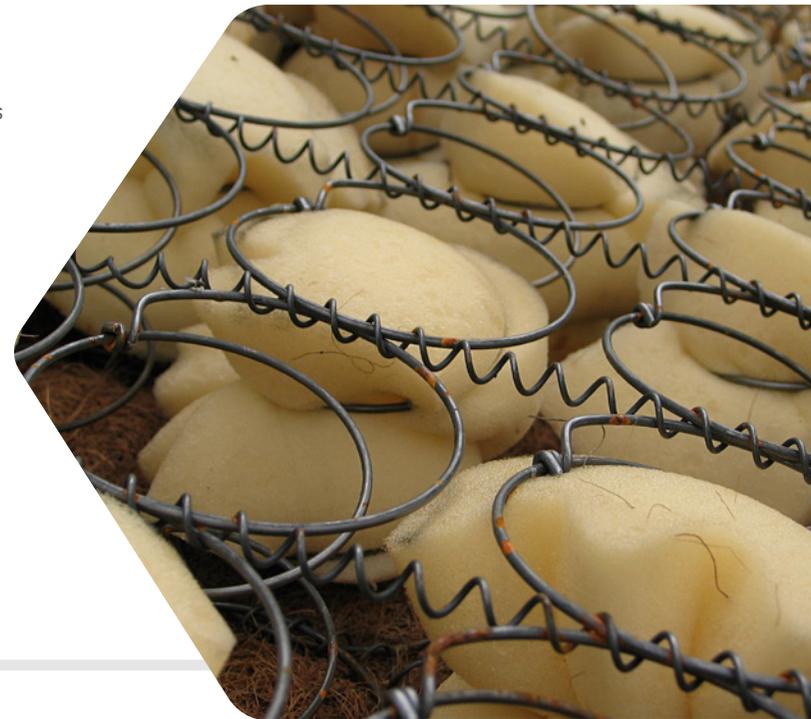
In New Zealand, nearly 300,000 mattresses and bases are sent to landfill every year – if stacked one on top of the other, that's enough to reach the edge of space! It's a big waste issue, it's unsustainable, and it's one we are committed to tackling.

The Rebound mattress recycling project, which aims to work with retailers, manufacturers and other stakeholders to create a product stewardship scheme, is now in its second year.

In the first year, we focussed on the scale of the problem, types and potential end uses for materials, funding options and working with the industry to build an understanding of all these issues and the level of involvement they wished to have.

This year the focus switched to building further connections with community recycling networks, working on outlets for the more complex materials such as fabric and foam, and increasing our understanding of the health and safety issues for landfill operators and councils. We also continued discussions with manufacturers and retailers on funding and the details of how Rebound could be rolled out.

For this implementation phase, Rebound has received financial support from the Waste Minimisation Fund, which is administered by the Ministry for the Environment. This is in recognition of the fact that product stewardship encourages industry to step up and take responsibility for their products at end of life, removing the burden from councils and consumers.



“ ...we focussed on the scale of the problem, types and potential end uses for materials... ”





Paint and packaging recovery

Paint and packaging recovery continues to make up a significant portion of our operational work, particularly Resene PaintWise.

A total of 142 tonnes was diverted from landfill during these 12 months from Resene PaintWise, Dulux Paint and Packaging Take Back, and other council and direct collections. The strong year-on-year growth continues, with PaintWise volumes up 20% from 2015-2016 and Dulux up 16%. Each programme saw the addition of 2 new stores as collection points. Resene PaintWise reached a significant milestone when we collected the 3 millionth package of paint.

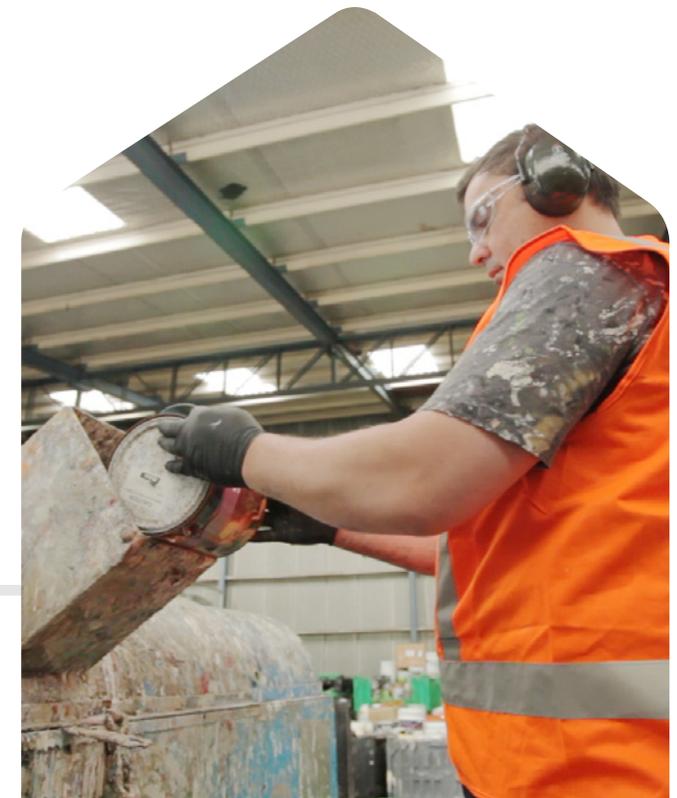
No major changes have been made to outlets for paint and packaging during 2016-2017. Metal and plastic pails continued to be recycled, while community groups and councils received paint for reuse.

Our main challenge lies with finding sustainable solutions for the ever-growing volume of paint coming into the programme.

PaintCrete™, a cementious application developed in conjunction with 3R, Resene and Allied Concrete, is a major outflow through Allied's Penrose plant but plans to expand this to other plants have been delayed.

To put it in perspective, if we were able to use PaintCrete for all repairs and new footpaths in the Auckland region, we would keep up with the volume of paint coming in. Unfortunately, this is not the case.

To facilitate the rollout of PaintCrete and to find new outflows for paint, we have created a Materials Innovation Manager role which we hope to fill in mid-2017. This role will focus on finding new ways to make use of the paint collected as well as improve the ways it is currently repurposed.



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE





This year we celebrated 10 years of the Agrecovery Rural Recycling programme. 3R were instrumental in the development and implementation of this product stewardship programme, starting the project in 2002 when 3R was itself a newly formed company.

Drawing competing brands together to form a voluntary programme, one of the first in New Zealand, was no mean feat. After 5 years of hard work alongside industry stakeholders, Agrecovery launched plastic agrichemical container recycling in April 2007, with 12 brand owners and 22 collection sites.

Over 10 years, 3R worked tirelessly, managing all operational and marketing aspects to grow Agrecovery to where it is today – New Zealand’s only industry supported programme for chemical collection and disposal, agrichemical container recycling and recovery of large drums.

By June 2017, we had grown the number of supporting brand owners to 65 and container collection sites to 70. More than 1.7

million kg of container plastic has been recycled, 100,000 kg of chemicals safely disposed of, and 12,000 farmers, growers and contractors are members of the programme. It is an achievement that 3R are rightly proud of.

Understandingly, it was with some disappointment that we learnt we were unsuccessful in securing the ongoing management of the programme under contract from the Agrecovery Foundation from July 2017. However, after 10 years we are also excited about moving on to the management of other programmes, such as the Glass Packaging Forum’s product stewardship scheme which we will begin in April 2017.

We look forward with interest to the further development of the Agrecovery programme.



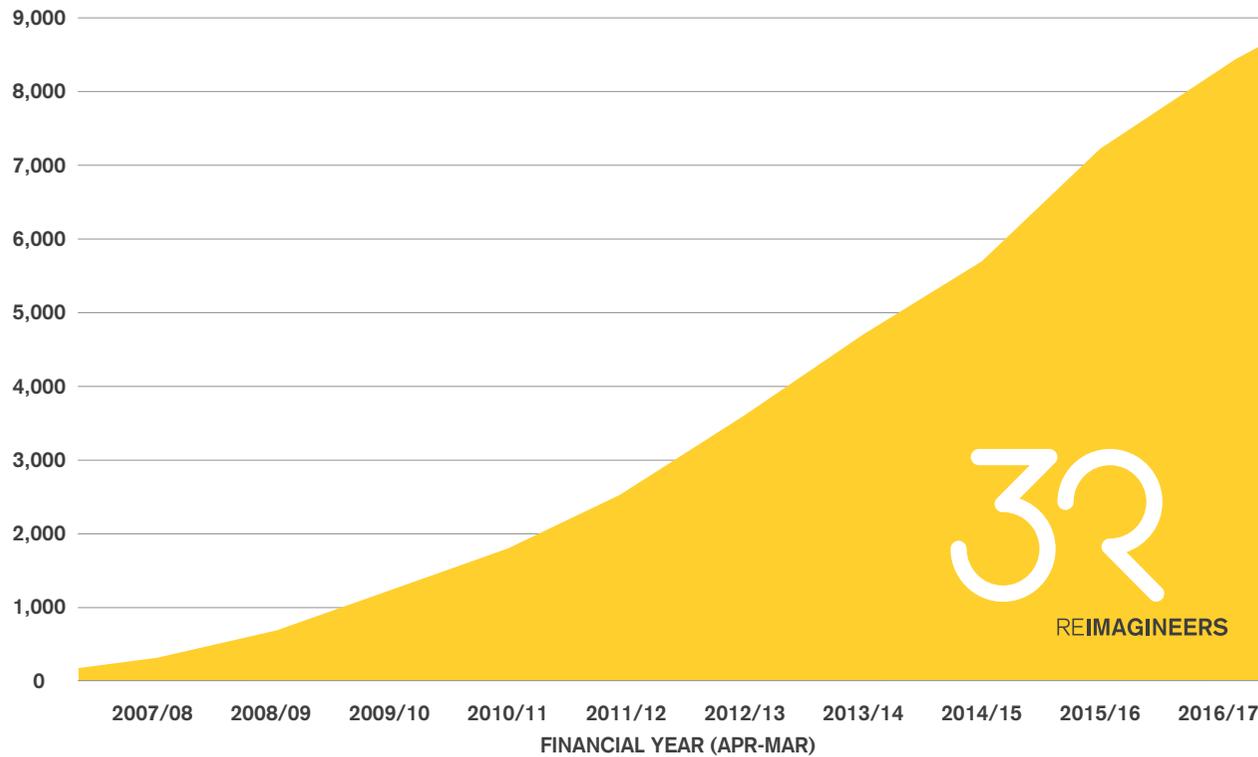
The Great DDT Muster, which aims to rid New Zealand of any remaining persistent organic pollutants (POPs), continues to show its worth. With the New Zealand government obligated to clear POPs under the Stockholm Agreement, the Muster received financial support in 2015 from the Waste Minimisation Fund, administered by the Ministry for the Environment.

The initial deed was for 7 tonnes of chemicals over a two-year period, however we collected that volume in just the first 12 months. We applied for an extension to the funding deed, resulting in an additional 3.19 tonnes being collected during this financial year.

Funding deed conditions mean that all collections must be completed by December 2017, so we will be working hard over the coming months to complete a final sweep of the country. We do expect volumes to continue at the same high levels, so this may not be the end of The Great DDT Muster!



3R programmes: cumulative collected tonnes 2007 - 2017



In the **13** years we have been managing **paint and packaging take back** the programmes achieved:

More than **4.6 million** individual items collected for recycling

More than **835,000 kg** of steel and **337,000 kg** of plastic recycled

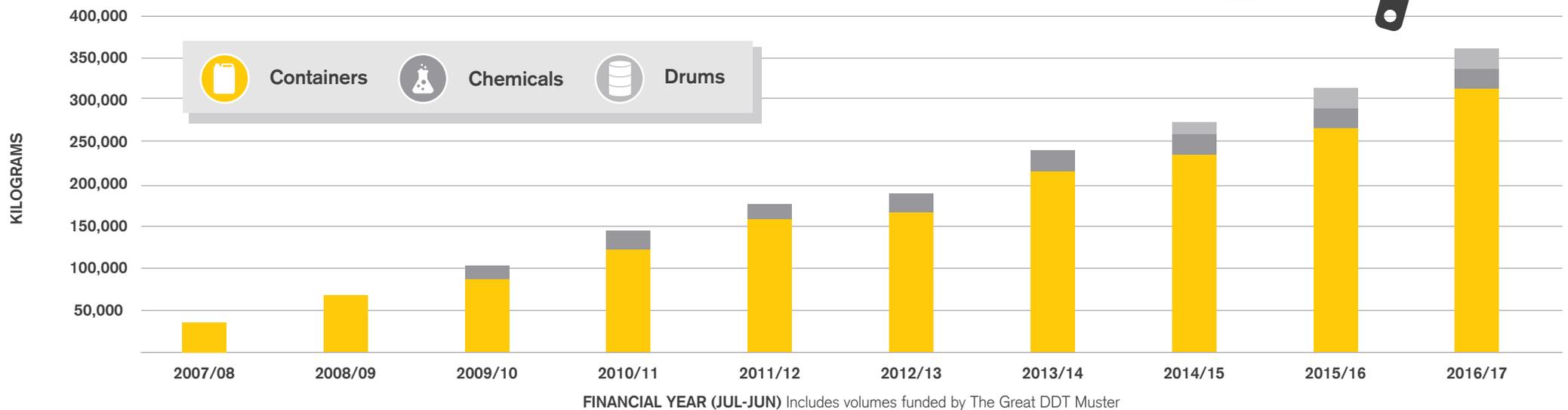
More than **700,000 kg** of solvent-based paint sent for solvent recovery

In the **10** years we have been operating in the **rural sector** we have:

Collected more than **1.6 million kg** of container plastic for recycling.

Collected more than **120,000 kg** of unwanted or expired agrichemicals for safe disposal.

Agrecovery annual collection volume 2007 - 2017





7,848 tonnes
collected for recycling since 2007



18%

increase
in paint and
packaging
collected
in 2016-2017



Recycled
agricultural
plastics saved
the energy
equivalent of

534,000
LITRES OF PETROL



**Key materials
handled:**

- Containers
- Chemicals
- Paint and packaging
- Plastic and steel drums
- Child car seats





Looking to the future

It's all come about by asking ourselves and our stakeholders, why?

We know what we want to do, our purpose and why we exist in the space of waste to resources.

Our medium to long term Investment is in strategies that support innovation that demonstrates improved resource recovery results (economic and volume) and transparency (inclusiveness and waste producer ownership).

We invite our current and future stakeholders to join us in creating a sustainable New Zealand where environmental and economic benefits are enjoyed for future generations. It's up to all of us!

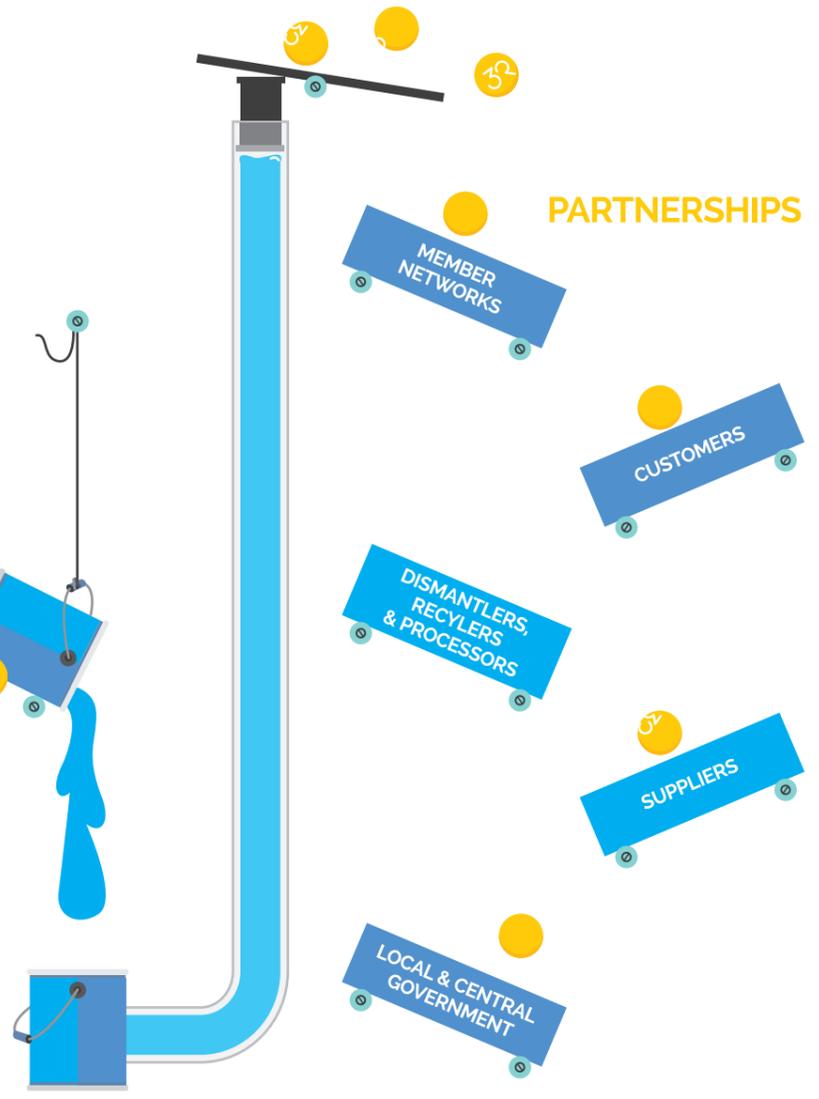
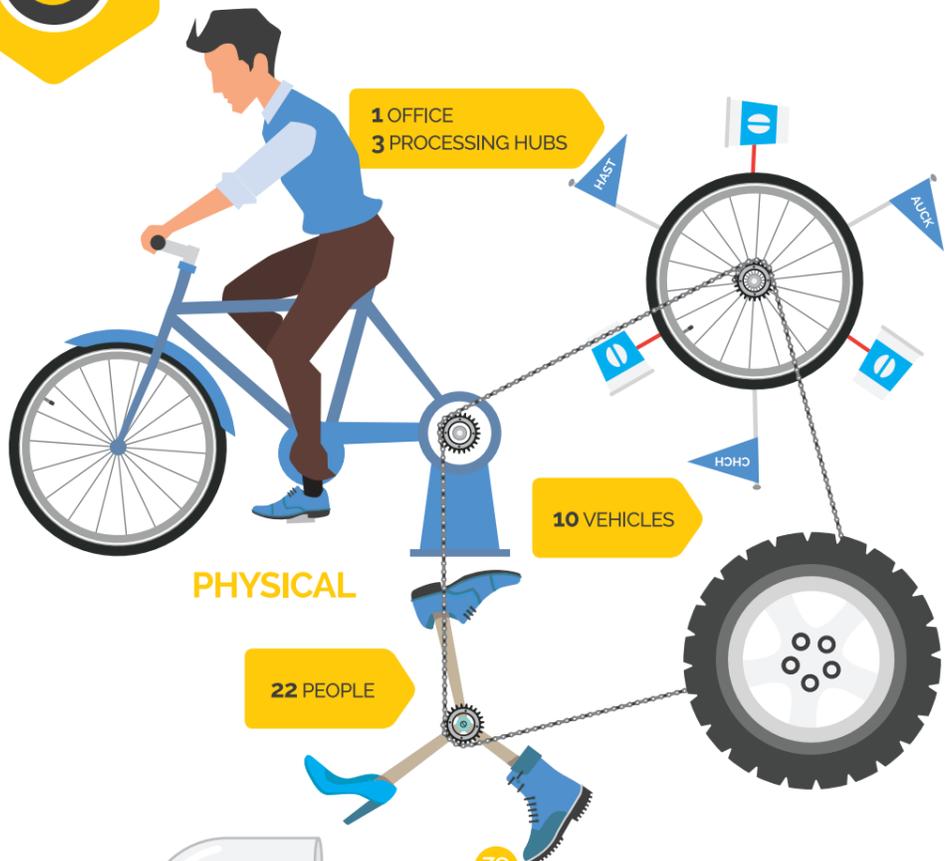
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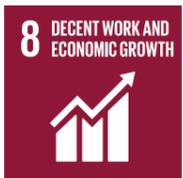
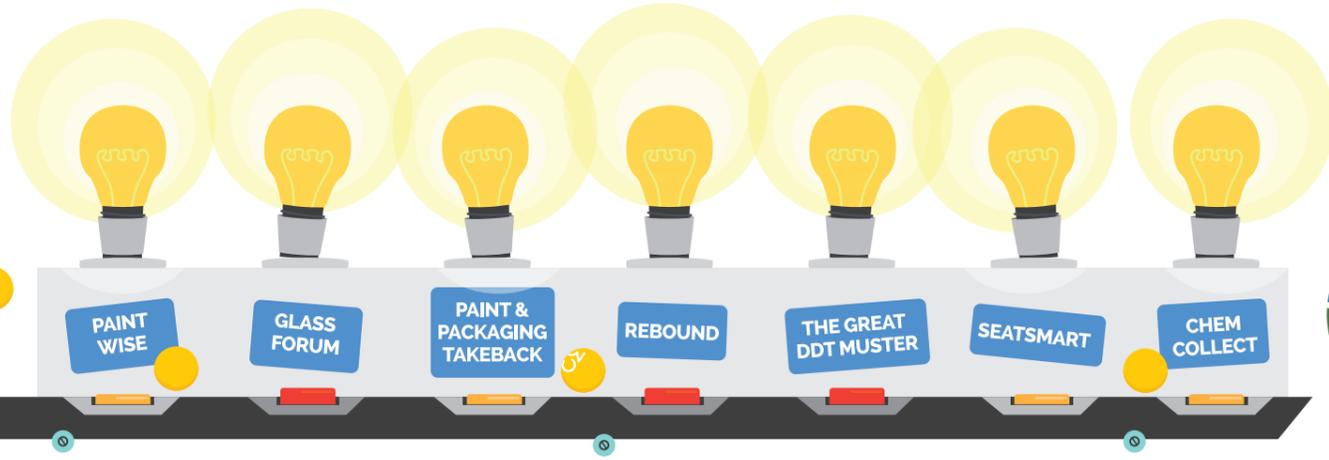
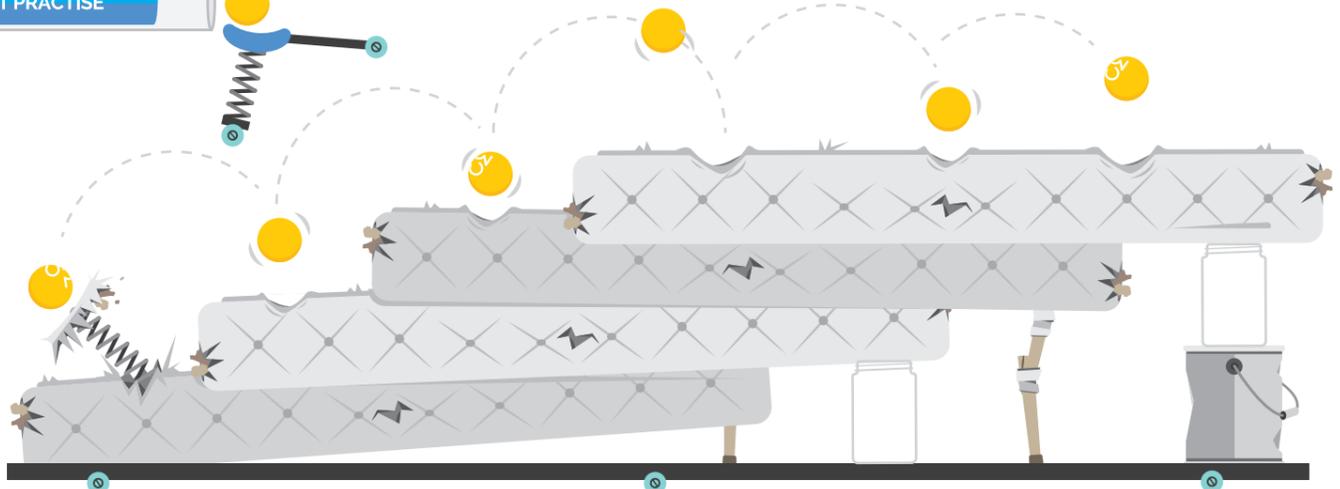
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How we create value



REIMAGINED SOLUTIONS



SUSTAINABLE DEVELOPMENT GOALS

3R

REIMAGINEERS



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

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