

# Kaitiaki

Sustainable Development Report 2019-2021

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REIMAGINEERS

# Message from our Chief Executive



The need to be kaitiaki or guardians of our environment is more critical now than ever before. With an ever-worsening climate crisis, escalating waste problems affecting our waterways and oceans, we all need to acknowledge our undeniable impact on the world around us.

## Beyond the balance sheet

In today's world doing business is rapidly becoming more than just about selling a product or providing a service and making a profit. Increasingly consumers are demanding ethical, sustainable and environmentally friendly products, services and business practices.

Business leaders are responding to this, looking beyond the balance sheet and striving for a positive impact on the environment and society. Some businesses, like us, see beyond addressing customer demand and recognise that the business world is inextricably connected to the natural world and if the former is to prosper the latter must be protected.

3R considers product stewardship to be a key tool to help business meet these growing demands and is a key tool used by 3R. Effective product stewardship not only enables organisations to take responsibility for the products they make and sell but gives consumers options to make good decisions about the products they purchase when those products reach their end of life. It can also help reduce carbon emissions by using resources more efficiently and reducing waste to landfill.

## Focus on stewardship

These past two years have seen a particular focus on product stewardship from Government. Specifically, the Ministry for the

Environment has conducted consultation on a proposal to declare plastic packaging, tyres, e-waste, refrigerants and other synthetic gases, agrichemicals and their containers, and farm plastics priority products under the Waste Minimisation Act 2008 (WMA). And then, in July 2020, followed through to declare these six 'priority products'. This means regulated product stewardship schemes are likely for these products for the first time in Aotearoa New Zealand - a big step, and the first time this vital part of the WMA has been used.

The announcement takes our country closer to solving some of the most problematic waste streams and is crucial to the development of a circular economy. It also marks the start of a very exciting time for us as we continue to design, develop and deliver product stewardship schemes for products which fall into five of these six categories.

## Sustainability - a hygiene factor

It's remarkable to see how sustainability has come to the fore over the last few years. Once an outlying 'nice to do', it's now on the boardroom agenda. Consumers, and the planet, are demanding it and Government and business are following suit.

The introduction of regulated product stewardship will be a game-changer for the country and empower us all to be better kaitiaki.

## Responding to crises

A personal highlight during 2019 was being invited to take part in Al Gore's Climate Reality Leadership Corps in Australia in June. It was both an inspiring and humbling experience to deepen my knowledge and understanding of the existential threat posed by climate change and develop skills to help our business and others address this crisis.

An even more immediate crisis came with the arrival of COVID-19. As we know, this has signalled a fundamental change in the way the country, and indeed the world, currently operates. Alongside the human impact, businesses around the globe were disrupted to an unprecedented level, highlighting their vulnerability and that of our supply chains and income streams, as well as the need to care for the health and wellbeing of our staff.

Along with most businesses in Aotearoa New Zealand, 3R operations were dramatically impacted. Our Hastings office staff moved to work from home on reduced hours and our depots shut their doors and operations through several alert level changes. Only our chemicals team was considered essential at Alert Level 4, providing collection and disposal services to other essential businesses that remained open.

## Hope for the future

It's clear we are facing a difficult and uncertain future on multiple fronts but our resolve, commitment, and excitement to find solutions to these challenges keep us going. If anything, we see this time as shining a light on the vulnerabilities of current economic systems and global supply chains, which combined with a necessarily domestic outlook for now, may create lasting change.

As always, we are excited for what is yet to come.

## Adele Rose

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## ● Why do a sustainable development report?

Putting together 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 also found this to be true.

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

An SDR is much more than just producing a report – it's an overall approach to deliver real improvements in an organisation's economic, environmental and social performance.

With the disruption and economic impact of COVID-19 in 2020, we decided to combine our 2019-2020 and 2020-2021 reports into one.

As we have found in previous years, the process continues to be a valuable one for the business as we work towards our goal of a world without waste with an attitude of continuous improvement.

# Operating Environment

It would not be an exaggeration to say that the last 12 to 18 months covered by this report have been unlike any in living memory. The external operating environment has played a larger than normal part in these two financial years, with long-awaited changes in the resource recovery sector and COVID-19 featuring heavily.

## A focus on waste

Over the last two years we continued to see the Government working on policies and strategies to reduce our country's growing waste problem. The increased emphasis is due in part to policy direction from the Government but also as a result of the ongoing issues caused by China's National Sword policy. This has put our linear (take, make, waste) economy into sharp focus as the results of our wasteful habits can no longer be whisked away, out of sight and out of mind.

National Sword has accelerated the need to invest in onshore infrastructure, adopt a standardised approach to kerbside collections, address the use of difficult-to-recycle materials in packaging, and encourage businesses to use product stewardship to reduce harm to the environment and the loss of valuable resources.

The increase in demand for solutions to this waste crisis has also seen sustainability-focussed organisations, which were traditionally membership-orientated, move

into more consultancy work. While it is good to see more attention placed on solving the considerable issues around waste reduction, carbon emissions and sustainability in general, this potentially poses both a threat and opportunity for 3R which will need to be carefully considered as we move forward.

We initially saw the large number of projects with a focus on FMCG plastic packaging create some uncertainty from businesses which were unsure where to place their support and funding. It also represented a potential lack of cohesion on issues which require a coordinated response. From early 2020, we began to see some strategic collaboration to ensure key industry organisations, local and central government, and businesses in the resource recovery sector were sharing information and avoiding unnecessary duplication. We will continue to encourage a collaborative approach, consistent with our business model.

Despite the challenges of the pandemic both externally and internally, the changes being introduced in the resource recovery sector meant the 2019-2020 and 2020-2021 financial years were made up of largely positive external factors. Consumer demand for sustainable business practices and action on climate change continues to grow quickly and it has become part of the daily mainstream media narrative. As a result, so has the focus from business and Government increased to satisfy this demand.

## Waste Minimisation Act 2008

The plastic bag ban, which came into force on 1 July 2019, was the first use of the tools within the Waste Minimisation Act 2008 (WMA) in many years. It was followed in August 2020, by the announcement of consultation on banning some problematic plastics and some single-use plastic items including PVC and polystyrene. These moves were welcomed by 3R.

We have long advocated for the use of another key tool in the WMA – a declaration of priority product. In August 2019, we were delighted to see the Ministry for the Environment consult on the proposed declaration of six priority products, including single-use plastic packaging, tyres, e-waste, refrigerants and other synthetic gases, agrichemicals and their containers, and farm plastics.

We then celebrated the subsequent confirmation of this in July 2020, a significant high point for the business after some very

difficult months in alert levels 4 and 3.

For tyres in particular, this was a long awaited announcement that would allow 3R, as project-lead for the proposed Tyrewise programme, to continue our work with industry to implement Aotearoa New Zealand's first regulated product stewardship scheme.

The breadth of the categories shows the Government's intent to move the burden of waste from councils to producers and retailers – a move we strongly support. This potential introduction of mandatory product stewardship (an option for products declared a priority) will accelerate demand for 3R's specialist expertise. We are also delighted that it will accelerate the move to a circular economy.



## COVID-19

The outbreak of the COVID-19 pandemic in the later part of the financial year was an unprecedented threat to the health of our business, staff and economy (both local and global). At the end of the 2019-2020 financial year, it dominated our thinking and planning with its immediate and substantial impacts. Despite the obvious negatives, our staffs' optimistic and resilient mindset saw the potential for a positive outcome where we recognise our fragile place on this planet and seek a better balance.

In March to May 2020, we saw significant uncertainty as to the extent of the lockdown, the impact on 3R's work and income, the wellbeing of staff due to reduced hours, potential staff losses, possible ill health and the impact on mental health.

Our board and senior leadership team worked closely together in March 2020 to prepare the business for Alert Level 4. It was certainly a challenge given the speed at which the pandemic accelerated; it's scope and the unprecedented realities of a national shutdown were beyond any threats we had faced as a business.

Staff wellbeing was a key focus of the team. It was heartening to see how we pulled together to support each other, particularly for those staff members who were relatively new to 3R.

Fortunately, our IT systems were well prepared for remote working due to our existing flexible work policy and our experience managing teams remotely. Our IT support company was also effective in ensuring any issues were quickly ironed out. It was pleasing to see how effectively we were

able to work collaboratively online with little impact to the delivery of critical projects.

Our processing teams were the most affected with the depots closely immediately under Level 4 restrictions. At that point, it was unclear when processing and retail collections would be able to restart. Only our chemicals team was able to continue with limited collections for businesses deemed as essential during Level 4.

While overall Aotearoa New Zealand was fortunate to suffer less disruption from COVID-19 than many economies, 3R saw a significant delay in projects and opportunities.

## A positive outlook

Despite COVID-19 being an ever-present threat with various moves into Alert Levels 2 and 3 through 2020 and into 2021, we remained in a positive frame of mind. Long-held visions of how the resource recovery sector could be better managed were progressed and this created new business opportunities for 3R. Uncertainty remains over what the new 'normal' will look like post-COVID, however, we are hopeful that the desire for more sustainable lifestyles and business practices will be accelerated, not diminished, by the crisis.

An aerial photograph of a wide river meandering through a valley. The river is the central focus, winding from the upper center towards the lower right. The banks are lined with trees showing autumn colors in shades of orange, yellow, and brown. The surrounding landscape consists of green and brown agricultural fields, some with distinct rows of crops. In the distance, rolling hills and mountains are visible under a sky with soft, wispy clouds. The overall lighting suggests a late afternoon or early morning setting, with long shadows and a warm, golden glow.

# Purpose

We pride ourselves on being 'a purpose-driven' company. In 2019 we formally transitioned to be an impact enterprise - equally valuing financial, environmental and social impacts. Throughout these two financial years it has continued to be a valuable lens for our decision making and how we operate as a business, both internally and externally.

*Photo by: Richard Brimer*

## ● Our Values

We have previously outlined our company values in our Sustainable Development Report as 'innovation, integrity, and environmental best practice'. Following our decision to become an impact enterprise, we felt it was time to re-evaluate these. Subsequently discussions with staff were held in early 2020 with a new set of jointly values developed.

These new values, outlined on the following page, articulate what is important to us. They will help guide us when we are facing difficult decisions. They will guide who we hire and where we are willing to discipline. They will be the values we apply to customer relations, internal development, product development and even who we will work with. What we do and how we act will reflect these values.

Since we believe our values should be integral to our decision making, our behaviour and our relationships internally and externally, it's also critical these beliefs are visible, clearly understood, accepted and we are held accountable to them.

We will be ensuring our values are socialised through these various means including our induction process and staff booklet - thereby embedding our values from the start; providing training and daily holding ourselves to account. We will also ensure our values are visible by outlining them in contracts (both internal and external), displaying them in our sites and on our website, keeping them front of mind.



## ● 3R Group Values

**Guardianship** - taking care of people and place through mutually beneficial partnerships.

### 1 Kaitiakitanga

The word **kaitiakitanga** means guardianship, stewardship, trusteeship, trustee. In the **Māori world view**, people are closely connected to the land and nature; Kaitiakitanga is based on this idea of humans as part of the natural world.

3R considers its staff and directors to be guardians of our environment. We aim to have the maximum positive impact on the environment through the work we do, as well as how we do that work.

**We encourage each other to be guardians, to demonstrate kaitiakitanga.**

We encourage consumers, businesses and government to consider their own responsibility to be guardians of the environment.

We do this through our personal actions, the way we conduct our business, and through leadership.

### 2 Manaakitanga

**Manaaki** means to support, take care of, give hospitality to, protect, look out for - show respect, generosity and care for others.

**We see our staff and shareholders as family, as whānau.**

As a business we recognise we have a duty of care to our staff which extends beyond the work environment to support their personal wellbeing. We encourage staff to look out for, and support, each other in their mental and physical wellbeing.

We believe our manaakitanga extends to the businesses, communities and people we live and work with and within. We value respect and partnerships. We seek to benefit the community through our work, providing meaningful sustainable work for our staff, contractors and suppliers, and by improving the environment.

### 3 Financial guardianship

Our guardianship extends to the financial sustainability of the company. This enables us to deliver on our duty of care to people and place.

**We value mutually beneficial partnerships with suppliers and customers.**

We openly disclose the company's financial position to our staff, valuing their oversight and input. We expect our staff and directors to wisely and respectfully manage the company's finances so we can fulfil our purpose.

#### Working with Integrity

These values we will carry out with integrity. We pledge to do our work to the best of our ability, to not cut corners, to be transparent and honest. We strive to make the best decisions we can according to our purpose and values, working for others as though their business and customers were our own. We will have integrity with each other, sharing the load but also holding one another to account.

## ● Materiality

In 2016, 3R undertook our first materiality survey. We asked our stakeholders, both internal and external, which issues matter most to them and the business to create economic, social and environmental value in the short, medium and long term. The purpose was to help align progress on key UN Sustainable Development Goals with the 3R business strategy to ensure they do not sit independently of one another. We also made a commitment for our work to reflect the material issues which matter most to our stakeholders.

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 licence to operate.”**

The field in which we work is a “slow burn” and work is not easily measured in hard data and short time frames. However, overall, we feel we made good progress towards our goals.

This progress is demonstrated later in this report under our key work programmes.

### Materiality survey

2018/19 was the year in which we had intended to refresh our materiality survey but this was delayed until the latter part of 2019/20. The aim, as with our first, was to ensure alignment of our goals with those of our stakeholders, plus ensure our strategy did not sit independently of the goals.

### The process

Firstly, we defined “which aspects we believe have 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 did this by assessing the aspects identified for the 2016 survey, considering whether they were still relevant and what, if any, adjustments or additions needed to be made. This created a list of 16 aspects, compared with 14 previously.

Secondly, we identified a list of people who we felt represented our diverse stakeholders. This was then refined based on those who we knew had some expertise in sustainable development, knew our business and industry well, and would be willing to engage in the process. We also considered what impact 3R had on their business.

3R then engaged an independent interviewer to conduct the materiality survey with the 22 external and 5 internal stakeholders identified. The early impacts of COVID-19 meant we were only able to interview a total of 17 stakeholders.

The results were collated and presented to staff and the board for discussion as to how these findings aligned with our future strategy.

Separately from this process, 3R staff were asked to rank the material aspects, again considering “what issues matter most to the business to create economic, social and environmental value in the short, medium and long term”.

In 2016, we found that overall responses were largely consistent with our own internal views. In this latest materiality survey, more variation can be seen in the ranking of some aspects. This essentially comes down to a question of how 3R and stakeholders think we can best create value. For example,

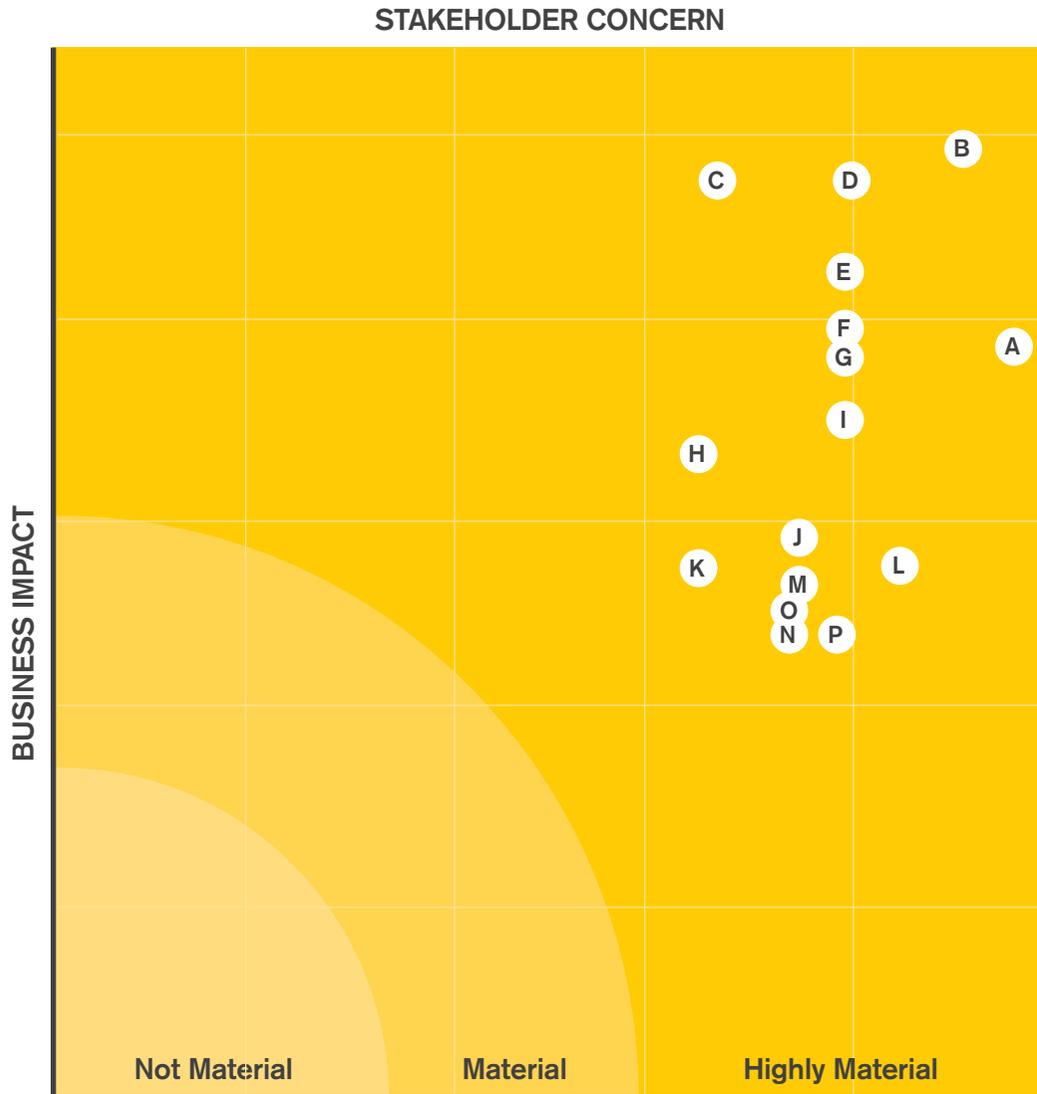
*Lobbying for effective environmental legislation* ranks highly for stakeholders, whereas *Participation in MfE priority workstreams* ranks more highly for the business, and vice versa. This may indicate the same objective of influencing policy and outcomes within government but a different view on how best to achieve that. Overall, we see that our views are quite well aligned with 56% of the 16 aspects ranked within two places of each other.

The two aspects which rank the furthest apart are *Work with manufacturers to design out waste* (No 1 for business, No 11 for stakeholders) and *Investment strategies to support innovation* (No 4 for business, No 14 for stakeholders).

This is a concern as these two aspects rank highly for the business and low for our stakeholders. Our interpretation of this is that we continue to be very forward looking in our thinking as we pursue a circular economy with product stewardship at its heart. It’s a vision that sees us pushing back up the supply chain to ask manufacturers to work with the waste hierarchy – avoiding, minimising, reusing – rather than recycling or disposal. This requires significant change in mindset looking at materials, design and end of life right from the product development stage. To do this we need to work with manufacturers and invest in innovation. Clearly, we need to be communicating this vision more effectively to our stakeholders.

## Our Matrix

The following materiality matrix has been created to compare the issues material to both the surveyed stakeholders and the business.



- A** Work with manufacturers to design out waste
- B** Health, safety and wellbeing of people
- C** Investment strategies to support innovation
- D** Sustainable profitable growth
- E** Participate in MfE priority workstreams
- F** Focus on resource recovery vs waste management
- G** Authentic and transparent reporting
- H** Traceability from end of life 'waste' to resource recovery
- I** Be a thought leader
- J** Promote governance best practice
- K** Sustainable and ethical procurement policies
- L** Lobby for effective environmental legislation
- M** Best practice environmental management
- N** Engage with social enterprise and non-profit sector
- O** Practice and encourage urgent action on climate change
- P** Influence consumer behavior trends in recycling

## Outcomes

The materiality survey shows that our key focus Sustainable Development Goals should remain unchanged.



## ● Stakeholders

3R aims to maximise the environmental, social and financial impact of our work to benefit our business and our stakeholders. As part of our materiality survey we engage with these stakeholders to find what matters, and how together we can add value and impact on the **UN Sustainable Development Goals**.

### Staff

3R's reimagineers are central to the success or failure of the business. Their diverse skills, knowledge, drive and resilience are what enable the company to offer the services it does and set it apart as unique in Aotearoa New Zealand.

### Board & shareholders

3R's directors and shareholders believe that changing how we view and use our resources is essential to continued business prosperity. They bring a broad range of skills to the table having worked in industries as diverse as consumer goods, agriculture, logistics, financial services and law, as well as recycling and resource recovery.

### Clients & customers

While focussed primarily on product stewardship, 3R also carries out consulting and commercial services for a broad range of industries. Our clients range from small businesses to multinationals, as well as central and local government. Our focus is on long term mutually beneficial partnerships rather than transactional services.

### Sector organisations

Partnerships for the Goals (SDG17) is one of 3R's key focus areas. We are active members of key industry groups across the various sectors we work in. Not only does this help us build partnerships to promote the circular economy, product stewardship and resource recovery, it also provides an avenue for new business development and personal and professional development for staff.

### Contractors/service providers

Long term partnerships are a feature of our relationships with contractors and service providers. We buy local where possible, use social enterprises where we can, and consider key sustainability factors, such as carbon certification, in our procurement.

### Central government

Interacting with central government – mostly with the Ministry for the Environment (MfE) – is a critical part of our work. Be it through leading work projects, serving on advisory groups or advocating for best practice policy, our relationship with Government is vital to our business, and as a way to improve resource recovery, environmental sustainability and develop a circular economy. Funding from the Waste Minimisation Fund administered by MfE is also important for a number of key projects.

### Local government

Councils are an essential part of waste diversion and reduction at the grassroots level. We work closely with many councils on a number of different activities including chemical collection and disposal services, paint and packaging recovery, child car seat recycling and our management of the Glass Packaging Forum's product stewardship scheme. Councils are also key stakeholders for many of our product stewardship projects.

### Local communities

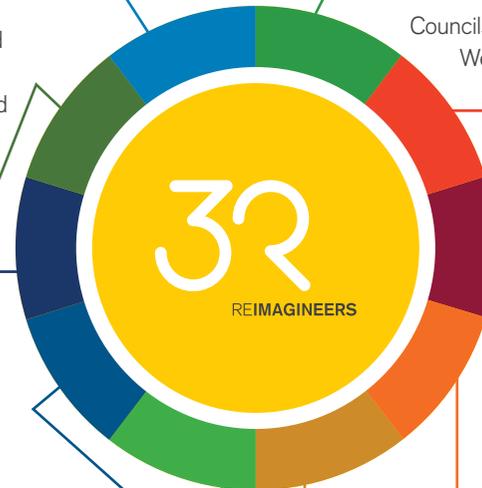
3R is 100% Kiwi-owned and run, with around 25 staff employed across our Hastings, Auckland and Christchurch sites. As an impact enterprise we aim to maximise our environmental, social and financial impact to benefit not only our customers, staff and shareholders but also communities across the country.

### The Packaging Forum and Glass Packaging Forum

We are scheme managers of the country's largest member-based industry organisations for packaging and glass packaging. The Packaging Forum, which the Glass Packaging Forum falls under, works to help its members fulfil a pledge to make all their packaging reusable, recyclable or compostable by 2025. The PF has over 300 member-brands, representing the depth and breadth of the industry.

### Consumers

3R's work in designing, delivering and managing product stewardship schemes has an impact on consumers, enabling them to make better choices with their waste. The demand from consumers for more sustainable and ethical business practices has never been higher and is undoubtedly driving positive change.





## ● Governance

Over the last two financial periods, we have identified that further improvement is needed to create a more formal review structure on progress towards our Sustainable Development Goals. These goals are well embedded into the business and govern our short- to long-term decision making. However when time is short our priority is our customer and project work and key internal processes like Health and Safety and Wellbeing, rather than our other broader review structures. We do recognise that more visibility is critical to ensuring we hold each other to account and can manage progress in a timely manner.

During these two periods, we have made good progress to address these issues. For example, a carbon team was created to reset the carbon targets we had already achieved and understand how we could incorporate Science Based

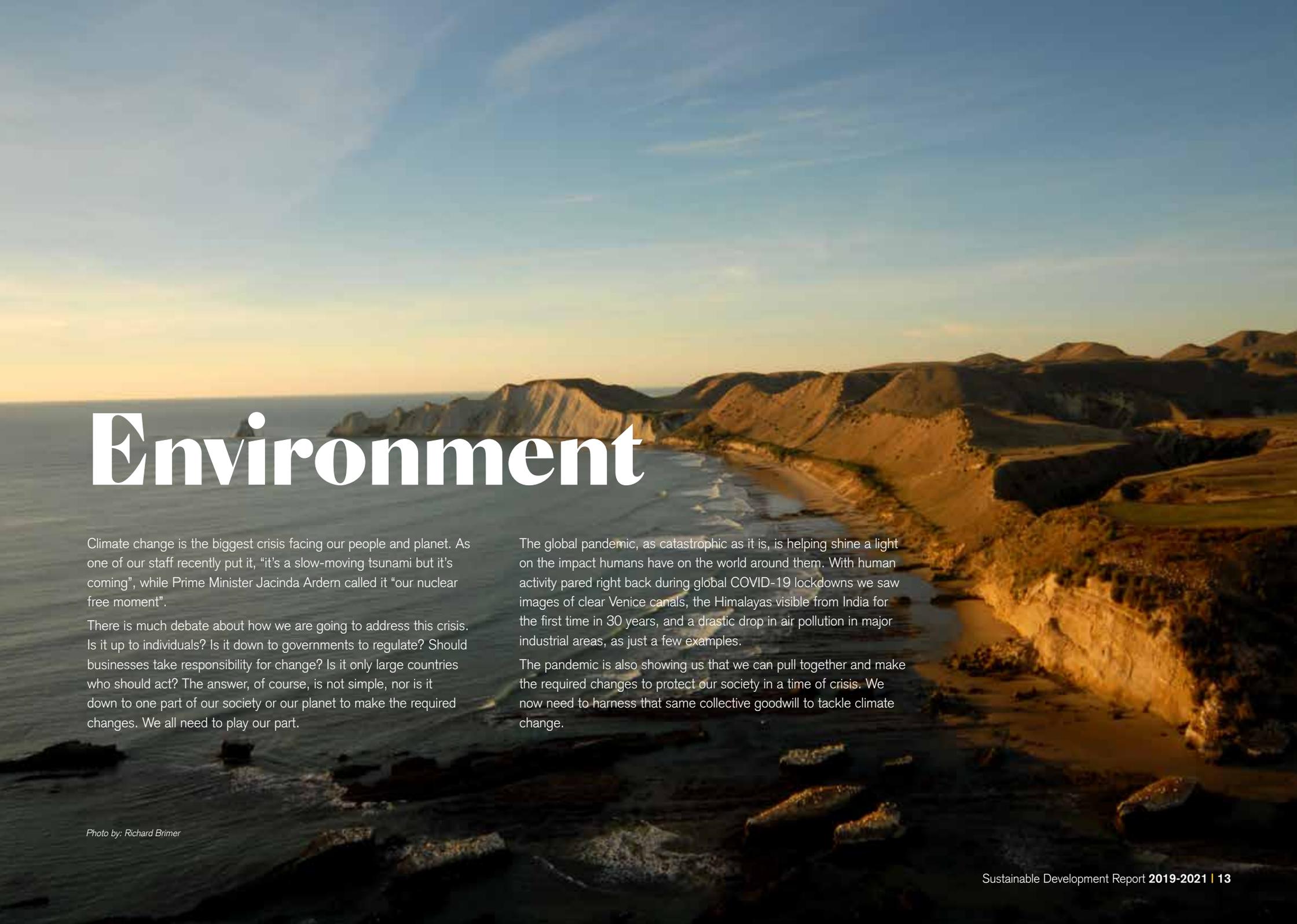
Targets. Monitoring progress on carbon emissions is now part of our monthly Health and Safety meetings. In this way we will socialise our targets, challenges, and progress more broadly across our four sites. This moves away from the more informal process we had previously.

We also reviewed our KPIs as part of our 45001:2018 Occupational Health and Safety Management System audit preparations, looking at the targets themselves and how these are reviewed and monitored.

Another team reviewed our internal communications strategy and has been implementing changes to refresh these activities and incorporate our goals and KPIs into these. As part of this, we extended our inter-site meetings to include another monthly session where we cover topics that improve the wider team's understanding of key subjects regardless of which area

or level of the business they work in.

Due to work pressures, we were unable to hold our annual strategy days in late 2019, or again in 2020 due to COVID-19. Our strategy days are a two-day event where we bring the whole team together. Instead, we drew various staff together on a number of occasions to discuss strategy, materiality and values work, among other key issues. While our internal communications improvements have gone a long way to increase inter-site discussions and involvement in key decision making, it doesn't replace the value of two days with the full team together. We hope to reinstate our strategy days in late 2021.

An aerial photograph of a rugged coastline at sunset. The sky is a gradient of blue and orange, with the sun low on the horizon. The land features steep, eroded cliffs and a winding bay. The water is dark, and the overall scene is bathed in the warm, golden light of the setting sun.

# Environment

Climate change is the biggest crisis facing our people and planet. As one of our staff recently put it, “it’s a slow-moving tsunami but it’s coming”, while Prime Minister Jacinda Ardern called it “our nuclear free moment”.

There is much debate about how we are going to address this crisis. Is it up to individuals? Is it down to governments to regulate? Should businesses take responsibility for change? Is it only large countries who should act? The answer, of course, is not simple, nor is it down to one part of our society or our planet to make the required changes. We all need to play our part.

The global pandemic, as catastrophic as it is, is helping shine a light on the impact humans have on the world around them. With human activity pared right back during global COVID-19 lockdowns we saw images of clear Venice canals, the Himalayas visible from India for the first time in 30 years, and a drastic drop in air pollution in major industrial areas, as just a few examples.

The pandemic is also showing us that we can pull together and make the required changes to protect our society in a time of crisis. We now need to harness that same collective goodwill to tackle climate change.

*Photo by: Richard Brimer*



## ● Taking responsibility

At 3R Group, our care for the environment is central to our business and our values. Not only do we help others improve their impact on the environment through our work, but we also do our best to help shift the dial on the climate crisis through our own operations.

In 2018-2019, *SDG 13: Climate Action* was added to our focus Sustainable Development Goals, however our drive to reduce emissions has been part of our organisational goals for many years.

In 2014, we formalised this by seeking third party accreditation through Toitū Envirocare. Starting out as a CEMARS® certified business, we moved to Toitū carbonzero<sup>Cert™</sup> certification in 2016. This means we not only seek to measure, monitor and reduce our carbon emissions but also offset unavoidable emissions.

We sought third party certification to provide assurance for our customers and business partners and demonstrate our commitment to sustainability. It also allows us to evaluate and focus on our objectives to continually reduce our impact on the environment and find efficiencies and potential cost savings.

## ● Measuring our emissions

Diesel continues to be our largest emissions source with the majority of diesel fuel emissions relating to the PaintWise™ programme. Despite paint collections growing on average 14% per year (rolling 5-year average) and the ChemCollect service growing 76% over the last two years, our diesel use has remained fairly stable. This shows the initiatives we have been using to manage our diesel usage are effective. These included improving efficiencies by overlapping paint, chemical and SeatSmart collections in some areas, as well as combining collections and deliveries on key routes.

Air travel was our next largest emissions source in 2019-2020, but this dropped dramatically in 2020-2021 due to COVID-19 and the widespread adoption of online technologies for meetings.

We had always sought maximum efficiencies when travelling by combining meeting dates and using technology but this had always proved difficult. Operating a nationwide business from our head office in Hastings, we are delighted that many businesses are embracing online meetings and the subsequent opportunity to reduce emissions and

travel requirements for key staff, while still managing our programmes effectively and growing our business.

Another key factor is waste. In 2019-2020 we saw a significant decrease in emissions from waste of 59% compared to 2018-2019. While the weight of waste disposed to landfill dropped slightly (2.6%) the larger decrease in emissions is due to the South Island landfill we use adopting gas capture which reduces the emissions factors. In 2020-2021 our fairly static waste to landfill emissions during the previous three years was reversed, instead seeing an increase of 23%. This is due to the tightening of acceptance standards from processors which has resulted in a higher failure rate for both plastic pails and metal tins.

Also of interest is the change in emissions due to the adoption of electric forklifts in Auckland. This is reflected in the increase in emissions from electricity (up 113% to 3.5 tCO<sub>2</sub>e) while emissions from LPG dropped (down 75% to 1.79 tCO<sub>2</sub>e). This is a net reduction of 3.43 tCO<sub>2</sub>e.

## ● Target setting

This reporting period saw the completion of our existing key emissions targets set in 2015, of reducing total greenhouse gas (GHG) emissions by 20% below our baseline by 2020.

We have now reset our targets against science-based targeting prescribed by Toitū Envirocare. These new targets continue our previous reduction efforts and with new management tools available, monitoring of actual reductions will be more adaptive year-on-year.

Toitū's new management tools allow us to project future emissions reductions as they relate to 2, 1.5 and 1 degree of global warming, with the aim of staying below the target of 1.5. As recommended by Toitū, our science based aligned targets only include Scope 1 and 2, as our Scope 3 activities are less than 40% of our total footprint (27% in 19/20 year).

Looking to the future, we continue to juggle the dilemma of growing our business and the programmes we manage, while reducing our emissions in line with science-based targets. Future reductions for fuel emissions can only come about through major changes to our fleet, which in turn is dependent on further investment in both our business and in EV infrastructure and fleet capacity. Technology will be the tool required to help us meet new science-based targets.

Ironically, while Scope 3 emissions (those that occur in our value chain but are outside of our direct control) fall outside our Science Based Targets because they are below the 40% threshold, these may well be a portion of our emissions that is in fact easier to reduce. This is because the majority of our Scope 3 emissions are from air travel.

As the graphs on the following pages show, the majority of our reduction in the 2020-2021 financial year came from Scope 3. This was because the way we did business was disrupted significantly by COVID-19. Online meetings became the norm during lockdown and then continued to be a highly acceptable way to meet, learn and network. While this is a positive development from a carbon emissions perspective and often from a personal perspective (reducing time away from home for our staff), it did also have some negatives. A portion of our business development opportunities come from networking, plus we know that face-to-face meetings can break down barriers and build trust which is critical in a collaborative model like ours. Finding a balance between online and face-to-face will be a positive challenge to meet.

## ● carbonzero<sup>Cert™</sup> certification

In past years our carbon credits have been from New Zealand Permanent Forest Sink Initiatives at Hinewai Reserve and Puhī Peaks, both in Canterbury, a popular choice with staff.

Credits are purchased in arrears following our carbon audit so in January 2020 we again sought our staff views on what preferences they have around where our credits are sourced for 2019-2020 emissions.

Options through Toitū Envirocare include forest sequestration, wind, solar, landfill gas, Fairtrade and biomass. While forest sequestration was the first choice (being the main local option), staff were also interested in Fairtrade, wind and solar.

Due to the impact of COVID-19 in the 2020 year, we have decided to purchase international wind and solar credits.

While this isn't the staff's first preference, we are aware that global warming is an international issue and providing alternative sources to fossil fuels in developing countries is as critical as our actions in Aotearoa New Zealand. Combined with this knowledge and the realities of COVID-19, we are comfortable with this choice of credits.

## Science Based Targets for carbon emissions

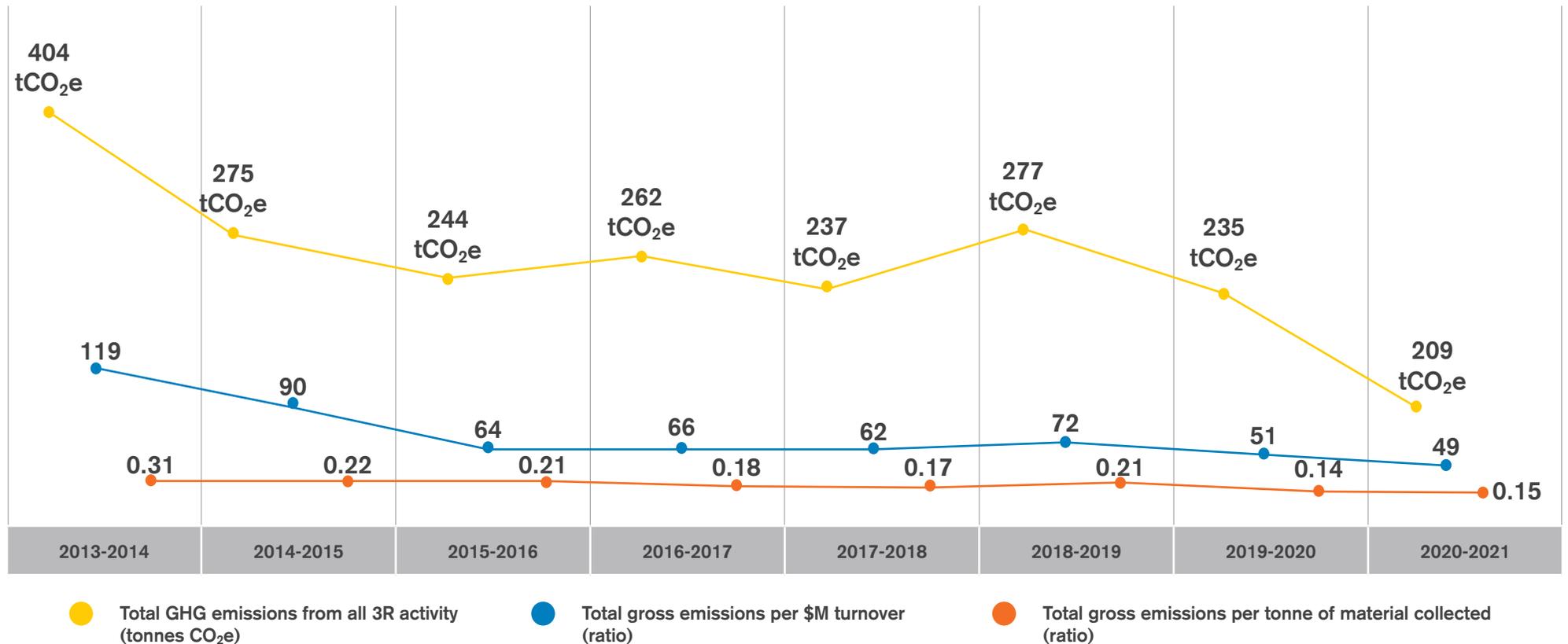
SCOPE	METRICS	TARGET	TIMEFRAME	INCLUDES
Scope 1 and 2 GHG emissions (combined)*	Absolute total tCO <sub>2</sub> e	- 12%	by 2025	Diesel, LPG (Scope 1)
		- 38%	by 2030	Electricity (Scope 2)
Scope 1, 2 and 3 GHG emissions (combined)	Absolute total tCO <sub>2</sub> e	- 12%	by 2030	Diesel, LPG (Scope 1)
	CO <sub>2</sub> e per tonnes material collected	- 21%		Electricity (Scope 2)
	CO <sub>2</sub> e per \$M turnover	- 57%		Air travel, Waste, Freight (Scope 3)

## ● Carbon emissions reporting

We monitor our carbon emissions not just as a total, but also against the material we collect and our turnover. This allows us to monitor not only our overall emissions but how we are tracking against business and programme growth.

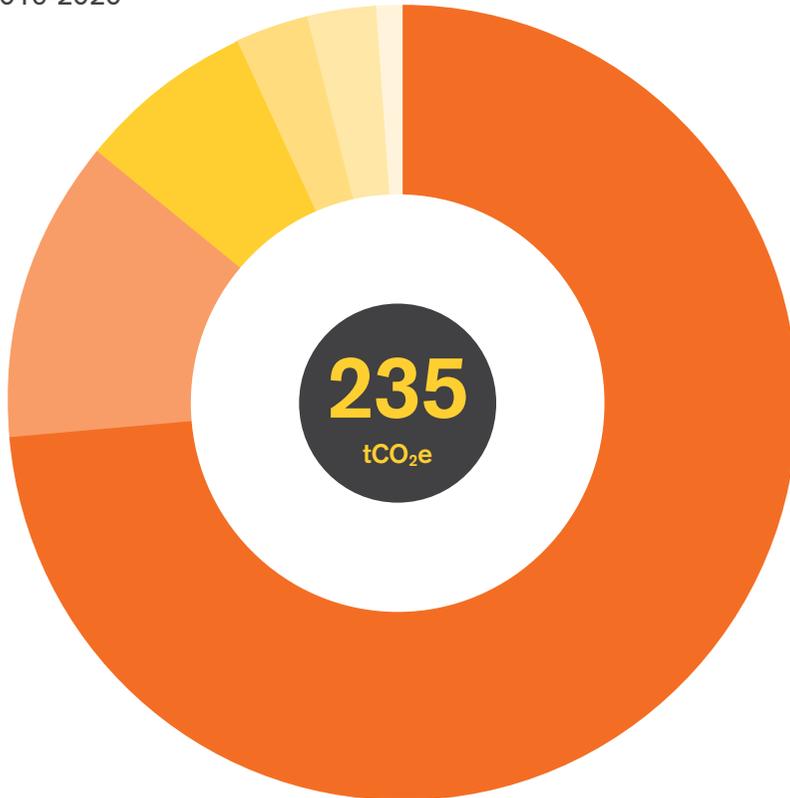
- **Total GHG emissions from all 3R activity** – this is the total emissions from all 3R activity. It is measured in tonnes of CO<sub>2</sub>e.
- **Total gross emissions per tonne of material collected** – this is our emissions relative to how much material we have collected in the period. This is measured as a ratio.
- **Total gross emissions per \$M turnover** - this is our emissions relative to how much we earned in the period. This is also measured as a ratio.

### 3R emissions

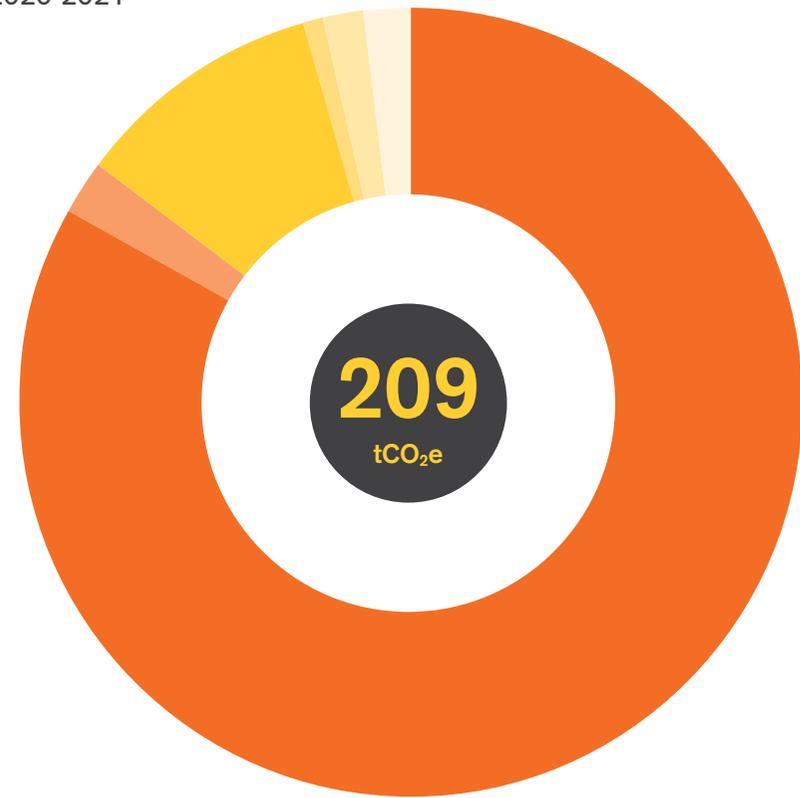


● Breakdown of carbon emissions by type

Carbon emissions  
2019-2020



Carbon emissions  
2020-2021



Percentage change from previous period

- DIESEL - 0%
- AIR TRAVEL ↓ 32%
- WASTE ↓ 59%
- LPG ↓ 34%
- FREIGHT ↓ 8%
- ELECTRICITY ↑ 11%

- DIESEL ↑ 1%
- AIR TRAVEL ↓ 84%
- WASTE ↑ 23%
- LPG ↓ 75%
- FREIGHT ↓ 48%
- ELECTRICITY ↑ 113%

## ● Climate-related risk

The global community, including Aotearoa New Zealand, has made a commitment via the United Nations Paris Agreement to lower greenhouse gas emissions. Our commitments under the Paris Agreement include the target of reducing greenhouse gas emissions by 11% below 1990 levels by 2030.

The Task Force on Climate-Related Financial Disclosures (TCFD) is an international group established by the Financial Stability Board.

Its aim is to develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

The TCFD provides a framework breaking risks into two categories: transition risks and physical risks. Due to the nature of 3R's business and its established commitment to carbonNZero, it is perceived that there is very little exposure to transition risks for the business as a result of climate change.



## ● Identified physical risks

CLIMATE RELATED RISKS	POTENTIAL IMPACT	RISK TO 3R GROUP
<ul style="list-style-type: none"> <li>• <b>Increased severity of extreme weather events</b></li> <li>• <b>Changes in precipitation patterns/extreme variability in weather patterns</b></li> <li>• <b>Rising mean temperatures</b></li> <li>• <b>Rising sea levels</b></li> </ul>	Disruption to transportation	Reduction in revenue from decreased 'production'/lower sales/output
	Negative effects on staffing – eg transport disruption, absenteeism due to illness or injury	Reduced productivity and revenue and higher staff costs
	Damage to plant and building	Write offs/early retirement of assets Increased capital costs
	Increased insurance premiums/reduced availability of insurance	Increased operating/compliance costs Increased risk of unexpected capital expenditure

## ● BAU initiatives

In the fight to protect our environment, both large and small initiatives have an important role to play - as the saying goes: "it's only 1 plastic bag said 9 billion people". Below are initiatives we undertake as part of 'business as usual' at 3R.

### Emissions reduction



**LED lighting**  
(Auckland and Christchurch sites)

**Use carboNZero<sup>Cert™</sup> certified Ecotricity**  
(Christchurch and Hastings sites)



**Ongoing refinement of collection routes and timing**  
(all sites)

**Clean air filters in fleet vehicles and air conditioning units**  
(all sites)



**Use of technology to replace flights**  
(all sites)

**Only fly when necessary with back to back meetings**  
(all sites)



**Use carboNZero<sup>Cert™</sup> HBTech as our IT supplier**  
(all sites)



**Provide bike stands and showers**  
(Hastings office)

### Waste minimisation



**Purchase local milk in refillable glass bottles**  
(Hastings office)

**Purchase Forest Stewardship Council and Environmental Choice certified paper**  
(all sites)

**Purchase Ecostore and Fairtrade-certified products**  
(all sites)



**Battery and e-waste recycling, soft plastic and shrink wrap recycling**  
(Hastings office and depot)

**Food waste compost bin, Colgate Oral Care recycling**  
(Hastings office)

**Annual waste assessment**  
(Hastings office)



**Use Ricoh photocopiers and recycle toners**  
(all sites)

**Default double-sided printing**  
(all sites)

# Our work

"What does your company do?" is often a challenging question for 3R staff. Our work is varied in terms of both product and scope and is somewhat unusual compared to many businesses. Explaining that we "combine imagination and science to repurpose waste" generally raises a few eyebrows and piques curiosity.

The official term for the majority of the work undertaken by 3R is product stewardship. This describes the process in which "a producer, brand owner, importer, retailer and consumer accepts responsibility for reducing a product's environmental impact".

Within the area of product stewardship, our work incorporates many different aspects which we loosely break down into three terms: "Design, Deliver, Do". Depending on the client, we may be called upon to do one, two or all three of these aspects.

## DESIGN



Discovery and design phase for a new scheme: what's the problem, who are the key stakeholders, how can we collect or process the materials and how will it be funded. It often includes the year one implementation phase of the proposed scheme.

## DELIVER



Activation and nurturing of the scheme, which often includes data analysis (mass balance), finance, marketing and communications, logistics, end market development and adding value to materials through R&D, advocacy, member or stakeholder engagement.

## DO



Operational aspects of a programme. This function allows us to provide a logistics or processing service if there is a gap in the market, generate employment through social enterprise, prove a concept or test a theory, or simply cover a function that no one else wants to do!

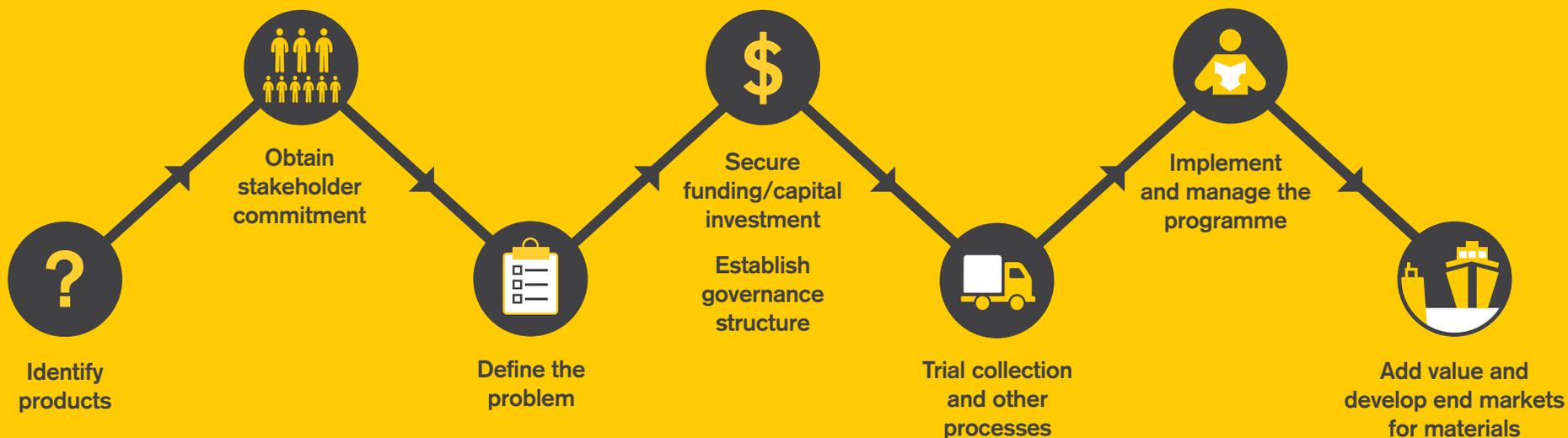
## ● Programme development

During this two year period, 3R was involved in the programme development of three new product stewardship schemes covering tyres (a refresh of the reports done in the 2012-15 Tyrewise™ project in preparation for a mandatory scheme), synthetic refrigerant gases (what would a mandatory scheme look like) and lubricant containers (a voluntary industry-led scheme).

While each of these projects varied significantly, the typical development process for product stewardship is fairly consistent. Moving from the discovery phases of identifying the product and problem, obtaining stakeholder commitment, defining the problem, sourcing funding and running collection trials. It continues through to the longer-term aspects such as implementation, management and developing markets for end materials.



### Typical Programme Development





## ● Maximising impact

One of the key factors that makes product stewardship such an effective tool for reducing waste, is the whole of life approach. Where a takeback or recycling scheme is simply managing an existing problem, product stewardship involves all of those associated with the design, development, sale and use of a product.

This provides ample opportunity to push back up the supply chain to solve problems, such as designing for repair or dismantling, minimisation and selection of materials, provision of collection points, and developing circular solutions for end materials. Its effectiveness comes not only from having the buy in of brands to take responsibility for their products at end of life, but those paying for the scheme have a vested interest in making it as effective as possible.

Our aim as an impact enterprise is to maximise the environmental, social and financial benefit of our work. This is always at the forefront of our thinking as we seek to design new stewardship programmes, work higher up the waste hierarchy, raise recovery rates, add value to material outflows and develop a circular economy in Aotearoa New Zealand.

While the impact of product stewardship can be said to fall largely under the Sustainable Development Goal 12: Responsible Consumption and Production, the wider impacts cover a broader range of goals including Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Sustainable Cities and Communities (SDG11); Climate Action (SDG13); Life Below Water (SDG14); Life on Land (SDG15); and Partnerships for the Goals (SDG17).

## ● Reporting Period

Over this reporting period we have worked on designing and delivering product stewardship projects and programmes including tyres, paint and packaging, child car seat recycling, chemical collection and disposal, lubricant containers, synthetic refrigerant gases, and food and beverage packaging. In addition, we completed a wide range of consulting work for individual businesses, while our R&D team focussed on improving positive outflows, adding value to end materials, and seeking circular solutions.

● Summary of Product Stewardship work undertaken during 2019-2021

PROGRAMME / PROJECT	DESCRIPTION	DESIGN	DELIVER	DO	REACH	WORK UNDERTAKEN
<b>PRODUCT STEWARDSHIP PROGRAMME / PROJECT</b>						
<b>Resene PaintWise™</b>	Government-accredited, voluntary product stewardship scheme for paint and packaging				National	Logistics and processing, R&D for material outflows
<b>The Packaging Forum</b>	Membership organisation representing the depth and breadth of the packaging industry in NZ				National	Advocacy, member engagement, marketing and communications
<b>Glass Packaging Forum (part of The Packaging Forum)</b>	Government-accredited, voluntary product stewardship scheme for container glass				National	Advocacy, member engagement, marketing and communications, glass flow facilitation, grant funding, mass balance
<b>Tyrewise™</b>	Project for the development of a co-designed, regulated product stewardship programme for end-of-life tyres				National	Refresh reports, business plan and accreditation application for a mandatory scheme
<b>Synthetic Refrigerant Regulated Stewardship Project</b>	Project for the development of a co-designed, regulated product stewardship programme for synthetic refrigerant gases				National	Project design for a mandatory scheme
<b>Waste Lubricant Container Stewardship Scheme</b>	Project for the development of an industry-led product stewardship programme for lubricant containers				National	Project design for a voluntary scheme
<b>TAKE BACK or RECYCLING PROGRAMME / PROJECT</b>						
<b>Dulux Paint and Packaging Take Back Programme</b>	Paint and packaging take back for trade customers				National	Logistics and processing
<b>SeatSmart™</b>	Child car seat recycling programme				National (with some exceptions)	Logistics, processing, marketing and communications, R&D
<b>Rebound™</b>	Mattress recycling project				Regional (Timaru trial 2019-2020)	

## ● Paint and packaging

The programmes for Resene and Dulux remain the mainstay of our operational work with year-on-year increases continuing in 2019-2020 but falling away as a result of the COVID-19 lockdowns in 2020-2021.

2019-2020 saw tonnage up by 14%, with Resene Paintwise and Dulux volumes increasing 13% and 11% respectively. In 2020-2021 the total material collected fell 18% as expected. During 2019-2020, Dulux expanded its collection locations, adding 10 new stores, while Resene PaintWise added two.

In the 2020-2021 period we were delighted to welcome Watty! on board with nine initial collection sites.

We continue to seek improvements in material outflows for our paint partners. The circular solution for the 245 tonnes of paint pails collected in the 2019-2020 period and 189 tonnes in 2020-2021 continues uninterrupted with the resin used in the production of new containers for Resene and Dulux. Additionally, 802 tonnes of metal was recycled via local scrap metal merchants.

The main challenge remains the unused paint recovered from the pails and tins. While unused paint is made available

to councils and community groups by Resene for graffiti abatement or other projects, the volume remains low. The majority of unused paint requires a large-scale solution.

PaintCrete™, where paint is used as an admixture in cementitious applications like concrete, is our largest outflow. Further scaling up is still required and this continues to be a key focus. Alongside this, our R&D team is investigating other avenues for large scale outflows.

The most exciting outcome of the period was the creation of an all-of-industry product stewardship working group for packaging of paint and architectural coatings, in October 2020.

The move followed Government's declaration of single-use plastic packaging as a priority product under the Waste Minimisation Act 2008 which requires a regulated scheme for the plastic paint pails. However, the working group has taken the view that the residual paint content should be stewarded along with the packaging as it contains the greatest environmental risk. This is an outcome we have been working towards for some time and applaud the industry for being proactive.



### Impact Summary

<b>Aim</b>	Divert material from landfill	Research and development to create positive outflows for paint	Research and development for pail-to-pail recycling	Collaborate to create an industry-wide product stewardship scheme
<b>Impact</b>	Improve environmental outcomes	Create a circular economy	Create a circular economy	Improve environmental outcomes and internalise end of life costs
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER

## ● The Packaging Forum

In 2018 we took on an advocacy and oversight role for The Packaging Forum – a member organisation representing the depth and breadth of the packaging industry in Aotearoa New Zealand. This role expanded in 2019-2020 to that of programme managers.

We saw this as an opportunity to assist them in being more effective in working towards our common goals of developing solutions that support a circular economy.

The Forum works with members, central and local government and the community on solutions which will enable all packaging to be reusable, recyclable or compostable by 2025 or sooner. It does this by advocating for policy to achieve sustainable outcomes, collaboration to advance sustainable packaging development, designing and delivering solutions and promoting these to consumers and potential members.

During this period, the Forum operated three product

stewardship schemes: Glass Packaging Forum, Soft Plastic Recycling Scheme and Public Place Recycling Scheme. In addition to our Packaging Forum management contract, we are separately contracted as scheme managers for the Glass Packaging Forum. The Soft Plastic scheme is managed by another party. The Public Place Recycling scheme ceased in December 2020 and litter and public place recycling strategy and activities are now managed by an advisory group.

During the reporting period 3R worked to better position The Packaging Forum as the definitive voice on sustainable packaging. Specifically, we assisted the Forum to:

- clarify and communicate their advocacy positions
- manage their relationships with government, MfE and industry stakeholders
- manage consultation with members and submissions to government on key policy proposals
- review their strategic planning, governance structures and



membership fees

- improve engagement with stakeholders by providing a dedicated 3R marketing & communications resource; and
- we supported the Forum's Chair in his role on the Container Return Scheme Working Group.

## Impact Summary

<b>Aim</b>	Support reduction of packaging waste through product stewardship	Improve awareness of packaging waste, recycling, material types, composting, etc	Increase member engagement	Facilitate inter-industry cooperation to reduce packaging waste
<b>Impact</b>	Improve environmental outcomes	Improve environmental outcomes	Improve understanding and commitment to product stewardship	Improve environmental outcomes and internalise end of life costs
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>17</b> PARTNERSHIPS FOR THE GOALS

## ● Glass Packaging Forum

Increasing recovery rates, working to transition to a regulated scheme and improving glass data and infrastructure have been the main focusses of our second and third years as managers for this voluntary product stewardship scheme for glass bottles and jars.

We were pleased to see the glass recovery rate continue to trend upwards, from 63% in 2017-2018 to 75% in 2019-2020 (July-June reporting period)\*.

As scheme managers we work closely with councils, contractors and recyclers to create a more cohesive and interconnected glass recovery network which maximises glass going back to the furnace to make new bottles. This circular economy focus aligns with 3R's own goals. Where bottle-to-bottle recycling is not possible the scheme works to help research and development of alternative markets.

Work previously done by 3R to streamline the grant funding process and ensure alignment of funding with the Forum's goals, resulted in grant allocations which were focused on building glass collection and storage, plus transport capacity and efficiency to improve recovery rates. A total of \$429,000 was awarded over these two financial years.

In pursuit of good data, 3R also encouraged the scheme to contract independent consultants to review its data methodology and to engage with data analytics companies to improve data on non-alcohol container glass.

The 2020-2021 period saw 3R support the GPF to request the Ministry for the Environment to transition the scheme to a regulated product stewardship model to level the playing field and further improve the recovery rate. This would ensure glass recycling costs are fully funded by industry.

3R also spent considerable time researching and supporting the steering committee as they consulted with members and submitted on the Government's proposed inclusion of glass in a container return scheme.

Finally, the impact of the COVID-19 lockdown was shown to have a very small impact on glass recovery, with data showing only a small amount of glass lost to landfill as a result.

*\*The 2020-2021 recovery rate was still being calculated at the time of completing this report*



### Impact Summary

<b>Aim</b>	Increase recovery rate for container glass	Increase member engagement	Align grant funding to strategy	Strengthen collaboration to improve flow of glass	Improve data collection	Improve public awareness around the sustainability of glass
<b>Impact</b>	Improve environmental outcomes	Improve understanding and commitment to product stewardship	Improve impact of outcomes	Increase recovery rate and efficiency	Improve transparency	Improve recovery rates
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>13</b> CLIMATE ACTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>13</b> CLIMATE ACTION <b>17</b> PARTNERSHIPS FOR THE GOALS	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION

## ● SeatSmart Child Car Seat Recycling

We continue to make good progress with the SeatSmart child car seat programme. Over the two-year period we saw seat numbers drop slightly in 2019-2020 to 3,507 following the November 2018 price increase, but recover in 2020-2021 to collect our largest volume yet - 4,116 seats.

As noted in our previous report, the fee increase came as a result of the growth in both volume and complexity of seats, which led to the need to use social enterprises for paid dismantling of the seats. We commenced working with South Waikato Achievement Trust (SWAT) in 2019 and they continue to be our main contractor for dismantling through 2020-2021. The social enterprise employs 120 people – many with disabilities or who are disadvantaged, with 28 working in the recycling side of the business. Two of these specialise in seat dismantling work.

In 2020-2021 we also commenced working with LIFT, a social enterprise based in Napier. LIFT works with disadvantaged and excluded young people to provide pathways for young people into sustainable employment or entrepreneurship. We also continue to

work with Department of Corrections community work programmes in Christchurch and Tauranga, providing useful indoor work and work experience for offenders.

During the two-year reporting period, we continued to expand access to the programme. In the South Island we opened three sites in Ashburton, Alexandra and Cromwell, plus we added an additional site in Hamilton. In 2019-2020, we secured a small grant for SeatSmart in the Wairarapa from Carterton and South Wairarapa District Councils. Here we worked with the Wairarapa Road Safety Council to hold an amnesty for expired seats in conjunction with their car seat clinics in 2019 and 2020.

An exciting development in 2020 was the partnership of leading insurer, IAG, SeatSmart and retailer Baby on the Move to implement the IAG child restraint replacement programme. IAG completed a review of its child car restraints claims processes in 2019 and as a result, now covers a new car seat plus recycling of the damaged seat, in addition to a car's repair or replacement costs. This will help reduce the number of compromised car seats making their way back into our communities.



### Impact Summary

<b>Aim</b>	Increase quantity of seats recovered for recycling	Increase material recycling rate	Create circular solutions for materials	Increase public awareness of expiry dates on seats
<b>Impact</b>	Improve environmental outcomes	Reduce use of virgin materials	Develop circular economy	Improve child safety
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>3</b> GOOD HEALTH AND WELL-BEING

## ● Chemical and hazardous materials collections

We have worked hard since the introduction of the ChemCollect service in 2017 to build our brand and promote our offering. The results of that hard work have been evident with an annual average increase of 76% in material safely collected and disposed of (2019-2021).

Anecdotal evidence indicates there is a lack of knowledge around having unwanted or expired chemicals safely collected and disposed of. Our efforts to promote ChemCollect have therefore not only focussed on marketing the service but the importance of properly dealing with chemicals, both from a health and safety and an environmental perspective.

This has been aided in the past year with a change in Government regulations which has created greater awareness around compliance, storage and compliant disposal of hazardous chemicals.

We continued to offer our customisable hazardous household waste service MyHazWaste. The service tackles the traditional

problems with hazmobile events by having householders pre-register. This means material types and volumes as well as the number of participants is known, improving planning, health and safety and ensuring budget targets are met.

Palmerston North City Council and Auckland Council have made use of the service on an annual basis, with the exception of 2020, while other regions have also shown an interest.

We continued our support of the Million Metres Streams initiative through ChemCollect. Funds donated go to riparian restoration projects around the country. The purpose of donating is to amplify the benefit of avoiding environmental harm to waterways through the safe disposal of chemicals, supporting SDG14: Life below water. The two reporting periods saw donations totalling \$1,900 for projects in Auckland, Christchurch and Gisborne.



### Impact Summary

<b>Aim</b>	Increase volume of chemicals safely disposed of	Donate to Million Metres Streams to plant trees	Increase efficiency of council hazardous waste collections
<b>Impact</b>	Protect waterways and improve environmental outcomes	Protect waterways and improve environmental outcomes	Improve environmental outcomes
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER

## ● Waste Lubricant Container Stewardship Scheme

Lubricant containers aren't the first thing which springs to mind when thinking about plastic packaging. However, in Aotearoa New Zealand, some 4.5 million lubricant containers are sent to landfill each year, despite being made of highly recyclable material.

A small percentage is recycled, but the majority is not, due to the residue left once empty, and the lack of infrastructure and auditable pathways. The Waste Lubricant Container Stewardship Scheme saw leading industry manufacturers and distributors come together in 2018 to tackle the issue, with 3R as project managers to design a fit-for-purpose, all-of-industry, scheme.

Over the 2019-2020 and 2020-2021 reporting periods, work on a product stewardship scheme has continued to forge ahead. The design phase was completed, which was then

followed by the completion a feasibility tender for the Lubricant Working group to ascertain the current market cost to process waste lubricant plastic.

The scheme has been designed to mirror the accreditation requirements for a mandatory product stewardship scheme. While this was originally done to ensure best practice and to future proof the scheme, it became critically important following the Government announcement in July 2020 around the declaration of six products, including packaging, as priority products under the Waste Minimisation Act 2008.

Going forward we will continue to support the working group as they progress towards implementation.



### Impact Summary

<b>Aim</b>	Create recovery opportunity for lubricant containers	Create an effective product stewardship programme	Encourage industry wide participation
<b>Impact</b>	Improve environmental outcomes, reduce use of virgin materials, develop circular economy	Increase commitment to product stewardship in oil industry	Increase collaboration for environmental benefit and internalise end of life costs
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>17</b> PARTNERSHIPS FOR THE GOALS

## ● Refrigerant Recovery Project

It's a little-known fact that some synthetic refrigerant gases are among the most potent greenhouse gases on the planet. This, coupled with their widespread use, means they are one of the biggest contributors to the climate crisis, but also one of the biggest opportunities to reduce harmful emissions.

These gases, such as 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.

In 2018 a working group was established to represent the interests of the key industries which would be affected should the Government declare synthetic greenhouse gases a priority product under the Waste Minimisation Act 2008. In July 2019 the Synthetic Refrigerant Stewardship project commenced, with 3R as project managers. This was followed a month later by Government announcing consultation would begin ahead of the possible declaration of refrigerants and other synthetic greenhouse gases as priority products under

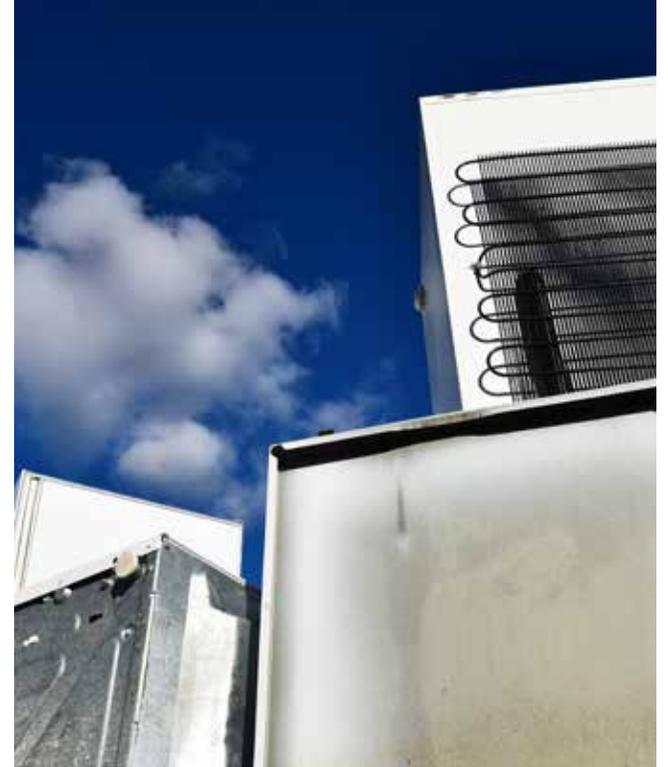
the Act.

A submission was made, and the project forged ahead, investigating the national and international situation regarding used refrigerants and their collection and disposal. Data collection and gap analysis was carried out, and widespread consultation undertaken.

The project identified a range of feasible product stewardship options and investigated their costs and benefits. Finally, a set of guiding principles for preferred industry solutions was developed.

Government's declaration of synthetic greenhouse gases as a priority product in July 2020 was a major step towards regulated stewardship.

The Synthetic Refrigerant Stewardship project working group's reports are currently before the Ministry for the Environment awaiting sign-off. They will then form part of the Ministry's consultation process on a regulated stewardship scheme.



### Impact Summary

<b>Aim</b>	Ready industry for mandatory product stewardship	Ensure industry wide participation	Improve industry standards and training
<b>Impact</b>	Reduce release of heat trapping gases that cause climate change	Increase collaboration for environmental benefit and internalise end of life costs	Reduce release of heat trapping gases that cause climate change
<b>Target SDG</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>13</b> CLIMATE ACTION	<b>17</b> PARTNERSHIPS FOR THE GOALS	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>17</b> PARTNERSHIPS FOR THE GOALS

## Tyrewise

A regulated product stewardship solution for end-of-life tyres (ELTs) has been our longest running piece of project management work, and it appears it will finally come to fruition.

Government's declaration of tyres as a priority product in July 2020 was what 3R and the industry has been calling for since beginning its work.

Tyrewise was first set up in 2012 to progress product stewardship for ELTs, with a report presented to government in 2013. This was based on the then National Government taking the step to declare tyres as priority product under the Waste Minimisation Act 2008. When no declaration was made, the project was put on hold in 2015. With the change of government in 2017 and the desire for ELT stewardship being written into the coalition Government's agreement, 3R reactivated the Tyrewise project.

Our 2013 project showed there were around 3.9 million passenger tyres and some 1.2 million truck and other tyres

reaching their end of life annually in Aotearoa New Zealand. While ELT recycling received a significant boost with funding of approximately \$20 million for end markets in 2017, the majority of industry believe regulated stewardship was, and still is, required to ensure this valuable resource is recovered and harm to the environment from incorrect disposal of tyres is eliminated.

In May 2019, Tyrewise was given funding from the Waste Minimisation Fund for 'Phase Two'. The aim was to update work done six years previously, which provided a framework for an industry-led, government-supported regulated product stewardship scheme for ELTs. This would provide up-to-date information and a new accreditation application for the expected declaration of priority product for tyres.

The July 2020 priority product announcement meant this would finally become a reality, and tyres would be one of, if not the first, product with a regulated stewardship scheme in Aotearoa New Zealand.



Since the announcement, 3R and the working group have been getting into the 'nuts and bolts' of implementing a regulated scheme. The work is technical but needing to be done right as it will feed into Ministry for the Environment consultation documentation for other regulated schemes.

## Impact Summary

<b>Aim</b>	Prepare for co-design, regulated product stewardship	Retain industry wide participation	Increase recovery rate for end of life tyres	Create high value material outflows for end of life tyres
<b>Impact</b>	Increase collaboration for environmental benefit	Increase collaboration for environmental benefit and internalise end of life costs	Improve environmental outcomes	Stimulate new markets for use of recovered materials and develop circular economy
<b>Target SDG</b>	<b>17</b> PARTNERSHIPS FOR THE GOALS	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>17</b> PARTNERSHIPS FOR THE GOALS	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION <b>14</b> LIFE BELOW WATER



## ● Research and Development – turning waste into a resource

Our increased focus on research and development continued this reporting period with Materials Innovation Manager Natalie Martin and GM Innovation Trevor Tutt looking at our paint and packaging, and car seat recycling outflows.

Paint and packaging forms the biggest part of our collection volumes and also our biggest opportunity. As such we've been working on outflow projects with industry experts, such as reviewing earlier work using paint as an alternative daily cover in landfills.

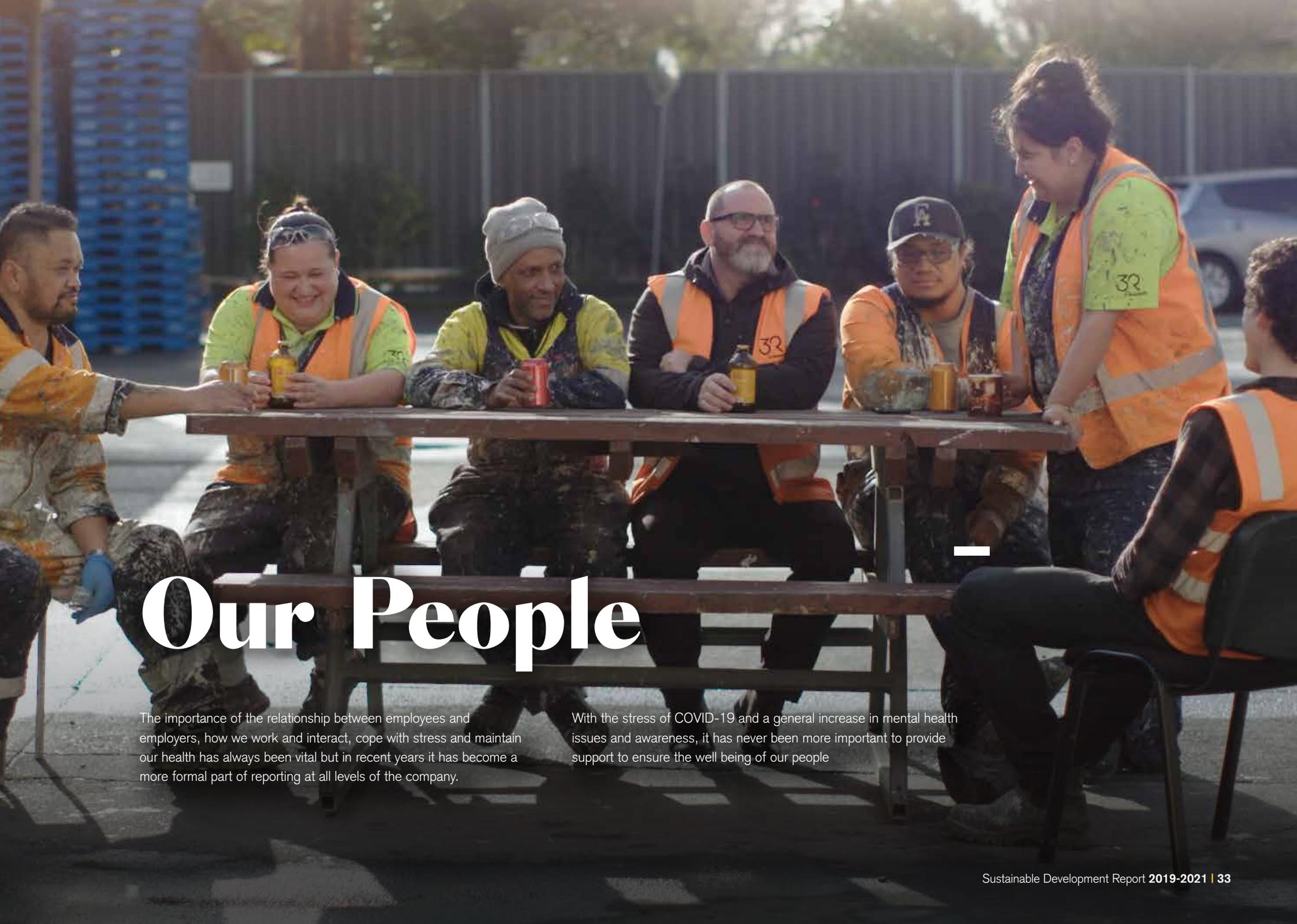
Landfills are required to be covered each day, with soil being the primary material used. However, over the past two years we have been investigating paint as an alternative cover. While sending any material to landfill is not our ideal outcome, using paint instead of soil is a more sustainable alternative as it's inert when dry and forms a far thinner layer, using less landfill space.

Our Canterbury University industrial design student Gemma Burnside conducted valuable research into the possibility of extracting components of paint for reuse. We have begun the steps of engaging a researcher to progress a potential method.

The circularity of plastic Dulux paint pails was boosted this period with 100% of the material we collect now being used to make new pails for the brand. This came about after renewed conversations with Dulux and their paint pail manufacturer, as well as increased demand by the manufacturer for recycled material.

Our SeatSmart child car seat recycling programme actively works to find solutions for the 20% of unlabelled plastics found in seats. To try and reduce this we have been reviewing technical methods to identify these plastics to improve our recovery rate as part of a project part funded by the Waste Minimisation Fund, administered by the Ministry for the Environment. The second part of the project includes the development of circular solutions for polypropylene, which is the main plastic type used for seats.

Our Rebound mattress recycling project has had a successful year-long trial in Timaru in 2019 proving that recovery is more cost effective than landfill. To support material outflow, we held a whole-of-team innovation session held to generate new thinking around the use of mattress foams. The productive session generated a number of ideas which are being investigated for market potential and feasibility.



# Our People

The importance of the relationship between employees and employers, how we work and interact, cope with stress and maintain our health has always been vital but in recent years it has become a more formal part of reporting at all levels of the company.

With the stress of COVID-19 and a general increase in mental health issues and awareness, it has never been more important to provide support to ensure the well being of our people

# Caring for our people

The health and wellbeing of the people who make up any business has always been a vital part of its success or failure, however this hasn't always been fully recognised.

In the past few years, Aotearoa New Zealand has seen a rapid rise in the need for robust, people-orientated health and safety policies in the workplace – not only focussed on keeping employees physically safe on the job but caring for their emotional and mental needs too.

Our 2016 and 2020 materiality surveys reflect the importance of addressing the health, safety and wellbeing of our people, with this aspect gaining one of the highest rankings in terms of business impact and stakeholder concern. This is also in line with our commitment to SDG9: Decent Work and Economic Growth and impacts on SDG3: Good Health and Wellbeing, SDG5: Gender Equality and SDG10: Reduced Inequalities.

At 3R our value of manaakitanga comes through strongly. Our people and their families come first, with flexibility of work hours, working from home and a genuine sense of support from colleagues and the leadership team when times are tough. This has become even more obvious since the being of the pandemic.

In addition to personal support, 3R offers staff an Employment Assistance Programme which gives practical but independent and anonymous help when personal or work issues arise which might affect overall wellbeing or impact their ability to do their job. For example, staff can access help when dealing with personal or work stress, depression, anxiety or grief.

We've also been helping raise awareness around issues such as mental health by celebrating Mental Health Awareness Week annually and encouraging staff to take part in Gumboot Day and Movember.

We encourage staff to make use of the Good Friday leave policy which gives six days a year for personal development or charitable work. In addition to personal leave we also use it to do street clean-ups or tree planting days, which not only help with worthy causes but provide valuable team building.

The COVID-19 pandemic brought health, safety and wellbeing into sharp focus, with a radical change in the way we worked and interacted. Working from home for those whose roles are desk-based became the norm, with health and safety protocols having to be applied to workspaces in people's homes.

While most of our operations work was halted, we did carry out some chemical collections (deemed an essential service), using COVID-19 safety protocols. During any Level 2 and 3 alerts, our depots and offices introduced new safety protocols to keep our staff safe.

Another significant area of focus in terms of health and safety was preparing our management system for an attempt at certification to the ISO 45001:2018 Occupational Health and Safety Management System, in the 2021-2022 financial year.

## ● Reporting

Reporting for health and safety is a key feature for any business. The standard metrics of accidents and incidents, near misses, lost time, hazards and quality improvements are part of our regular leadership team meetings and board reporting. These are also shared with the wider team through our health and safety meetings and minutes.

Our H&S reporting system enables accurate reporting of all aspects including accidents, incidents, near misses and quality improvements, among others.

This year we have been looking at what KPIs exist for these metrics. A decision was made to reassess and update these to include both lead and lag indicators in our reporting set,

which gives more transparency to the wider business as to our overall performance. This will be done as part of our ISO 45001 accreditation preparation work and will help us improve tracking of our health and safety performance.

As new KPIs are developed these will be incorporated in future reports.



Total staff (FTE)



Total worked hours



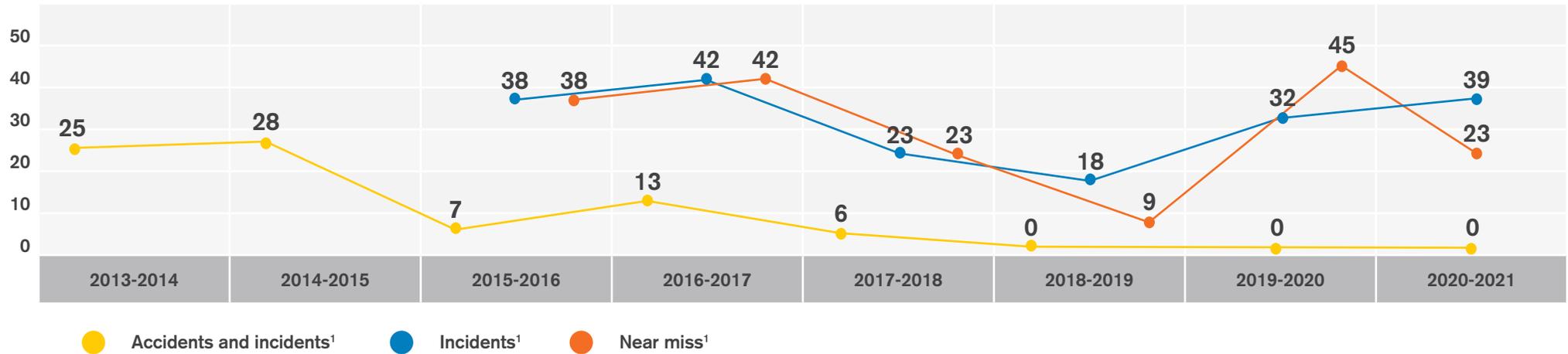
Hazard risks identified



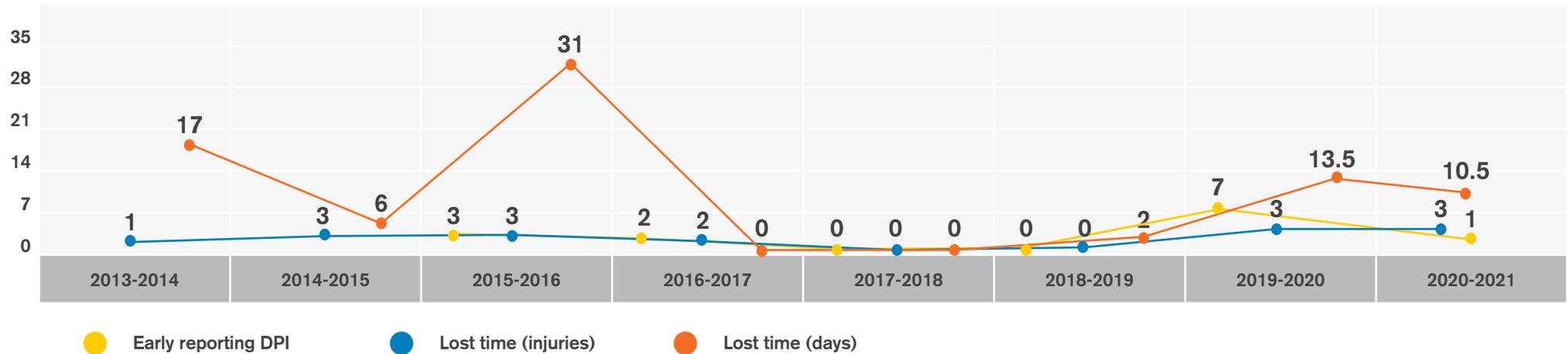
Quality Improvements

	Total staff (FTE)	Total worked hours	Hazard risks identified	Quality Improvements
2019-2020	<b>27</b> Staff ↑ 3.8% from 2018-2019	<b>53,999</b> Hours ↑ 66.6% from 2018-2019	<b>16</b> Hazards ↓ 11% from 2018-2019	<b>83</b> QIRs ↑ 5% from 2018-2019
2020-2021	<b>25</b> Staff ↓ 2 from 2019-2020	<b>41,666</b> Hours ↓ 23% from 2019-2020	<b>5</b> Hazards ↓ 67% from 2019-2020	<b>92</b> Hazards ↑ 11% from 2019-2020

## Staff + Health and Safety stats



<sup>1</sup> Since 2015-2016, 'Accidents and Incidents' has been split into four separate categories – Accidents (notifiable event), Incidents (non-notifiable event), Near-miss (exposure to serious risk) and Early Reporting (pain and discomfort).





Collective Hug - food parcels for drought stricken Central Hawke's Bay farmers

## ● Giving back

As our Chief Executive pointed out at the start of this report, we all have a responsibility to care for and protect people and place. This is a belief 3R has held from the early days and we dedicate resources and time to this each year.

3R's Good Friday leave policy provides each team member with six days of paid leave to use for volunteer work or personal development and sits at the core of our corporate social responsibility.

In 2017 we noted a decline in the number of Good Friday leave hours being used and after discussions with staff agreed to arrange more group activities alongside personal activities.

Planting trees at Mangarara Station in Central Hawke's Bay was a good example of group activity under our Good Friday programme.

3R has been involved with Mangarara Station for some time now. Not only are the Hart's a delightful family with a eco-lodge set in a stunning lakeside location which we have used from time to time, but the Hart's also use regenerative farming practices, believing them to be a big part of the solution for agriculture when it comes to climate change and reducing environmental harm. They have also dedicated a large amount of time and resources to replanting native trees and shrubs on the property.

We continue to encourage staff to make the most of the opportunities provided by Good Friday Leave and also to seek out new group activities.

DONATED TIME (BUSINESS DRIVEN)	2019/20	2020/21
<b>Product stewardship &amp; resource recovery expertise</b> WasteMINZ Board   WasteMINZ PS sector group   MfE National Waste Strategy Advisory Group   Amiomio Aotearoa (UoW)	110 hours	80 hours
<b>Governance</b> BusinessNZ   Business Central	45 hours	80 hours
<b>Education</b> SBN Business Connector	20 hours	-
GOOD FRIDAY LEAVE (STAFF DRIVEN)		
<b>Community</b> Port Ahuriri School Festival   Oxford District Lions   Cancer Society   Collective Hug   Get 2 Go Challenge	13 hours	50.5 hours
<b>Governance</b> Riding for the Disabled	41.5 hours	17 hours
<b>Environment</b> Tree planting   Street clean-up   SeatSmart dismantling	31.5 hours	74 hours
<b>Personal development</b> Coroner's enquiry   Solar energy training	41 hours	-
DONATIONS & SPONSORSHIPS		
Environment	\$1,369	\$790
Community	\$600	\$1,710

# Partnerships for the goals

Networks are a critical part of the mix for a company which specialises in product stewardship and resource recovery – in our sector, collaboration is king. We find great value in attending or hosting events which enable us to create and grow relationships, build new business, and grow both personally and professionally.

## ● Climate Action HB

Accelerated climate change has been dubbed “this generation’s nuclear-free moment”, and while there is growing awareness in the business world, it can be difficult to start the journey.

Following her experience attending the AI Gore training in Brisbane in July, Adele was keen to see 3R help progress action amongst Hawke’s Bay businesses towards mitigating and adapting to human accelerated climate change. In mid to late-2019, 3R approached Hawke’s Bay Regional Council and secured their support to launch Climate Action HB.

The aim of the initiative is to bring businesses and communities together so we can be more connected and focused on meeting the challenges and opportunities locally. The initiative will support action towards SDG13: Climate Action and SDG 17: Partnership for the Goals, with workshops and online resources the focus of the first year. It is also hoped that the initiative will tie in with the regional council’s own climate change campaign.

The impacts of the climate crisis are already being noticed

Despite the challenges COVID-19 is throwing at us in terms of meeting face-to-face, we still believe there is still no better way to connect than in person. This is especially true on topics that rely on behaviour change, such as the circular economy or the climate crisis.

3R works across a wide variety of industries, each of which has a broad set of stakeholders. In order to stay better connected and represent the brands we deliver stewardship

in the Bay through coastal erosion and severe droughts, with one vulnerable community, Hohepa Homes, making the decision to move their entire operation from its current location between two river mouths near Clive. With an economy focussed heavily on tourism and the primary sector, other predicted impacts of climate change which include a rise in temperatures, fewer frosts, drier winters and springs and higher sea levels will impact these sectors and require a proactive approach.

Climate Action HB launched on November 25, with around 120 people from the region’s businesses and councils gathering to consider a way forward.

The first practical workshop was planned for late March 2020 but with the arrival of COVID-19 was postponed until August 2020. Two workshops were held focussing on how to get started on your climate action journey - what you need to measure and how to do that - with around 20 companies attending.

solutions for, we belong to a number of industry groups, including NZ Paint Manufacturers Association, the NZ Association of Metal Recyclers and Plastics NZ. As part of our membership, we take part in workshops and serve on committees. Additionally, we belong to a number of sustainability-focused organisations, all of which helps us impact on SDG 17: Partnerships for the Goals.





## ● Sustainable Business Council

In 2019, our Chief Executive, Adele, was elected onto the Business Central and Wellington Chamber of Commerce board. Adele was then appointed as a Business Central representative on the Business NZ Board (pictured). Business Central is one of the Business NZ “family” as is the Sustainable Business Council.

Adele has continued to serve on these boards in this reporting period. We see Adele’s appointment as recognition of the wider business community’s view that sustainability is quickly becoming a hygiene factor.

## ● Climate Leaders Coalition

We continue to be a signatory of the Climate Leaders Coalition (CLC) meaning 3R pledges to measure and publicly report our greenhouse gas emissions, set public reduction targets and work with our suppliers to reduce their emissions.

In 2019 the CLC released a second pledge to reflect the latest science on global warming which illustrates the need to limit warming to 1.5C and align with the Government’s ambitions in the Zero Carbon Bill. This is alongside other requirements such as proactively supporting our people and suppliers to reduce their emissions which we are also working on.

We are in the process of applying science-based targets to our reporting and hope to apply for the 2019 pledge during 2021-2022.



## ● Sustainable Business Network

In August 2019 the Sustainable Business Network (SBN) launched a national campaign to increase the uptake of product stewardship, with 3R, Inzide Commercial, Fuji Xerox and Abilities Group as partners.

The campaign, funded primarily by Government's Waste Minimisation Fund, saw members of the 3R leadership team take part in roadshows promoting stewardship and explaining its benefit to business and the environment.

As the SBN Regional Business Connector for Hawke's Bay we also hosted events aimed at encouraging engagement and action on sustainability by businesses in the region. They were themed on social and impact enterprises and sustainable production and consumption. Topics were chosen in accordance with the five SDG's which 3R has chosen to focus on as part of our overall business strategy. During 2020-2021 these events were put on hold due to COVID-19.

## ● WasteMINZ

As the impact of China's National Sword policy became clearer over the period, WasteMINZ has played a critical role in coordinating the industry response and making recommendations to Government. As part of this, WasteMINZ prepared a report for the Ministry for the Environment making recommendations around standardising kerbside refuse and recycling collections. We were included in the consultation and made recommendations to be considered for the report.

We continue to play a significant role at WasteMINZ, with 3R Business Development Director Darren Patterson on the WasteMINZ board for the past 12 years, six of which have been as chair with this role coming to an end in October 2020.

Our Programme Development Manager Sarah Clare, who was elected the inaugural chair of the product stewardship sector group in 2019, continued to serve in this role through this reporting period.

The WasteMINZ conference is also a must-attend event for us, providing valuable opportunities for learning and networking. Adele Rose took part in several panel discussions at the 2019 conference. The 2020 conference was then held online with 3R supporting as the Hawke's Bay hub for those who wished to network.



# Finance

The financial forecasts for 3R were mixed during 2019-2020 and 2020-2021 as we juggled two opposing factors: firstly the period of opportunity created by the focus on switching from a linear to circular economy where industry looked for expert partners like 3R; and secondly, the impact of COVID-19.

In 2018-2019, we had seen significant delays in both government and industry engaging in expected work programmes impact on our financial returns. While we saw these larger projects come to fruition in 2019-2020, the

delays again impacted on targets set for the period, however careful management during 2020-2021 led to a significant upturn in profit at year end.

During the reporting period we saw new business development progressing well with rapidly growing referrals and significant projects with strong stakeholder buy-in in a number of new industries – lubricants, refrigerants, tyres and plastic 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 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 in the mid- to long-term.

## Positioned for growth

3R is well placed to realise the opportunities we see ahead of us as the Government pushes ahead with mandatory product stewardship, standardisation of kerbside recycling, investment in resource recovery infrastructure, and looks to support the development of a circular economy.

We have a talented and experienced team who are 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.

In the absence of a crystal ball, we, like many businesses across Aotearoa New Zealand, are unable to forecast the impact of the pandemic on our business. One-off consulting work and income generated from paint collection and processing could be curtailed by a lack of business confidence and further lockdowns respectively. However, we are optimistic that the current Government policies on waste and climate, combined with strong demand for more sustainable business practices, means 3R's 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	2019-2020	2020-2021
Turnover	-2.16	-9.53	24.38	3.02	-4.80	1.70	20.80	-3.00
Operating Costs (excluding employee costs)	23.44	-13.84	25.00	3.19	6.60	2.80	12.60	-57.10
Salaries and Employment Benefits	8.80	-6.06	-4.70	13.56	7.70	23.90	9.90	-11.00



## Looking forward

After 10 years with 3R, it would not be an exaggeration to say that building strong product stewardship programmes and influencing the development of the circular economy is in my DNA.

Surrounded by a skilled and passionate team of 3R Reimagineers, we punch above our weight, delivering practical solutions, encouraging commitment from industry, and working with central and local government on national initiatives. Above all else, we are thought leaders and set an example for others to follow.

It has never been easy; it is rare to find businesses that willingly commit to looking after their products at end of life. To be part of our team requires great resilience, and over the last two years, resilience is a quality I'm relieved to have in abundance within our team.

It was heartening that so early in this crisis we heard thought leaders, in many spheres and from around the globe,

considering how we can best use the changes forced upon us and new economic stimulus packages to create a better world. Like us, they envision building a more sustainable, equitable and resilient economy and society. Not in 5 or 10 years' time, but now.

At 3R we've long imagined a different future – a future without waste, inclusive and sustainable, where social and environmental outcomes are equally as important as profit. We may face many of the same challenges in this time as everyone else but our resolve, commitment and excitement for the new world that awaits us keep us going. If anything, we see this time as shining a light on the vulnerabilities of current economic systems and global supply chains, which combined with a necessarily domestic outlook for now, may create lasting change.

We're all for that change. We've been working toward it since we started in 2004. Change can be challenging to effect, but

what this time has shown us is that we can unite to solve big challenges, find the positives and care for one another as we do it. We can break down our mission into bite size chunks and work together on the policies and practices that will protect us and put us in the best shape to face the future.

Let's not allow the environment to be our next COVID-19. Unlike this pandemic, the changes we envision will protect it for our future, and enable our businesses, economy and people to flourish in harmony with it.

### **Adele Rose**

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

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