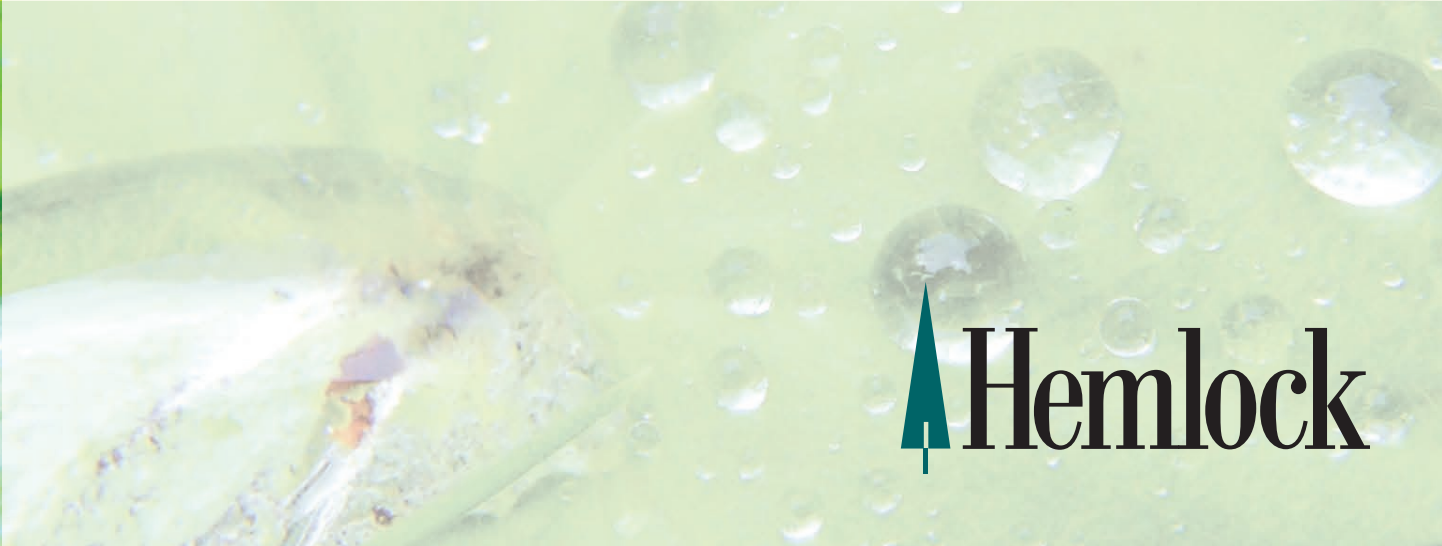
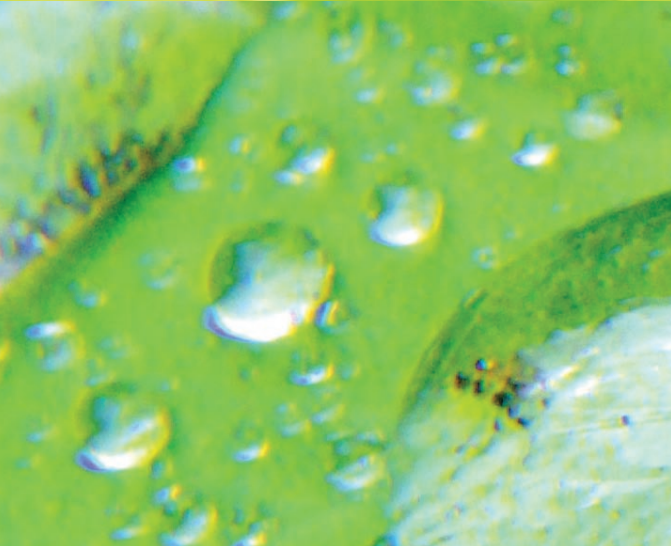
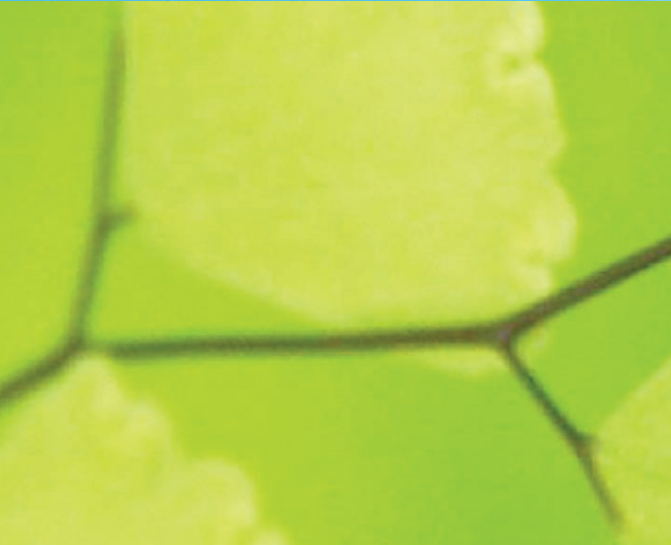


SUSTAINABILITY SNAPSHOT 2009



OUR COMMITMENT

It gives me great pleasure to introduce Hemlock's 2009 Sustainability Snapshot Report which summarizes a year's work and our continued progress as a leading environmentally and socially responsible print provider.

All of us at Hemlock are very proud of our accomplishments, which include achieving Carbon Neutrality in our operations and launching Zero, our Carbon Neutral Printing Program that provides additional value for a growing roster of customers. We also continue to realize improvements in the areas of pollution prevention, waste reduction and responsible paper sourcing, all covered within the pages of this report.

Some highlights of note covered within the following pages:

- Since the Zero Carbon Neutral program launch in November 2009, we have produced 59 Carbon Neutral projects, affecting over 1,000,000 printed pieces and generating 134.4 metric tons of carbon offsets
- We continued our progress promoting FSC grades to our clients which now represent over 70% of our total annual paper purchases
- We continued to see a decline in our landfill bound now totaling a 90% reduction since 2006
- Our highly successful Off Cuts for Charity Program produced 156,000 printed pieces for 12 different charitable organizations
- The Hemlock staff raised over \$15,000 in support of local charities, and \$11,000 in support of the people of Haiti in response to the devastating Earthquake

These accomplishments are a source of great pride for our staff and we are committed to continue our progress in 2010. Our role in bringing positive change to our industry continues to drive our internal and external initiatives, with the hope that others will join us in the greening of print.

Yours sincerely,



DICK KOUWENHOVEN
PRESIDENT & CEO
HEMLOCK PRINTERS LTD.



ENVIRONMENTAL POLICY

Hemlock supports and encourages company and individual efforts to reduce our impact on our fragile environment. The following principles will guide our decisions and promote the growth of our environmentally responsible practices:

1. Recognize that we operate in a resource-dependant industry and that our actions have a direct impact on the environment
2. Act as an industry leader and resource, advocating for a better world through ongoing cooperation with, and education of our employees, suppliers, clients, and industry peers.
3. Continually develop innovative solutions to reduce the impact of our operations on the environment in ways that balance economic viability with ecological responsibility
4. Actively promote the use of recycled and FSC-certified papers in the marketplace
5. Consider social and environmental factors in purchasing decisions
6. Provide an inspiring and equitable workplace for all stakeholders in which environmental responsibility is a known corporate value
7. Meet and/or exceed the environmental standards of Government and of CleanPrint BC
8. Continually monitor and measure our environmental performance
9. Leverage our leadership position to promote sustainability globally
10. See environmental responsibility as a continuous evolution in the way we operate our business

CSR GUIDING PRINCIPLES

- Bring social benefits to the community through employment, volunteerism and financial support of non-profit organizations
- Treat all employees with respect and dignity by offering a healthy and safe work environment, regular and open channels of communication, and equitable compensation
- Be fair, honest and forthright in our business practices with customers and suppliers
- Research the availability and encourage the use of sustainable materials in all areas of the production process
- Consider the impact all decisions have on the health of the planet and all its inhabitants



POLLUTION PREVENTION & RESOURCE EFFICIENCIES

Hemlock has championed and participated in print industry pollution prevention programming and awareness campaigns since 1996. The pollution prevention ethic requires efficient materials use, the prudent use of toxics only where necessary, and working with suppliers to find less harmful alternatives. Hemlock tracks resource use trends in electricity purchases, dampening additives, inks and solvents, and monitors emissions patterns for Volatile solvents (VOC) and greenhouse gases related to our operations.

VOC MANAGEMENT

VOC: Volatile Organic Compounds are waterless solvents that evaporate and participate in smog-formation reactions in the atmosphere.

Inks: In late 2009 Hemlock moved to its lowest VOC content ink to date, a 1-2% VOC vegetable-oil-based formula from Heidelberg Graphic Supplies called Saphira Bio.

- Canadian flax seed oil is the major ingredient in our inks' vegetable oil base, and self-cures without reliance on volatile effects. All of Hemlock's process and Pantone inks (except fluorescent and metallic hues) use only vegetable oil-based vehicles.

SOURCE	PROCESS TYPE	INK VOC % BY WEIGHT	EPA OR GATF INK VOC EMISSION %	EMISSION CONTROL DEVICE REDUCTION %	TOTAL INK VOC EMITTED AS % OF INK WEIGHT
GATF	Heatset Web (Average)	40%	85.0%	92.5%	2.55%
GATF	Sheetfed non-veg ink with regular VOC content	24.0%	5.0%	0.0%	1.20%
Heidelberg	Saphira Eco Ink (max) (min)	2.5%	5.0%	0.0%	0.13%
		1.0%	5.0%	0.0%	0.05%
GATF	UV sheetfed or web	1.0%	90.0%	0.0%	0.90%

VOC emission comparison of Hemlock Saphira Eco Ink, traditional mineral-based sheet-fed inks, and inks from other printing processes.

- Hemlock always minimizes the impacts of ink consumption with strict conservation practices. Inks are pre-measured for each project in our on-site lab, with computerized color profiles that also reduce make-ready waste. Unused ink is remixed and reused with the help of our Mix Master Software.
- Blanket and Roller Wash:** Hemlock continues to use state-of-the-art low vapor pressure washes developed to meet stringent California Air Quality Board emissions thresholds. Our roller wash evaporates eight times more slowly than water at room temperature, and chilled rollers keep it far cooler, reducing emissions as automatic and hand systems remove ink from press rollers. Combining wash solvent with water further reduces VOC emissions. Spent wash is hauled offsite for oil reclamation and use as fuel. The resulting dirty wiper rags and cloth rolls are collected in lidded drums.
- The 'best practice' solvents at Hemlock are further conserved and contained by optimizing wiper-handling practices. In 2008, paper wipers designed for reduced environment impact were used to wash up the presses, and the spent towels were collected and used to fuel environmental remediation. In 2009 we moved to a fabric wiper system laundered at a solvent-reclaiming and effluent purifying laundry facility, fuelled by the waste solvent recovered.
- Fountain Solution:** 2009 marked the first anniversary of Hemlock's installation of Technotrans fountain filtration systems on all traditional presses. The units greatly reduced our dampening VOC use and emissions, paying themselves off within the first year with 68% reductions in fountain additive purchases. Hemlock was the first BC printer to make large cuts to dampening solution VOC emissions with alcohol-free dampening in 1990.

WATER MANAGEMENT

- **Filtration for reuse:** Hemlock has saved almost 150,000 liters of dampening water annually since the Technotrans installation, enough to supply 1.2 Canadian households.
- **Transportation of Dangerous Goods (TDG) handling:** All wastewater resulting from fountain dampening filter cleaning and eventual dissolved material buildup is hauled for purification and reclamation at a local provincially permitted facility. Spent mixtures of blanket wash and water, as well as waste ink and coating are hauled to the same supplier who operates multi-phase separation systems for liquid industrial wastes. Hemlock shipping and pressroom staff are instructed in spill cleanup and the safe handling of industrial liquids at transport points through Hemlock's Environmental Health and Safety committee.
- **Metafix and platemaking:** 99% of our projects use an efficient, water recycling aluminum plate processor with computerized daily greywater treatment. This award-winning Metafix technology exceeds regional wastewater requirements. The 8 liters produced weekly by Hemlock's water recirculating platemaking equipment is neutralized, tested, logged, and released to the sanitary sewer well within Greater Vancouver Sewerage and Drainage District Bylaw tolerances.

This most advanced filmless platemaking workflow images on recycled content aluminum plates, minimizes wastewater, and recycles the plates after use as a high quality multi-cycle feedstock.

- **Domestic water:** The needs of Hemlock's 170 staff mandate over 30 toilets and sinks, as well as several showers on Hemlock's premises. In 2007, float adjustments in the tanks of most regular toilets cut water use for domestic purposes at least 20%, totaling an estimated savings of 1500 L weekly or more.



Techno Trans Beta-F ultra filtration unit

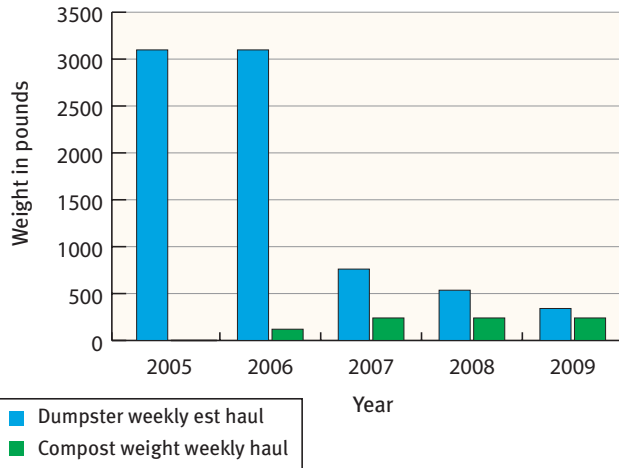
WASTE REDUCTION

- Recycling:** Hemlock has increased recycling rates annually since 2006. All paper, hard and soft plastics (#1,2,4,5, pallet wrap and CDs), metals, refundables, electronics, cardboard, wood pallets and organic compostables are recycled at Hemlock. The cardboard baler and paper compactor installed in 2008 have reduced recycling pick-ups to twice weekly from daily.
- Organics:** Hemlock collects all food and paper towel waste for offsite composting with Smithrite organics. This has resulted in a decline in the waste Hemlock sends to landfill, and has also cut the amount of landfill methane generated by Hemlock's practices.
- Dumpster Audit Results 2009:** Hemlock's annual dumpster dive yielded a further decrease from 2008. Based on these results we have achieved a 90% reduction in daily waste compared to 2006. Hauling to landfill has been reduced to twice-weekly from daily in 2005.

WEEKLY WASTE PICKUPS AT HEMLOCK PRINTERS

	2005	2006	2007	2008	2009
SOLID WASTE	5	5	5	2	2
PAPER RECYCLING	5	5	3	2	2
COMPOST	0	1	2	2	2
LIQUID WASTE	0.15	0.15	0.25	0.5	0.5
TOTAL	10.15	11.15	10.25	6.5	6.5
% change		10%	-8%	-37%	0%

SOLID WASTE WEEKLY HAUL WEIGHTS AT HEMLOCK PRINTERS LTD



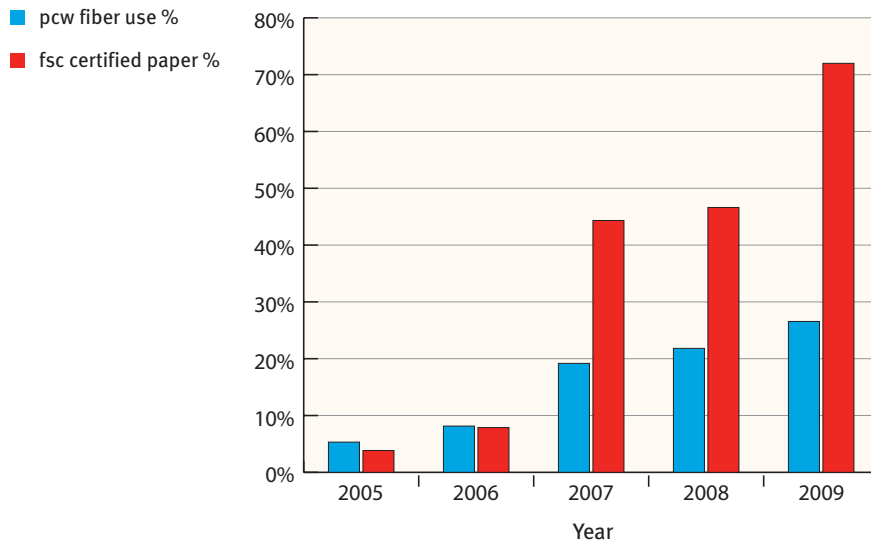
PAPER

PURCHASES

In 2009, Hemlock continued to strongly support FSC certified papers and papers containing post-consumer waste (PCW) recycled fibre in keeping with both our Environmental Policy and our Ancient Forest Friendly Commitment.

- Of the 29 papers listed on our preferred 'Presidents Choice' paper list used daily throughout our company, 24 (83%) are FSC certified and 18 (62%) contain 10% or greater PCW content.
- We continue to be encouraged by the acceptance of FSC in our marketplace and the growth of available FSC certified papers. In 2005, 4% of our paper purchases were FSC certified, and in 2009 the proportion has grown to over 70%. In one year from 2008 to 2009, the proportion of FSC certified paper in our total purchases grew by an impressive 25%.
- Papers purchased containing PCW fibre content have also increased year over year. In 2005, PCW fibre made up 5.3% of our total purchased weight. In 2009, the average PCW fibre content across total purchased weight has grown to 26%.

**PAPER ECO-ATTRIBUTES
AS % OF HEMLOCK ANNUAL TOTAL**



INTERNAL INITIATIVES

- **Office Paper Use Efficiency Initiatives:** Hemlock offices use only 100% postconsumer recycled paper in printers and photocopiers. Our office printers and copiers are set to duplex, cutting office paper use nearly in half since 2004. The paper use savings from changing these printer settings and related practices made Harbor 100, a locally milled, FSC, 100% post consumer waste, copy paper, An affordable choice in 2006. All Hemlock promotional printing and advertising also uses 100% recycled post-consumer fibre and/or FSC certified papers.
- **Pressroom Paper Efficiency Initiative:** Hemlock installed a CutStar unit on one of the Speedmaster 102 presses in 2009. CutStar allows roll stock conversion to variable sheet lengths, reducing paper waste in the printing process between 1-10%. Leftover roll ends are collected and donated for use by local YWCA day-care centers (a Hemlock customer). Hemlock also reuses makeready sheets on press start-up.
- Hemlock's Offcuts For Charity (OC4C) program donates unused margin space on existing print runs for projects requested by local charities.
- **Packaging Efficiencies:** Plate packaging material is reused internally: protective cards are reused as carton liners to prevent finished jobs from scuffing and ink transfer, while slipsheets are used as box packing material. Other plate packaging wrap and leftover cards are donated to schools for use as art material. Each year, this project saves an estimated 2,300 lbs of bleached paperboard, and untold foil backed brown paper. Since 2007, about 7,000 lbs of plate packaging has been reused.



CARBON FOOTPRINT

OPERATIONS

In the summer and fall of 2008, Hemlock completed its first Greenhouse Gas (GHG) inventory for the calendar year 2007 using the World Resource Institute's GHG Protocol Corporate Standard. With support from local partner Offsetters, the detailed inventory and emission reduction strategy were released in our first GHG Report in March 2009. The GHG Report included analysis of direct and indirect emissions from operational fuel and electrical consumption as well as the indirect emissions of indispensable, unique third-party contributions to the print process included in our baseline for future progress.

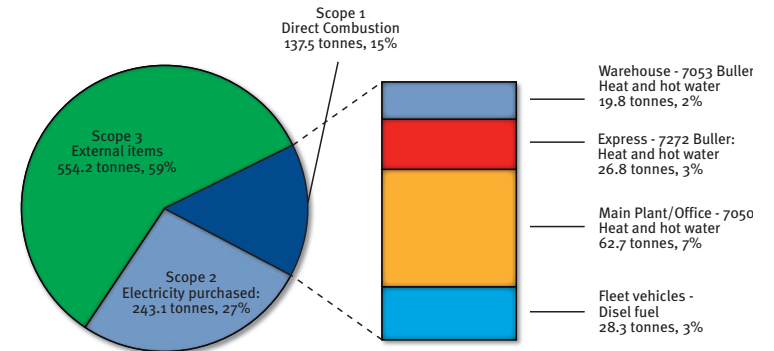
While announcing the release of our 2007 GHG Report, we simultaneously announced our achievement of Operational Carbon Neutrality for 2008 through the purchase of offsets supplied by Offsetters-sponsored clean energy emissions credit projects within British Columbia.

Offsets were purchased for calendar year 2008 equal to all of scope 1, 2, and material scope 3 emissions calculated for the 2007 year, exclusive of staff commuting (701.5 tonnes). Each operationally neutral year will have credit purchases adjusted following the reconciliation of previous year projections and calendar year emissions. Our operational carbon neutrality claim is based on the process of offsetting the complete inventory of scope 1 and 2 emissions generated by facilities and equipment controlled by Hemlock Printers (fuel and electricity use), and offsetting the material controllable third party scope 3 emissions of suppliers of the print process.

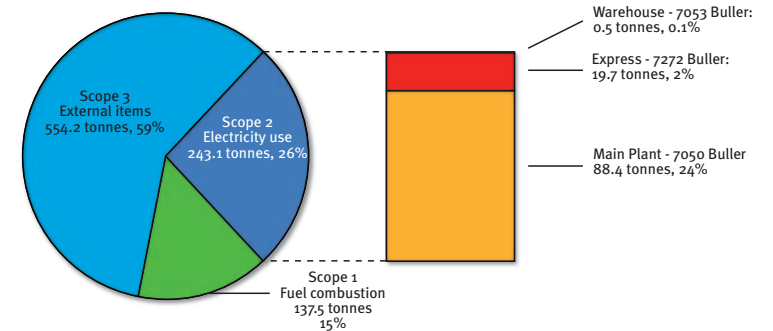
- In calendar year 2007, Hemlock's greenhouse gas emissions were 874.9 metric tonnes of carbon dioxide equivalent (CO₂e). Hemlock purchased 288 tonnes of local, high quality, verified carbon credits from offsetters for all GHG Protocol scope 1 and 2 emissions for the calendar year 2007.
- Hemlock is committed to a minimum annual 3.3% reduction in emissions, and has a goal of reducing emissions intensity below 0.26 tonnes CO₂e per tonne product shipped.
- Indirect scope 3 emissions from the lifecycle of paper purchased in 2007 to print products totaled 11, 945 metric tonnes, representing over 90% of the total footprint of our printed products. In 2009 we enlarged our eco audit services, creating a voluntary offset program called Zero for our clients to address these emissions and broaden discretion in paper choice. Learn more by visiting www.hemlock.com

- Hemlock's completed Greenhouse Gas Reports for 2007 and 2008 are available for download at: www.hemlock.com/sustainability/reports_&_documents

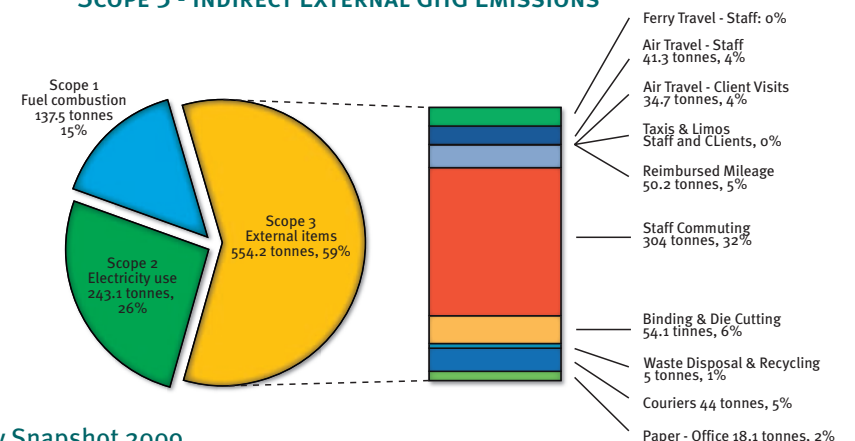
SCOPE 1 GHG EMISSIONS 2008 STATIONARY AND MOBILE FUEL COMBUSTION



SCOPE 2 GHG EMISSIONS 2008 (INDIRECT - ELECTRICITY PURCHASED)



SCOPE 3 - INDIRECT EXTERNAL GHG EMISSIONS



ZERO CARBON NEUTRAL PROGRAM

In November 2009, Hemlock launched Zero, a carbon neutral printing program where clients can voluntarily pay an additional fee to offset the paper lifecycle and transport related emissions for their print project that fall beyond Hemlock's operational process boundaries. Addressing these outstanding emissions makes the product itself materially carbon neutral.

The Zero program calculations are based on Environmental Defense's Paper Calculator (annually updated paper and paper waste data from industry), US EPA freight transport factors, supply chain logistics specific to each job, and Offsetters' verified green energy credit pricing. By participating in the program, Hemlock customers are able to credibly brand their printed piece with a Carbon Neutral statement, and use the official Zero program brandmark.

- In 4 months since the program launch, over 1,000,000 pieces have been printed Carbon Neutral across 59 jobs, 32 customers and 134.5 metric tonnes of carbon offsets
- To support the program, an internal systems has been developed including an online calculator to automatically generate Carbon Offset Statements based on pounds used for each paper within the project. In addition a paper database has been developed which can be easily updated and edited by the program administrators.
- The program is marketed through multiple channels including our website, social media sites (Facebook & Twitter) and through our sales team who distribute a Zero Program handbook and Zero brandmark usage guidelines.

We anticipate that this ground-breaking program will continue to grow through 2010, and have set a target for Zero to address 5% of paper related emissions in its first year.



by Hemlock Printers www.hemlock.com/zero



COMMUNITY SUPPORT

Despite a challenging economic climate, Hemlock continued to be a strong supporter of the local community through internal programs, print sponsorships and fundraising.

- **Offcuts for Charity (OC4C):** In 2009, 156,000 pieces were printed for 12 charities including BC Special Olympics, Canadian Red Cross, and Big Sisters of BC. Since 2006, 350,000 pieces have been printed for over 50 local and national charities all through the utilization of unused space on existing print runs
- **Sponsorships:** Hemlock continued its support of a number of important charities and cultural organizations through partial or complete in-kind print sponsorships. These organizations include: 24 Hour Relay Society, YWCA, Child Foundation, Arts Umbrella, and the Burnaby Hospital Foundation.
- **Fundraising:** Hemlock staff raised more than \$15,000 in 2009 for the BC Easter Seals Summer Camping Program and the Burnaby Christmas Bureau Christmas Hamper and Toy Drive. Also, in response to the devastating earthquake in Haiti, Hemlock and staff donated \$11,000 to the Canadian Red Cross
- **Jim Rimmer Scholarship:** on January 12th, Hemlock announced the Jim Rimmer Community Scholarship for Design awarded annually to two students who demonstrate the use of design thinking to benefit their community, and have used print to effectively communicate a message, effect action, or promote change.

AWARDS & RECOGNITION

- February 2009 marked the fourth consecutive year that Hemlock was awarded the Most Environmentally Progressive Printer in Canada at PrintAction's Environmental Print Awards, for holistic efforts to reduce environmental impacts throughout its operations, supply chain, and community
- March 2009: Hemlock received the Heidelberg Eco Award for Sustainability, a world-wide mark of leadership in broad-based social and environmental best practice in a thriving print business.
- November 2009: Hemlock was recognized for its leadership within the Burnaby business community with an Environmental Sustainability Award at the Burnaby Business Excellence Awards



SPEAKING ENGAGEMENTS

- Supply Chain Logistics Canada – Presentation by Kate Scholz on the greening of the supply chain at Hemlock Printers
- Langara College Sustainable Design for Print Class – Presentation by Kate Scholz followed by facility tour
- BMFA Canadian Forms Institute West – Green Printing Trends. Presentation by Kate Scholz and Richard Kouwenhoven

VOLUNTEER ACTIVITIES

- Active member of World Wildlife Federation Eco-Industrial Leaders Roundtable (Kate Scholz and Richard Kouwenhoven)
- Burnaby Board of Trade, Environmental Sustainability Committee (Richard Kouwenhoven)

PLANS FOR 2010

In 2010, we see a great deal of opportunity to continue the progress made in 2009.

EMPLOYEE INVOLVEMENT

Hemlock's sustainability programs are made possible by the work of staff throughout the company. Our Sustainability Committee established in 2004 focuses on improving the company's social and environmental performance and the ongoing introduction of sustainable business practices.

Complementing the Health and Safety committee, advising the Leadership Team and delegating to the Sustainability Coordinator, the Sustainability Committee gives a voice to all staff with ideas for improvements to Hemlock's practices.

The Leadership Team and departmental supervisors manage procedural training and compliance with regulations. External auditors are hired to perform environmental performance tests annually, and Hemlock's social and environmental performance is guided in part in consultation with stakeholders according to Canadian Business for Social Responsibility's recommended best practices.

Our inaugural 2010 Sustainability Committee meeting was focused on improvements that would benefit the Hemlock community:

- Improved bike storage and security for the growing number of staff cycling to work
- Bike rack near the customer entrance for clients whom visit Hemlock by bicycle
- "Refresh the deck" initiative which will call on staff volunteers to provide improved landscaping on the staff patio
- Local volunteer day for staff and their families to participate in a clean-up project benefiting the Burnaby community where we operate

CARBON FOOTPRINT

We plan to actively promote our Zero program with expectations that it will continue to grow steadily throughout the year, with the goal of addressing 5% of paper related GHG emissions in its first year.

We promote the use of mass transit, carpooling and cycling with incentives to our employees for use whenever possible, and promote the use of fuel-efficient vehicles within the sales team. Operational GHG emissions are the target of multifaceted scrutiny and longer-term planning for energy use reductions.

3RD PARTY COMPANY CERTIFICATION

We are investigating 3rd party certification systems to help us set standards and goals for our sustainability practices.

REPORTING

We are working with CBSR (Canadian Business for Social Responsibility) to align our annual Sustainability Report with the Global Reporting Index (GRI) level C reporting standard for 2010.



THE FUTURE BELONGS TO US – TOGETHER:

Hemlock's staff stays up-to-date on the latest developments in the field, and are pledged to help you make environmentally informed choices for your printing requirements. Despite significant advances in the industry, much work remains to be done. Achieving our long-term environmental goals requires teamwork with employees, suppliers, clients and our industry peers. Hemlock Printers continues to foster such relationships, while promoting environmental awareness.

