

## SOCIAL PORPOSE IMPLEMENTATION CASE STUDT

Hemlock Printers is a family-owned printing company serving North America. They operate out of an 80,000-square-foot, carbon-neutral facility in Burnaby, B.C., with additional sales offices in the United States, specifically Seattle, Washington and San Francisco, California. The company has over 170 employees and was founded in 1968.

Hemlock Printers received "Platinum Level" rating by Corporate Knights in its 2022 study of Canadian Social Purpose Companies. Platinum Level is the highest ranking a company can receive.

<sup>ff</sup> We see our social purpose as a critical part of our value proposition. Our customers are looking for progressive suppliers who are actively addressing their environmental and social concerns. We find strong business benefits in taking a long-term view to our value-proposition and customer



relationships. Hemlock is committed to applying our social purpose as a guide and lens by which we consider our business operations and strategic decisions for years to come. Through collaboration with our supply partners, transparency with our clients and staff, and our pursuit for constant innovation, we believe that our purpose will have a profound impact on our community, the industry, and the planet on which we live."

- RICHARD KOUWENHOVEN, CEO, HEMLOCK PRINTERS

#### **HEMLOCK'S SOCIAL PURPOSE**

Hemlock exists to create connections, build community, and inspire actions that safeguard the health of the world's forests.

Hemlock adopted this purpose in 2019 and at the same time updated their vision statement "to be the most progressive and sustainable printer provider in North America".

Their mission is "to deliver exceptional printed products through our dedication to craft, continuous innovation, teamwork and sustainable practices".





Working with communities in BC's Interior, Lower Mainland, Central & Northern Vancouver Island

#### UNITED WAY BC SOCIAL PURPOSE INSTITUTE

### WHY HEMLOCK ADOPTED A SOCIAL PURPOSE

The company was approaching its 50th anniversary with many changes to the business – new leadership, a new generation of employees joining, and many technological changes impacting the operations of the business. As sustainability leadership had become core to the identity of the business, the CEO wanted to formalize the company's goals and create more focus for its environmental and sustainability work. Adopting a social purpose was a logical next step to embed the company's commitments more deeply.

### **BUSINESS BENEFITS OF SOCIAL PURPOSE**

A main benefit of adopting a social purpose for Hemlock is that it can clearly communicate internally and externally the overarching goals of the business and what they are striving for. With a social purpose, Hemlock can more easily communicate the added value they bring to the market. It helps them focus their communications and tackle significant social and environmental initiatives that are relevant to the business. According to Hemlock, business functions better when it has strong goals which align staff and stakeholders.

Hemlock has support from staff and customers for their purpose. A staff survey revealed strong endorsement from staff for this direction. Staff see that the market is responding to Hemlock's social purpose position, which further solidifies their support. New staff are attracted to Hemlock's purpose and their sustainability leadership. They say it is a very big part of why they want to work for the company.

Hemlock continues to grow despite very challenging market conditions. They have strong relationships, and their sustainability and social purpose work is often referenced as the reason for their clients' loyalty and why new doors open for them. Clients from the US market, driving most of the company's growth, cite Hemlock's social purpose and sustainability commitments as important to their decision.

- We hit a significant milestone for the company, we were turning 50 and ready for a renewed focus for the future direction of the business, so the timing was right."
  - RICHARD KOUWENHOVEN, CEO

- <sup>66</sup> We include our social purpose when we make presentations to large prospective clients, and we are confident that this differentiates us from our competitors and strengthens our position to win new business including long-term contracts."
  - RICHARD KOUWENHOVEN, CEO

Overall, Hemlock sees a business case in terms of customer retention and loyalty and staff engagement. Having a social purpose helps Hemlock protect the future of the business because they are embedding features clients are increasingly responding to.



# INTERNAL STRUCTURE FOR SOCIAL PURPOSE EXECUTION

The CEO appointed the Sustainability Manager to be responsible for social purpose implementation. The company completed the Social Purpose Implementers program of the United Way BC Social Purpose Institute, attended regularly by both the CEO and Sustainability Manager. The Manager reported directly to the CEO and was a member of the leadership team. She participated in their monthly meetings and annual strategic planning sessions and was responsible for advancing the company's social purpose priorities in collaboration with the executive. Social purpose goals were adopted in 2020 and are included within the company's strategy. They were developed by the leadership team in a strategic planning session.

## **SOCIAL PURPOSE 3-5-YEAR GOALS**

MEDIUM TERM GOALS	METRICS
<ul> <li>In 3 years we will have a robust reporting structure that delivers key insights on forest fibres in our paper</li> <li>In 3 years the ZERO 2.0 program will be adopted by industry, reducing demand for virgin paper and scaling offsets to safeguard our forests</li> <li>In 2 years we will achieve 50% of our orders being carbon neutral, with offsets going directly to forest conservation</li> <li>In 5 years 100% of our orders will be carbon neutral, with offsets going directly toward an expanded range of forest conservation projects</li> <li>In 3 years 10% of Hemlock's paper used in client jobs will be made from tree-free paper</li> <li>In 2 years all shipping packages will be free of fibre from Ancient and Endangered forests</li> </ul>	<ul> <li>Paper attributes: % FSC, % PCW, % of shipping packaging with FSC, dollar value, weight</li> <li>% of papers that may be at risk of sourcing from high-conservation-value forests</li> <li>Types/number of species at risk associated with our supply chain</li> <li>% of mills/merchants that are "activated" in supporting our social purpose and purchasing purpose-driven products</li> <li>% of papers that have been audited and fibre tracked</li> <li># of forest conservation projects and hectares our offsets support</li> <li># of printing companies that have adopted ZERO 2.0 and forest conservation impacts generated</li> </ul>

## SOCIAL PURPOSE LAUNCH

Hemlock launched its purpose internally through a series of staff town-hall meetings where it was communicated to all staff, along with the actions the company was pursuing to bring it to life. In addition, supervisors and managers were trained on the purpose to make sure they understood what the company was undertaking. The sales team were also trained, and marketing materials were developed to explain the company's social purpose.

Externally the social purpose was launched at an event at the Vancouver Art Gallery attended by employees, clients, suppliers, and business leaders. The <u>company's website</u> was updated to include the its social purpose.

#### ZERO CARBON NEUTRAL PRINTING PROGRAM

The ZERO Carbon Neutral Printing Program enables Hemlock customers to print carbon neutral. For a small fee, clients can neutralize emissions from forest to mill, to recycling, while Hemlock neutralizes its operations through carbon offsets. Clients are encouraged to choose papers that are not from virgin forest, but made from postconsumer waste, which both enhances forest conservation and reduces carbon emissions. The funding is directed at forest conservation projects such as the Great Bear Rainforest Carbon Project.

## STAKEHOLDER SOCIAL PURPOSE ENGAGEMENT

#### NON-PROFIT ORGANIZATIONS AND SUPPLIERS

Hemlock collaborates with non-profit organizations working to preserve the world's forests, such as Canopy, and the Environmental Paper Network. They support each other with information on best practices, feedback on initiatives, and input into research. As one example, Hemlock and Canopy collaborated on a campaign to engage the printing supply chain to make more recycled content paper available to printers, and to disclose more information on the international fibre supply. While this campaign pre-dated Hemlock's social purpose, it led the way for Hemlock's current efforts to engage their paper suppliers to create demand for and increase supply of paper with higher recycled content. This helps lower the paper's carbon footprint while reducing impact on virgin forests. The mills participate in calculating the carbon impacts of their papers and support Hemlock's efforts to decarbonize the printing industry and curtail deforestation.

### CLIENTS

Clients are engaged through Hemlock's promotion of their Zero products. By specifying printing through that program, Hemlock clients become allies in helping Hemlock achieve their purpose, and they too use their printing as a force for good.

#### INDUSTRY

Hemlock is now creating ZERO 2.0, which is an industry-wide version of the program as set out on the next page. The aim is for the printing industry to adopt something similar by replicating Hemlock's process. Hemlock plans to make their intellectual property freely available to other printers and to collaborate with an organization that can administer the program.

Working in collaboration with industry associations, supply chain partners and peer organizations, Hemlock plans to roll out ZERO 2.0 in North America and beyond. This way they can expand the impact well beyond their own company, their printing purchases, and their clients. Now Hemlock's focus is to engage the industry at a deeper level.

- <sup>ff</sup> It is critical that we acknowledge the correlation between global environmental challenges and the impacts of the day-to-day activities of our business. This is what we are aiming to achieve with our social purpose."
  - RICHARD KOUWENHOVEN, CEO



## HEMLOCK SOCIAL PURPOSE ECOSYSTEM

#### Year 1-2

Collaborate with non-profits to solicit feedback about Zero 2.0's concept and partner with a non-profit who can help implement such a program.



Form an industry coalition with environmentally conscious printers. Work with our subsidiaries and strategic partners to be the early adopters of Zero 2.0 in order for the program to gain momentum and interest, and then connect with the printing industry at large (ex. at events) to encourage widespread participation in Zero 2.0.

similar to ZERO 2.0 in the broader business community.

### **IMPACT GOAL**

By 2025 we will scale our forest conservation efforts across the North American printing industry through the adoption of our ZERO 2.0 Carbon Neutral Printing Program which incentivizes certified and environmentally progressive papers and utilizes nature-based forest conservation offsets.

The ZERO 2.0 Printing Program is an extension of Hemlock's in-house program which gives clients the opportunity to make their print projects carbon neutral through use of nature-based forest conservation offsets. The program places emphasis on low-carbon papers which contain a high percentage of post-consumer recycled and/or tree-free content. ZERO 2.0 is similar to Hemlock's program, expanded to the rest of the print industry.

With Hemlock as the founder/evangelist of ZERO 2.0 we will partner with an environmental non-profit organization to help them develop a scalable industrywide program. Our partner, alongside other key stakeholders across the supply chain, would then coordinate the implementation of the program throughout the print industry. We see this initiative as a case study to inspire other printers and demonstrate that embedding carbon neutrality and forest conservation into their offerings is feasible and beneficial to their business, society, and our world's forests.

### **CONNECTING ESG AND CSR TO SOCIAL PURPOSE**

Hemlock had a pre-existing sustainability strategy, which was their approach to ESG (environmental, social and governance) and CSR (corporate social responsibility). Their purpose crystallized the strategic importance of Hemlock's original sustainability initiatives. They are ongoing but now much more focused on Hemlock's forest conservation purpose.

### EMBEDDING SOCIAL PURPOSE IN THE CUSTOMER EXPERIENCE

Hemlock includes their purpose in client communications, even when it is not asked for. The company includes the environmental characteristics of the job in quotes, and sales representatives raise the ZERO program with all clients. The purpose is included in Hemlock's pitch decks and bid submissions. In future, Hemlock plans to more explicitly invite clients to help achieve shared social purpose goals.

On occasion, Hemlock markets their purpose through ads, blog posts, and videos in collaboration with the United Way BC Social Purpose Institute. They hope to position Hemlock as a social purpose company to potential clients and encourage other businesses to adopt a social purpose, and become a force for good.

### SOCIAL PURPOSE IMPLEMENTATION CHALLENGE

The main challenge Hemlock faces on its social purpose journey is to sustain it as the business evolves and grows. To address this, the company is embedding it in decision-making and business strategy setting. Multiple people are involved so that implementation is not dependent on one person.

## SOCIAL PURPOSE LESSONS LEARNED

Companies should set ambitious social purpose and social purpose goals that will require engaging their entire supply chain or industry to achieve them. Clients can be mobilized through these efforts and feel part of something bigger. Hemlock started in-house to create a replicable model that is now being expanded and applied more broadly across the industry. Once companies adopt their social purpose, they need to think about their network and various relationships to scale the benefit and impact. Hemlock is well positioned to achieve this as its customer base is widespread across North America. By mobilizing their broader industry on their social purpose, Hemlock can accelerate progress on safeguarding the health of the world's forests.



- <sup>66</sup> Sustaining your purpose requires continual intention. This requires senior level commitment to stick to it and we have that."
  - RICHARD KOUWENHOVEN, CEO

## CONCLUSION

At Hemlock, their social purpose is encapsulated in their core reason for being and is connected with their mission and vision. Purpose is embedded in their services, where they want to be as a company, and how they want to operate. It is in the DNA and successfully embedded in how they operate, their governance, strategic planning, and goal-setting.

Hemlock Printers is an example of a social purpose company engaging their broader business ecosystem to bring their purpose to life. They mobilized their paper suppliers and customers and are now focused on their industry in their quest to play a role to conserve the world's forests.

# **READY FOR MORE INSIGHT AND INSPIRATION?**

The United Way BC Social Purpose Institute has been helping companies define and implement their social purpose since 2018. If you're looking for more insight, we suggest you visit the links below. Whether you are just starting out, or further along your journey, you'll find tons of great resources online at <u>socialpurpose.ca</u>

- Read the <u>Coast Capital Social Purpose Implementation</u> <u>Case Study</u>
- Check out the <u>Social Purpose Practices Kit</u>—featuring 40 implementation examples from which you can develop your own social purpose roadmap.
- ➔ If you are just starting out and would like case studies of companies developing their social purpose, <u>click here</u>.

# HELPING YOU ON YOUR PATH TO IMPACTFUL, AUTHENTIC, AND EFFECTIVE SOCIAL PURPOSE IMPLEMENTATION

### UNITED WAY BC SOCIAL PURPOSE INSTITUTE

#### ABOUT THE UNITED WAY BC SOCIAL PURPOSE INSTITUTE

The United Way BC Social Purpose Institute (UWBC SPI) exists to grow business for good, partnering with companies and collaborating with governments, allied organizations, and others to grow the Social Purpose Business movement. We help businesses define and implement their social purpose to drive both business growth and societal good and champion a purpose-led economy, accelerating the new business ethic to create long-term well-being for all. Together, we build a better world through business.

For more information, visit us at www.socialpurpose.ca

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**United Way** British Columbia Working with communities in BC's Interior, Lower Mainland, Central & Northern Vancouver Island

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