

**SMURFIT-MBI**



*la solution sous tous ses angles  
solving it from all sides*

March 2010

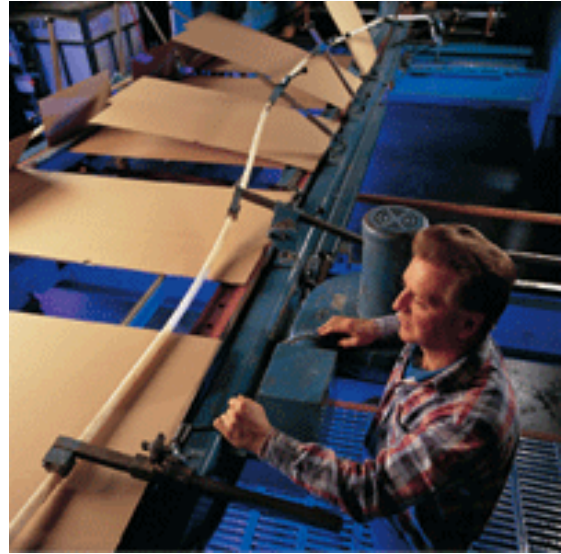
	<i>PAGE</i>
• Smurfit-MBI History	3-4
• CANADIAN REGIONAL OFFICE - Business Philosophy	5
• Environmental Policy	6
• Quality Policy	7
• Safety	8
• Safety Policy	9
• Certifications	10
• Technical Developments	11-13
• Corporate Packaging Consultants	14
• Research & Technical Services	15
• Image Pac Graphics	16-17
• Advantages	18-19

## SMURFIT-MBI HISTORY

July 1, 1983, MacMillan Bathurst commenced operation as a national corrugated container company with the combination of the Canadian corrugated container divisions of MacMillan Bloedel Limited and Consolidated-Bathurst Inc. MBI was owned 50% by each of these companies. Both parent organizations had a long history of involvement in the corrugated industry through both the establishment of corrugated operations and the acquisition of existing facilities across Canada.

MBI was formed in response to the need to rationalize the over capacity existing in Canadian production facilities as a result of the 1982-1983 recession. Prior to 1983, a total of 18 corrugated plants were operated by MacMillan Bloedel Limited and Consolidated Bathurst Inc. After combination the number of plants was reduced to 14 due to plant closures and by 1993 was further reduced to 12 plants as facilities consolidated in an ongoing cost control effort.

In March 1989, Consolidated-Bathurst Inc. was acquired by Stone Container Corporation of Chicago, Illinois, with its name subsequently being changed to Stone-Consolidated Inc. Effective December 31, 1990, MBI's corrugated assets became a limited partnership registered in the province of Ontario. The two limited partners, MacMillan Bloedel Limited and Stone-Consolidated Inc., remained 50% owners of the operations. On December 20, 1993, as a result of an organizational structural



change, Stone-Consolidated Inc. became Stone Container (Canada) Inc. while retaining its 50% interest in MBI.

In 1994, MBI made a commitment to providing consumer packaging and point-of-purchase displays with the creation of Image Pac, a division of MBI. With specialty gluing, lamination, printing and co-packing capabilities, this new company provides award winning packaging and displays for the retail marketplace.

On September 4, 1998, Stone Consolidated acquired the 50% interest previously owned by MacMillan Bloedel and immediately resold this 50% interest to Jefferson Smurfit Group plc of Dublin, Ireland.



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On July 1, 1999, MBI announced a name change to Smurfit-MBI.

On June 2000, Smurfit-Stone Container Corporation (SSCC) completed the acquisition of Montreal based St. Laurent Paperboard Inc. In order to take advantage of synergies and capacities and to better serve the Eastern Canadian marketplace, SSCC asked Smurfit-MBI to manage St. Laurent Packaging, Burlington, Ontario and the two SSCC plants located in Buffalo, New York.

Smurfit-MBI announced the launch of Smurfit-Image Pac Display Group in September 2001 - an operation dedicated to the design and production of complex high-graphic displays and point-of-purchase units.

May 2003 SSCC completed transactions with Jefferson Smurfit Group, involving the exchange of SSCC's European operations for JS Group's 50% ownership. As a result, Smurfit-MBI is a wholly-owned company of Smurfit-Stone Container Corporation, the industry's leading integrated manufacturer of paperboard and paper-based packaging.

In July 2003, Smurfit-MBI announced the construction of a new high performance corrugated container plant in Milton, Ontario. The Greenfield facility would increase manufacturing capacity to service the Southern Ontario and upper New York State markets. In May 2005, the new Milton facility became operational.

July 2009 saw the expansion of our Guelph, Ontario corrugated facility from 170,000 square feet to 315,000 square feet and a corrugated production capacity of 2 BSF.



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## KEY PERSONNEL

**Regional Controller**

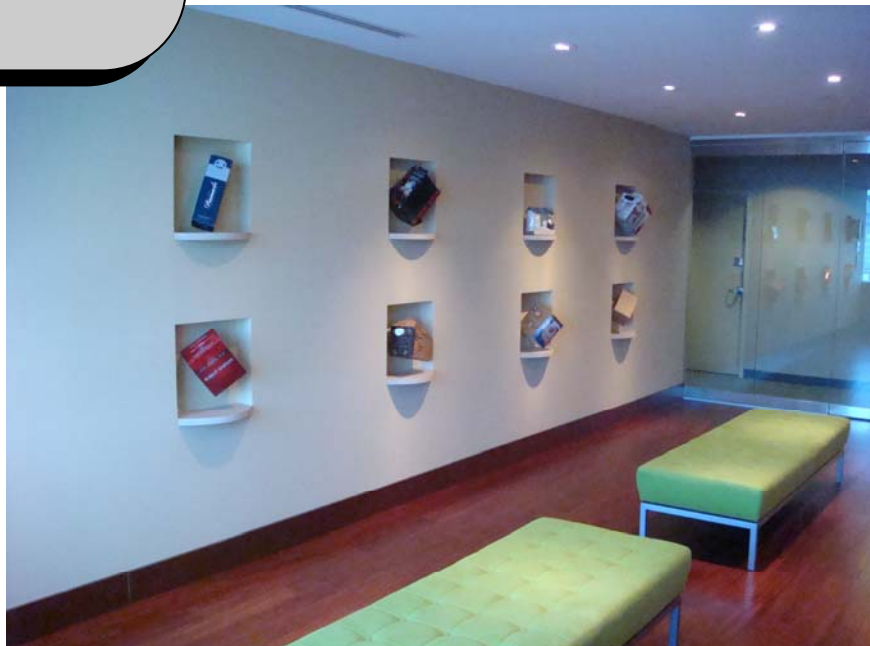
N. (Noella) Carvalho

**Regional HR Manager**

J.M. (Jean-Marc) Thibodeau

## VISION

Smurfit-MBI will be recognized as Canada's premier packaging company and as a Tier 1 company that delivers exceptional value to our customers and stakeholders; achieves high profitability through a satisfied, growing customer base; continually strives for operating excellence and efficiency; and attracts and retains highly motivated, committed employees.



*Smurfit-MBI is committed to environmental protection through designing, manufacturing, and delivering products in a manner that will ensure the well being of the environment and all of its employees. To fulfill this goal, Smurfit-MBI will implement and maintain environmental management systems in order to:*

- Meet or exceed the requirements of all applicable environmental laws and regulations.
- Participate in exchange of environmental management techniques and, where feasible, adopt best available environmental technologies and best business practices.
- Adopt and follow industry policies and initiatives, where appropriate.
- Promote ownership, responsibility, and accountability for environmental protection and management among all employees.
- Increase employee awareness of environmental issues
- Contribute to conservation of energy, materials and water resources.
- Prevent/Reduce environmental impact of operations aimed at controlling waste generation, air emissions, and effluent discharge.
- Continually improve environmental performance through:
  - setting and reviewing measurable environmental performance objectives and targets; and
  - reporting on environmental performance.

Smurfit-MBI is committed to continual improvement through a Total Involvement Process (TIP) by all its employees to ensure a consistency of quality and service that meets all of its customers' requirements. To fulfill this goal, Smurfit-MBI will implement and maintain a quality management system in order to:

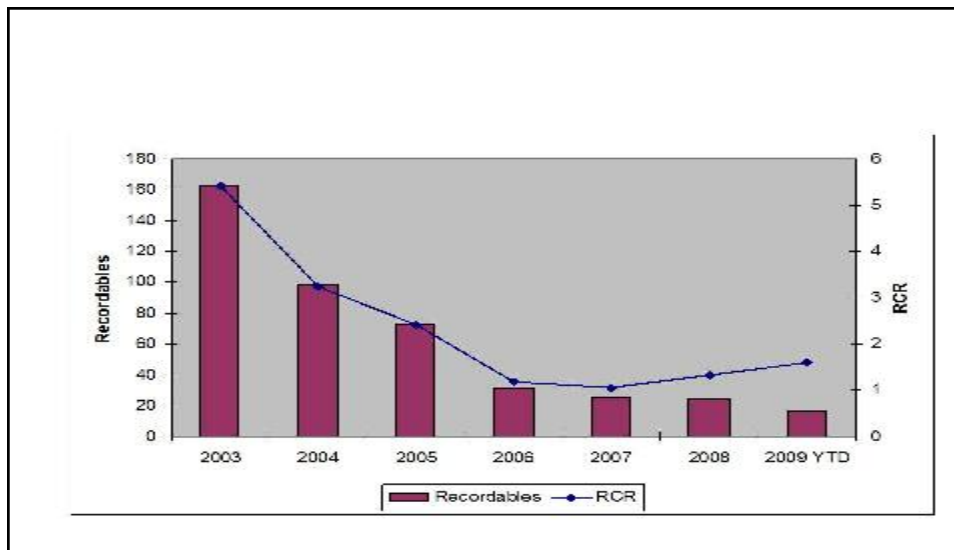
- Participate in exchange of quality management techniques and, where feasible, adopt best available quality technologies and best business practices.
- Adopt and follow industry policies and initiatives, where appropriate.
- Promote ownership, responsibility, and accountability for quality among all employees.
- Increase employee awareness of quality issues through formal training and communication programs
- Continually improve quality performance through:
  - setting and reviewing measurable quality performance objectives and targets,
  - reporting on quality performance; and
  - reviewing the quality policy for continuing suitability.

**Safety Mission Statement:**

*"To be the best of the best in the industry as measured by the Recordable Case Rate (RCR)"*.

Established standards are set for each element and sub element based on a combination of regulatory agency requirements, company policies, and "Best Management Practices (BMP's) developed at various facilities within the SSC and Smurfit-MBI organization.

Annual plant action plans are prepared consisting of monthly scheduled activities and initiatives with assigned responsibility to ensure that the standards of the process and BMP's are implemented. Action plans evolve each year to include additional shared best practices and gaps identified in audits conducted by plant or external personnel.



**Recordable Case:**

Is a workplace injury or illness requiring medical treatment (but not including first aid treatment or diagnostic procedures) and/or which is serious enough to prevent an employee from performing his/her regular duties following the date of the injury

$$RCR = \frac{\# \text{ Recordable Cases} \times 200,000}{\text{Total Exposure Hours}}$$

**S.A.F.E. Process Goal:**

"The elimination of all workplace injuries and illnesses and a commitment to achieving world-class status in safety, with an RCR of <1.0 by 2009.

Recognizing that our employees are our most valuable resource, our vision is to offer to all employees a workplace with an accident free environment; a workplace where every employee will feel truly valued. All of our stakeholders also deserve that assurance.

- Responsibility for the implementation of safety processes rests with all levels of management.
- Responsibility for safety performance and accident prevention is shared by everyone at Smurfit-MBI.
- All personnel, regardless of their position in the organization, are responsible for reporting and correcting any hazardous condition or unsafe work practice or procedure which could cause injury or property damage.
- Our objective is to eliminate all accidental injuries. Backed by the full support of management and with the active participation of all employees, we will make every facility a safe and healthy workplace. Through our combined and cooperative efforts, we will achieve this goal.

Ultimately, everyone will benefit.

1. Each plant has achieved the American Institute of Baking (A.I.B.) certification.
2. Carton Specification/Statistical Techniques:
  - Smurfit-MBI can provide CAD produced, fully detailed manufacturing specifications for each carton assigned, if requested.
  - Smurfit-MBI can provide printing specifications detailing box references and colour breakdowns for each carton assigned, if requested.
  - Each supplying plant maintains responsibility for providing updated or revised specifications as changes occur, if requested.
3. Capital expenditures and ongoing training of staff are continuing in support of the Smurfit-MBI Quality Management Program.

Smurfit-MBI's direction into the specialized area of new technical developments closely parallels the developments and experiences of our parent organization, Smurfit-Stone Container Corporation.

In general terms, new developments and processes underway include:

**High Performance Liners:**

A family of lightweight high performance liners and mediums are now being converted in all Smurfit-MBI plants.

**A Flute:**

The 98" corrugator in Burlington produces A flute, the original flute. It is the largest flute size and it makes the thickest singlewall board. A flute makes the most of corrugated cushioning and stacking properties. Combining A flute with C flute to make AC doublewall or ABC triple wall produces ultimate strength characteristics for large format boxes.

**E Flute:**

In response to demands of warehouse retail stores and environmental pressures, this flute capability is available in New Westminster, Winnipeg, Smurfit-Image Pac and St. Laurent. This material may benefit buyers who source folding cartons for retail packaging.

**F Flute:**

This micro caliper gives F flute board a smooth flat surface for excellent printing capability. A full range of high-end graphics are available including preprint, direct print, and single face litho laminating. Combined with more structural design options, F flute is well suited for use in POP packaging and displays. F flute is presently available from Smurfit-Stone Image Pac in Etobicoke.

**Preprint:**

Wide web and narrow web preprint is available as a result of Smurfit-MBI's association with SCI Canada. SCI Canada operates 3 central impression flexo web presses and 3 in-line flexo capable of printing up to 8 colours plus a varnish.

**Enhanced Graphics:**

The presses in Western Canada provide clients with 4 colour process print with up to 85 line screen capabilities. A 5 colour press with in-line rotary die cutting was installed in Quebec in 1994. During 1998, a 7 colour press 85 to 120 line screen capability was installed at Smurfit-Stone Image Pac in Etobicoke, providing customers across Canada with world class graphics demanded by a competitive retail marketplace.

**Single Face Laminating:**

An Asitrade 63" Single Face Laminator was installed at Image Pac in Etobicoke in 1994. This machine provides our customers with flexibility between lithography and narrow web preprint graphics. Having B, E & F flute capabilities in combination with Bobst boxboard die cutters, it combines the strength of corrugated with the quality printing and structural design options traditionally available only from folding cartons.

**International Design Libraries:**

Design Bank is an extensive web based library of structural designs that will be available to all Smurfit-MBI designers. Designers will be able access designs by conducting an extensive search on such criteria as SIC code, design style, design application as well as a variety of CAD data.



**Cordeck:**

Smurfit-Stone's unique recyclable all corrugated shipping platform provides for an effective alternative to wooden pallets.

**Triplewall:**

When strength requirements are extreme for heavy or bulk packaging requirements, Triplewall is the solution. Produced with an ABC flute combination on a 98” corrugator, triplewall augments our bulk bin and large box capabilities.

**Bulk Bins:**

High performance corrugated bulk bins offer the optimum method to store and ship volume loads of products. Bulk bins are custom made to a variety of shapes and sizes and can be reinforced internally or externally with straps or reinforced paper. Bulk bins are cost effective and the ideal container to ship resins, chemicals, grains, auto parts, fresh produce, fresh meats and a multitude of other products. Bulk bins made with doublewall or triplewall are easy to set up, are stackable and reusable, and can also be printed to promote your product in a retail environment.

**Large Boxes:**

Our Burlington facility can produce unique Jumbo boxes to hold everything from appliances to watermelons. With two colour printing and partial die-cutting in one operation, it can also be combined with A Flute single wall or AC Flute doublewall to produce an exceptional strong box for specialized use.

*All of the above technical developments contribute to reduced weights,  
improved performance and added value.*

Our Packaging Development Consultants offer expertise in package design, machinery and packaging methods unequalled in Canada. Available nationally, they resolve complex, packaging related challenges. Their mandate is to help you reduce your packaging costs.

**Value Proposition Process (VPP)**

Because a package costs more to use than to buy, we introduced the VPP program. By identifying savings in operations directly linked to package use, from receiving through shipping, we help you reduce packaging costs through:

- Reduced material in line with the Packaging Protocol
- Reduced assembly labour, increased automation and packaging efficiency
- Case consolidation and reduced SKU's
- Improved palletization, truck efficiency and warehouse practices

The VPP program is completed by a team skilled in the evaluation and design of high performance packaging and packaging systems, led by your sales representative.

Specific tests that the laboratory is capable of completing:

- ASTM testing
- ISTA Certification
- Dangerous Goods
- New package design
- New product evaluation
- Prototype testing
- Drop Test
- Vibration Test
- Incline Impact
- Compression
- Material basis weight
- Angle of slide
- Plybond peel test
- Porosity
- STFI compression
- U.N. Testing
- Water absorption (Cobb)
- Moisture content
- Board caliper
- Flat crush resistance
- Edgewise compression test (ECT)
- Burst Strength
- Glue line evaluation
- Rub Test
- MBR wet shear test
- Score Ratio Test
- Component analysis
- Finished containers
- Spot checking raw materials
- Test equipment calibration
- Other custom designed tests

Image Pac Graphics was formed in 1989 to service a growing need in the marketplace for a higher standard of graphic quality and accuracy. Image Pac Graphics has established two design centres; Vancouver and Toronto. Both operate as independent manufacturing centres for graphic design and photopolymer printing plate production.

In addition, Image Pac Graphics operates "satellite" graphic design locations. These locations are linked directly through a Wide Area Network at the following Smurfit-MBI Sales Offices: St. Laurent, Guelph, Burlington, Regina, Winnipeg, and Calgary.

The management structure for Image Pac Graphics is as follows:

Director, Operations	L. Collings
Director, Sales & Business Development	P. Seminow
Administrative Manager	J. Grzegorzcyk

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***Image Pac Graphics is on the leading edge of graphic design technology  
and is committed to serving the packaging industry with innovation,  
quality and economic service.***

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**1. National Company:**

With 12 corrugating plants, 1 sheet plant and a co-packing facility, Smurfit-MBI is located in all major cities from Vancouver to Montreal. With working arrangements with Maritime Paper Products, Smurfit-MBI can service your regional and multi-location requirements across Canada.

**2. Supply Disruption Protection:**

In the event of manufacturing disruption for any reason, Smurfit-MBI can supply from sister plants in Canada, and will also source from the U.S.A. plants of Smurfit-Stone Container Corporation.

**3. Quality Leaders in the Corrugating Industry:**

- Beginning in 1987 with “T.I.P.” - Smurfit-MBI employees in-house quality program “Total Involvement Process”
- Continuing in 1990 with the second step, “S.Q.C.” Smurfit-MBI’s “Service, Quality & Creativity” program where we make our commitments to our customers
- Smurfit-MBI achieved A.I.B. (Institute of American Baking) CERTIFICATION on a plant by plant basis in 1995.

**4. New Paper Grades:**

Smurfit-MBI has continually introduced high performance liner and medium grades to our customers. These ECT grades offer higher stacking strengths and lower basis weight when compared to traditional mullen grades.

**5. Structural Design and CAPE:**

As your needs for corrugated change, Smurfit-MBI Sales, through our Structural Design departments can provide prototypes developed on our CAD system. New developments can be rationalized against pallet trucking and warehouse performance using CAPE (Computer Assisted Packaging Evaluation).

**6. Automated Packaging Systems Group:**

Recognizing that boxes cost more to use than to buy, cost improvements through labour reduction or improved efficiencies can sometimes be realized by the use of packaging equipment. Through Smurfit-MBI’s Packaging Consultants and our affiliation with corrugated equipment builders, we can assist you in appraising benefits through automation.

**7. Value Proposition Process (VPP):**

To maintain a competitive edge in today's global marketplace, manufacturers must continually strive to be low cost producers. With the assumption that there may be greater opportunities to save in the methods than in the materials, VPP is a different approach to identify opportunities for packaging savings.

**8. Image Pac Graphics:**

Image Pac Graphics is a "stand alone" entity serving the graphic needs of paper packaging. Dedicated to precision electronic pre-press, Image Pac Graphics can meet all of our customers needs - under one roof.

**9. Printing:**

In response to the changing Consumer Market and the impact of the Packaging Protocol, Smurfit-MBI can provide 3, 4, 5 and 7 Colour flexographic direct print, 10 Colour preprint flexography, litho labeling and Single Face Laminated products. Smurfit-MBI's flexo inks meet or exceed CONEG standards for heavy metal content and are totally recyclable.

**10. E.D.I.:**

Electronic Data Interchange is becoming a standard of doing business. Smurfit-MBI currently in partnership with several major customers is augmenting various steps of paperless billing and scheduling.

**11. Research & Technical Services:**

Our Research and Technical Services Laboratory provides customers with evaluation and data to factually support innovations in packaging ideas and to ensure conformance with certification requirements. The laboratory also provides package testing to other companies on a fee basis. Our laboratory is accredited to conduct:

- ISTA testing as well as Dangerous Goods compliance testing.
- ASTM performance testing of shipment containers and systems.
- "Sears Test" pre-shipment test procedures.
- U.N. Compliance testing.