

Licence No.: 2524

Licence Issued: October 24, 2001

**IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)
THIS LICENCE IS ISSUED PURSUANT TO SECTION 10(1) TO:**

SCHWEITZER-MAUDUIT CANADA INC.; "the Licencee"

for the construction and operation of the Development being an industrial facility to process flax straw, located at the NE ¼ 17-6-4 WPM excepting thereout: Plan 27621 MLTO, and the Sly 209 feet perp of the Wly 209 feet perp; and at Lots 1, 2, and 3 Plan 27621 MLTO in the NE ¼ 17-6-4 WPM, in the Rural Municipality of Dufferin, in accordance with the Proposal filed on September 14, 2001, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence,

"accredited laboratory" means facilities accredited by the Standard Council of Canada (SCC), or facilities accredited by another accrediting agency recognized by Manitoba Conservation to be equivalent to the SCC, or facilities which can demonstrate to Manitoba Conservation, upon request, that quality assurance/quality control (QA/QC) procedures are in place equivalent to accreditation based on the Canadian Standard Can/CSA-Z753, extension of the international standard ISO 9000, Guide 25;

"affected area" means a geographical area, excluding the property of the Development;

"approved" means approved by the Director in writing;

"dangerous good" means any product, substance or organism designated in the regulations, or conforming with the criteria set out in the regulations, or in any regulation adopted in accordance with The Dangerous Goods Handling and Transportation Act, and includes hazardous wastes;

"decortication" means the mechanical separation of the flax straw into the linen fibre and the shive components;

"Director" means an employee so designated pursuant to The Environment Act;

"Environment Officer" means an employee so designated pursuant to The Environment Act;

"hazardous waste" means any substance or group of substances so designated by the regulations, or conforming to criteria set out in the regulations;

"linen fibre" means the outer surface material produced from the decortication of flax straw;

"noise nuisance" means a continuous or repeated noise in an affected area, which is offensive, obnoxious, troublesome, annoying, unpleasant or disagreeable to a person:

- a. residing in an affected area;
- b. working in an affected area; or
- c. present at a location in an affected area which is normally open to the members of the public;

if the noise

- d. is the subject of at least 5 written complaints, received by the Director in a form satisfactory to the Director, and within a 90 day period, from 5 different persons falling within clauses a), b), or c), who do not live in the same household; or

- e. is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b), or c), and the Director is of the opinion that if the unwanted sound had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90 day period from 5 different persons who do not live in the same household;

"odour nuisance" means a continuous or repeated odour, smell or aroma, in an affected area, which is offensive, obnoxious, troublesome, annoying, unpleasant, or disagreeable to a person:

- a. residing in an affected area;
- b. working in an affected area; or
- c. present at a location in an affected area which is normally open to the members of the public;

if the odour, smell or aroma

- d. is the subject of at least 5 written complaints, received by the Director in a form satisfactory to the Director, and within a 90 day period, from 5 different persons falling within clauses a), b), or c), who do not live in the same household; or
- e. is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b), or c), and the Director is of the opinion that if the unwanted odour, smell or aroma had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90 day period from 5 different persons who do not live in the same household;

"opacity" means the degree to which emissions reduce the transmission of light and obscure the view of an object in the background;

"particulate matter" means any finely divided liquid or solid matter other than water droplets;

"particulate residue" means that part or portion of an atmospheric emission which is deposited onto a surface;

"point source" means any point of emission from the Development where pollutants are emitted to the atmosphere by means of a stack;

"QA/QC" means quality analysis/quality control;

"sanitary wastewater" means human body, toilet, liquid, waterborne culinary, sink or laundry waste;

"shive" means the inner core material produced from the decortication of flax straw;

"stack" means a duct, pipe, chimney, vent, opening or other structure through which pollutants are emitted to the atmosphere;

"Standard Methods for the Examination of Water and Wastewater" means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Public Health Association, the American Waterworks Association and the Water Environment Federation;

"tow" means the mixture of linen fibre and shive; and

"waste shive" means the shive which is not incorporated into the tow.

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall implement a high standard of equipment maintenance and good housekeeping and

- operational practices with respect to the Development, at all times.
2. The Licencee shall reduce the production and dissemination of wastes by initiating and maintaining waste reduction and waste recycling programs.
 3. The Licencee shall, upon the request of the Director and in addition to any of the limits, terms or conditions specified in this Licence:
 - a. sample, monitor, analyze and/or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified;
 - b. determine the environmental impact associated with the release of any pollutants from the said Development; or
 - c. provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
 4. The Licencee shall, unless otherwise specified in this Licence:
 - a. carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the most current edition of Standard Methods for the Examination of Water and Wastewater or in accordance with equivalent preservation and analytical methodologies approved by the Director;
 - b. carry out all sampling of, and preservation and analyses on, soil and air samples in accordance with methodologies approved by the Director;
 - c. ensure that all analytical determinations are undertaken by an accredited laboratory; and
 - d. report the results to the Director within 60 days of the samples being taken.
 5. The Licencee shall provide to the Director, upon request, all information required under this Licence, in writing and in such form and content (including number of copies), as may be specified by the Director.

LIMITS, TERMS AND CONDITIONS

Respecting Air Emissions – Limits

6. The Licencee shall not emit from the Development:
 - a. particulate matter in any air emission that:
 - i. exceeds 0.23 grams per dry standard cubic metre calculated at 25 degrees Celsius and 760 millimetres of mercury, corrected to 12 percent carbon dioxide for processes involving combustion, from any point source of the Development;
 - ii. exhibits a visible plume with an opacity of greater than 5 percent at any point beyond the property line of the Development; or
 - iii. results in the deposition of visible particulate residue at any time beyond the property line of the Development; or
 - b. particulate matter from any point source with an opacity that equals or exceeds:
 - i. 20 percent as the average of any 24 consecutive opacity observations taken at 15 second intervals;
 - ii. 20 percent for more than 16 individual opacity observations within any 1 hour period; or
 - iii. 40 percent for any individual opacity observation.

7. The Licencee shall not cause or permit a noise nuisance to be created as a result of the construction, operation, or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate a noise nuisance.
8. The Licencee shall not cause or permit an odour nuisance to be created as a result of the construction, operation, or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate an odour nuisance.

Respecting Air Emissions – Sampling, Analysis, Reporting

9. The Licencee, upon written request from the Director, shall provide a stack or stacks including all necessary sampling facilities for the sampling of air emissions at the Development. The stack or stacks shall be provided:
 - a. at a location(s) and within a time frame satisfactory to the Director; and
 - b. to the specifications and in accordance with the most recent version of Manitoba Conservation Guideline, *Guideline for Stack Sampling Facilities*, unless otherwise approved by the Director.
10. The Licencee, upon written request from the Director, shall submit a detailed plan which is acceptable to and approved by the Director, for the sampling and analysis of potential air pollutants, released as stationary point and fugitive emissions, including any compounds determined by the Director. The plan shall identify the rationale for the sampling; the ways and means by which the sampling program will be implemented including any special measures or methods which would be necessitated by influencing factors such as unfavourable weather conditions, the need for large or additional sample volumes, the need for multiple sampling runs, etc.; the methods used for the sampling and the analysis for each compound; the detection level to be attained; a comprehensive QA/QC program, and other items as may be identified by the Director.
11. The Licencee shall perform all stack sampling in accordance with the most recent version of Manitoba Conservation Report No. 96-07, *Interim Stack Sampling Performance Protocol*, unless otherwise approved by the Director.
12. The Licencee shall arrange the scheduling of the sampling program submitted pursuant to Clause 10 of this Licence such that a representative of Manitoba Conservation is available to monitor and audit the implementation of the sampling program.
13. The Licencee shall complete the sampling of emissions according to the approved plan submitted pursuant to Clause 10 of this Licence, within a timeframe to be determined by the Director.
14. The Licencee shall submit a report, for the approval of the Director, of the completed sampling and analysis plan approved pursuant to Clause 10 of this Licence, within 60 days of the receipt of the analytical results of that sampling plan. The report shall contain at minimum:
 - a. the raw data collected;
 - b. a discussion of the sampling and analytical portions of the program including any anomalies of sampling and analysis; and
 - c. a discussion of the significance of the data gathered with specific attention to:
 - i. the significance for potential acute and chronic impacts to health or environment from exposure to concentrations of the compounds detected;
 - ii. the need for risk assessment of the impact of emissions;
 - iii. the need for the establishment of ambient air monitoring stations;
 - iv. the need for dispersion modelling of emissions;
 - v. results and conclusions of the QA/QC program; and
 - vi. other issues as may be determined by the Director.

15. The Licencee, upon the written request of and in a timeframe stipulated by the Director, shall comply with any air emission or ambient air quality criteria specified by the Director for any pollutant of concern to the Director which has been identified pursuant to Clauses 3 or 14 of this Licence.

Respecting Air Pollution Control Equipment

16. The Licencee shall not operate any process which has the potential to emit, or to originate the emission of, airborne pollutants from the Development, in such concentrations that may be of concern to the Director unless:
 - a. all emissions of concern have been directed to a fully operational air pollution control device(s) which eliminates or reduces, by means of appropriate treatment, the concentration of pollutant(s) such that the treated emissions:
 - i. are in compliance with any limit stipulated in this Licence or any other applicable legal instrument including an Act, Regulation or by-law;
 - ii. are in compliance with any limit that might be stipulated for the Development by the Director at a future date; or
 - iii. do not create a significant health or environmental impact beyond the boundaries of the Development;
 - b. all treated emissions from the air pollution control device(s) are immediately directed to and discharged from a stack which meets the conditions as stipulated in this Licence; and
 - c. a Standard Operating Procedure manual for the operation and maintenance of the air handling and air pollution control equipment is submitted to and approved by the Director.
17. The Licencee shall maintain a log book of the most recent 24 months of downtimes of any air pollution control equipment due to either the breakdown or maintenance of any air pollution control equipment. The log book shall be kept at the Development and shall be available upon request for inspection by an Environment Officer. The log book shall record, at minimum, the following information:
 - a. identification of the unit and the process(s) it serves;
 - b. time/date of log entry;
 - c. nature of event;
 - d. duration of event;
 - e. the accumulated downtime of this equipment for the events for each calendar year; and
 - f. signature of employee or manager.
18. The Licencee shall handle, store and dispose of all pollutants collected by the air pollution control equipment in a manner suitable to their characterization as type of waste or dangerous good.

Respecting Storage and Maintenance of Flax Straw

19. The Licencee shall store all flax straw, under which they have legal control or responsibility, such that it does not deteriorate and become unusable for its proposed purpose at the Development.
20. The Licencee shall store all flax straw, under which they have legal control or responsibility, such that a fire hazard is not created.
21. The Licencee shall maintain all flax straw storage, under which they have legal control or responsibility, such that vermin are controlled to the satisfaction of the Director.

Respecting Record Keeping

22. The Licencee shall compile, maintain and keep onsite and available for inspection by an Environment Officer, monthly records containing data from the latest 24 month period including:

- a. on a weekly frequency, the number of bales and weight, in kilograms, of flax straw processed at the Development;
 - b. on a weekly frequency, the weight, in kilograms, of tow produced at the Development;
 - c. on a weekly frequency, the weight, in kilograms, of shive produced at the Development;
 - d. on a weekly frequency, the weight, in kilograms, of waste shive produced at the Development ; and
 - e. on a weekly frequency, the weight, in kilograms, of linen fibre produced at the Development.
23. The Licencee shall compile, maintain and keep onsite and available for inspection by an Environment Officer, monthly records containing data from the latest 24 month period including:
- a. on a weekly frequency, the weight, in kilograms, of tow stored at the Development;
 - b. on a weekly frequency, the weight, in kilograms, of waste shive stored at the Development;
 - c. on a weekly frequency, the weight, in kilograms, of waste shive removed from the Development;
24. The Licencee shall compile, maintain and keep onsite and available for inspection by an Environment Officer, monthly records of the disposal of waste shive identifying:
- a. the name and address of the person(s) disposing of the waste shive;
 - b. the date the waste shive was removed from the Development;
 - c. the weight, in kilograms, of the waste shive removed;
 - d. the intended use for the disposed waste shive; and
 - e. the disposal location.
25. The Licencee shall have the monthly data prepared in Clauses 22 to 24 of this Licence, available for review not later than 15 days from that month's end.
26. The Licencee shall submit reports of the monthly data prepared in Clauses 22 to 24 of this Licence, upon request of the Director.

Respecting Access to the Development

27. The Licencee shall provide and maintain access routes to the Development according to a plan developed in consultation with the Rural Municipality of Dufferin and any interested residents who may be directly affected by such access.

Respecting Solid Waste

28. The Licencee shall dispose of all solid waste generated from any activity at the Development in a manner acceptable to an Environment Officer.

Respecting Sanitary Wastewater

29. The Licencee shall discharge only sanitary wastewater to a registered private sewage disposal system or approved holding tank.

Respecting Emergency Response Planning

30. The Licencee shall submit to the Director for approval, prior to operation of the Development, a contingency plan, in accordance with the Manitoba Industrial Accidents Council (MIAC) *Industrial Emergency Response Planning Guide*, outlining procedures to be used in the event of a leak, spill, fire, or other hazardous condition at the Development.

REVIEW AND REVOCATION

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the

specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.

- B. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new Proposal pursuant to Section 10 of The Environment Act.

"original signed by"

Larry Strachan, P. Eng.

Director

Environment Act

Client File No.: 4676.00