

Licence No.: 2610

Licence Issued: July 10, 2003

IN ACCORDANCE WITH THE ENVIRONMENT ACT (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED PURSUANT TO SECTION 10(1) TO:

DUHA COLOR SERVICES LTD.; "the Licencee"

for the operation of the Development being a manufacturing facility of paint colour strips, located at 750 Bradford Street on Firstly: Lot 17, Plan 5781 WLTO in RL 31 to 41 Parish of St. James, and Secondly: Parcel "A" Plan 39602 WLTO Exc out of said secondly: all mines and minerals as reserved by virtue of the Railway Act RSC Cap. R58 in RL 37, 38 and 39 Parish of St. James, in The City of Winnipeg, in accordance with the Proposal dated May 22, 2003, and the supporting information attached, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence,

"accredited laboratory" means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation to be equivalent to the SCC, or be able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

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

"approved" means approved by the Director in writing;

"as-constructed drawings" means engineering drawings complete with all dimensions which indicate all features of the Development as it has actually been built;

"boiler" means any combustion equipment fired with fossil fuel, biomass or a by-product derived from fossil fuel, for the purpose of generating hot water or steam;

"CCME" means Canadian Council of Minister of the Environment;

"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;

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

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

"heater" means any combustion equipment fired with fossil fuel, or a by-product derived from fossil fuel, for the purpose of transferring heat directly or indirectly to material being processed, excluding equipment that comes under the definition of a "boiler";

"NO_x" means oxides of nitrogen, being the sum of nitric oxide (NO) and nitrogen dioxide (NO₂) expressed collectively as a nitrogen dioxide equivalent;

"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;

"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;
- e. and the Director is of the opinion that if the unwanted odour, smell of 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 assurance/quality control;

"sanitary wastes" means sewage containing human body, toilet, liquid, waterborne culinary, sink or laundry waste;

"sewerage system" means all sewers, appurtenances, pumping stations, treatment works, and all physical properties of the system, but does not include extensions to the collection systems;

"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;

"VOC" means volatile organic compound;

"Volatile Organic Compound" means any organic substance, mixture of organic substances, or the organic components of any mixture of organic and inorganic substances which may evaporate and become airborne during storage, handling or use. Methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides and carbonates, and ammonium carbonate are exempt from this definition as well as other substances so designated by the Director; and

"wastewater" means any liquid containing a pollutant as defined in The Environment Act, associated with or resulting from the Development which is discharged into the environment.

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 submit to the Director, by January 31st of each year, a written report containing all necessary information regarding the operation of the Development over the previous calendar year(s) such that the Director can determine that the Licencee is in compliance with the applicable environmental codes of practice contained in the most current edition of CCME Management Plan Initiatives V308 and V613, *"Environmental Code of Practice for the Reduction of Volatile Organic Compound Emissions from the Commercial/Industrial Printing Industry"*.
6. 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 Site Plans and Building Plans

7. The Licencee shall submit to the Director, within 90 days of the initiation of production at the Development:

- a. as-constructed drawings of the Development sealed by a professional engineer registered with the Association of Professional Engineers and Geoscientists of the Province of Manitoba, containing the existing scaled site layout showing and identifying property boundaries, all existing buildings, roadways, storage areas, wells, fence lines, ponds, off-site drainage wastewater discharge locations and other man made structures; and
- b. drawings and schematic diagrams identifying existing processing equipment, air handling and air pollution control and treatment equipment, emission stacks, water supply and wastewater collection systems.

All drawings shall be of sufficient size, but no smaller than 11" by 17", so as to clearly identify all features including textual descriptions.

Respecting Air Emissions - Limits

8. 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.
9. 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.
10. 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 the Operation of Boilers and Heaters

11. The Licencee, shall operate new or upgraded boilers or heaters, in compliance with the appropriate emission limits for nitrogen oxides and carbon monoxide contained in the most recent edition of the Canadian Council of Ministers of the Environment publication entitled "*National Emission Guideline For Commercial/Industrial Boilers And Heaters - Initiative N306*".

Respecting Air Emissions - Sampling, Analysis, Reporting

12. 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.

13. The Licencee, upon a 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; 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.
14. 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.
15. The Licencee shall arrange the scheduling of the sampling program submitted pursuant to Clause 13 of this Licence such that a representative of Manitoba Conservation is available to monitor and audit the implementation of the sampling program.
16. The Licencee shall complete the sampling of emissions according to the approved plan submitted pursuant to Clause 13 of this Licence, within a timeframe to be determined by the Director.
17. The Licencee shall submit a report, for the approval of the Director, of the completed sampling and analysis plan approved pursuant to Clause 13 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 modeling of emissions;
 - v. results and conclusions of the QA/QC program; and
 - vi. other issues as may be determined by the Director.
18. 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, 16 or 19 of this Licence.

Respecting Remediative Measures to Reduce VOC Emissions

19. The Licencee, upon written request from the Director, shall initiate remediative measures to reduce the impingement of emissions from the Development associated with the use of materials containing VOC substances, beyond the property boundaries of the Development, if in the opinion of the Director, based on representation to the Director from the community, or other significant forthcoming information, such emissions are resulting in or could result in a negative impact to the community. The remediation shall be implemented to the satisfaction of the Director by such measures as:
 - a. a reduction in VOC emissions by means of operational or equipment modifications;
 - b. an appropriate dispersion of emissions by means of alterations to the stack design as approved by the

Director;

- c. the substitution of materials;
- d. the treatment of emissions by an appropriate air pollution control device; or
- e. other appropriate approved alternative reduction measure(s).

Respecting Air Pollution Control

20. The Licencee, pursuant to Clause 19d) of this Licence, shall not operate any processes which the pollution control equipment is designed to treat unless:
- a. a Standard Operating Procedure manual for the operation and maintenance of the air handling and air pollution control equipment is prepared for and approved by the Director;
 - b. all emissions from the processes are immediately directed to the fully operational air pollution control device(s);
 - c. all discharges of treated emissions from the air pollution control devices are immediately directed to a stack which meets the conditions as stipulated in this Licence; and
 - d. the emissions do not contain concentrations of pollutants which:
 - i. are in violation of any other applicable legal instrument including an Act, Regulation or by-law; or
 - ii. otherwise create a significant health or environmental impact beyond the boundaries of the Development.
21. The Licencee, pursuant to Clause 19. d) of this Licence, shall maintain a log book covering the most recent 24 month period identifying all downtime of any air pollution control equipment due to either the breakdown or maintenance of that 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.
22. 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 Sanitary Waste Disposal

23. The Licencee shall discharge sanitary wastes only to the sewerage system.

Respecting Chemical Storage

24. The Licencee shall comply with all the applicable requirements of:
- a. Manitoba Regulation 188/2001, or any future amendment thereof, respecting the *Storage and Handling of Petroleum Products and Allied Products*;
 - b. The Dangerous Goods Handling and Transportation Act, and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development; and
 - c. Manitoba Fire Code, Regulation 163/98 of The Fire Prevention And Emergency Response Act (C.C.S.M. c. F80).

25. The Licencee shall grade, surface and dike or curb all areas where chemicals are stored, loaded, transferred or otherwise handled in a manner and using appropriate impermeable materials approved by the Director, such that all product spillage and contaminated run-off water from these areas is contained within the Development and contamination of groundwater and discharge to the sewage system is prevented.
26. The Licencee shall provide for containment, within any diked or curbed liquid chemical storage area, of a total liquid volume not less than the combined volume of 110% of the largest storage tank therein plus the effective displacement volume of all other tanks and structures within the effective volume created by the diked or curbed area.
27. The Licencee shall maintain the containment area volume capacity in Clause 26 of this Licence by the immediate removal and disposal, in a manner approved by the Director, of all accumulated fluids.

Respecting Solid Waste

28. The Licencee shall dispose of all solid waste generated from any activity at the Development, which is not recycled, only to a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91 or any future amendment thereof, or a Licence issued pursuant to The Environment Act.

Respecting Emergency Response Planning

29. The Licencee, within 120 days of the issuance of this Licence, or other time frame approved by the Director, shall submit for approval of the Director, 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.: 4318.00