



City of Brandon Industrial Wastewater Treatment Facility and Maple Leaf Pork License Amendment Q&A

December 2006

What is the significance of these license amendments?

The City of Brandon's amended license allows it to expand capacity at its industrial wastewater treatment facility to accommodate the increased processing of an additional 25,000 hogs per week at Maple Leaf's pork processing plant. Maple Leaf Foods will invest approximately \$11 million in upgrades that will allow the Company to meet the Province's stringent new environmental regulations and significantly reduce the concentrations of nitrogen and phosphorous entering the Assiniboine River.

What alterations are planned to the Maple Leaf facility?

Improvements will be made at Maple Leaf's wastewater pre-treatment plant that will reduce the nutrient load sent to the City of Brandon's industrial wastewater treatment facility and will increase the reliability of an already highly reliable pre-treatment plant.

What is the environmental impact of the expansion?

The amended license is the first of a two phase project for the City of Brandon's industrial wastewater treatment plant. Phase 1 will result in immediate positive benefits to the Assiniboine River:

- The phosphorus concentration will be reduced from 16 mg per litre to one mg per litre, representing a 94% reduction from the current concentration and achieves the provincial objective of ensuring wastewater effluents do not exceed one mg per litre of total phosphorus.
- The nitrogen concentration will be reduced from 103 mg per litre to 15 mg per litre, representing an 85% reduction from the current concentration when Phase 1 construction and commissioning is complete by December 31, 2007. Phase 2 would see municipal and industrial waste combined in a new centralized wastewater treatment plant.

By year end 2007, the phosphorous concentrations entering the Assiniboine River will decline by approximately 90% and nitrogen concentrations would be reduced by more than 85% percent, compared to today.

What other contaminants are in the effluent and how much will they increase in a two-shift operation?

Both the municipal and industrial plants currently have concentration limits on Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), total and fecal coliforms and ammonia. These limits will remain in effect.

How will the left-over sludge be handled?

Sludge from Brandon's industrial wastewater treatment facility is stored in the anaerobic basin within the facility, stabilized and then applied to fields as fertilizer, providing a valuable alternative to chemical fertilizers for local farmers. As an interim measure during winter months, sludge from the anaerobic basin is transferred to one of the city's sludge lagoons and temporarily stored prior to land application. Testing of the sludge is done prior to application, to ensure its phosphorus and nitrogen agronomic application rates are met.

It is estimated that Phase 1 of the project will require 344 hectares for spreading, compared to the current 129 hectares currently being used. The land base is readily available within the City of Brandon's land bank for biosolids management. The sludge from Maple Leaf's pre-treatment plant is sent to landfill, where required under federal regulation, or for rendering.

Are there other requirements in the amended licenses?

Both Maple Leaf Foods and the City of Brandon will be formalizing their respective environmental management systems, and supporting other Manitoba initiatives related to water conservation and greenhouse gas management.

Who will pay for the improvements to Brandon's industrial wastewater treatment facility?

Maple Leaf will invest approximately \$11 million to support the Phase 1 improvements to the City of Brandon's industrial wastewater treatment facility.

How many hogs does Maple Leaf currently process and how will that number change as a result of the license amendments?

Maple Leaf currently processes approximately 50,000 hogs per week at its Brandon plant. Planned alterations at the plant and the City of Brandon's industrial wastewater treatment facility will allow the company to process an additional 25,000 hogs when complete.

Maple Leaf plans to increase processing capacity to approximately 85,000 hogs per week by the end of 2009. This additional increase in production will require further expansion of the industrial wastewater treatment plant. It is expected that this will be accomplished through construction of the planned centralized wastewater treatment facility.

Where will the extra hogs come from to meet the expanded processing capacity?

The additional 25,000 hogs will be sourced from within Maple Leaf's existing supply system in Western Canada.

Will Maple Leaf's expansion plans be affected by the provincial government's recently announced stay on new hog barn construction?

No. Maple Leaf can process up to 75,000 hogs per week in Brandon sourcing hogs from within its existing supply in Western Canada.

How many additional workers will Maple Leaf hire and where will they come from?

Maple Leaf expects to hire 250 workers to support front-end processing of the additional 25,000 hogs, which is expected to be commissioned by mid to late 2007. These will be the first of the additional 1,000 jobs Maple Leaf expects to create as part of a full second shift operation which is expected to be in place by the end of 2009.

Maple Leaf's recruiting strategy remains consistent and focused on recruiting domestically first, including providing opportunities for its employees from other operations. However, the reality of Western Canada's tight hiring market means it's likely the majority of second shift workers will come from outside of Canada.

If workers are largely coming from outside Canada, what is the benefit to Brandon?

The additional employees will result in approximately \$7.5 million paid in incremental salaries annually, a significant proportion of which will circulate within Brandon to the benefit of local businesses. Based on our past experience, we expect many of these workers will settle permanently in Brandon with their spouses and children, thus contributing to the growth and vitality of the city. The plant also creates substantial indirect employment in the purchase of goods and services to support its sizeable operation. Maple Leaf is also a significant local taxpayer.

Why was there no comment period for the public prior to issuing these amended licenses?

The Clean Environment Commission held public hearings on an expanded wastewater treatment facility in Brandon to support a larger scale processing capacity of 108,000 hogs per week in 2003. CEC recommendations were addressed and incorporated into Maple Leaf and Brandon's submissions for the amended licences to support the processing expansion to 75,000 hogs per week. Since public consultations were conducted on the much larger project which was reviewed and supported by the CEC in 2003, Manitoba Conservation has approved the amended licenses. Manitoba Conservation's licensing process provides a 30-day appeal period for the public.

The amended licenses can be viewed online at

<http://www.gov.mb.ca/conservation/envapprovals/news/index.html>

or in person at the City of Brandon Public Library and Manitoba Conservation offices, or other locations identified on the Manitoba Conservation website.

How will Maple Leaf address the new environmental standards in a second shift operation?

Maple Leaf has established an excellent environmental performance record in our seven years in Brandon. While the new provincial limits are higher and among the most stringent in North America today, Maple Leaf is committed to partnering with the City of Brandon to achieve the new standards for superior environmental performance in Manitoba. While Maple Leaf will process more hogs in a second shift operation, using upgraded wastewater treatment processes, the levels of nitrogen and phosphorous discharged from the WWTP will actually be lower, resulting in a cleaner discharge to the Assiniboine River.

Does Maple Leaf have any environmental charges pending related to its pork processing operations?

No. Our environmental track record at all our pork processing plants is excellent, including Brandon.

When will construction begin?

Work is expected to begin in early 2007.

Operational Questions

When will Maple Leaf expand its operation in Brandon?

We expect to complete the wastewater treatment plant upgrades by mid-late 2007.

How many hogs would be processed and how many more hogs barns are needed to supply a two-shift operation at the plant?

In the first phase, we will increase processing by 25,000 hogs per week. In a full second shift, we would expect to process approximately 85,000 hogs per week. Manitoba currently exports approximately half of its hogs to the U.S., so a sufficient supply of hogs largely exists to support a full double shifted operation and help keep jobs and economic benefits in the province.

How many jobs will be created in Brandon in the first phase of a second shift expansion?

Maple Leaf Brandon currently provides direct employment to over 1,300 people. A full second shift expansion is expected to create up to 1,000 additional jobs at the plant by the end of 2009, of which 250 of will be created in this first phase.

Where will the labour come from to support a second shift?

Our recruiting strategy remains consistent with an emphasis on local recruitment and securing employment for Maple Leaf employees who may be displaced as a result of our current reorganization. We will continue to recruit domestically and also expect to recruit from outside Canada. Our recruitment from other countries such as China and El Salvador has been extremely positive – overall they are excellent employees and have been welcomed by the City of Brandon. Based on our past experience, we expect many of these workers

will settle permanently in Brandon with their spouses and children, thus contributing to the growth and vitality of the city. We will continue to work with the City to support the smooth integration of any foreign workers into the community.

What is the profile of the current workforce in terms of Canadian and non-Canadian workers?

Approximately 65% of the current workforce is Canadian.

What is the track record on workplace safety at the plant?

Brandon recently celebrated a major milestone of 1.7 million hours without a lost time accident. This is a strong team accomplishment and a record that is practically unheard of in the meat processing industry. Providing a safe workplace for employees is a top priority and we are very proud of the attention paid to safety by every employee at the plant.

What is the average compensation for workers?

The average hourly rate in Brandon is approximately \$12.80 per hour. Including benefits, average hourly compensation is over \$17 per hour.

How readily can the City of Brandon accommodate the 250 additional workers for Phase 1 in terms of housing, education, health and other essential services?

Maple Leaf and the City have established a formal process to identify and plan for the infrastructure and service requirements of an expanded Maple Leaf workforce. We're also working with local social service agencies to ensure the smooth integration of foreign workers into the Brandon community.

What are your humane animal handling practices?

All our plants are federally inspected, with full time CFIA inspectors on-site to monitor the care and treatment of live animals as well as the quality of finished products. In addition, we retained the services of a leading animal rights and behavioural expert to design and audit our animal handling and slaughter practices in Brandon. We also incorporate best practices in humane handling across each of our pork processing operations and these are regularly audited through our own internal as well as independent customer audits.