Forest Management
2012 Annual audit
Report for:
Taan Forest Limited Partnership
In
Skidegate, British Columbia, Canada

Audit Dates: Sept. 10-14, 2012
Audit Team: John Cathro, RPF
Glen Dunsworth

Certificate code: SW-FM/COC-005656
Certificate issued: November 7, 2011
Certificate expiration: November 6, 2016

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Taan Forest Limited Partnership (Taan) and group member British Columbia Timber Sales (BCTS), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the Forest Stewardship Council™ (FSC®) forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through nonconformity reports.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

This report includes information which will become public information. Sections 1-3, Appendix I and Appendix VII will be posted on the FSC website according to FSC requirements. All appendices will remain confidential. A copy of the public summary of this report can be obtained on the FSC website at http://info.fsc.org/.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company’s conformance with FSC and Rainforest Alliance requirements, the audit team makes the following recommendation:

- Certification requirements met, certificate maintenance recommended
  - Minor non-conformance upgraded to a major
  - Upon acceptance of NCR(s) issued below

Issues identified as controversial or hard to evaluate.
2.2. Changes in FMEs’ forest management and associated effects on conformance to standard requirements

There have been no changes since the assessment.

2.3 Excision of areas from the scope of certificate

☑ Not applicable. Check this box if the FME has not excised areas from the FMU(s) included in the certificate scope as defined by FSC-POL-20-003. (delete the rows below if not applicable)

2.4. Stakeholder issues (complaints/disputes raised by stakeholders to FME or Rainforest Alliance since previous evaluation)

Several stakeholders were interviewed in person and by phone. Currently there are no disputes. However, some stakeholders and directly affected persons indicated that they have raised specific concerns with Taan and BCTS and that these issues have not yet been formally addressed to their satisfaction. These issues include not having access to timber for local processing, not seeing employment or training benefits on Moresby Island, lack of public meetings to share progress and share plans and uncertainty around how proposed logging will affect identified non-timber values such as recreation and karst topography.

While the organization has defined a dispute resolution process in the FSC Management Plan (July 2012) FSC Consultation section, this process has not been jointly developed with directly affected persons. See NCR 02/12.

2.5. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable non-conformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

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<th>Explanation</th>
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<tr>
<td>Closed</td>
<td>Operation has successfully met the NCR.</td>
</tr>
<tr>
<td>Open</td>
<td>Operation has either not met or has partially met the NCR.</td>
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☐ Check if N/A (there are no open NCRs to review)

In this annual audit, 23 open NCRs were reviewed and 20 are closed. Three NCR’s are elevated to MAJOR with a three month timeline.
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<td>02/11</td>
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### Description of Non-conformance and Related Evidence:

#### NCR# 01/11

Taan does not have an area-based tenure. However, Taan is currently in the process of receiving the tenure for TFL 60 from the Government of BC. At the time of finalization of this report, the purchase agreement has been signed between Taan and Western Forest Products, and the Government has committed to signing the legal tenure documents by the end of 2011. Since the transfer of this tenure has been negotiated over several years, there is a high degree of certainty that it will occur, and Taan is operating on this tenure under the management plan. This NCR is issued as a minor and not as a Major due to the high degree of certainty associated with the tenure transfer.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

**Note:** Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

June 29th letter from the lawyer from Robin Longe, Bull Howser Tupper LLP, confirming the completion of the disposition of TFL 60 and associated road permits and timber licenses from WFP to Taan Forest LP

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### NCR# 02/11

At the time of the assessment, consultation with the Haida Nation on the FSP and FSC-MP was not yet complete, therefore free and informed consent has not yet been obtained.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

**Note:** Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

Communications between Taan and the Council of Haida Nation (CHN) regarding the transmittal of the Draft FSC-MP for review and approval.

**Findings for Evaluation of Evidence:**

Interviews with CHN staff indicated that the draft management plan was received for review in August 2012 and that draft comments are being prepared. Communications provided as evidence confirm this timeline. On September 28 in a letter signed by the Chair of the CHN Heritage and natural Resources Committee, grants CHN support for the management plan. Specifically, CHN “…consents to this management plan being strategically in line with Haida Nation’s interests”.

This meets the requirements of the NCR and the requirements of


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**Description of Non-conformance and Related Evidence:**

Haida Nation consent to the management plan is given through the consultation process on the FSP and FSC-MP, including specifically the recommendation of the Joint Solutions Table. However, the conditions under which consent is given, and how it may be withdrawn, is not specified in the management plan.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

FSC Management Plan – page 18 (July 2011) in the section titled ‘Free and Informed Consent’

**Findings for Evaluation of Evidence:**

This section of the FSC-MP states that:

“Free and informed consent (refer to the definition above) is achieved through a combination of the existing consultation processes (i.e., the Land Use Order consultation and public involvement processes, the Joint Solutions Table and the review and “recommendations for approval” of the Forest Stewardship Plan and site level plans for each development area (cutblock and roads), as well as through the FSC Consultation process (outlined above), that includes consultation of the FSC Management Plan, monitoring plans and annual reports, and the High Conservation Value Forest Assessment).

Free and Informed consent is demonstrated by evidence of implementation of the Consultation requirements (outlined above) and no resulting evidence of un-resolved disputes or grievances by a local rights holder (definition provided above) or the Haida Nation.

“Conversely, the Haida Nation or any local rights holder may withdraw consent for the FSC Management Plan (or related Monitoring Plan, annual report and HCVF Assessment) by notifying the Group Manager (Taan Forest), in writing, to outline their concerns. In the event that consent is withdrawn, the Group Manager is responsible to work cooperatively with the other party to strive for amicable resolution of the issues and re-instatement of consent.
"The primary objective is that upon receipt of a dispute or grievance, that the parties will successfully resolve the issues through the Dispute Resolution Process (outlined above), thereby avoiding a situation of withdrawn consent"

This meets the requirements of the NCR and the requirements of indicator 3.1.5 are fully met.

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**Description of Non-conformance and Related Evidence:**

Neither Taan nor BCTS has a system for tracking local employment and BCTS is not able to demonstrate what proportion of workers on the DFA are local.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

BCTS and Taan have both provided 2012 year to date employment numbers for total, local and Haida Nation employees and contractors. Taan's system is integrated into the overall monitoring program and this information is input into the employment tracking spreadsheet. BCTS works with licenses to on a sale-by-sale basis to gather this information. This information is input into Appendix #8: Indicator Local Employment – 2012-July (Reporting for 2011 & YTD).

**Findings for Evaluation of Evidence:**

Numbers for local employees and contractors were provided for all aspects of forestry work including administration, engineering, operations and silviculture.

For Taan the total workforce (employees and contractors) is 60, of which 52 are local. In 2011, Taan employed seven staff and also supported the Council of the Haida Nation summer student program by allowing one student to 'shadow' the engineering/planning crews. 43% of employees are local and 89% of contractors are local. In 2012 three local people were hired in July 2012 increasing the local employment from 43% to 60%.

For BCTS, 27 of the total 39 members of their workforce (employees and contractors) live on the island. This is 69% of the total. BCTS has 28 fulltime employees in its organization. Of these 28 employees 4 work full time on Haida Gwaii. BCTS has 4 multiphase contractors. The two largest; Chartwell Consultants (CCL), Ltd and Infinity Pacific Stewardship Group (IPSG) have no local employees. The planting contractor is from Haida Gwaii and 24 of its employees are local. For BCTS 14% of employees are local and 69% of contractors are local.
A significant barrier to employing more local workers and contractors is lack of trained expertise on Haida Gwaii. Interviews with logging contractors, consultants and licensees confirmed this. Training through work experience is an effective way to increase the proportion of local employees and contractors. The Taan summer employment program is a good example of this.

This meets the requirements of the NCR and the requirements of indicator 4.1.1 are fully met.

| NCR Status: | CLOSED |
| Comments (optional): | |

| NCR#: | 05/11 | NC Classification: | Major | Minor X |
| Standard & Requirement: | Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 5.1.2 |
| Report Section: | Appendix II, section 5.1.2 |
| Description of Non-conformance and Related Evidence: | BCTS has provided an operational budget for the Queen Charlotte Business Unit administered out of the Chilliwack office. This budget depicts operational projections only and does not include all of the relevant strategic level expenditures for Haida Gwaii administered out of the main office in Chilliwack. |
| Corrective Action Request: | Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| Timeline for Conformance: | Prior to the first annual audit. |
| Evidence Provided by Organization: | 2014-2016 Haida Gwaii Budget plus detailed budgets for Roads, Blocks and Silviculture |
| Findings for Evaluation of Evidence: | The budget information applies to forest operations on Haida Gwaii and clearly documents projected and actual expenses and revenues. This meets the requirements of the NCR and the requirements of indicator 5.1.2 are fully met. |
| NCR Status: | CLOSED |
| Comments (optional): | |

| NCR#: | 06/11 | NC Classification: | Major | Minor X |
| Report Section: | Appendix II, section 5.1.3 |
| Description of Non-conformance and Related Evidence: | Taan and BCTS do not describe how all environmental and social costs associated with management have been considered, nor have they described what measures have been taken to offset, reduce or minimize ecological and social costs. |
| Corrective Action Request: | Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific |
occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**  Prior to the first annual audit.

**Evidence Provided by Organization:**  FSC Management Plan – (July 2011) in the sections entitled ‘Environmental and Social Impacts’ and ‘Summary of Results’.

**Findings for Evaluation of Evidence:**  The FSC-MP describes how environmental and social costs associated with management are being considered. For each indicator the following are provided: the rationale for the indicator and target, current status / results, summary of management strategies, and database and reporting parameters. Environmental indicators include watershed disturbance, riparian management effectiveness, FSC Riparian Budgets – watershed level, FSC Riparian Budgets – stand level, water quality effectiveness, research and monitoring projects and government revenues. Social indicators include Local support and agreements, local agreements, local supplies and services, accident free rates, FSC consultation, dryland sort waste, inorganic waste – seedling protectors and carbon credits (under development).

Environmental and social costs or impacts have been partially identified within the Group Member management system risk assessments (e.g., alteration of habitat, creation of waste, safety hazards/ costs, etc.). For the costs/impacts that are identified within the Risk Assessment as significant in relation to forest management activities, operational controls (operating procedures) are developed within the structure of the Group Member management systems, to ensure impacts are minimized. Some of the environmental and social costs and the associated risk have also been assessed as part of the Environmental Risk Assessment. To some degree, environmental and social costs are also evaluated in the HCVF Assessment in relation to risks associated with current management regimes and any significant risks are addressed within the Management Plan as well.

Environmental costs identified include: leaks and spills, fire, landslides, debris torrents and avalanches, creation of waste, water quality, riparian condition, erosion/siltation, alteration of drainage patterns, sedimentation and maintenance of old road systems, soil compaction, disturbance, alteration of biodiversity, stand structure and habitat and smoke emissions (pile burning). Social costs include: noise disturbance, smoke emissions (pile burning), forest access (recreation, hunting, fishing, non timber forest products), loss of forests (particularly old growth), worker safety, local employment and access to wood fiber. Measures to reduce or offset the costs are provided for each of these environmental and social costs.

This meets the requirements of the NCR and the requirements of indicator 5.1.3 are fully met.

**NCR Status:**  CLOSED

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**Description of Non-conformance and Related Evidence:**

BCTS and Taan have not set benchmarks for reducing social and environmental costs over time and have not developed a sufficiently rigorous system for determining if these benchmarks are being met.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

FSC Management Plan – (July 2011) in the sections entitled ‘Environmental and Social Impacts’ and ‘Summary of Results’.

**Findings for Evaluation of Evidence:**

Indicators and benchmarks for environmental and social costs/benefits are included in the Monitoring Annual Report (Appendix 3). Targets/benchmarks for each indicator are set and described in the Environmental and Social Impacts section of FSC-MP. The monitoring system established by the organization and summarized in the findings under Principle 8 are sufficiently rigorous system for determining if these benchmarks are being met.

This meets the requirements of the NCR and the requirements of indicator 5.1.4 are fully met.

**NCR Status:**

CLOSED

**Comments (optional):**

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**NCR#:** 08/11

**NC Classification:** Major

**Standard & Requirement:**

- Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 5.3.1

**Report Section:**

Appendix II, section 5.3.1

**Description of Non-conformance and Related Evidence:**

Interviews with relevant staff and field observations confirm that waste levels are a function of market values. The manager takes insufficient measures to minimize waste.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

Waste Reports for 2011-2012 for FLTC, TFL 60 and BC Timber Sales. In addition, Taan provided copies of research conducted into available biomass volumes associated with harvesting.

**Findings for Evaluation of Evidence:**

Interviews with staff of each organization, observations during field visits and interviews with external parties confirm that both Taan and BCTS are taking steps to minimize wood waste. For both organizations this includes communicating to contractors and staff the need to reduce waste, measuring waste and including waste in the monitoring program.

These waste minimization measures for Taan include working with logging contractors to bring non-merch material to roadside in anticipation...
of a local market for thermal biomass electricity generation. These waste minimization measures for BCTS include selling Innovative Timber Sale Licenses, where licensees have a greater motivation to bring to the landing merchantable logs.

This meets the requirements of the NCR and the requirements of indicator 5.3.1 are fully met.

NCR Status: CLOSED

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**Description of Non-conformance and Related Evidence:**

The timber supply review for Haida Gwaii is in process but not been completed. As a result, the manager is unable to demonstrate that the rate of timber harvest for the DFA is based on a documented and comprehensive analysis while meeting the FSC-BC Regional Standards over the long term.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

- Rationale for Allowable Annual Cut (AAC) for Haida Gwaii, April 2012 FSC Management Plan – (July 2011) Tenure Description section,
- Haida Gwaii AAC Announcement email, September 19, 2012
- BCTS Haida Gwaii Harvest FY 11 and FY 12
- Taan CoC Production Summary 2011-2012 by species

**Findings for Evaluation of Evidence:**

The timber supply review and AAC determination were completed in July 2012. The AAC allocation was determined on September 19, 2012. The AAC for TFL 60 is set at 340,000 m³/year. The total AAC for Haida Gwaii is 931,000 m³/year.

The AAC for the TSA as a whole is set 512,000 m³/year. The apportionment of the cut within the TSA has not been made, meaning that Taan, BCTS and other licensees operating within the TSA are not clear exactly what portion of the AAC will be theirs. According to the FSC Management Plan (July 2012), tenue Description section, Taan and BCTS anticipate that their shared AAC within the TSA will be approximately 267,000 m³/year. The current level of cut is significantly less than the AAC for the TSA and there is little risk of exceeding the AAC. Provincial government staff has confirmed in interviews that the apportionment of the cut within the TSA will take place in the coming months. Refer to NOTE 01/12.

According to the Taan Monitoring report (July 2012) within the certified forest area, the volume harvested during the audit period is as follows:
For Taan September 2011 to August 2012 is 186,050 m³. For BCTS April 2011 to August 2012 is 60,438 m³ for a total within the FMU of 246,488 m³. This volume is significantly lower than the AAC.

This meets the requirements of the NCR and the requirements of indicator 5.6.1 are fully met.

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Description of Non-conformance and Related Evidence:

Given this is a new group tenure and DFA, transfer of all the relevant spatial data and tenure-wide assessments have not been completed. Taan and BCTS have yet to evaluate the DFA for historic conditions inconsistent with the FSC-BC Standard and as such they have not identified any restoration needs, in particular regeneration liabilities (see Note 05/11).

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: Prior to the first annual audit.

Evidence Provided by Organization: Taan and BCTS provided regeneration liability and free growing obligation data for their tenures. Outstanding liabilities have been identified and prioritized. Taan has a contract crew working through priority areas with field surveys that should be completed this fall. BCTS has a similar review annually. Once outstanding obligations have been confirmed, an action plan will be developed and implemented in 2013.

Findings for Evaluation of Evidence: Taan has acquired the TFL 60 data and have identified restoration needs and regeneration liabilities (regeneration and free-to-grow) and have a plan to close them in 2012. BCTS has similar tracking of their obligations and action planning to address them. Taan and BCTS are in conformance with this indicator.

NCR Status: CLOSED

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Description of Non-conformance and Related Evidence:

Taan and BCTS use silviculture and stand management prescriptions guided by the planning SOPs and the Block Plan User guide. These stipulate structural retention requirements, extent of riparian reserves.
and management zones and coarse woody debris requirements.

Taan has proposed alteration to the site planning process to ensure semi-quantitative assessments for deadwood components done in retention patches (LYK 106S draft example). These would be compared to the benchmark data from FREP to allow a comparison with natural stand conditions and RONV.

The data proposed to be collected in the draft example are not directly comparable to FREP data (Table 10, page 41, FSC FMP). FREP defines and measures all large pieces of CWD and snags; the example site plan estimates ranges and assesses all snags and all CWD, not large pieces discretely. This does not allow the evaluation of retained deadwood relative to RONV (natural stand condition), in particular the ecologically important larger dimension pieces.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: Prior to the first annual audit.

Evidence Provided by Organization:
- FREP monitoring data for the Haida Gwaii Forest District
- Taan pilot project using plots placed in retention areas to determine any shortcomings in future retention (plots are established by the cruising crew to collect FSC required information).

Findings for Evaluation of Evidence:
- Taan and BCTS are using the FREP monitoring data for the Haida Gwaii Forest District as the basis for their monitoring of the efficacy of their retention with respect to the stand structure requirements of 6.3.8. The FREP reporting from 2006-2011 used 33 cutblocks and these were compared to benchmark conditions. This monitoring includes stand level retention amounts, large snags, large coarse woody debris and windthrow and compares these to pre-harvest benchmark conditions. In addition, Taan provided evidence of a pilot project using plots placed in retention areas at time of cruise to determine any shortcomings in future retention. This does not look cost prohibitive and they suggested they would apply this to block level planning going forward.

Taan and BCTS are in conformance with this indicator.

NCR Status: CLOSED

Comments (optional):

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Report Section: Appendix II, section 6.3.10

Description of Non-conformance and Related Evidence:
Taan and BCTS have not provided a landscape level projection of the future conditions for seral stage, patch size and interior habitat based on their proposed management strategies outlined in the FSC-MP and FSP.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific
occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:** Prior to the first annual audit.

**Evidence Provided by Organization:** Taan and BCTS provided evidence that spatial data was used to conduct the Timber Supply Review for the Haida Gwaii Forest District during 2011-12, and that they cooperated with the BC Government to complete the review. This review was spatial and completed in April 2012. Interviews with the CHN Technical Coordinator indicated that the spatial data can be acquired and Taan GIS contractors indicated they could use the DFA spatial data from that dataset to do a spatial forecast. Taan and BCTS intentions are to complete the analysis before the end of 2012.

**Findings for Evaluation of Evidence:** Taan and BCTS have not completed the landscape projections for seral stage, patch size and interior habitat for the DFA. In the interim Taan has attempted to do a quasi-spatial forecast of the largest BEC variant and assess and map seral stage, patch size and interior old forest habitat. They estimated the 25-year harvest volume, converted that to area and then applied it to the forest using an oldest first harvest assumption. This analysis indicates the forest age class structure would have early seral diminishing and old seral staying relatively static. Mid-seral and mature gradually increase over the 25-year forecast period and then level off above the current condition. They have yet to complete the analysis with the spatial TSR data and have not compared forecast to RONV.

The requirements of this indicator have not been met. As a result, Minor NCR 12/11 is elevated to MAJOR NCR 12/11.

**NCR Status:** OPEN

**Comments (optional):** MAJOR NCR 12/11 issued.

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**Description of Non-conformance and Related Evidence:**
Taan has no system in place to ensure that roads and other potential sediment sources are identified or monitored for sediment production on a regular basis. As a result, deactivation, rehabilitation and/or restoration plans are not being prepared or implemented to control all significant human-induced sediment sources.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:** Prior to the first annual audit.

**Evidence Provided by Organization:** Taan and BCTS presented:
- road liability data from Western Forest Products;
- methodology to classify road risks for all road segments in the tenure;
- fish passage priority areas; and
• road maintenance and inspection program plan.

Findings for Evaluation of Evidence:

Roads and other potential sediment sources have been identified; these have been combined with fish passage assessments to assign risk levels to all road segments. The risk levels are used to set priorities for a road monitoring and action plan. Taan and BCTS are collaborating to acquire provincial funding through the Land Base Investment Program (LBIP) to fund road deactivation and fish passage improvements for their high priority road issues. Taan and BCTS are in conformance with this indicator.

The requirements of this indicator have been met.

NCR Status: CLOSED

Comments (optional):

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Description of Non-conformance and Related Evidence:

The Organization has completed an integrated riparian assessment for the DFA in a manner that meets the intent and addresses all the issues raised in the FSC-BC riparian framework. However, this assessment has not been fully implemented across the DFA.

Corrective Action Request:

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance:

Prior to the first annual audit.

Evidence Provided by Organization:

Taan and BCTS provided:

- Final Riparian Assessment Report (January 2012) documenting riparian deficits at the watershed level
- Riparian Tracker tool to use at the block level for site planning to ensure that future deficits are not created.
- Monitoring Report (July 2012)

Findings for Evaluation of Evidence:

Taan and BCTS have completed the riparian assessment and a finalized Riparian Assessment Report (January 2012) documenting riparian deficits at the watershed level. In the analysis they used groupings of stream classes to link to the classification used in the Haida Gwaii Land Use Order (HGLUO) as well as site series information to select appropriate stream buffers. The report documents FSC vs. HGLUO requirements and determines where meeting LUO will not meet FSC and where adjustments are needed. In addition, Taan and BCTS have developed a Riparian Tracker tool to use at the block level for site planning to ensure that future deficits are not created.

Taan and BCTS have reported on Riparian Monitoring in several sections of the Monitoring Report (July 2012) including: Watershed Monitoring, Riparian Management Effectiveness, Riparian Budgets at the Watershed...
level, and Water Quality Effectiveness.

The riparian analysis and assessment report have been completed and implemented through determining ECAs / budget deficits at the watershed level and use of riparian tracker at the block level. The requirements of this indicator have been met.

**NCR Status:** CLOSED

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**Description of Non-conformance and Related Evidence:**

An unknown number of plastic browse guards on young planted cedar trees are degrading across the forest. While some of these are being removed to be re-used, there is no plan in place to inventory, remove and dispose of these browse guards.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

Prior to the first annual audit.

**Evidence Provided by Organization:**

Taan and BCTS presented:
- completed seedling protector inventories for BCTS and TFL 60 back to 1989;
- Monitoring Report (July 2012); and
- Removal action plans.

**Findings for Evaluation of Evidence:**

Taan and BCTS have completed seedling protector inventories back to 1989. Some of the difficulties in determining an accurate inventory are related to old records that recorded trees planted and protected but recorded removal at the hectare level. Some estimation was required. The Monitoring Report (July 2012) documents inventories completed and some removal underway (130,000 removed and 90,000 reused). A removal work plan for 2012 has been completed and Taan and BCTS have collaborated in accessing LBIP funds for further removal this year. Taan received the TFL 60 data from Western Forest products and have plans in place to complete 150 ha (out of an estimated 250ha) of assessment and removal by March 31, 2013.

Taan and BCTS have completed the required inventories of vexar tubes in cedar regeneration stands, and have developed action plans and are implementing removal. The requirements of this indicator have been met.

**NCR Status:** CLOSED

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**Description of Non-conformance and Related Evidence:**

Forest workers including contract engineering crews have not received adequate training to ensure proper implementation of the management plan specific to the implementation of the riparian framework.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**
Prior to the first annual audit.

**Evidence Provided by Organization:**

**Findings for Evaluation of Evidence:**
Training records provided, and interviews with BCTS and Taan staff and contractors confirm that they have received adequate training to ensure proper implementation of the management plan specific to the riparian framework.

This meets the requirements of the NCR and the requirements of indicator 7.3.1 are fully met.

**NCR Status:**
CLOSED

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**Description of Non-conformance and Related Evidence:**

The Monitoring Plan is a key element of the FSC Forest Management Plan (FSC-FMP). The structure of the Plan provides for annual monitoring of social, economic and environmental elements with indicators (including HCVF indicators) from a variety of data sources and with associated benchmarks. Through the Forest and Range Evaluation Program (FREP) the BC Government provides monitoring of stand level biodiversity, riparian protection and sustenance of cultural values of some of Taan’s harvest blocks on an annual basis. In addition, review of existing resources also indicates that Taan and BCTS will be inheriting a relatively comprehensive set of monitoring data from former tenure holders following tenure transfer including: stand level structural retention data, species abundance and habitat monitoring data, growth and yield data, and detailed stand level structural monitoring protocols with an associated historic database. However, the Monitoring Plan as detailed in the FSC-FMP has not been completed and for many of the annual monitoring indicators, data sources and benchmarks are “under development”.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**
Prior to the first annual audit.
Evidence Provided by Organization:
Taan and BCTS presented:
• revised FSC Management Plan (July 2012); and.
• FSC Management Plan Monitoring Report- Appendix 3(July 2012).

Findings for Evaluation of Evidence:
Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents indicators, data sources, targets, status, management strategies and adaptive management action required. The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway. The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see NCR 20/11 and 22/11).

Taan and BCTS have completed the monitoring plan and a monitoring report. They have documented for each indicator targets/benchmarks, data sources, and status and management strategies. The requirements of this indicator have been met.

NCR Status: CLOSED
Comments (optional):

NCR#: 18/11
NC Classification: Major Minor X
Standard & Requirement: Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 8.2.3, 8.2.4 & 8.2.6
Report Section: Appendix II, section 8.2.3, 8.2.4 & 8.2.6

Description of Non-conformance and Related Evidence:
Taan and BCTS have detailed in the FSC-MP Monitoring section the data to be collected for growth rates, regeneration, forest health, productivity, condition of the forest, and disturbances resulting from forest operations. Taan and BCTS have not yet finalized indicators, benchmarks and the monitoring database including:
• assessments of growth rates, regeneration, forest health, productivity, condition of the forest, and disturbances resulting from forest operations or other causes (8.2.3);
• composition and observed changes in the flora and fauna as a result of forest operations and other disturbances, including sensitive species and their habitats (8.2.4); and
• condition of selected watersheds (e.g., sensitive or consumptive watersheds) including, as applicable, sediment sources, Equivalent clearcut area (ECA), channel stability and riparian condition (8.2.6).

The assessment team considers this a minor NCR due to the degree of work completed to date on developing the database and collecting data.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: Prior to the first annual audit.
Evidence Provided by Organization:
Taan and BCTS presented:
• revised FSC Management Plan (July 2012); and
• FSC Management Plan Monitoring Report- Appendix 3(July 2012).
Findings for Evaluation of Evidence:

Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required. Their indicators include; assessments of growth rates, regeneration, forest health, productivity, condition of the forest, and disturbances resulting from forest operations, composition and observed changes in the flora and fauna as a result of forest operations and other disturbances, including sensitive species and their habitats, and condition of selected watersheds (e.g., sensitive or consumptive watersheds) including, as applicable, sediment sources, Equivalent Clearcut Area (ECA), channel stability and riparian condition.

The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway. The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see NCR 20/11 and 22/11).

Taan and BCTS have completed a Monitoring Report with Indicators, data sources and targets/benchmarks that include forest growth and stand establishment, forest health, composition of flora and fauna, and watershed conditions. The requirements of this indicator have been met.

NCR Status: CLOSED

Comments (optional):

NCR#: 19/11
NC Classification: Major Minor X

Standard & Requirement: Forest Stewardship Council Regional Certification Standards for British Columbia (2005) section 8.2.7

Report Section: Appendix IVI, section 8.2.7

Description of Non-conformance and Related Evidence:

Taan and BCTS have documented in the Monitoring section of the FSC-FMP the monitoring of social impacts resulting from management activities. Specifically, they propose to monitor the percentage of employees and contractors from Haida Gwaii, accident frequency and “other potential social impacts identified through consultation with the public and Haida Nation.” However as indicated in NCR 17/11, the data sources and benchmarks for these indicators and the consultation have yet to be completed.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: Prior to the first annual audit.

Evidence Provided by Organization:

Taan and BCTS presented:
- revised FSC Management Plan (July 2012); and

Findings for Evaluation of Evidence:

Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required.
The Monitoring Report has several social Indicators including; local support and agreements (provide money and in-kind support), local employment (For Taan, 43% of employees are local, 17% of employees are Haida, 89% of contractors are local and 44% of contractors are Haida. For BCTS 14% of employees are local, there are no Haida employees, and 69% of contractors are local.), local supply and services (approximately 50% supplied locally), and accident frequency rate (approximately 1.5 accidents / 100,000 m3. or about 50% below the BC average reported by the BC Forest Safety Council). All social targets have been met.

The report indicates that 81% of all the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway. The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see NCR 20/11 and 22/11).

Taan and BCTS have identified four social monitoring elements, targets/benchmarks and data sources. These have used these to complete the monitoring report. The requirements of this indicator have been met.

NCR Status: CLOSED

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Description of Non-conformance and Related Evidence:

Taan and BCTS provide management strategies for each of the HCVFs identified in the HCVF Assessment Report (2011). They also provide a qualitative assessment of risk to maintenance of the conservation values and determined that none of the HCVF conservation values are under significant risk. In addition, the report provides “monitoring considerations” for each HCVF and a section on Monitoring and Adaptive Management that again provides “considerations” and states that Taan and BCTS will “likely… follow the Passive AM approach.” (pg.38). These “considerations” are further addressed in the Monitoring and the Adaptive Management sections of the FSC-FMP Specific to HCVF monitoring are the items listed in Table 10 (pg. 40-42), the 5 Year Reporting section and (pg. 42) the Follow-up Action section (pg. 43-44).

With the exception of Category 1 that is assessed annually, the remaining Categories will be reassessed in 5 years or the annual measures are being developed (i.e. GIS layers) or remain “under consideration”. With respect to the adaptive management strategy, the FSC-FMP section of Adaptive Management states “Adaptive Management is also facilitated through the Group Manager (Taan) Corporate Management System, including annual review of results of monitoring, audit results, inspection results and review of the CMS and FSC-MP in relation to the results.” The proposed annual review does not necessarily constitute an adaptive management strategy and it remains unclear how the application of passive adaptive management suggested in the HCVF Report (2011) for HCVF monitoring would be incorporated into the annual review process. As such, the HCVF monitoring and adaptive management program are incomplete, and considerations and follow-up actions need to be finalized.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance:
Prior to the first annual audit.

Evidence Provided by Organization:
Taan and BCTS presented:
- revised FSC Management Plan (July 2012); and

Findings for Evaluation of Evidence:
Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required. The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway.

The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see also NCR 22/11). Missing elements are Status and Adaptive Management strategies. The requirements of this indicator have not been met and thus this NCR is raised to a MAJOR.

NCR Status: OPEN
Comments (optional): This NCR remains open and is raised to MAJOR NCR 20/11.

NCR#:
NC Classification: Major
Report Section: Appendix II, section 9.3.2

Description of Non-conformance and Related Evidence:
The focus of the delineation of the Category 2- Large Landscape Level Forest (LLLF) HCVF was contiguous mature and old forest larger than 10,000 or 50,000 ha. Young forests and new harvest areas were excluded in this analysis. Six areas were identified: three at the >50,000 ha scale and three more at >10,000 ha scale. The proportions of these intact areas within the DFA ranged from 7-56%. The associated proportions of these areas not protected by the HGLUO ranged from 55-84%.

The proposed Management Strategy for the LLLF HCVF is to implement the FSP and the FSC-FMP. This would mean HGLUO harvest standards would be applied in this HCVF similar to elsewhere in the DFA. In other words, the 55-84% portions would be harvested and roaded. This means that until these or other younger forest areas become mature forests, the size of the six associated HCVFs would annually diminish. However, the HCVF Report (pg.30) states that “...where intact forests are found within the MU there are numerous LUO and FRPA requirements that constrain/preserve significant areas of intact forest, it is determined that the level of preservation and management practices under the FSP are sufficient to ensure forest management practices do not pose a significant risk to intact forests.”

Based on the HCVF Report, the implied conservation value within the Large Landscape Level Forest HCVF is intactness. No target level or minimum desired level of intact forest within the DFA has been set as an objective and clearly harvesting and roading are key components of diminishing intactness as calculated in the report.
No harvest operations are to occur in this HCVF until management strategies are complete.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: Prior to the first annual audit.

Evidence Provided by Organization:

- Taan and BCTS presented:
  - completed Forest Management Plan (July 2012);
  - Monitoring Report (2012); and
  - management strategy and target for the Large landscape Level Forest HCVF of a maximum 5% disturbance.

Findings for Evaluation of Evidence:

Taan and BCTS have completed in their Forest Management Plan (July 2012) and their Monitoring Report (2012) a management strategy and target for the Large landscape Level Forest HCVF of a maximum 5% disturbance. They provide a consistent rationale for that target and are developing monitoring approaches to assess the associated ecological values for Large Landscape Level Forests.

They have assessed the three Large Landscape Level Forests and determined the current status is no harvesting has occurred. Intact Forest #2 has 165 hectares within active cutting permits held by Husby Forest Products – or 0.2%. Taan and BCTS have also determined that in Intact Forest #1 and #3 all planned future harvest would not compromise the 5% disturbance level. In the remaining unit (Intact Forest #2) the only operators are BCTS and Husby Forest Products and BCTS has secured a verbal assurance from Husby that they would partition their combined harvest accordingly so as to meet the 5% maximum target. The requirements of this indicator have been met.

NCR Status: CLOSED

Comments (optional):

NCR#: 22/11  NC Classification: Major


Report Section: Appendix II, section 9.4.1

Description of Non-conformance and Related Evidence:

Based on review of the FSC-FMP and specifically Table 10 and the Follow-Up section (pg.40-44), the HCVF Monitoring Plan does not appear to adequately assess effectiveness of the management strategies to sustain or restore the conservation values. The majority of the measures suggested are updating data, reviewing conservation value abundance or documenting extent of reserves. These are all necessary pieces but mostly constitute implementation monitoring. The evaluative process for determining effectiveness needs to be tied to the conservation attributes and their sustenance using the management strategies. This is not clearly documented.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to
### Timeline for Conformance:
Prior to the first annual audit.

### Evidence Provided by Organization:
Taan and BCTS presented:
- revised FSC Management Plan (July 2012)
- FSC Management Plan Monitoring Report- Appendix 3 (July 2012)

### Findings for Evaluation of Evidence:
Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required. The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway.

The only Indicator not fully completed is the Landscape level Biodiversity. Missing elements are Status and Adaptive Management strategies that form the basis for evaluation of the effectiveness of the measures employed through the management strategies. The requirements of this indicator have not been met and thus it is raised to MAJOR NCR 22/11.

### NCR Status:
OPEN

### Comments (optional):
This NCR remains open and is thus raised to MAJOR NCR 22/11.

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### Description of Non-conformance and Related Evidence:
Taan has not identified qualifications or training measures for the group manager.

### Corrective Action Request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

### Timeline for Conformance:
Prior to the first annual audit.

### Evidence Provided by Organization:
FSC Group Manager Procedures (January 2011).

### Findings for Evaluation of Evidence:
Qualifications are defined in the FSC Group Certification section of the FSC-MP, as follows:

> ‘The Coordinator shall have a minimum of five years of experience in the forest industry (preferably with some portion of the experience within BC), is a Registered Forest Professional or Registered Forest Technician with the Association of BC Forest Professionals, has a minimum of two years’ experience working with the development and maintenance of management systems as well as experience with sustainable forest management certification audits and inspections. Experience with the FSC forest management certification standards is also preferred, but if the individual has the minimum 2 years’ experience with sustainable forest management systems and certification, then it can be reasonably
expected that they can apply their knowledge and experience and become familiar with the FSC Standards.

Training measures are defined in the FSC Group Certification section of the FSC-MP, as follows:

‘There are no specific training requirements for the Coordinator (other than Taan’s CMS Training requirements). Auditor training (whether ‘certified’ or internal training) is also preferred.

This meets the requirements of the NCR and the indicator and this NCR is closed.

### NCR Status:
CLOSED

2.6. **New nonconformity reports issued as a result of this audit**

This annual audit resulted in three NCRs being raised to MAJOR and three new minor NCRs being issued.

<table>
<thead>
<tr>
<th>NCR#</th>
<th>12/11</th>
<th>NC Classification</th>
<th>Major X</th>
<th>Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 6.3.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Section:</td>
<td>Section 2.5 NCR 12/11</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 2011 Description of Non-conformance and Related Evidence:

Taan and BCTS have not provided a landscape level projection of the future conditions for seral stage, patch size and interior habitat based on their proposed management strategies outlined in the FSC-MP and FSP.

Corrective Action Request:

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**
Within three months of report finalization.

2012 Evidence Provided by Organization:

Taan and BCTS provided evidence that spatial data was used to conduct the Timber Supply Review for the Haida Gwaii Forest District during 2011-12 and that they cooperated with the BC Government to complete the Review. This review was spatial and completed in April 2012. Interviews with Nick Reynolds indicated that the spatial data could be acquired from him and Taan GIS contractors indicated they could use the DFA spatial data from that dataset to do a spatial forecast. Taan and BCTS intentions are to complete the analysis before the end of 2012.

2012 Findings for Evaluation of Evidence:

Taan and BCTS have not completed the landscape projections for seral stage, patch size and interior habitat for the DFA. In the interim
Taan has attempted to do a quasi-spatial forecast of the largest BEC variant and assess and map seral stage, patch size and interior old forest habitat. They estimated the 25-year harvest volume, converted that to area and then applied it to the forest using an oldest first harvest assumption. This analysis indicates the forest age class structure would have early seral diminishing and old seral staying relatively static. Mid-seral and mature gradually increase over the 25-year forecast period and then level off above the current condition. They have yet to complete the analysis with the spatial TSR data and have not compared forecast to RONV.

The requirements of this indicator have not been met. As a result, Minor NCR 12/11 is elevated to MAJOR NCR 12/11.

<table>
<thead>
<tr>
<th>2013 Evidence Provided by Organization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 Findings for Evaluation of Evidence:</td>
</tr>
<tr>
<td>NCR Status: PENDING</td>
</tr>
<tr>
<td>Comments (optional):</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCR#:</th>
<th>20/11</th>
<th>NC Classification: Major X Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report Section:</td>
<td>Section 2.5, NCR 20/11</td>
<td></td>
</tr>
</tbody>
</table>

**2011 Description of Non-conformance and Related Evidence:**
Taan and BCTS provide management strategies for each of the HCVFs identified in the HCVF Assessment Report (2011). They also provide a qualitative assessment of risk to maintenance of the conservation values and determined that none of the HCVF conservation values are under significant risk. In addition, the report provides “monitoring considerations” for each HCVF and a section on Monitoring and Adaptive Management that again provides “considerations” and states that Taan and BCTS will “likely… follow the Passive AM approach.” (pg.38). These “considerations” are further addressed in the Monitoring and the Adaptive Management sections of the FSC-FMP Specific to HCVF monitoring are the items listed in Table 10 (pg. 40-42), the 5 Year Reporting section and (pg. 42) the Follow-up Action section (pg. 43-44).

With the exception of Category 1 that is assessed annually, the remaining Categories will be reassessed in 5 years or the annual measures are being developed (i.e. GIS layers) or remain “under consideration”. With respect to the adaptive management strategy, the FSC-FMP section of Adaptive Management states “Adaptive Management is also facilitated through the Group Manager (Taan) Corporate Management System, including annual review of results of monitoring, audit results, inspection results and review of the CMS and FSC-MP in relation to the results.” The proposed annual review does not necessarily constitute an adaptive management strategy and it remains unclear how the application of passive adaptive management suggested in the HCVF Report (2011) for HCVF monitoring would be incorporated into the annual review process. As such, the HCVF monitoring and adaptive management program are incomplete, and considerations and follow-up actions need to be finalized.

**Corrective Action Request:** Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
### Timeline for Conformance:
Within three months of report finalization.

### 2012 Evidence Provided by Organization:
Taan and BCTS presented:
- Revised FSC Management Plan (July 2012)
- FSC Management Plan Monitoring Report- Appendix 3 (July 2012)

### 2012 Findings for Evaluation of Evidence:
Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required. The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway.

The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see also NCR 22/11). Missing elements are Status and Adaptive Management strategies. The requirements of this indicator have not been met and thus this Minor NCR 20/11 is raised to a MAJOR NCR 20/11.

### 2013 Evidence Provided by Organization:

### 2013 Findings for Evaluation of Evidence:

#### NCR Status:
PENDING

#### Comments (optional):

### NCR#:
22/11

#### NC Classification:
Major X Minor

#### Standard & Requirement:
Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 9.4.1

#### Report Section:
Section 2.5, NCR 22/11

#### 2011 Description of Non-conformance and Related Evidence:
Based on review of the FSC-FMP and specifically Table 10 and the Follow-Up section (pg.40-44), the HCVF Monitoring Plan does not appear to adequately assess effectiveness of the management strategies to sustain or restore the conservation values. The majority of the measures suggested are updating data, reviewing conservation value abundance or documenting extent of reserves. These are all necessary pieces but mostly constitute implementation monitoring. The evaluative process for determining effectiveness needs to be tied to the conservation attributes and their sustenance using the management strategies. This is not clearly documented.

#### Corrective Action Request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

#### Timeline for Conformance:
Within 3 months of report finalization.

### 2012 Evidence Provided by Organization:
Taan and BCTS presented:
- revised FSC Management Plan (July 2012); and

### 2012 Findings for Evaluation of Evidence:
Taan and BCTS have completed a revised FSC Management Plan
Evidence: (July 2012) and a FSC Management Plan Monitoring Report - Appendix 3 (July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action required. The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway.

The only Indicator not fully completed is the Landscape level Biodiversity. Missing elements are Status and Adaptive Management strategies that form the basis for evaluation of the effectiveness of the measures employed through the management strategies. The requirements of this indicator have not been met and thus Minor NCR 22/11 is raised to MAJOR NCR 22/11.

<table>
<thead>
<tr>
<th>NCR#</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor</th>
<th>X</th>
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</thead>
<tbody>
<tr>
<td>01/12</td>
<td>Forest Stewardship Council Regional Certification Standards for British Columbia (2005) section 2.1.4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description of Nonconformance and Related Evidence:

Interviews and evidence provided confirm that management activities of another legal tenure holder within the TSA undermines the achievement of management plan objectives and the manager has not taken sufficient steps to mitigate for damages resulting from these activities.

Corrective Action Request:

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: Prior to the second annual audit.

<table>
<thead>
<tr>
<th>NCR#</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/12</td>
<td>Forest Stewardship Council Regional Certification Standards for British Columbia (2005) section 4.4.4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description of Nonconformance and Related Evidence:

Evidence and information provided indicates that Taan and BCTS and several of the directly affected...
persons interviewed have failed to reach agreement through the public participation process and that a mutually agreed-to dispute resolution process as outlined in Criterion 4.5 has not been developed. Those interviewed were unaware that Taan and BCTS have formal dispute resolution processes and that there is a requirement to jointly develop agreed-to dispute resolution process.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: Prior to the second annual audit.

Evidence Provided by Organization: PENDING

Findings for Evaluation of Evidence: PENDING

NCR Status: OPEN

Comments (optional):

<table>
<thead>
<tr>
<th>NCR#</th>
<th>03/12</th>
<th>NC Classification:</th>
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<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>Forest Stewardship Council Regional Certification Standards for British Columbia (2005) Indicator 6.5.6</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Report Section:</td>
<td>Appendix IV, section 6.5.6</td>
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<td></td>
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</tr>
</tbody>
</table>

Description of Nonconformance and Related Evidence:
Comparison of site maps with field review of a pre-harvest block indicates that BCTS has not consistently mapped or established machine free zones in the field.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: Prior to the second annual audit.

Evidence Provided by Organization: Map reviews and interviews confirmed that machine free zones are to be established on Type 2 streams (LUX) but field checking indicated that s6 classified streams that should be mapped were not and mapped streams that should have a ribboned machine free zone did not. Site plans do identify where machine free zones should be applied based on mapping but often the mapping is not completely accurate and requires field checking and alteration.

Findings for Evaluation of Evidence: BCTS has not consistently mapped or established in the field machine free zones on one field reviewed block.

NCR Status: OPEN

Comments (optional):

2.7. Audit observations

Observations can be raised when issues or the early stages of a problem are identified which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a
warning signal on a particular issue that, if not addressed, could turn into a NCR in the future (or a pre-condition or condition during a 5 year re-assessment).

No observations at this time

2.8. Notes from Previous Audits

**NOTE 01/11**  **Reference Standard and Requirement:** FSC-BC Regional Standards Indicator 2.1.4
**Note for Future Annual Audits:** Future annual audit teams should determine if Teal Jones and Husby have operated in the DFA in a manner that has undermined the achievement of the management plan.

- Closed
- Followed-up but still open
- Not followed-up this year

**2012 audit team response:** The management unit is described in the FSC Management Plan – July 2011), Management Unit Description section, page 4. This section states that the management unit is comprised of TFL 60, The Haida Tenure (Forest License to Cut) within the TSA and the remainder of the TSA. Interviews and evidence provided confirm that management activities of another legal tenure holder within the TSA undermines the achievement of management plan objectives and the manager has not taken sufficient steps to mitigate for damages resulting from these activities.

As a result NCR 01/12 is written.

**NOTE 02/11**  **Reference Standard and Requirement:** FSC-BC Regional Standards Indicator 4.4.2
**Note for Future Annual Audits:** Future audit teams should contact Moresby Adventure Camp to ensure that public participation process continues to meet the requirements of 4.4.1 and 4.4.2.

- Closed
- Followed-up but still open
- Not followed-up this year

**2012 audit team response:** See NCR 4.4.1/12.

**NOTE 03/11**  **Reference Standard and Requirement:** FSC-BC Regional Standards Indicator 5.2.1
**Note for Future Annual Audits:** Future annual audit teams should interview local mill operators to ensure that the manager provides them with opportunities for enhancing their business.

- Closed
- Followed-up but still open
- Not followed-up this year

**2012 audit team response:** Mill owners interviewed provided different perspectives on opportunities for enhancing their business. Some businesses are satisfied with the current arrangement, namely ABFAM with a joint venture with the Old Masset Band Council and the Skidegate Band Council in joint venture with Taan. However, one business interviewed, and one municipal Council speaking on behalf of its constituents, felt that there were insufficient opportunities. On balance, the requirements of NOTE 03/11 are met. See NCR 4.4.1/12.

**NOTE 04/11**  **Reference Standard and Requirement:** FSC-BC Regional Standards Indicator 5.5.3
**Note for Future Annual Audits:** Future annual audit teams should ensure that the monitoring requirements under Principle 8 include measures required to maintain or enhance the range of ecosystem services provided by the DFA.

- Closed
- Followed-up but still open
- Not followed-up this year

**2012 audit team response:** Taan and BCTS have completed a revised FSC Management Plan (July 2012) and a FSC Management Plan Monitoring Report- Appendix 3(July 2012) that clearly documents Indicators, data sources, targets, status, management strategies and adaptive management action.
required. A wide range of Indicators monitored relate to the provision of ecosystem services including riparian values, old forest habitat and rare and endangered species.

The report indicates that 81% of the targets have been met. This led to a requirement for action plans to address target shortfalls. This is underway. The only Indicator not fully completed is the HCVF Landscape Level Biodiversity (see NCR 20/11 and 22/11).

NOTE 05/11  Reference Standard and Requirement:  FSC-BC Regional Standards Indicator 6.3.2 & 6.3.16

Note for Future Annual Audits: Following tenure transfer, future annual audit teams should confirm that planting (including fertilization at the time of planting) and regeneration survey data is acquired and reviewed for liabilities.

- Closed
- Followed-up but still open
- Not followed-up this year

2012 audit team response: Taan and BCTS provided regeneration liability and free growing obligation data for their tenures. Outstanding liabilities have been identified and prioritized. Taan has a contract crew working through priority areas with field surveys that should be completed this Fall. BCTS has a similar review annually. Once outstanding obligations have been confirmed an action plan will be developed and implemented in 2013.

NOTE 06/11  Reference Standard and Requirement:  FSC-BC Regional Standards Indicator 6.3.8

Note for Future Annual Audits: Upon completion of the requirements for NCR 11/11, future annual audit teams should check to ensure that a minimum of 25% of snags are retained.

- Closed
- Followed-up but still open
- Not followed-up this year

2012 audit team response: Taan and BCTS are using the FREP monitoring data for the Haida Gwaii Forest District as the basis for their monitoring of the efficacy of their retention with respect to the stand structure requirements of 6.3.8. They presented evidence from the FREP reporting that from 2006-2011 indicating 33 cutblocks were assessed and compared to benchmark conditions. This monitoring includes stand level retention amounts, large snags, large coarse woody debris and windthrow and compares these to pre-harvest benchmark conditions. This reporting indicated they retain greater than 25% of large snags available. In addition Taan provided evidence of a pilot project using cruise plots placed in retention to determine any shortcomings in future retention. This does not look cost prohibitive and they suggested they would apply this to block level planning going forward.

NOTE 07/11  Reference Standard and Requirement:  FSC-BC Regional Standards Indicator 6.4.1

Note for Future Annual Audits: Future annual audit teams should determine how ecosystem representation targets are tracked and if they meet the protection levels required in Table 6-1.

- Closed
- Followed-up but still open
- Not followed-up this year

2012 audit team response: Taan and BCTS have partially completed the HCVF Effectiveness monitoring section of the Monitoring Report. The incomplete portion is for status and adaptive management strategies for landscape level biodiversity (connectivity and ecological representation). See NCR 20/11 and 22/11.
<table>
<thead>
<tr>
<th>NOTE 08/11</th>
<th>Reference Standard and Requirement: FSC-BC Regional Standards Indicator 6.4.3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note for Future Annual Audits:</strong> Future annual audit teams should review mapping of protected reserves and ensure fixed locations for any within NDT1 and 2.</td>
<td></td>
</tr>
<tr>
<td>☑ Closed</td>
<td>☐ Followed-up but still open</td>
</tr>
<tr>
<td><strong>2012 audit team response:</strong> Taan has mapped their LUO protected areas and these have been reviewed and field checked for accuracy and fixed locations during this audit.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NOTE 09/11</th>
<th>Reference Standard and Requirement: FSC-BC Regional Standards Indicator 6.5 bis 1b</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note for Future Annual Audits:</strong> Future annual audit teams should determine what steps have been taken to operationalize the riparian assessment at the planning level, and what, if anything, has changed on the ground to ensure that FSC requirements are being met.</td>
<td></td>
</tr>
<tr>
<td>☑ Closed</td>
<td>☐ Followed-up but still open</td>
</tr>
<tr>
<td><strong>2012 audit team response:</strong> Taan and BCTS have completed the riparian assessment and a finalized Riparian Assessment Report (January 2012) documenting riparian deficits at the watershed level. In the analysis they used groupings of stream classes to link to the classification used in the Haida Gwaii Land Use Order (HGLUO) as well as site series information to select appropriate stream buffers. The Report documents FSC vs. HGLUO requirements and determines where meeting LUO will not meet FSC and where adjustments are needed. In addition Taan and BCTS have developed a Riparian Tracker tool to use at the block level for site planning to ensure that future deficits are not created.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>NOTE 10/11</th>
<th>Reference Standard and Requirement: FSC-BC Regional Standards Indicator 7.1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note for Future Annual Audits:</strong> Future audit teams should confirm that the Haida Gwaii Forest Stewardship Plan (July 2011) is approved by the Ministry of Forests, Lands and Natural Resources Operations District Manager.</td>
<td></td>
</tr>
<tr>
<td>☑ Closed</td>
<td>☐ Followed-up but still open</td>
</tr>
<tr>
<td><strong>2012 audit team response:</strong> The FSP was approved November 18, 2012.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NOTE 11/11</th>
<th>Reference Standard and Requirement: FSC-BC Regional Standards Indicator 7.1.10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note for Future Annual Audits:</strong> Future auditors should ensure that revisions are made to the Management Plan to include the rationale for the rate of annual harvest consistent with Criterion 5.6.</td>
<td></td>
</tr>
<tr>
<td>☐ Closed</td>
<td>☑ Followed-up but still open</td>
</tr>
<tr>
<td><strong>2012 audit team response:</strong> At the time of the audit the AAC had been determined but the apportionment of the AAC within the TSA had not been completed. As a result, the Management Plan could not be revised to include this apportionment.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note for Future Annual Audits:</strong> Future auditors should ensure that revisions are made to the Management Plan to contain provisions for monitoring forest growth and dynamics consistent with indicator 8.2.3.</td>
<td></td>
</tr>
<tr>
<td>☑ Closed</td>
<td>☐ Followed-up but still open</td>
</tr>
</tbody>
</table>
| **2012 audit team response:** Taan and BCTS have detailed in the FSC-MP and the Monitoring Report the
data to be collected for growth rates, regeneration, forest health, productivity, condition of the forest, and disturbances resulting from forest operations. This is consistent with Indicator 8.2.3

NOTE 13/11 | Reference Standard and Requirement: FSC-BC Regional Standards Indicator 8.1.3
Note for Future Annual Audits: Future auditors should check to ensure that the Haida Nation and directly affected persons are given opportunity to participate in the design and implementation of the monitoring program.

☐ Closed  ☑ Followed-up but still open  ☐ Not followed-up this year

2012 audit team response: Taan and BCTS have consulted with the Haida Nation on the FSC management Plan and the associated FSC Management Plan Monitoring Report. Technical staff has reviewed the report for the Council of Haida Nation (CHN) and comments are being incorporated. Taan and BCTS intend to coordinate their monitoring as much as possible with CHN monitoring of implementation and effectiveness of the LUO going forward.

2.9. Notes for Future Audits

Notes for Future Audits are recorded for the benefit of future audit teams. They are items that were not fully addressed in this audit/assessment and do not constitute non-conformance. They warrant monitoring by future audit teams.

NOTE 11/11 | Reference Standard and Requirement: FSC-BC Regional Standards Indicator 7.1.10
Note for Future Annual Audits: Future auditors should ensure that revisions are made to the Management Plan to include the rationale for the rate of annual harvest consistent with Criterion 5.6.

☐ Closed  ☑ Followed-up but still open  ☐ Not followed-up this year

2012 audit team response: At the time of the audit the AAC had been determined but the apportionment of the AAC within the TSA had not been completed. As a result, the Management Plan could not be revised to include this apportionment.

2013 audit team response:

NOTE 01/12 | Reference Standard and Requirement: FSC-BC Regional Standards Indicator 5.6.1
Note for Future Annual Audits: Future auditors should ensure that the apportionment of the AAC in TSA 25 is made consistent with Criterion 5.6.

☐ Closed  ☑ Followed-up but still open  ☐ Not followed-up this year

2013 audit team response:

NOTE 02/12 | Reference Standard and Requirement: FSC-BC Regional Standards Indicator 7.1
Note for Future Annual Audits: Future auditors should ensure that revisions are made to the Management Plan to include comments provided by the Council of Haida Nation in their review completed in September 2012.

☐ Closed  ☑ Followed-up but still open  ☐ Not followed-up this year
2013 audit team response:

3. AUDIT PROCESS

3.1. Auditors and qualifications

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>John Cathro, RPF</th>
<th>Auditor role</th>
<th>Lead and forestry assessor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications:</td>
<td>Registered Professional Forester, with 20 years experience in the forest sector with industry, government, communities and First Nations. John has worked within the FSC framework for over 10 years developing standards, assisting companies in obtaining certification and conducting forest management and chain of custody assessments and audits. John has successfully completed Rainforest Alliance training in carbon, chain of custody and forest management auditing as well as Lead Auditor ISO 14001 training. John is a certified Lead Auditor and has completed over 180 FM and CoC audits and assessments. John was on the 2011 assessment team for this certificate.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>Glen Dunsworth</th>
<th>Auditor role</th>
<th>Ecology assessor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications:</td>
<td>Glen has over 25 years experience in forest renewal, biodiversity and forest genetics research in coastal British Columbia and Alberta. Glen has 15 years experience in forest renewal and genetics and for the last 8 years has worked almost exclusively in landscape ecology and conservation biology. During 1999 to 2004 he led the Ecology Team for the Forest Project – MacMillan Bloedel’s and Weyerhaeuser’s phasing-in of variable retention and stewardship zoning. He was responsible for the development and implementation of the Adaptive Management and Monitoring Program in support of the forest project. Glen has worked on ten FSC audit teams in BC and Alberta. He is currently a forest ecology consultant and has recently co-authored a book with Dr. F. Bunnell on forest biodiversity conservation and adaptive management through UBC Press. Glen was on the pre-assessment and assessment teams for this forest in early 2011.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.2. Audit schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Location /Main sites</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 3 to 7</td>
<td>Auditor’s offices</td>
<td>Interviews and evidence review</td>
</tr>
<tr>
<td>September 10</td>
<td>Taan Office and Ferguson DLS</td>
<td>FM CoC field visit</td>
</tr>
<tr>
<td>September 11</td>
<td>Taan / BCTS office</td>
<td>Opening Meeting, Internal and external interviews</td>
</tr>
<tr>
<td>September 12</td>
<td>Field Tour, TSA / Rennel Sound</td>
<td>Field audit</td>
</tr>
<tr>
<td>September 13</td>
<td>Field Tour, TSA / TFL 60 Port Clements, Masset</td>
<td>Field audit and external interviews</td>
</tr>
<tr>
<td>September 14</td>
<td>BCTS office</td>
<td>Closing Meeting</td>
</tr>
<tr>
<td>September 28 to 28</td>
<td>Auditor’s offices</td>
<td>Interviews and report writing</td>
</tr>
<tr>
<td>October 15</td>
<td>Rainforest Alliance offices</td>
<td>Report reviewed</td>
</tr>
<tr>
<td>October 22</td>
<td>Rainforest Alliance offices</td>
<td>Draft report delivered to client for comment</td>
</tr>
</tbody>
</table>

Total number of person days used for the audit: 12
= number of auditors participating 2 x average number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation

3.3. Sampling methodology

For field auditing, the sampling methodology is as follows:

- A list was provided to the audit team by Taan / BCTS prior to the on-site portion of the audit of all operational activities in the past 2 years.
- This combined list was stratified into active/non-active, TFL/FLTC, BCTS/Taan operations.
- Blocks were pre-screened to provide a range of sizes, LUO and FSC compliance, high and low retention and old growth versus older second growth.
- The field sites were split between BCTS and Taan with one field day each.
- With BCTS two sites were visited due to weather. The intention was to use a helicopter to visit remote sites. Poor weather conditions made helicopter travel impossible, and alternate blocks were identified. One of these was a block that went to the Joint Solutions because a retention patch surrounding a monumental cedar blew down. The other was a block that was laid out and falling had just begun on the road right of way.
- With Taan, five blocks were reviewed; four in old growth and one in second growth. This split was chosen to balance the higher number of second growth blocks reviewed last year.
- Priority was given to active blocks that could either demonstrate that 2011 NCRs have been addressed or where potential non-conformances have been identified.

3.3.1 List of FMUs selected for evaluation

<table>
<thead>
<tr>
<th>FMU/Group Member Name</th>
<th>Rationale for Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLTC / BCTS</td>
<td>See sampling methodology above.</td>
</tr>
<tr>
<td>TFL 60 / Taan</td>
<td>See sampling methodology above.</td>
</tr>
<tr>
<td>FLTC / Taan</td>
<td>See sampling methodology above.</td>
</tr>
</tbody>
</table>
3.4. Stakeholder consultation process

For consultation, the sampling methodology is as follows:

- Consultation list comprised of Taan / BCTS consultation list, existing contacts from 2011 Pre-assessment and 2011 Assessment, as well as correspondence records from BCTS / Taan.
- This combined list was stratified into 6 interest groups: industry (including licensees and mill owners), local government (including municipalities and regional districts), First nations (including band councils and Council of Haida Nation), NGO, (including ENGOs, community organizations and non-profit organizations), contractors and government agencies.
- The target contact is 5 to 10% of the total number of contacts in each interest group, with a minimum of 2 in each interest group including directly affected persons and rights holders.

<table>
<thead>
<tr>
<th>Stakeholder type (i.e. NGO, government, local inhabitant etc.)</th>
<th>Stakeholders notified (#)</th>
<th>Stakeholders consulted or providing input (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Local government</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>First Nations</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>NGO</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Contractors</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Government agencies</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Rights Holders</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

3.5. Changes to Certification Standards

Forest stewardship standard used in audit: FSC Regional Certification Standards for British Columbia

Revisions to the standard since the last audit: ☑ No changes to standard.

Changes in standard:

Implications for FME: Not applicable - no new requirements

3.6. Review of FME Documentation and required records

a) All certificate types

<table>
<thead>
<tr>
<th>Required Records</th>
<th>Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints received by FME from stakeholders, actions taken, follow up communication</td>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Complaints from stakeholders and directly affected people including Taan and BCTS follow up were reviewed during the audit.

| Accident records | Y ☒ N ☐ |
Comments: No accidents were reported during the audit period

<table>
<thead>
<tr>
<th>Training records</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: BCTS and Taan have conducted training with staff, consultants and licensees. Records were provided and reviewed during the audit.

<table>
<thead>
<tr>
<th>Operational plan(s) for next twelve months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Blocks that have been engineered but not harvested were reviewed in the field.

<table>
<thead>
<tr>
<th>Inventory records</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Inventory records are extensive.

<table>
<thead>
<tr>
<th>Harvesting records</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Harvesting records were reviewed in detail for the CoC audit.

### b) Group Certificates

<table>
<thead>
<tr>
<th>Required Group Records</th>
<th>Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group management system</td>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Rate of membership change within the group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: See CLOSED NCR 23/11.

<table>
<thead>
<tr>
<th>Formal communication/written documentation sent to members by the group entity during the audit period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Communication between group members is regular and well documented.

<table>
<thead>
<tr>
<th>Records of monitoring carried out by the group entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Internal audit records were provided in the Taan FSC Internal Audit Report August 2012, and reviewed.

<table>
<thead>
<tr>
<th>Records of any corrective actions issued by the group entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: The audit team reviewed the Taan FSC Internal Audit Report August 2012.

<table>
<thead>
<tr>
<th>Updated list of group members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y ☒ N ☐</td>
</tr>
</tbody>
</table>

Comments: Group members have not changed during the audit period
APPENDIX I: FSC Annual Audit Reporting Form

(Note: form to be prepared by the client prior to a udit, information verified by audit team)

Forest management enterprise information:

FME legal name: Taan Forest Limited Partnership, by its general partner, Taan Forest Ltd.
FME Certificate Code: SW-FM/CoC – 005656
Reporting period Previous 12 month period Dates August 2011-September 2012

1. Scope Of Certificate

Type of certificate: single FMU
SLIMF Certificate: not applicable
New FMUs added since previous evaluation Yes ☐ No ☒
Group Certificate: Updated of FMU and group member list provided in Appendix VII-a: No Change
Multi-FMU Certificate: List of new FMUs added to the certificate scope:


2. FME Information

☒ No changes since previous report (if no changes since previous report leave section blank)
Forest zone
Certified Area under Forest Type
- Natural hectares
- Plantation hectares
Stream sides and water bodies Linear Kilometers

3. Forest Area Classification

☒ No changes since previous report (if no changes since previous report leave section blank)
Total certified area (land base) 358,100 ha
1. Total forest area 345,000 ha
   a. Total production forest area 125,687 ha
   b. Total non-productive forest area (no harvesting) 219,313 ha
      - Protected forest area (strict reserves) 17,000 ha
      - Areas protected from timber harvesting and managed only for NTFPs or services 0 ha
      - Remaining non-productive forest ha
2. Total non-forest area (e.g., water bodies, wetlands, fields, rocky outcrops, etc.) 13,100 ha

4. High Conservation Values identified via formal HCV assessment by the FME and respective areas

☒ No changes since previous report (if no changes since previous report leave section blank)

1 The center point of a contiguous FMU or group of dispersed properties that together comprise a FMU in latitude and longitude decimal degrees with a maximum of 5 decimals.
<table>
<thead>
<tr>
<th>Code</th>
<th>HCV TYPES²</th>
<th>Description:</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV1</td>
<td>Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).</td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>HCV2</td>
<td>Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>HCV3</td>
<td>Forest areas that are in or contain rare, threatened or endangered ecosystems.</td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>HCV4</td>
<td>Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).</td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>HCV5</td>
<td>Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>HCV6</td>
<td>Forest areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).</td>
<td></td>
<td>ha</td>
</tr>
</tbody>
</table>

Number of sites significant to indigenous people and local communities

5. Workers

Number of workers including employees, part-time and seasonal workers:

<table>
<thead>
<tr>
<th>Total number of workers</th>
<th>Taan 9 workers; BCTS 4 workers</th>
</tr>
</thead>
</table>
| - Of total workers listed above | Taan 7 Male BCTS 4 male (BCTS part time non-local = 5 Male)
| Number of serious accidents | 1 (Taan Contractor Chaser had foreign object in eye, possible bacterial infection and had to go to Vancouver for medical treatment) |
| Number of fatalities | 0 |

6. Pesticide Use

✗ FME does not use pesticides. (delete rows below)

² The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at [http://hcvnetwork.org/library/global-hcv-toolkits](http://hcvnetwork.org/library/global-hcv-toolkits).
APPENDIX VII-a: Certified Group Member/FMU List

(Insert additional rows as necessary for groups with more than 15 members).

1. Total # members in the certified pool: 2

2. Total area in Current Pool (ha. or acres): 358,100 ha

CERTIFIED FMU TABLE *(list all FMU included in certificate scope)*

<table>
<thead>
<tr>
<th>Name of Member/ Contact Details</th>
<th>Assigned Sub Code</th>
<th>Management Tenure</th>
<th>FMU Location (e.g. town, county)</th>
<th>FMU Latitude/ Longitude</th>
<th>FMU area (ha)</th>
<th>Main Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taan Forest LP</td>
<td>TFL 60 FLTC A87661</td>
<td>Skidegate</td>
<td></td>
<td>N E</td>
<td></td>
<td>Logs of western hemlock, mountain hemlock, Sitka spruce, western redcedar, cypress, lodgepole (shore) pine</td>
</tr>
<tr>
<td>British Columbia Timber Sales – Chinook Business Area</td>
<td>N/A</td>
<td>Village of Queen Charlotte</td>
<td></td>
<td>N E</td>
<td></td>
<td>Logs of western hemlock, mountain hemlock, Sitka spruce, western redcedar, cypress, lodgepole (shore) pine</td>
</tr>
</tbody>
</table>

Total area in certified pool.

---

4 The center point of a contiguous FMU or group of dispersed properties that together comprise a FMU in latitude and longitude decimal degrees with a maximum of 5 decimals.