Corrective Action Verification Audit (CVA) Report

<table>
<thead>
<tr>
<th>Organization:</th>
<th>Taan Forest Limited Partnership</th>
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<tbody>
<tr>
<td>Cert/Ver/Val Code:</td>
<td>SW-FM/COC-005656</td>
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<td>Report Date:</td>
<td>February 28, 2014</td>
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I. AUDIT PROCESS

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<thead>
<tr>
<th>Auditor, Qualifications:</th>
<th>Krista West, Lead Auditor</th>
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<tbody>
<tr>
<td></td>
<td>Krista is a Registered Professional Forester (BC) and has a B.Sc. in Forestry and an MPA with a specialty in Dispute Resolution. In her work as an environmental consultant she worked on sustainable forestry management and First Nations consultation in both BC and the Yukon. In addition to her operational forestry experience, she has a background working on treaty negotiations and the softwood lumber dispute with the BC Provincial Government. She is a Rainforest Alliance trained FSC Forest Management lead auditor and auditor trainer and she has ISO 9001 Lead Auditor certification. She is currently the Manager of the Canadian region of Rainforest Alliance and has managed the Western Canada and Maritimes portfolio of clients since early 2009. She has completed over thirty FSC Forest Management audits and assessments, primarily focused on social and Aboriginal issues.</td>
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<td>Cindy Pearce, Social Auditor</td>
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<td>Cindy is a registered professional forester in BC and a consultant in natural resource planning and rural community development. She has a B.S.F. from Oregon State University and post-graduate training in planning and community development at the University of British Columbia. Her initial experience was in operational forest management including silviculture programs and harvest planning. Since 1991 her work has focused on the public aspects of resource management, including timber supply issues, land use planning, public consultation processes, impact analysis, forest worker issues and rural community development initiatives. Since 2000 she has been involved in forest certification projects, including development of criteria and indicators, sustainable forest management planning and FSC certification.</td>
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<tr>
<td>Audit Date(s):</td>
<td>February 17-22, 2014</td>
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CVA Type: Desk review ☐ On-site ☑  
Location(s): Queen Charlotte City, British Columbia

Audit Overview: The auditors reviewed evidence provided by Taan and called a sample of contractors prior to the on-site audit. During the on-site portion of the audit, the social auditor interviewed Taan staff, conducted interviews with forest workers and contractors, reviewed safety practices at six field sites. Contractors and workers were interviewed face-to-face, and if there was no other option, by phone. The social auditor also reviewed safety minutes, incident reports and contractor safety plans on-site.

Changes to Scope since last Audit: None.

II. NON-CONFORMITY REPORT (NCR) EVALUATION

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

2013 Annual Audit Findings: During the audit the team found two additional situations where a contractor and a member of the public had concerns with Taan that were not resolved during the regular process, and Taan did not provide them with information about their dispute resolution process. As well, most of the individuals who were interviewed were not aware of Taan’s dispute resolution process and Taan employees and forestry contractors were not clear about their roles related to dispute resolution processes.

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: 3 months following report finalization (February 11, 2014)

Evidence Provided by Organization: The following evidence was reviewed by the auditor:
- Incident Investigation Form (November 13, 2013) identifying root causes for the non-conformance, with action plans.
- Management meeting minutes (October 2013).
- Corporate Action Tracker documenting status of actions.
- FSC Consultation Log and new Communications Log.
- Communications to initiate discussions with several concerned individuals, including copies of the Dispute Resolution Process.
- Website changes – addition of the Dispute Resolution Process and contact information.
- Revised annual ad for FSC consultation.

Interviews were conducted with Taan staff.
### Findings for Evaluation of Evidence:

The Common Standard Operating Procedure now includes the Dispute Resolution Process (DRP) and clarifies that Taan supervisors/managers are to provide the DRP to individuals with concerns early in discussions with each individual, and that if issues cannot be successfully resolved through regular consultation processes, the DRP must be implemented. The DRP has been added to the Taan website and is referenced on the ‘Contact’ page. Future advertisements for FSC consultations will include reference to the DRP.

Taan has sent the DRP to individuals who have indicated to Taan that they have concerns about Taan’s practices, including contractors, with an invitation to discuss their concerns and potential ways to address these concerns with Taan. Many of these individuals have been hesitant to respond, which has delayed initiating these discussion and potential resolution of these concerns. These processes are ongoing and will be assessed during the next annual audit as Indicator 4.4.4 is reviewed annually.

Based on the evidence reviewed, this NCR is closed.

### NCR Status:

CLOSED

### Comments (optional):

**MAJOR NCR#:** 01/13  
**NC Classification:** Major X  
**Standard & Requirement:** Forest Stewardship Council Regional Certification Standards for British Columbia (2005) section 4.2.1 and 4.2.2  
**Report Section:** Appendix IV, section 4.2.1 and 4.2.2

### Description of Nonconformance and Related Evidence:

Taan commits to safety in its Corporate Management System and FSC Management Plan and requires contractors to have safety programs. After a fatality within Taan’s operations, a voluntary audit by the BC Forest Safety Council was requested by Taan. This audit found that the fatality occurred in the operations of a new logging contractor that did not have a completed safety plan, yet was permitted to begin work. Although this audit had been received by Taan personnel two weeks previous, by the end of the FSC on-site audit Taan had not yet reviewed its files to evaluate whether there were other contractors working without an approved safety plan. Interviews with personnel in Taan’s organization who have responsibilities related to safety, including those responsible for implementing safety programs, indicate a lack of experience with these roles.

In addition, the audit team found that safety incident frequency data were not being accurately analyzed, resulting in significant under-reporting of accident frequency and a lack of recognition of the growing number of safety incidents. The actual accident frequency for contractors in 2012 and to the end of July 2013 were well above the targets set in the FSC Management Plan Monitoring Report 2012 (May 2013) and increased substantially between 2011 and 2013.

After the audit process was complete but prior to the report being finalized, Taan submitted updated safety data to Rainforest Alliance. This information was not verified by the audit team but suggests that the actual MIR for accidents over the two and a half year period from 2011-2013 is lower than found during the audit due to a data entry error. The revised MIR is above the target so this information does not change the finding.

### 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:

3 months following report finalization (February 11, 2014)

### Evidence Provided by Organization:

The following evidence was reviewed by the auditor:  
- Incident Investigation Forms (November 13 and December 20, 2013)
documenting root causes for the non-conformance, with action plans. • Management and operations meeting minutes (October 9 and 11, 2013). • Corporate Action Tracker documenting status of actions. • Common and Emergency Preparedness and Response (EPRP) Standard Operating Procedures (October 2013) with updated staff roles, Contractor Record Form and Checklists. • CMS Training matrix (January 2014). • New Silviculture Standard Operating Procedure (October 2013). • New Job Safety Breakdowns for Salvage and Scaler/Grader (January 2014). • Letter from General Manager Operations requiring SAFE certification by all contractors (November 1, 2013). • Active Contract Registry for Safe Cert System (February 2, 2014). • Safety plans for three contractors and completed Contractor Record Forms for five contractors. • BCFSC Basic Supervisor and Incident Investigation training record (January 2014). • Safety Alert (February 5, 2014). • Training package for the Junior Crew workshop (February 2014). • Incident investigation reports for 2013. • Sample of Taan and contractor safety meeting minutes. • Accident Rate – Local employment spreadsheet 2010-2013. • BCFSC Recordability Criteria Instructions.

Interviews were conducted with five Taan staff, 10 contractors and 17 forest workers.

**Findings for Evaluation of Evidence:**

In September, Taan began to implement a new safety management approach requiring all personnel to be actively involved in safety procedures. In October, the Common Standard Operating Procedures (SOPs) and the EPRP SOPs, including the training matrix, were revised to reflect this new policy. Supervisors are now required to review safety plans for new contractors, attend contractor meetings where safety is discussed at least monthly, to review incident reports from operations they are responsible for and bring root causes and action plans forward to management meetings. Taan personnel are being supported to implement this new policy through BC Forest Safety Council Basic Supervision and Investigation training and assistance from the Corporate Management System (CMS) Administrator.

Interviews were conducted with five Taan staff, the contracted CMS administrator, the contracted planner/engineer, six harvesting/salvage/roads contractors, one engineering contractor, one silviculture contractor, and 17 workers. Taan staff, all contractors and most workers who were interviewed were aware of the revised SOPs and are clear about their roles and responsibilities. All workers understood and provided examples of when they have implemented their right to refuse unsafe work.

Taan supervisors indicated they have the capacity to review safety plans for new contractors, or will seek support from the CMS Administrator. Contractors confirmed that Taan operations and silviculture supervisors have attended meetings about safety at least monthly, or have indicated they plan to attend. Contractors confirmed that Taan management personnel are actively involved in ensuring appropriate action plans are defined and implemented for high risk incidents. Taan personnel were aware of safety concerns that were raised by contractors and workers during interviews and have plans in place or are developing plans to address these concerns.
Incident reports and safety minutes were reviewed by the auditor. The auditor found that, for the most part, incident reports were fully completed, supervisors were reviewing these reports and bringing the findings and actions to Taan safety meetings for discussion. Taan has recognized the need to strengthen root cause analysis, action planning and staff analysis of incident reports and are developing plans to address these weaknesses.

In September, Taan initiated a review of safety plans for active contractors which found that procedures had not been followed by Taan personnel to evaluate the safety plans for 10 contractors who are not SAFE certified, and the existing procedures were not adequate. The Contractor Review Form was revised to include criteria for assessing safety plans, and this was used during a detailed review the safety plans for the 10 contractors. One contractor’s safety plan was deemed unacceptable and this contractor is not permitted to work for Taan until SAFE certification is achieved.

The review identified deficiencies in other plans, which Taan personnel assessed to decide whether Taan’s CMS safety requirements adequately covered these deficiencies. To address common deficiencies, and provide consolidated guidance to their personnel, Taan created a new Silviculture SOP. They also created Job Safety Breakdowns for Salvage and Scalers/Graders which they provided to relevant contractors. The auditor reviewed three of the safety plan reviews and concurs with the assessment and actions completed by Taan personnel.

Effective November 1, Taan implemented a new policy requiring all companies to become SAFE certified, with registration to be completed by January 31, 2014, and certification achieved by October 31, 2014. One contractor who had not registered by the deadline has been shut down.

Taan has refined its safety incident spreadsheet to correct errors, implement a rolling average calculation based on BC Forest Safety Council advice, add missed contractors and ensure all incidents are correctly recorded. The revised accident frequency for 2010 to 2013 of 11.2 is above Taan’s target for low accident frequency of 8. An Incident Investigation (December 13, 2013) identifies root causes for incidents during 2013 and action plans to reduce incidents. Taan’s achievement of a low accident frequency will be assessed going forward based on incidents that occur after December 2013, when the root causes of the incident reporting problems were fully addressed. According to the BC Safety Council, accident frequency rate is not an accurate metric until 200,000 worker hours have been accrued, and thus accident frequency rate will not be a fully effective measure until that point. In the meantime, Rainforest Alliance will continue to monitor that the measures to address the root cause presented here will be implemented.

The actions to address the root causes of the lack of safety plans and full implementation of these plans, as well as the high safety accident frequency rate have been addressed and thus this NCR is closed.

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<td>Comments (optional):</td>
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III. CONCLUSIONS

| NCRs Closed: | ☒ No follow-up required related to closed NCRs |
IV. OPEN NCRs

Newly issued or upgraded NCRs:

(From 2013 Annual Audit):

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<th>Minor X</th>
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<td>Standard &amp; Requirement:</td>
<td>Forest Stewardship Council Regional Certification Standards for British Columbia (2005) section 4.4.1</td>
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<tr>
<td>Report Section:</td>
<td>Appendix VII, section 4.4.1</td>
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**Description of Nonconformance and Related Evidence:**

Individuals who were interviewed did not know where to express general concerns or concerns about specific cutblocks, and were hesitant to speak with planners and managers who are not residents of the island. Some concerns were sent to the Solutions Table, but Taan planning contractors and Council of Haida Nation Department of Natural Resources were not certain whether Taan was receiving all of these concerns. While Taan has an open-door policy at their office, this has not been communicated to the public and they do not have a process for tracking concerns that are raised. Concerns were raised about being able to express concerns to Taan staff and managers without fear of reprisal. As Taan's public participation process for their FSC Management Plan and plans required by their licenses met the standard, the team found this to be a minor nonconformance.

**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 next annual audit.

**Evidence Provided by Organization:**

PENDING

**Findings for Evaluation of Evidence:**

PENDING

**NCR Status:**

OPEN

**Comments (optional):**


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<td>Report Section:</td>
<td>Appendix VII, section 3.1</td>
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**Description of Nonconformance and Related Evidence:**

Written procedures for Group Management were found to have many but not all of the requirements. Specifically, while the procedures were clear about why a group member may be suspended they do not provide
a specific timeline for handling suspension and nor do they include the conditions for re-instatement for group members once they have been suspended.

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V. AUDIT REPORT APPROVAL

Note: a formal Q-09 Report Review and Approval (RRA) Checklist conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor, or by a Senior Auditor.

☐ Refer to separate Q-09 RRA Checklist
☑ Report approved by way of this checkbox
Approved by: Christine Korol
Date: March 3, 2014
☑ Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.