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Vice President

# MARSH

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April 20, 2006

Sheldon Black, B.Comm.  
President  
Flex-Mor Industries Ltd.  
P.O. Box 758  
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## **Subject:Gap Program Review**

Dear Sir,

It was a distinct pleasure dealing with you and your staff during my visit at your facility. The purpose of our gathering was to administer a MRIM-ACE GAP Fleet Management Analysis. I'm pleased to inform you that your overall score of 2.4 meets the criteria for consideration in this unique market. The GAP Analysis is a tool designed to benchmark your fleet's current safety efforts against the best practices within your industry. It is effective in highlighting a fleet's strengths and identifying areas where improvements can be administered. The process examines specific safety controls within twenty fleet management components. Hopefully, the final analysis will assist your company in the development of a plan to further enhance desired fleet results.

I spent time on site examining policies and procedures, observing the work environment, and interviewing a variety of representatives from various departments. I was extremely impressed by the creativity, professionalism and dedication to improve by all those I came into contact with. As reflected in the GAP Analysis scores, there is every indication that there is a true commitment to your employees and that there are efforts being made to ensure safety remains a priority.

Enclosed is a graphic evaluation and comprehensive summary of the GAP Analysis. The evaluation displays numerical values assigned to each of the twenty components. You should use this process going forward to improve the overall fleet management controls. An annual review will be required as a condition of the MRIM-ACE commitment.

The GAP summary includes a narrative of my observations as well as suggestions for risk improvement to enhance your current programs and to engage others that will benefit from the company's overall safety results. Please do not become overwhelmed with the GAP, as the many recommendations are merely links to achieving best practices within each safety component.

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I welcome the opportunity to assist you and your team as you take safety to the highest level.

Attached is a response form with those components that have scored 2.4 or less. Please consider completing this document within 60 days and return with your comments to me with plans for improvement.

Please share my gratitude to all that participated in the GAP Analysis process. I found everyone to be extremely friendly and cordial. As your staff demonstrated, your culture can truly be one that supports safety and is pleasant to work within.

Please review this assessment. I will remain accessible to discuss opportunities to assist in addressing some of the recommendations. Please contact me if I may be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'GREG ST. CROIX', with a large, sweeping flourish underneath.

Greg St. Croix

Copy:

Bill Buchanan Marsh Canada Ltd., Toronto

Creg Goddard, Marsh Canada, Ltd., Toronto

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## Flex-Mor Industries Ltd.

Review Date: April 2006

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### MRIM-ACE GAP REVIEW RECOMMENDATIONS

The following components received a score of lower than 2.4. It is recommended that changes/improvements be made in these areas to improve the safety and management of your operations.

#	Component	Score
2	<b>Driver Selection/Qualification</b> <ul style="list-style-type: none"><li>• All background screening is done on site. You may wish to consider using the services of Professional Drivers Bureau (1 888 999 5693) or other similar provider to support this activity.</li><li>• Develop and document the interview process that all driver candidates complete.</li><li>• Administer functional capacity examinations to identify new hires with pre-existing physical conditions. Most occupational medical clinics are capable of developing such examination programs.</li><li>• Expand your qualification measures even further with the use of new hire risk assessments and profiling programs. One process that has been very well received by similar carriers is called the Driver Risk Index. This video-based module measures a driver's appetite for taking risk as they react to specific driving situations.</li><li>• Files should be current to FMCSR standards. Separate non regulatory items (collisions, inspections, medicals etc) in separate file.</li><li>• Ensure your background checks meet regulatory requirements.</li></ul>	2.3
	<b>Client's Response:</b>	
3	<b>New Hire On-boarding</b> <ul style="list-style-type: none"><li>• Suggest you consider testing the drivers on content of your extensive driver's manual. Multiple choice or simple answer format would help ensure that drivers and staff have comprehended the important elements of this document. File results in their personnel file. Refer to the manual or sections of the manual in any safety meetings to re-affirm procedures.</li><li>• Administer more defensive driving instruction during the initial orientation process for all drivers, regardless of experience. Conduct in-vehicle commentary drives as an integral part of the defensive driving instruction.</li><li>• Check new hire's understanding of the company policies and procedures by administering a check for learning exercise at the completion of the initial orientation process.</li></ul>	2.3

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	<ul style="list-style-type: none"> <li>• Implement a process that requires the driver managers to conduct a follow-up gathering with all new drivers after they have been on their own for 30-60 days. A best practice is to combine this with a short orientation refresher seminar.</li> <li>• Utilize multi-department training instructors (management, operations, maintenance etc.) during the orientation to present their respective information.</li> <li>• Increase the length of your current orientation to ensure that all of your policies, programs, benefits and standard operating procedures (such as cargo security, safe driving techniques) are reviewed.</li> <li>• Create an instructor's manual, so that the consistency of the material being presented will be improved.</li> </ul>	
	<p><b>Client's Response:</b></p>	
<p><b>6</b></p>	<p><b>Written Safety Manual</b></p> <ul style="list-style-type: none"> <li>• Develop the manual as a sole source document. Manual should be a reference tool for all management and supervisory staff. Update the content and organize so it is in a user-friendly format.</li> <li>• The Corporate Safety Manual should consist of the following detailed information: <ul style="list-style-type: none"> <li>— Driver manual</li> <li>— All regulations / On-boarding &amp; on-going training activities</li> <li>— Accident reporting procedures</li> <li>— Supervisory responsibilities for accidents / personal injuries</li> <li>— Schedule of progressive discipline / Remedial training</li> <li>— Hiring / firing policies</li> <li>— Standard operating procedures</li> <li>— EAP policy</li> <li>— Substance abuse program (drugs and alcohol)</li> <li>— Dispatch procedures</li> <li>— H&amp;S elements for shop / office</li> <li>— Vehicle specifications</li> <li>— Procedures for resolving conflicts</li> </ul> </li> <li>• Employee involvement in safety teams, such as: Accident Review Board, Safety Action Committee, Driver Trainers</li> </ul>	<p>1.9</p>
	<p><b>Client's Response:</b></p>	

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#	Component	Score
11	<p><b>Loss Reporting and Investigation</b></p> <ul style="list-style-type: none"> <li>• Suggest that drivers automatically report to dispatch if an on road inspection is being conducted. This will eliminate any 'surprises' or inconsistencies that happen. You might want to consider 'geo fencing' each scale location to give you or the driver advance warning.</li> <li>• Loss Control, Safety and Operations should all be involved in managing all aspects of major losses.</li> <li>• A root cause analysis should be an integral part of the loss investigation process. This is most effective if the fleet manager is involved in assessing all potential contributing factors.</li> <li>• Create written emergency response procedures for all foreseeable types of losses.</li> </ul>	2.3
	<p><b>Client's Response:</b></p>	
12	<p><b>Loss Analysis</b></p> <ul style="list-style-type: none"> <li>• Post loss data for the entire capacity to view. Most effective display of loss information is in the form of pie charts and graphs.</li> <li>• Many carriers have experienced great results by challenging the driver capacity with goals. The key to making this work is setting achievable goals and sub-goals, regularly communicate status, and provide celebrations for achieving designated milestones.</li> </ul>	1.7
	<p><b>Client's Response:</b></p>	
14	<p><b>Accident Review Board</b></p> <ul style="list-style-type: none"> <li>• Create an educational process by including drivers in the accident review process. The true benefit of administering accident reviews is the education associated with evaluating the incident and the determination of why an incident may be deemed preventable. In most cases, the individuals that rule an incident preventable place extra attention on those driving exposures related to the incidents ruled upon.</li> <li>• Consider using some of your preventability rulings as training exercises for the entire driver capacity. The benefit for such activities is encouraging the driver capacity to think with a mindset focused on preventability rather than at-fault.</li> </ul>	1.0
	<p><b>Client's Response:</b></p>	

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#	Component	Score
17	<p><b>Self-Auditing System</b></p> <ul style="list-style-type: none"> <li>• Develop a formal auditing process similar to the GAP Analysis to measure compliance with internal safety management controls (safety and quality assessments).</li> <li>• Encourage department heads to occasionally attend the new driver orientation to provide feedback regarding content shared.</li> <li>• Expand auditing procedures to include vehicle maintenance, collisions / personal injuries, H&amp;S claims, driver selection, regulatory compliance, etc.</li> <li>• Document all audits and communicate results to upper management and all involved parties.</li> <li>• This is an area which can have significant benefits to the organization. Stronger efforts should be made to track, analyze and graph similarities in reported incidents. Future hiring, training and on-going operations can be positively effected.</li> </ul>	2.1
	<p><b>Client's Response:</b></p>	
18	<p><b>Early Return to Work Program</b></p> <ul style="list-style-type: none"> <li>• Develop and implement an injury management program. Actively involve the fleet managers in frequently contacting their drivers who are off work. Train management to properly engage in this process.</li> <li>• Develop a list of all potential light-duty job functions. In addition, identify the specific physical requirement for each.</li> </ul>	1.7
	<p><b>Client's Response:</b></p>	
20	<p><b>Cargo/Personnel Security</b></p> <ul style="list-style-type: none"> <li>• Administer workplace violence awareness training for all managers and supervisors.</li> <li>• Implement measures to reduce the exposure to theft and maintain the integrity of the product delivered.</li> <li>• Conduct Criminal Record Searches on all employees and make it mandatory upon initial hire.</li> </ul>	2.3
	<p><b>Client's Response:</b></p>	