



March 19, 2020

Brothers and Sisters,

Yesterday, the Local Union was advised of a sale of assets in Port Alberni between Western Forest Products and the Huu-ay-aht First Nations, just prior to the publicly announced sale.

In part the joint announcement was as follows:

Western Forest Products Inc. (TSX: WEF) (“Western”) and Huumiis Ventures Limited Partnership (“Huumiis”), a limited partnership beneficially owned by Huu-ay-aht First Nations, (“Huu-ay-aht”), have reached an agreement whereby Huumiis will acquire a majority ownership interest in TFL 44 Limited Partnership and an ownership interest in a newly formed limited partnership that will own the Alberni Pacific Division Sawmill for total consideration of \$36.2 million (the “Transaction”). The key details of the Transaction are summarized below.

TFL 44 Limited Partnership (“TFL 44 LP”)

- TFL 44 LP holds certain assets in Port Alberni, British Columbia, including Tree Farm Licence 44 (“TFL 44”) and other associated assets and liabilities.*
- Huumiis will acquire an incremental 44% ownership interest in TFL 44 LP from Western for \$35.2 million.*
- On completion of the Transaction, Huumiis will own 51% of TFL 44 LP and Western will own 49% of TFL 44 LP.*
- Western may sell other area First Nations, including Huumiis, a further incremental ownership interest of up to 26% in TFL 44 LP, under certain conditions.*
- Western and TFL 44 LP will enter into a long-term fibre agreement to continue to supply Western’s British Columbia coastal manufacturing operations, which have undergone significant capital investment over the past several years.*

Alberni Pacific Division Sawmill (“APD Sawmill”)

- Western will transfer its APD Sawmill into a newly formed limited partnership (“APD LP”) along with certain other assets and liabilities.*
- Huumiis will acquire a 7% ownership interest in APD LP from Western for \$1 million, and subject to further negotiations, Huumiis will have an option to purchase an incremental ownership interest in APD LP, which may include a majority interest.*

The completion of the Transaction is subject to satisfaction of customary closing conditions, financing, and certain third-party consents, including approval by the British Columbia Provincial Government and the Huu-ay-aht First Nations People’s Assembly. The Transaction is expected to close in the second quarter of 2020.

Your Local Union will be seeking further information in order to fully understand the sale and its impacts on our members.

This will include getting more detailed briefings from the parties involved, as well as from the Provincial Government, which will likely be delayed due to COVID-19.

At this time, it is not clear if the change in ownership will have a positive, negative or neutral impact on the membership due to the fact that the Union was not consulted at any step of the process leading to the date of this announcement.

The Union does not anticipate any issues related to the successorship of our members' Collective Agreement rights within TFL 44.

The Local Union will provide more information to our members in TFL 44 as it becomes known.

Collective Bargaining

The Local Union continues to engage three TFL 44 contractors in collective bargaining with recent meetings held on March 11th and 16th and the parties have discussed holding a meeting on March 19th, 2020.

The parties remain apart on important issues related to a 50 hour a week straight time shift schedule that is below employment standards and over job security issues related to the Sarita and Ship Creek sorts in TFL 44.

The Local Union will provide more information on bargaining as meetings progress. We hope that these issues can be resolved and we are able to reach an agreement as soon as possible.

United Steelworkers, Local 1-1937

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