



Feb 17, 2021

ATTENTION: FRANKLIN RIVER DIVISION MEMBERS

Re: Memorandum of Understanding between United Steelworkers Local 1-1937 & Huu-ay-aht First Nations

Dear Brothers & Sisters:

Since 2018 the Local Union has had ongoing meetings with the Huu-ay-aht First Nations (HFN) to discuss advancing economic reconciliation and forestry revitalization in the Port Alberni area. We have now come to a Memorandum of Understanding (MOU) with the HFN on principles we jointly want to implement going forward.

As you know the HFN has purchased an ownership stake within TFL 44 from Western Forest Products. This stake will soon increase to a 51% ownership.

Our discussions with HFN's elected Chief Robert Dennis and his representatives have been positive and forward looking. HFN's vision was to create full-time work opportunities within TFL 44 for First Nations (FN) people, which would encourage them (many of whom live away from the First Nation territory) to return and live and work in the community.

As our discussions progressed, we came to an agreement on how we could assist in facilitating their plan while giving our members working on TFL 44 what they would need to allow for certain aspects of the vision to become reality.

To facilitate the improvements for both the USW and HFN, the parties agreed to jointly lobby the Provincial Government on two key issues. 1. To ask that the TFL 44 undercut (remaining after the 5-year Annual Allowable Cut (AAC) control period) be awarded to the HFN and logged by the USW members (rather than non-union) and; 2. Jointly ask for the Provincial Government to approve the USW's request for contractual severance pay for the 30 positions impacted when a portion of TFL 44 was awarded to the HFN by the previous government in 2014.

If achieved, the USW and HFN will negotiate an appropriate portion of the revenue from harvesting the undercut to be used in facilitating two key elements of the MOU.

The MOU includes provisions for the parties to agree upon a retirement incentive package for USW members over age 55. These packages would be utilized when USW members volunteer to leave their job and have it filled by a trained HFN worker. The revenue will also be used for the development of a workforce training program to increase training opportunities for existing USW members. The MOU also calls for the parties to agree upon compensation for USW Local 1-1937 members who may be unable to apply their seniority when a vacant job opening is filled by the placement of HFN/TFL 44 FN members. The parties will also determine through negotiations a set number of positions agreed to that could be filled by FN members and those that will remain available to current USW members.

The MOU has an agreement that 50% of the undercut awarded by government to HFN will be directly awarded proportionately to the Woodlands Contractors on TFL 44. 25% of the undercut will be awarded on a bid-basis to Woodlands Contractors and existing Undercut Contractors and one other USW contractor with the remaining 25% of the undercut will be awarded on a bid-basis to any USW contractor that applies. The goal is to ensure that as much of the undercut as possible goes to the existing crews on TFL 44 and ensure that all of it is harvested by USW contractors. There remains the outstanding issue of what percentage of the harvest volume will be sorted in TFL 44 sorts and how much may go to other USW sorts, FN sorts and or by direct sale to Catalyst in Port Alberni. This will be determined as part of upcoming negotiations between the parties.

Now that the initial MOU has been signed by both parties, it is the desire of the parties to reach agreements on various provisions in the MOU to ensure its success.

Steps include:

1. Jointly lobbying the government on acquiring the undercut and getting approval for severance payments.
2. Joint agreement of a retirement incentive package for members over 55.
3. Workforce training program development including agreement on the number of vacancies that can be filled by FN hires.
4. Compensation for USW members who are held back from filling vacancies due to FN placement will need to be negotiated.
5. Agreement on volumes related to how much of the harvest will be sorted in TFL 44 sorts other USW sorts and two First Nations sorts.

**When agreements on Points 2, 3, 4 and 5 above are tentatively made they will require ratification by USW members. Points 3 and 4 will require ratification by Woodlands Contractors.*

Q & A

Question: Does the MOU change the Collective Agreement between the Woodlands Contractors and the Union?

Answer: No. There are no changes to your Collective Agreement. Any agreement that changes your Collective Agreement requires a ratification vote of the crew. As noted there will likely be votes on the issue of FN member placement in vacant TFL 44 positions in the future. As part of the plan moving forward the crew may authorize specific instances of altering seniority application.

Question: Does this agreement benefit me?

Answer: We believe it benefits everyone. Creating or improving relations with FN is important to our Union and as the Huu-ay-aht First Nations are soon to be a majority owner of the TFL 44 license, it is a positive step to work together on issues where mutual benefit exists but it can also depend on your personal situation. There is also the benefit of having more training opportunities that will ultimately be negotiated. If ratified by the crew, the only situation where the agreement could impact anyone negatively is where a vacancy was filled by a qualified FN member rather than an existing member on a seniority competency basis. While we will be negotiating compensation for this situation, it may be that the opportunity to acquire a position was more important at the time to the member. There is also a positive opportunity to retire with a pension bridging provision for those over 55.

Question: What would happen if we didn't have an agreement with the HFN?

Answer: As there is a very large undercut within TFL 44 we would likely see the government award all or a large portion of that undercut to the HFN and with no agreement to harvest it with USW Woodlands Contractors or other USW contractors we would likely see the HFN hire non-union contractors to harvest the entire undercut.

Question: Is there a difference between the severance package being sought by the government and the retirement incentive that will be used to create vacancies?

Answer: Yes.

Severance Package: The severance package has been sought by the Union since 2014. To be clear we have no confirmation that government will approve the request. If received it is intended to pay severance to 30 members, many of which have already retired prior to the decision being made. While the severance may create vacancies created by those members still working accepting severance (if offered). It is not the main focus for creating vacancies for FN workers.

Retirement Incentive: The retirement incentive package still to be negotiated is intended to be funded from undercut harvesting revenue. It is these funds that are expected to create vacancies for FN workers under the MOU. While not yet negotiated, retirement incentives are expected to be less than contractual severance pay. How much less? We do not know at this time.

Question: Do members have to accept severance or the retirement incentives?

Answer: No