

## **Executive Summary - Public**

The following pages presents Qikiqtaaluk Corporation's public Executive Summary for its Annual Report for its commercial fisheries activities for 2022, in response to the *Nunavut Wildlife Management Board* (NWMB) call for Annual Reporting.

Qikiqtaaluk Corporation (QC), through its Fisheries Division, is a major player in the Canadian shellfish and groundfish industries, holding 1.5 of the 17 available offshore shrimp licenses, as well as a share of the allocations of turbot and shrimp allocated to Nunavut. The company is the 100% owner of Qikiqtaaluk Fisheries Corporation (QFC), which owns a large factory freezer trawler, the Saputi, and harvests one of QC's shrimp licenses, along with its own share of the Nunavut allocations, as well as turbot and shrimp for other Nunavut and southern players. QC is also an equal partner with Makivik Corporation of Nunavik in Unaaq Fisheries, which holds one of the other offshore shrimp licenses.

The year 2022 was very positive for QC and its fishery operations, with strong market demand and prices for both turbot and shrimp, excellent fishing performance on the Saputi, access to an increased share of Nunavut's turbot and shrimp allocations, reduced impacts from the COVID-19 pandemic, and the strengthening of Inuit employment and the Fisheries Division's internal capacity. As a result, QC's fishery operations achieved strong profitability in 2022 and the company continued to build on its commitment to the communities and people of the Qikiqtani region, through direct dividends to its owner, the Qikiqtani Inuit Association (QIA), and investments in fishing and non-fishing project activities in member communities.

The following pages summarize QC's results for 2022 in each of the following areas: stewardship, business plans, operations, governance, financial performance, financial and investment plans, and benefits to Nunavut.

### **Stewardship**

Qikiqtaaluk Corporation is 100% owned by QIA, an organization which is very involved in advocating for the protection and stewardship of Inuit lands and adjacent waters in the Qikiqtani region. As such, QC takes its lead from QIA in striving to achieve high levels of stewardship in all its fishery activities. QC's Fisheries Division has provided direct support to QIA in its advocacy efforts for Nunavut's adjacent allocations.

Stewardship is highly valued at QC's Fisheries Division and the company continues to comply with all relevant regulations from agencies, including DFO, Transport Canada, and NWMB's Mandatory Requirements for Responsible Stewardship.

In 2022/23, QC both corporately and through its participation as a member of the Nunavut Fisheries Association (NFA), the Northern Coalition (NC), and the Northern Shrimp Research Foundation (NSRF), continued to focus on responsible stewardship for its operations and the northern industry in general.

From a corporate perspective in 2022/23, activities in support of QC's stewardship goals and objectives, in addition to ensuring compliance with all regulatory requirements, included:

- In the planning and design for QC's new vessel, the Saputi II, QC has focused on fuel efficiency, the minimization of Greenhouse Gases (GHG) and other emissions, the minimization of waste and plastics usage/disposal, and the optimization of crew safety and comfort. Vessel design and model testing were completed. In 2022, the war in Ukraine and resultant supply chain impacts

resulted in a significant increase in projected costs and construction timelines, requiring QC to hold off on commissioning the vessel until a more stable environment returned.

- QC was the first company to trial two new Greenland shark exclusion device designs on the Saputi in 2022. Both a rigid and soft grid design were trialed, with the aim of directing any Greenland shark or other large animals that entered the trawl towards opening to enable escape and, as such, to ensure these animals are not captured and brought on deck. This collaborative industry project is continuing, with a second trial showing improved results with a redesigned rigid grid and plans for further testing;
- QC is an active participant, the only one in the fishing industry, along with others in the marine sector, in the Ocean Supercluster project being led by Training Works, looking at Marine Fatigue Risk Mitigation. The goal of this project is to provide organizations and their people with the tools they need to mitigate the risks associated with fatigue and support health and wellness. This project consists of on and off vessel research with crew to utilize adaptive learning technology to give them the tools they need to help mitigate the risks associated with Fatigue in their job;
- QC was successful in obtaining funding support from DFO through its Ghost Gear funding to purchase a high-resolution Synthetic Aperture Sonar (SAS) technology developed by Kraken Robotics, to be used for ghost gear detection in Arctic waters and high-resolution mapping;
- QC, through the Qikiqtaaluk Business Development Corporation (QBDC), is continued to support QIA sponsored food security and sovereignty research and capital initiatives; and
- The Fisheries Division's Inshore Fisheries Research and Training Initiative seeks to minimize environmental impacts through the use of remote sensing technologies (video sleds and drop camera systems) and custom designed gear to be minimally invasive and selective.

In addition, QC's Fisheries Division continues to support and provide input to collaborative activities undertaken by NFA, NC, and NSRF to improve resource stewardship. These include recent industry-wide collaborative research on juvenile redfish bycatch (successful Nordmore grid spacing study and escape panels studies); the NFA led footgear modification research at the Marine Institute, aimed at reducing bottom impacts; and ongoing efforts to maintain MSC certification in Nunavut's turbot and shrimp fisheries, addressing required Client Action Plan (CAP) requirements.

In 2022/23, QC continued its compliance and leadership for all its stewardship objectives and plans to continue and build on this in the coming years.

### ***Business Plans***

QC's Fisheries Division has developed Strategic Business and Action Plans which guide its activities. For 2022/23, QC has continued its commitment to each of the main areas of focus for its fisheries business, which include:

- Optimize productivity, performance, profitability and return to QC from fishing operations;
- Increase Inuit employment;
- Invest in the betterment of the Nunavut fishing industry; and
- Take a strong leadership position in the fishing industry.

Progress on these goals and objectives for 2022 was as follows:

- Optimize productivity, performance, profitability and return to QC:
  - Access to NU allocations: For 2022, the final multi-year decision of the DFO Minister on the sharing of Nunavut allocations from 2022/23 to 2025/26 has provided QC with a significant increase in its share of adjacent turbot and shrimp allocations;

- Vessel maintenance: With the completion of the Saputi refit in 2021, it was able to operate throughout 2022, with no significant maintenance issues. The full year of operations enabled the vessel to increase production, harvest the additional allocations available, and generate a high level of revenues and profitability;
- New vessel decision: The onset of the war in Ukraine had a major impact on supply chains and vessel shipyards in 2022, resulting in uncertainty and increasing costs for new builds. In 2022, QC held off on approval of new vessel construction, to evaluate additional shipyard options (outside of Turkey) and wait for some degree of stability to return to the shipbuilding sector;
- Inshore research vessel: The Ludy Pudluk completed its second successful year of inshore fisheries research and training in 2022, visiting Sanikiluaq, Igloodik and Sanirajak. Planning was also initiated on securing a larger research vessel (>100') to enable the Fisheries Division to increase its inshore research and training activities.
- Increase Inuit employment:
  - Increase and optimize Inuit employment: Inuit crewing rebounded in 2022-23 with significantly higher Inuit crew positions, and is anticipated that this will continue as priority continues to be placed on recruitment and training
  - QC continued in 2022 to stress the need for NFMTC to focus on increasing Inuit employment in higher level positions and the importance of a mentorship program. The decision was made to move forward with program development.
  - QC's inshore research program also provides significant additional opportunities for Inuit employment and in 2022 Inuit from four different Qikiqtani communities were employed on the Ludy Pudluk and local vessels during the research season.
- Invest in the betterment of the Nunavut fishing industry:
  - Collaborative research and investments: In 2022, QC continued to support the research activities of NFA, NC and the NSRF, in addition to its own research in support of its communities and the potential development of community-based inshore fisheries. The Fisheries Division also continued to support other priority community projects in collaboration with QBDC.
  - Marketing and sales: QC continued to work closely with its marketing agent, Sirena, to promote Nunavut fishery/products. Strong market demand and pricing helped ensure strong revenues and profitability in 2022.
- Take a strong leadership position in the fishing industry:
  - Leadership in industry and inshore fishery development: QC continues to play an active leadership role in the Nunavut fishery, participating in industry organizations, conferences and meetings on a regional, national and international basis. QC is implementing its Inshore Fisheries Development Plan, working with member communities to take a lead role in evaluating the potential for future community-led fishery opportunities.

### **Operations**

Qikiqtaaluk Fisheries Corporation harvests cold-water shrimp (*Pandalus borealis* and *Pandalus montagui*) and turbot (*Reinhardtius hippoglossoides*) using the Saputi. In 2022/23 QC's 50% share of the Unaaq licence quota was harvested on the Saputi. QC also had an arrangement with Clearwater Seafood Ltd. Partnership (CSLP) to harvest a portion of QC allocations in Ungava Bay.

In 2022/23 QC fished 93% of its 'fishable' shrimp quota. The Saputi fished shrimp for 140 days, with 4,954.5 t of shrimp product harvested, for an average daily harvest rate of 35.4 t. Daily harvest rates were

generally excellent, averaging from 26.0 t/day in NU E to a high of 46.9 t/day in SFA 4. In addition to the Saputi, two Clearwater vessels harvested 1,715 t of QC's allocations in 2022/23, primarily consisting of *P. montagui* in the WAZ. These vessels fished for 44 days, averaging 39.0 t/day.

The Saputi harvested 2,512 t of turbot product in the 2022/23 season. The average daily harvest was 31.8 t for a period of 79 catch days. This catch rate is consistent with previous years catch rates 2021/22 (32.9 t/62 days) and 2020/21 (33.5 t/79 days).

### **Governance**

Strong governance is a hallmark for Qikiqtaaluk Corporation and for all of its related companies and divisions. This is no different for the Fisheries Division, which is held to account for its activities and progress continually by QC's Senior Management and on a regular basis by the Board of QC. The owners of QC, the Qikiqtani Inuit Association (QIA), which represents all of the Inuit of the Qikiqtani region, is also updated on QC progress and activities on a regular basis, while also receiving dividends from QC based on its profitability.

For 2022/23, QC and its Fisheries Division continued to achieve all of its goals and objectives with respect to good corporate governance, inclusive of: the reporting and approval of fisheries activities and strategic plans through management and to the Board; the maintenance of a strong, highly competent and experienced management team; the reporting to and input from the company's shareholder QIA; and expanding engagement activities with member communities.

QC continued its focus on strong and consistent governance throughout its organization. For 2022/23, there were some changes to the QC and QFC Boards, as follows:

- Sheena Qauniq appointed to the QC & Group of Companies Board October 6, 2022
- Levi Barnabas appointed as the Chairperson of the QC & Group of Companies March 01, 2022
- Tommy Akavak appointed as the Chairperson of the QC & Group of Companies January 20, 2023

On the personnel side for fisheries, the personnel remained largely the same throughout 2022/23, with the addition of Brian Burke as Senior Project Manager in September 2022. Mr. Burke was hired to oversee the Fishery Division's portfolio of projects and to focus on growing the Inshore Fisheries Research and Training Initiative to the benefit of member communities.

### **Financial Performance**

Appended to the Annual Report are the audited financial statements for 2022/23 for Qikiqtaaluk Corporation and Qikiqtaaluk Fisheries Corporation. Both statements demonstrate the continued financial performance and profitability of these companies, which is utilized to provide benefits to member communities in the Qikiqtani region, both through direct investments by QC and its annual dividend payment to QIA.

### **Financial and Investment Plans**

QC's fisheries business activities have been highly successful for the company, providing significant returns which have been utilized for investments in fisheries and other sectoral activities to increase benefits for Inuit in the Qikiqtani region.

For 2022/23, QC's fishery operations had a very successful year in terms of meeting and largely exceeding its financial and investment goals, objectives and milestones. This success can be attributed to a number of factors, largely related to sound management and governance, including:

- Optimizing sales returns through QC's relationship with Sirena – obtaining high market prices for both turbot and shrimp in international markets;
- The increase in access to allocations of both turbot and shrimp in Nunavut's adjacent waters, from the multi-year decision of the DFO Minister;
- The ability to operate the Saputi on a year-round basis, with no scheduled refit and access to QC allocations and transfers that enabled the vessel to remain busy; and
- Conservative budgeting for 2022 that reflected the ongoing uncertainties related to the pandemic and budgeting lower market prices than were actually achieved.

QC's fishery operations remain highly profitable and a very important contributor to the overall success of the company.

### ***Benefits to Nunavut***

QC has a strong commitment to providing benefits to its member communities in the Qikiqtani region, in keeping with the corporation's mission. As the only member of the Nunavut fishing industry that represents all of the communities in the Qikiqtani region, as well as the only company with a diversified base of business operations where the royalties and profits from fishing operations can be invested to increase economic opportunities and achieve higher levels of Inuit employment, QC remains the logical entity to take a lead position in the Nunavut fishery and in the provision of benefits to the Qikiqtani region.

After two difficult years, with Inuit crewing levels impacted by the COVID-19 pandemic and accompanying restrictions, Inuit and Nunavummiut crewing levels on the Saputi showed significant improvement in 2022/23, approaching pre-pandemic levels. In addition to providing direct returns to its shareholder, QIA, QC also makes investments in its member communities in the form of direct investments in contributions and donations and investments by the Fisheries Division in fisheries and other economic and/or cultural development projects through the Division or QBDC, which are levered with external funding as outlined in following sections.

For 2023/24 and beyond, QC is committed to continuing its efforts to maximize Inuit employment on its vessel and in its operations, to provide its shareholder with an annual direct dividend payment, to provide direct support for communities in terms of contributions and donations, and to lead and contribute to community-based project initiatives both within and outside the fishery.

With respect to Fisheries Division led projects, the primary focus for 2023/24 will be on two project initiatives, i.e. the third year of the offshore redfish survey in Division 0B, looking to use mid-water trawl technology to demonstrate the ability to fish without bottom impacts, and the major expansion of the Division's Inshore Fisheries Research and Training Initiative. This expansion will seek to grow this initiative with the implementation of training initiatives involving Youth Outreach to local high-schools, technical training for inshore fisheries research and development, and entrepreneurial/managerial training to enable communities to be prepared for any future opportunities. Community liaison positions are being established and filled in several communities, to represent QC, work with the local HTAs, and provide logistical support to the research and training programs. The Division is also seeking to add a larger research vessel, in excess of 100', to enable the expansion of research efforts. Research on the Ludy Pudluk and community vessels will also continue in 2023/24, with a focus on the communities of Kingait, Sanirajak, and Sanikiluaq.

The Division will also continue to work with and support projects led by QBDC. In addition, it will continue to work with industry through its membership in NFA, NFMT, NC and the NSRF on projects to benefit Nunavut and Nunavummiut.