



CUMBERLAND SOUND FISHERIES LTD

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Cumberland Sound Fisheries Ltd. (CSFL) 2023-2024 Executive Summary

Cumberland Sound Fisheries Ltd. (CSFL) remains dedicated to supporting the community of Pangnirtung and Nunavummiut, with a strong focus on building capacity, enhancing employment opportunities and fostering cultural preservation. Our operations continue to promote and recruit Inuit employment and management, innovative fisheries management, and stewardship efforts to ensure sustainable practices that align with the community's needs and values.

Inuit Employment and Capacity Building

CSFL is proud to report that 99% of its workforce consists of Inuit employees. Over the past year, we issued 179 T4s, with only one of those issued to non-Inuit staff. This remarkable achievement highlights our continued commitment to providing meaningful employment and economic support to local Inuit families. In addition to direct employment, CSFL has continued its focus on increasing Inuit leadership within the organization with the goal of becoming 100% Inuit-led in the near future, and as per Article 23 of the Nunavut Land Claims Agreement.

Recent steps toward this goal include the hiring of a local (NTI Beneficiary) on-site Production Manager and the posting of a Deputy Executive Manager position for an Inuit candidate. CSFL is also supporting employees through professional development opportunities, such as two Inuit management positions' enrollment in a fisheries management certificate program. These investments in employee training are aimed at increasing the capacity, skills and confidence of our Inuit workforce, ultimately contributing to a more self-sustaining and community-driven organization.

Supporting Community and Cultural Preservation

CSFL's commitment to supporting the community extends beyond employment. We continue to invest in initiatives that preserve Inuit cultural heritage. The "Cultural

Calendar," first introduced in 2022-2023, continues to work well, allowing plant operations to be structured around traditional harvest, hunting and fishing seasons. This approach ensures that employees can fully engage in cultural activities without the worry of work-related constraints.

One notable example of this is the change in plant operations regarding summer char harvesting. Previously, summer char processing often interfered with hunting and gathering practices, but with the addition of new cold storage units, and updated internal processes CSFL can now freeze the fish and process it at a later time, aligning with cultural priorities and timing windows. This not only supports the cultural heritage of our employees but also improves the flow of year-round work opportunities, thus maximizing employment windows in the community.

Our office administrator's newly expanded role within CSFL further demonstrates our commitment to community betterment. In addition to office responsibilities, this employee may now actively participates in various community volunteer initiatives, such as the school breakfast program and Elders food program, while on CSFL work time. This change maximizes our contributions during slower office periods and reflects CSFL's dedication to serving the community.

Offshore and Inshore Fisheries

CSFL's offshore allocation remains crucial in supporting the inshore fishery and the livelihoods of local fishers. The revenue generated from offshore operations helps subsidize inshore fishing which provides significant employment for local Inuit fishers. This model aligns with the NWMB's allocation policy, emphasizing that offshore and inshore fisheries should be mutually supportive.

Inshore operations continue to thrive and our focus on traditional Inuit harvesting methods ensures that cultural practices are preserved while supporting the local economy. The inshore fishery is vital to the well-being of the community, offering sustainable income and reinforcing cultural connections to the land and sea.

Strategic Partnerships and Market Innovation

In May 2024, CSFL joined forces with the Authentic Indigenous Seafood (AIS) Cooperative as founding members of a new initiative in British Columbia. This strategic partnership brings together the expertise of West Coast First Nations in secondary processing, particularly in smoking and candying fish, with the knowledge of Northern Inuit. AIS is currently smoking and distributing our Arctic char to retailers across

Canada, building brand awareness and leveraging their established distribution channels.

This partnership will eventually lead to the development of commercial-scale smoking operations in Pangnirtung, with AIS providing training as requested to local Inuit. Through this collaboration, CSFL is positioning itself as a leader in Indigenous-to-Indigenous markets, combining traditional knowledge with modern technology to promote sustainable and culturally relevant products across Canada and the United States.

CSFL's participation in the Indigenous Seafoods Conference has further expanded our network with other Indigenous groups, opening new opportunities for collaboration and knowledge sharing. This initiative is part of CSFL's broader business goal of exploring value-added products like smoked and candied Arctic char, and turbot, providing new markets and revenue streams for the company. We are proud to have received the conference award for "Best New Product", showcasing our delicious candied turbot.

Stewardship and Environmental Responsibility

CSFL remains dedicated to being good stewards of the environment, investing in sustainable practices to protect the local ecosystem. Our partnership with an experienced fisheries management consultant, has led to a three-year project aimed at improving Arctic char stock assessments. This project involves investing in cutting-edge technology and training local Inuit fishers to collect data that will inform sustainable fisheries management. The anticipated outcome is an increase in commercial char quotas which would directly benefit the local economy and provide more opportunities for inshore fishers. CSFL commits to sharing these findings and information with other Baffin Region communities in hopes of supporting desires of developing and building further inshore commercial fisheries within more northern communities.

In addition to this project, CSFL continues to focus on minimizing waste through innovations such as the processing and distribution of char heads, which were previously discarded. These heads are now cleaned, packaged and distributed within the community, aligning with our zero-waste goals and contributing to local food security. Further, the past season has seen inshore turbot heads being processed and sold into the market, with tails being added next season.

Financial Progress and Investments

CSFL has made significant investments over the past year, including investments in a barge system and new cold storage units. These investments will result in substantial

savings in freight costs, with the barge system alone saving the company over \$1 million annually by reducing the reliance on costly air freight. The barge system is crucial because the community lacks a deep-sea port for large vessels, and as current sea lift companies are not equipped to transport temperature controlled goods out of the community, this requires a barge system to transport our frozen product from the onshore facility to a palletized cargo vessel anchored off the community. We are also exploring ways the barge system could have other direct benefits for the community. The cold storage units, which allow CSFL to store up to 1,000,000 pounds of fish not only allow for the sea shipment to market, but also play a crucial role in aligning operations with the Cultural Calendar, enabling more flexible processing schedules that respect Inuit cultural practices.

In addition to infrastructure investments, CSFL's retail store, Papiruuq, continues to perform well. The store, which offers fishing supplies and general merchandise, has been successful in supporting the local community and we recently hired a second employee to help manage its operations. This not only adds to our employment opportunities but also strengthens the store's contribution to the local economy.

Despite these successes, CSFL continues to face challenges related to the reduction of offshore quotas which have had a detrimental impact on profitability. These quota reductions have coincided with necessary infrastructure investments, making it difficult to fully capitalize on our recent improvements. However, CSFL remains committed to ensuring the long-term viability of its operations and we continue to advocate and work for the return of lost quotas to secure the future of the inshore fishery and the community it supports.

Amalgamation and Financial Stewardship

Significant progress has been made toward the amalgamation of CSFL and Pangnirtung Fisheries Ltd. (PFL); at the March 2nd AGM, it was unanimously voted to amalgamate PFL and CSFL. While the legal process for the amalgamation continues, CSFL and PFL have been operating as a single entity under the CSFL name since July 1st, 2024, with PFL as an additional operating name. Additionally, the board has decided to move the company's fiscal year-end from June 30th, to December 31st to better align with cultural practices and operational needs. This timing avoids conflicts with the harvest seasons and ensures an accurate, year's picture of both inshore and offshore harvests, are better captured. It also allows for better organization of year-end financials providing ample time to submit reports to NWMB, other agencies as required, and holding AGMs at a time when shareholder participation is more likely. The amalgamation is expected to reduce business costs, streamline decision-making and unify revenues, all of which will contribute to long-term profitability.

CSFL has made great strides in bringing its financial records up to date; a significant and challenging undertaking due to the substantial backlog that needed to be addressed, stemming prior to the new management team onboarding in 2022. Successfully presenting current audited financials was a huge win for the organization. CSFL now operates on a single bookkeeping system, and through partnership with AcuBooks Business Services Ltd, internal records have been fully reconciled and updated. These improvements have laid the foundation for future quarterly financial audits, ensuring greater transparency and accountability moving forward.

Commitment to the Future

Looking ahead, CSFL remains committed to supporting the community, promoting Inuit leadership and continuing its role as a key player in the sustainable development of Nunavut’s fisheries. We are extremely proud of the progress made over the past couple of years, and have worked tirelessly in addressing the past shortfalls of the company, but we also recognize that the work cannot continue without the reinstatement of our lost quota. The return of this quota is essential to maximizing the value of our recent investments and ensuring the continued success of the inshore fishery.

CSFL Commitments Table:

Commitments	Adherence	Future Commitments
Increase Inuit employment and leadership	99% Inuit workforce, Deputy Executive Manager position open	Continue to develop Inuit leadership roles
Support sustainable fishing practices	Ongoing partnerships, Inshore research project underway	Expand char stock assessment and increase commercial quotas
Enhance community benefits	Cultural Calendar, volunteer initiatives, retail store expansion	Continue to align operations with cultural priorities
Invest in infrastructure	Barge system and cold storage units saving \$1M annually	Optimize operations through new equipment and market expansion