

## **Executive Summary - Public**

The following pages presents Qikiqtaaluk Corporation's public Executive Summary for its Annual Report for its commercial fisheries activities for 2023, 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 2023 was positive for QC and its fishery operations, with strong market demand and stable prices for both turbot and shrimp, access to an increased share of Nunavut's turbot and shrimp allocations, and the strengthening of Inuit employment and the Fisheries Division's internal capacity, focused largely on project support for member communities. Although mechanical issues led to an early refit for the Saputi, QC's fishery operations still achieved strong profitability in 2023 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 2023 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 2023/24, 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 2023/24, activities in support of QC's stewardship goals and objectives, in addition to ensuring compliance with all regulatory requirements, included:

- QC commissioned the construction of its new vessel, the Saputi II. In planning and design QC 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;
- QC was the first company to trial Greenland shark exclusion device designs on the Saputi in 2022, and has continued to participate in this project. This collaborative industry project had two further

trials in 2023 (February and November) showing improved results with a redesigned rigid grid. Work is continuing in 2024 to address operational issues;

- QC was the only fishing industry participant in the Ocean Supercluster project looking at Marine Fatigue Risk Mitigation. Training Works is using the data gathered from this project to develop tools that will help enhance crew well-being, improve safety, and increase productivity;
- As part of its 2023 redfish survey project, QC supported efforts to utilize mid-water trawl technology, to demonstrate the ability of this trawl technology to maintain fishing at selected depths off of the benthos, to mitigate risks of bottom impacts for species that migrate to mid-water depths. This assessment has the potential to improve fishing impacts throughout the country in sensitive areas;
- The Fisheries Division's Inshore Fisheries Research and Training Initiative continues 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. As part of the Division's youth training initiative, high-school youth from member communities are being provided with hands-on training in technologies (eDNA, ROVs, UAVs) to support coastal monitoring for their communities.

Also in 2023, the Fisheries Division investigated joining the Green Marine certification program, designed to evaluate environmental stewardship in our commercial and research vessel activities and support continuous improvement across a variety of factors. QC subsequently decided to join this program in 2024.

QC's Fisheries Division continues to support and provide input to collaborative activities undertaken by NFA, NC, and NSRF to improve resource stewardship. These have included industry-wide collaborative research on juvenile redfish bycatch (successful Nordmore grid spacing study and escape panel studies); the NFA led footwear 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.

QC continues compliance and leadership for all its stewardship objectives, and plans to continue and build on this. The Green Marine certification program will help ensure QC remains focused not only on adhering to basic stewardship goals but on making continuous improvements in its vessel activities.

### ***Business Plans***

QC's Fisheries Division has developed Strategic Business and Action Plans which guide its activities. For 2023/24, 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 2023 was as follows:

- Optimize productivity, performance, profitability and return to QC:
  - Access to NU allocations: For 2023, QC obtained an increase in its share of adjacent allocations. Although overall turbot allocations were reduced, with its increase in share, QC was the only Nunavut company to have an increase in its overall turbot allocation;
  - Vessel maintenance: QC has been very diligent in the maintenance and upgrades required on the Saputi. However, in 2023, a couple of significant breakdowns led to an early refit,

- with the impact of reducing the fishing season in 2023/24 by three months. This demonstrates the need for vessel replacement;
- New vessel decision: In 2023, QC entered into a contractual arrangement with the Friere shipyard in Spain for the construction of a new 79 x 17 meters multi species factory freezer vessel. This vessel is scheduled to be completed in the first quarter of 2026;
  - Inshore research vessel: The Ludy Pudluk completed its third successful year of inshore fisheries research and training in 2023, visiting Sanikiluaq, and Kinngait. In late 2023, QC acquired the Celtic Voyager, a 31.4 m custom built fisheries and oceanographic research vessel.
- Increase Inuit employment:
    - Increase and optimize Inuit employment: Inuit crewing increased in 2023/24 with 104 Inuit crew positions, an average of 10.4 Inuit crew per trip.  
QC continued to work with the NFMTCC in 2023 to support industry-wide efforts. Two programs were developed, a mentorship program for on-vessel positions and a management certificate program for office management positions. QC is enrolling Inuit personnel in each program. QC made the decision to proceed with the development of its own Inuit Employment and Succession Plan.  
QC's inshore research program in 2023 employed 18 Inuit from four Qikiqtani communities on the Ludy Pudluk and local vessels. In addition, 24 high-school Inuit youth were provided with experiential training.
  - Invest in the betterment of the Nunavut fishing industry:
    - Collaborative research and investments: QC continued to support the research activities of NFA, NC and the NSRF. The Division also continued to support 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. A promotional video was produced for use at Trade Shows, customer meetings, etc. Strong market demand and pricing helped ensure strong revenues and profitability in 2023.
  - 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.
    - QC continued to implement its 2018 Board approved Inshore Fisheries Development Plan. This effort was significantly expanded in 2023, with the addition of seven new staff positions. With the addition of a new, larger research and training platform and the expansion of QC's youth training, the Fisheries Division is positioned to lead inshore fisheries and ecosystem research and training. A focus on communications and outreach to member communities and stakeholders, through new Divisional social media outlets (Facebook, Instagram, X, LinkedIn), will help ensure the activities and progress made reach a wider audience within and outside of Nunavut.

### **Operations**

Qikiqtaaluk Fisheries Corporation harvests cold-water shrimp (*Pandalus borealis* and *Pandalus montagui*) and turbot (*Reinhardtius hippoglossoides*) using the Saputi. In 2023/24 QC's 50% share of the Unaaq licence quota was harvested on the Saputi. QC also had an arrangement with FNC Quota Ltd. (former Clearwater Seafoods Limited Partnership (CSLP)) with its vessel the Ocean Prawns.

In 2023-24 QC fished 78% of its 'fishable' shrimp quota. Vessel mechanical issue and a decision to schedule the 3-year refit early in 2023 -2024 fiscal rather than Quarter 1 of the 2024-2025 fiscal year affected shrimp harvest amounts for the season. In 2023-24 the total harvest of shrimp on QC's licence was 5,810 MT.

The Saputi fished shrimp for 107 days, with 3,697 t of shrimp product harvested, for an average daily harvest rate of 34.6 t. Most of the harvest on the Saputi occurred in SFA 5 (1,480 t), DSW (1,083 t) and NU/NK West (1,003 t). Daily harvest rates were generally good, averaging from 32.9 t/day in SFA 5 to a high of 41.8 t/day in NU/NK W. In addition to the Saputi, the Ocean Prawns harvested 2,131 t of QC's allocations in 2023/24, primarily consisting of *P. montagui* in the WAZ. This vessel fished for 74 days,

The Saputi harvested 2,930 t of turbot product in 2023/24 season. The average daily harvest was 34 t for a period of 86 catch days. This catch rate is consistent with previous years catch rates.

### ***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 and cash flow.

For 2023/24, 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; maintaining and building on 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 and other stakeholders through meetings and social media updates.

QC continued its focus on strong and consistent governance throughout its organization. For 2023/24, there were no changes to the QC and QFC Boards, bringing consistency to the Board. On the personnel side for fisheries, the personnel expanded significantly in 2023/24, as the Fisheries Division looked to expand on its research and training initiative under the leadership of its Senior Project Manager. New additions were as follows: Project Manager; Fisheries Biologist; Community Liaisons (3); Youth Outreach Training Officers (2); and a Marketing and Communications Intern.

### ***Financial Performance***

Appended to the Annual Report are the audited financial statements for 2023/24 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 2023/24, QC's fishery operations had a successful year, despite mechanical issues with the Saputi, in terms of meeting its overall 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, with the lessening of impacts from the pandemic;
- 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; and
- Managing the issues with the Saputi, to still complete ten trips while also undertaking an early refit.

Financial success from QC's fishery operations has been ongoing and has been a main driver behind QC's growth and diversification and its ability to become one of the major employers of Inuit in the region and to support its communities.

### ***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.

In 2023/24, Inuit and Nunavummiut crewing levels on the Saputi continued to show significant improvement post COVID, reaching pre-pandemic levels. QC has committed to continue working with the NFMTC on its two new mentorship and managerial training programs for Inuit and in 2023/24 hired external expertise to prepare a new, and critically important, Inuit Employment and Succession Plan to help guide the company's internal efforts to increase Inuit employment on its vessels and in managerial and administrative roles.

For 2024/25 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. The primary focus areas for 2024/25 will be as follows:

- A continued focus on growing QC's research and training initiative for member communities, including a new summer internship program for Inuit youth;
- Preparing the Moses Appaqaq for operations through completing the Canadianization requirements, refit of existing equipment, and significant upgrades to operational and research equipment;
- Initiating the implementation of QC's new Employment and Succession Plan, to commit energy and resources internally (and externally) to increasing Inuit employment levels throughout the Division and ensuring the succession of senior leadership takes place in an orderly manner; and
- Implementing the new Communications and Marketing Plans, to expand outreach to stakeholders.

With respect to Fisheries Division led projects, the primary focus for 2024/25 will be on QC's Inshore Fisheries Research and Training initiative. The Division will also continue to work with and support projects led by QBDC on food security and identifying community project priorities. In addition, it will continue to work with industry through its membership in NFA, NFMTC, NC and the NSRF on projects to benefit Nunavut and Nunavummiut.