BAFFIN FISHERIES



Baffin Fisheries Statement on Last-in First-out (LIFO) Management

EXECUTIVE SUMMARY

- Baffin Fisheries is a strong proponent of the adjacency principal, and supports those who have legitimate claim to natural resources in their established territories
- Baffin Fisheries' success in gaining 100% Inuit ownership, acquiring vessels, maximizing benefits, and promoting training, research, and stewardship demonstrates the benefits of adjacency
- We are confident NTI will continue to ensure federal and territorial governments fulfill their obligations made under the Nunavut Land Claims Agreement (NLCA); and that NWMB will maintain fair quota evaluation processes that ensure adjacency is maintained and benefits maximized.



OUTLINE

- 1. Background
- 2. Economic Benefits
- 3. Northern Expansion
- 4. Training & Research
- 5. Adjacency Principle





BACKGROUND

- Formed in 2000 to develop the capacity and infrastructure required for stable fisheries industry adjacent to Baffin Island, Nunavut
- Owned by five Hunters and Trappers Associations (HTAs) from coastal communities
- BFC initially established partnerships with southern and foreign companies to gain access to capital, knowledge, and experience.



BACKGROUND

- Transitioned away from partnerships to meet intent of fisheries allocation: self-sufficiency & benefit maximization
- Acquired large multi-species trawlers and gillnetters to be competitive in the offshore fishery
- Became first and only Nunavut Fisheries Company to secure 100% Inuit ownership and control
- Invested more than \$30 million and further leveraged assets to acquire the vessels, equipment, knowledge, and experience to return the full value of this natural resource to the people of Nunavut.



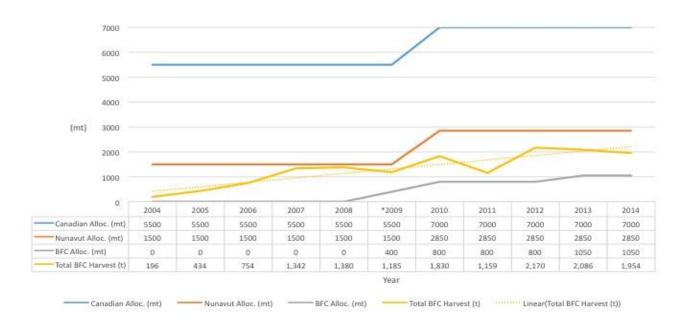
ECONOMIC BENEFITS

- In addition to profit distribution to HTAs, training, recruitment, and employment of Inuit staff are key goals of Baffin Fisheries
- With 100% Inuit ownership attained, plan is in place to increase number of Nunavummiut throughout all levels of BFC operations, particularly technical and managerial positions
- Increasing length of fishing season can further help increase employment opportunities throughout the year.



STRONG PERFORMER

 BFC has consistently harvested 100% of its own turbot quota, and in partnership with other allocation holders, to maximize benefits for Nunavut.





RECOGNIZED AS INDUSTRY LEADER

The Fisheries Advisor Committee in its 2016 report to NWMB:

- "BFC continues to be a top performer and is proving an ability to meet its business plan targets
- "The BFC continues to demonstrate a strong leadership position in the Nunavut fishing industry
- "The BFC has taken steps that far surpass anything that was envisioned or presented within the previous multi-year quota allocation process. We would like to congratulate BFC on these new endeavours ..."



STRONG GROWTH

- Baffin Fisheries secured 100% Inuit ownership in late 2015
 by acquiring all outstanding shares from Icelandic partners
- The Sept. 2015 acquisition of 64-metre Arctic Shrimp
 Trawler, MV Sivulliq, positions Baffin Fisheries as the largest seafood harvesting company in Nunavut
- Baffin Fisheries is 100% owner of 2 factory freezer, fixedgear vessels and 2 factory-freezer multi species trawlers.



COMMITMENT TO STEWARDSHIP

- Baffin Fisheries works with industry stakeholders and regulatory agencies in an effort to continuously improve sustainability and fishing operations.
- BFC is a strong supporter of NWMB's Responsible
 Stewardship Guidelines. In the last several years few nets were lost and 100% observer coverage for shrimp and OA turbot was achieved.
- BFC will continue to fully comply with NWMB's Responsible Stewardship guidelines.



HEALTH, SAFETY AND ENVIRONMENT

- Baffin Fisheries considers effective Health, Safety and Environmental (HS&E) Management to be of the utmost importance to its business.
- The objective of our company HS&E Program is to prevent all workplace accidents, injuries and illness; to promote health, safety and the protection of the environment in every task undertaken; and to offer support to employees as required to achieve these goals.





NORTHERN EXPANSION PROJECT



CURRENT INUIT EMPLOYMENT

Calendar Year 2014	NU Residents		
	Number	Total Wages	
Office	2	\$285,967.69	
Community Liaisons	1	\$137,879.77	
Ship Crew	58	\$2,123,911.76	
Board Members	7	\$136,650.00	
Total	68	\$2,684,409.22	

• In 2015 Baffin Fisheries added three senior executive positions in Nunavut, doubled the size of its Inuit Board of Directors, and recruited a Nunavut Recruitment Coordinator.

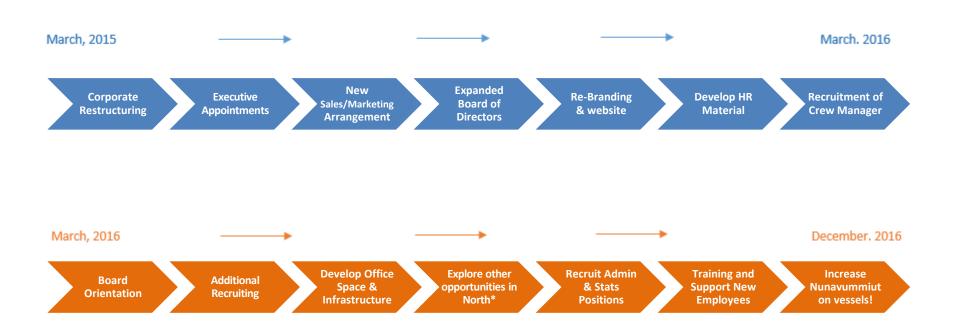


NORTHERN EXPANSION PROJECT

- Phase 1 of Northern Expansion Project will create 7-11, permanent new jobs in Nunavut valued at estimated
 \$1.5 million annually in incremental salaries.
- Four new positions already filled.
- Phase 2 ensures minimum 50% Inuit crew on vessels, creating ~60 new careers for Nunavummiut, valued at \$4 million annually in incremental salaries, plus increased economic activity in Nunavut.
- Improved safety practices, security, social responsibility network built into plan.



NORTHERN EXPANSION TIMELINE



* See slide 18



INUIT OFFICE/BOARD SALARY FORECAST

	Targets	# Inuit Employees & Board members	Nunavummiut Wages
Current	2014-15	8	\$560,497
	2016	14	\$1,135,351
	2017	17	\$1,609,039
Forecast	2018	18	\$1,649,265
	2019	18	\$1,974,381
	2020	19	\$2,023,741



NUNAVUMMIUT AT-SEA SALARY FORECAST

	Targets	# Inuit employed	Wages
Current	2014-15	58	\$2,123,912
Forecast	2017	65	\$2,543,063
	2018	78	\$3,249,836
	2019	91	\$4,031,997
	2020	104	\$4,893,915
	2021	117	\$5,905,774



Northern Expansion — Inshore Fisheries

- Baffin Fisheries is working with HTAs to explore opportunities for creating inshore fisheries
- Quota in place to harvest up to 50 t of turbot through the ice in Pond Inlet
- Inshore fishery is more labour intensive, providing more local employment in traditional roles.



TRAINING

- Baffin Fisheries is a strong supporter of training and mentoring, both financially and in practice
- Helped found and fund Nunavut Fisheries Training Consortium (NFTC)
- Majority of NFTC students are from Baffin Fisheries:

NFMTC Offshore-based Training	Total Enrolled	BFC Crew Participation	% BFC Crew
Simulator	16	7	43.8%
Bridgewatch	17	7	41.2%
STCW	18	14	77.8%
Watchkeeping Mate	7	5	71.4%
Fishing Masters III	2	2	100.0%
Factory Freezer Management	10	6	60.0%
Total	74	43	58.1%



RESEARCH AND EXPLORATORY FISHERIES

 BFC has contributed more than \$1 M to 50+ exploration projects, including porcupine crab (right), since 2004



- In 2010, BFC took the lead in the formation of the Nunavut Exploratory Fishery Fund to develop multi-year experimental, exploratory, and assessment fisheries programs
- BFC contributes 45% of total industry contributions for all Nunavut exploratory fishing.



RESEARCH AND EXPLORATORY INVESTMENT

Project	Amount \$ NOAHA	Total Project
Multi-Species survey	175,000	1,200,000
Three year Porcupine crab project	71,754	247,517
Porcupine Crab Meat quality extraction	0	14,290
Char Science – DFO – R Tallman	30,000	500,000
GN Projects		
Cumberland Sound Science (Hedges)	10,000	104,000
Inshore Fishery Assessment (Hedges)	7,500	160,000
Greenland Shark By-Catch Reduction	12,500	153,000
MSC – Shrimp certification	10,000	10,000
MSC – Turbot certification	60,000	100,000
NSRF survey	75,000	750,000
Total Commitment for Research Projects	466,754	3,328,807

2014-2015



SUPPORT FOR ADJACENCY PRINCIPLE

- The Corporation is a strong proponent of the adjacency principal, and supports those who have legitimate claim to natural resources in their established territories.
- Baffin Fisheries supports sound environmental stewardship, training & mentoring, maximizing local employment & benefits as part of adjacency
- Baffin Fisheries does not have quotas or licenses to fish in Area SFA 6, and therefore does not have direct involvement in the current LIFO debate in that area.



SUPPORTS FOR MANAGEMENT BOARDS

- Committed to working closely with the co-management partners Nunavut Tunngavik Incorporated (NTI), and the Nunavut Wildlife Management Board (NWMB).
- Confident NTI will continue to ensure federal and territorial governments fulfill their obligations made under the Nunavut Land Claims Agreement (NLCA).
- Confident NWMB will maintain fair quota evaluation process that ensures adjacency principle is maintained and benefits maximized.



AREA SFA 6

- Large vessels and major investments required to fish competitively in Zones OA and OB
- Vessels must earn revenues over full course of the year to be viable investments
- For this reason, Baffin Fisheries seeks access southern fisheries as a secondary market, through regular commercial transactions with quota holders.
- Baffin Fisheries ensures fair benefits are provided to quota holders in these secondary markets.



MANDATE

To maximize benefits and ensure sustainability of fisheries resources for Nunavut





⁵PP⁵bC→⁶C Δ⁵b→c λ²C BAFFIN FISHERIES