

BGS 372T, Global Net Zero Strategy

McCombs School of Business

The University of Texas at Austin, TX 78705

CASE STUDY MEMORANDUM 1

Date: January 31st, 2026

To: Jacob Bradt

From: Ethan Culpepper

Subject: Clearwater's Future: Strengthening Security through New Partnerships and Collaboration

A Major Change in Resource Control:

This memorandum aims to extend the classroom analysis of the Clearwater Seafoods case by examining the company's 2021 \$1 billion acquisition of Premium Brands Holdings and its partnership with a group of Mi'kmaq First Nations.¹ The earlier study examined Ian Smith's efforts to grow in a quota-limited environment. Now, the focus is on how Indigenous co-ownership has helped Clearwater address its main strategic risk: securing long-term Canadian fishing licenses. By shifting from a public company to a private partnership, Clearwater has aligned its business goals with the political and social realities of Atlantic Canada.

Indigenous Ownership Mitigating Regulatory and Political Risks:

The Harvard Business Review case shows that Clearwater relied on "complicated relations with various government agencies" to keep its position as Canada's largest shellfish license holder.³ Clearwater's advantage came from these quotas, but the company was still at risk from changes in federal policies. The recent acquisition marks a "transformational change in Canadian fisheries" by transferring all Canadian fishing licenses to a partnership fully owned by the Mi'kmaq, called the FNC Quota Limited Partnership.¹

The Membertou and Miawpukek First Nations lead the ownership, joined by five other communities: Paqtnkek, Pictou Landing, Potlotek, Sipekne'katik, and We'koqma'q. Together, they provide a "made in Canada" protection against regulatory instability.² By placing each license in a coalition with constitutionally protected rights, Clearwater is no longer at risk of losing quotas to federal redistribution. Instead, the company facilitates Indigenous economic independence in the offshore fishery and has secured its harvest rights for generations to come. The coalition's \$250 million investment demonstrates a long-term commitment that a traditional equity market cannot match.

¹ Clearwater. (2020). *Clearwater Seafoods Incorporated to be Acquired by Premium Brands Holdings Corporation and a Mi'kmaq First Nations Coalition - Clearwater*. [online] Available at: <https://www.clearwater.ca/news/clearwater-seafoods-incorporated-to-be-acquired-by-premium-brands-holdings-corporation-and-a-mikmaq-first-nations-coalition/>.

² Premium Brands Holdings. (2020). *Premium Brands Holdings Corporation and a Mi'kmaq First Nations Coalition Announce the Acquisition of Clearwater Seafoods Incorporated*. [Press Release] Available at: <https://premiumbrandsholdings.com/pdf/press-releases/2020-11-09-Clearwater-press-release.pdf>.

³ Reinhardt, Forest L. "Clearwater Seafoods." Harvard Business School Case 716-023, October 2015.

Premium Brand Partnerships Evolving Vertical Integration:

Clearwater was vertically integrated from vessel to plate, but the Harvard Business Review Case notes that growth was difficult to sustain in 2014 due to quota limitations.³ Partnering with Premium Brands Holdings shifted the focus from increasing harvest volume to expanding value-added products. PBH's expertise in "brand development and customer relations" in the United States and Canada helped Clearwater reduce its reliance on global exports and commodity prices.²

Bringing Clearwater into the Premium Brand Ecosystem enables the company to leverage PBH's food manufacturing network to produce higher margin processed products. This diversification helps protect Clearwater from price fluctuation in the global seafood market. The deal was also expected to boost earnings over time, with PBH aiming for "double-digit earnings per share" by combining Clearwater's \$1.3 billion in annual sales with its own distribution networks.² The \$8.25 per share acquisition price was almost 60% higher than the company's price before the strategic review, showing strong support from shareholders, who approved the deal by more than 99%.¹

Governance and Stewardship Model:

In our classroom discussion about the "Tragedy of the Commons," we concluded that private ownership of quotas is often the most efficient way to manage limited resources.³ The Mi'kmaq partnership, however, offers a different approach that blends corporate efficiency with Indigenous oversight. The agreement stipulated that the Mi'kmaq coalition would retain ownership of the licenses, though Clearwater Seafood would operate them through management agreements.² The approach allows for more rapid decision-making by Clearwater while giving First Nations communities a steady cash flow to pay off debt and support other community programs. The model also shifts the focus away from extraction and helps the company support the long-term health of reefs.

Institutional Resistance and Implementation Risks:

One possible challenge to the optimistic outlook is managing a 50/50 partnership between the corporation and a coalition of these seven First Nations communities. Each community has its own governance and economic policies, which could cause friction if dividends are prioritized over reinvesting in the fleet's technology. The acquisition has also created tension among commercial fishers who fear an expansion of Indigenous-led commercial power.¹ Clearwater must navigate the industry tensions to maintain its social license to operate in the Canadian Atlantic.

Beyond Resource Extraction:

The 2021 acquisition demonstrates that Clearwater's future growth depends on its legitimacy rather than additional licensing. By securing Indigenous held quotas and integrating products into the Premium Brands value-added network, Clearwater addressed the challenge of expanding within a limited environment. The company now plays a key role in supporting Indigenous prosperity and is emerging as a leader in specialized food service.

¹ Clearwater. (2020). *Clearwater Seafoods Incorporated to be Acquired by Premium Brands Holdings Corporation and a Mi'kmaq First Nations Coalition - Clearwater*. [online] Available at: <https://www.clearwater.ca/news/clearwater-seafoods-incorporated-to-be-acquired-by-premium-brands-holdings-corporation-and-a-mikmaq-first-nations-coalition/>.

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