



CLEARWATER SEAFOODS INCORPORATED

*Notice of Annual Meeting of Shareholders
and
Management Information Circular*

*Tuesday, May 30, 2017
Halifax, Nova Scotia*

April 20, 2017



INVITATION TO SHAREHOLDERS

April 20, 2017

Dear Shareholders,

We are pleased to invite you to join our 2017 Annual Meeting of Shareholders to be held:

Tuesday, May 30, 2017
10:00 am (Atlantic time)
Purdy's Wharf Tower II
1969 Upper Water Street, Suite 1300
Halifax, Nova Scotia

The items of business to be considered and voted upon at this meeting are set out in the attached Notice of Annual Meeting and Management Information Circular. In addition, this meeting provides you with the opportunity to meet and to ask questions of the people who are responsible for the performance of Clearwater.

Clearwater is committed to keeping all its Shareholders informed about your investment in Clearwater.

If you are unable to attend, you should complete, sign and return your proxy or voting instruction form to vote your shares. If you have any questions about Clearwater and its business operations, please contact our Investor Relations team at Clearwater Seafoods Incorporated, 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7, by phone at 902-457-8181 or by e-mail at investorinquiries@clearwater.ca.

Thank you for your continued support. We look forward to seeing you on May 30th, 2017.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin MacDonald".

Colin MacDonald
Chairman

A handwritten signature in black ink, appearing to read "Ian Smith".

Ian Smith
Chief Executive Officer

CLEARWATER SEAFOODS INCORPORATED
757 Bedford Highway
Bedford, Nova Scotia B4A 3Z7

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN THAT:

The annual meeting ("**Meeting**") of the shareholders of Clearwater Seafoods Incorporated ("**Clearwater**" or the "**Corporation**") will be held at Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on Tuesday, May 30, 2017 at 10:00 a.m. (Atlantic time) to:

- a) *receive the financial statements of the Corporation for the year ended December 31, 2016, together with the report of the auditor thereon;*
- b) *elect directors of the Corporation for the forthcoming year;*
- c) *appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration; and*
- d) *transact such further and other business as may properly come before the Meeting or any adjournment thereof.*

Details of the matters proposed to be put before the Meeting are set forth in the management information circular ("**Circular**") accompanying and forming part of this notice of meeting ("**Notice of Meeting**").

Only shareholders of record as of the close of business on April 17, 2017 are entitled to receive notice of the Meeting and to vote at the Meeting.

To assure your representation at the Meeting as a **Registered Shareholder**, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by Registered Shareholders must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.**, not later than **Friday, May 26, 2017 at 10:00 a.m. (Atlantic time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- a) *by **mail** in the enclosed envelope;*
- b) *by the **internet** or **telephone** as described on the enclosed proxy; or*
- c) *by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.*

Non-Registered Shareholders whose shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. A more detailed description on returning proxies by Non-Registered Shareholders can be found on page 2 of the attached Circular.

If you receive more than one proxy or voting instruction form, as the case may be, for the Meeting, it is because your shares are registered in more than one name. To ensure that all of your shares are voted, you must sign and return all proxies and voting instruction forms that you receive.

DATED at Bedford, in the Halifax Regional Municipality, Nova Scotia, this 20th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Colin MacDonald

Chairman

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**CLEARWATER SEAFOODS INCORPORATED
MANAGEMENT INFORMATION CIRCULAR**

(As at April 20, 2017, except as indicated)

Part 1 – About the Meeting

Information Regarding the Meeting

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Clearwater Seafoods Incorporated ("**Clearwater**" or the "**Corporation**") for use at the annual meeting of shareholders of the Corporation ("**Shareholders**") to be held at Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on Tuesday, May 30, 2017 at 10:00 a.m., or at any adjournment thereof ("**Meeting**"), for the purposes set forth in the accompanying notice of meeting ("**Notice of Meeting**").

Clearwater is the successor to Clearwater Seafoods Income Fund (the "**Fund**") resulting from a reorganization of the Fund pursuant to a plan of arrangement that was effective on October 2, 2011. Clearwater's business is operated through its wholly-owned subsidiaries, Clearwater Seafoods Limited Partnership ("**CSLP**") and CS ManPar Inc. ("**CS ManPar**"), the managing general partner of CSLP. References to "Clearwater" include its wholly-owned subsidiaries.

Notice-and-Access

Clearwater is using notice-and-access delivery procedures under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 – *Continuous Disclosure Obligations* to deliver this Circular to Registered Shareholders and Non-Registered Shareholders. This means that Clearwater will post the Circular online for Shareholders to access electronically. Shareholders will receive a package in the mail with a notice explaining how to access and review the Circular electronically and how to request a paper copy at no charge, as well as a voting instruction form ("**VIF**") or a form of proxy, as applicable (collectively with the Notice of Meeting and the Circular, the "**Meeting Materials**"). Notice-and-access gives Shareholders more choice, reduces printing and mailing costs, and is environmentally friendly as it reduces paper and energy consumption.

The Circular will be available at www.envisionreports.com/clearwater2017 and on SEDAR. A Shareholder may request a paper copy of this Circular, at no cost, up to one year from the date the Circular was filed on SEDAR. Requests for paper copies should be made as soon as possible, but must be received no later than May 20, 2017, in order to receive a paper copy before the Meeting.

Solicitation of Proxies

Solicitation of proxies will be primarily by mail, but may also be by telephone or other means of communication by the directors, officers, employees or agents of the Corporation at nominal cost. All costs of solicitation will be paid by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with NI 54-101.

Appointment and Revocation of Proxies

General

Shareholders may be "**Registered Shareholders**" or "**Non-Registered Shareholders**". If common shares of the Corporation ("**Common Shares**") are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "**Non-Registered Shareholder**". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed instrument appointing proxy are officers or directors of the Corporation. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him at the Meeting other than the persons designated in the enclosed form of proxy.** Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "*Registered Shareholders*" or "*Non-Registered Shareholders*", as applicable.

If any Shareholder receives more than one proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

Registered Shareholders

Registered Shareholders have two methods by which they can vote their Common Shares at the Meeting; namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this Circular. Sending in a proxy will not prevent a Registered Shareholder from voting in person at the Meeting. The vote will be taken and counted at the Meeting. Registered Shareholders who do not plan to attend the Meeting or do not wish to vote in person can vote by proxy.

Proxies must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.**, not later than **Friday, May 26, 2017 at 10:00 a.m. (Atlantic time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- (a) by **mail** in the enclosed envelope; or
- (b) by the **internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

To exercise the right to appoint a person or company to attend and act for a Registered Shareholder at the Meeting, such shareholder must strike out the names of the persons designated on the enclosed instrument appointing a proxy and insert the name of the alternate appointee in the blank space provided for that purpose.

To exercise the right to revoke a proxy, in addition to any other manner permitted by law, a shareholder who has given a proxy may revoke it by instrument in writing, executed by the Shareholder or his attorney authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited: (i) at the registered office of the Corporation, 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7, Attention: Chairman of the Board of Directors, at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or at any adjournment thereof, or (ii) with the

chairman of the Meeting on the date of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked.

Non-Registered Shareholders

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials using notice-and-access directly to the NOBOs and, indirectly, through intermediaries to the OBOs. The Corporation will also pay the fees and costs of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

Meeting Materials Received by OBOs from Intermediaries

The Corporation has distributed the Meeting Materials using notice-and-access to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Corporation who have not waived their right to receive these materials, and to seek instructions as to how to vote Common Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs.

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.
- (b) Occasionally, however, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBOs (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions provided by the intermediary. **In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

Meeting Materials Received by NOBOs from the Corporation

As permitted under NI 54-101, the Corporation has used a NOBO list to send the Meeting Materials using notice-and-access directly to the NOBOs whose names appear on that list. If you are a NOBO and the Corporation's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Corporation can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. In addition, telephone voting and internet voting are available, as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received by Computershare.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxyholder of such shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "Registered Shareholders" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

Exercise of Proxies

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the enclosed instrument appointing proxy to vote in accordance with the recommendations of management of the Corporation.

Voting Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 63,934,698 are issued and outstanding as of the date hereof.

The board of directors of the Corporation ("**Board of Directors**" or "**Board**") has fixed the record date for the Meeting as the close of business on April 17, 2017 ("**Record Date**"). Only Shareholders as of the close

of business on the Record Date will be entitled to vote at the Meeting. Shareholders entitled to vote shall have one vote each on a show of hands and one vote per Common Share on a poll.

Two or more persons present in person representing at least 25% of the Common Shares entitled to be voted at the Meeting will constitute a quorum at the Meeting.

Principal Shareholders

As of the date hereof, to the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, Common Shares carrying 10% or more of the voting rights attaching to all outstanding Common Shares of the Corporation, except as follows:

Name	Number of Common Shares Owned, Controlled or Directed ⁽⁴⁾	Percentage of Common Shares
CFFI Seafood Holdings Limited ⁽¹⁾	31,941,076	49.95%
3293521 Nova Scotia Limited ⁽²⁾	5,591,575	8.75%
FP Resources Limited ⁽³⁾	1,106,100	1.73%
Total	38,638,751	60.43%

Notes:

- (1) CFFI Seafood Holdings Limited is controlled by Clearwater Fine Foods Incorporated ("**CFFI**"), a company controlled by John Risley and Colin MacDonald, and Mickey MacDonald. The Common Shares owned by CFFI Seafood Holdings Limited includes 5,347,256 Common Shares held by 3293520 Nova Scotia Limited, which is controlled by Mickey MacDonald.
- (2) 3293521 Nova Scotia Limited is controlled by Mickey MacDonald. Mr. MacDonald, together with persons with whom he may be acting jointly and in concert (including CFFI Seafood Holdings Limited and 3293520 Nova Scotia Limited), beneficially owns and controls an aggregate of 37,550,957 Common Shares representing 58.73% of the issued and outstanding Common Shares.
- (3) FP Resources Limited is a wholly owned subsidiary of CFFI. Colin MacDonald and John Risley, directly and through CFFI's holdings of FP Resources Limited and CFFI Seafood Holdings Limited, beneficially own and control an aggregate of 33,428,676 Common Shares representing 52.29% of the issued and outstanding Common Shares.
- (4) Based on public filings with securities regulatory authorities in Canada.

Part 2 – Business of the Meeting

Receive Financial Statements

The financial statements of the Corporation, the auditor's report thereon and management's discussion and analysis for the financial year ended December 31, 2016 will be presented to the Shareholders at the Meeting.

Election of Directors

The Articles of Incorporation of the Corporation provide that the size of the Board of Directors must consist of not less than three (3) directors and not more than ten (10) directors to be elected annually. The Corporation's by-laws provide that the Board of Directors determines the size of the Board, which is currently fixed at nine (9) directors.

Majority Voting Policy

The Board of Directors believes that each of its members should carry the confidence and support of its Shareholders and is committed to upholding high standards in corporate governance. The Board of Directors adopted a majority voting policy for the election of directors for non-contested meetings on March 11, 2013 (the "**Policy**").

Forms of proxy for the vote at a shareholders' meeting where directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting for, the election of each nominee on an individual basis. At the meeting, the chair of the meeting will call for a vote by a ballot and the scrutineer will record, with respect to each nominee the number of Common Shares voted in his or her favour and the number of Common Shares withheld from voting. Prior to receiving the scrutineer's report on the ballot, the chair of the meeting may announce the vote result based on the number of proxies received by the Corporation. At the conclusion of the meeting, the Corporation shall issue a news release providing detailed disclosure of the voting results for the election of directors.

In an uncontested election of directors of the Corporation, each director should be elected by the vote of a majority of the Common Shares represented in person or by proxy at any shareholder's meeting for the election of directors. Accordingly, if any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" such election, that director shall promptly tender his or her resignation to the chair of the Board of Directors following the meeting. In the Policy, an "uncontested election" means an election where the number of nominees for director equals the number of directors to be elected.

The Corporation's Corporate Governance Committee (the "**CG Committee**") shall consider the offer of resignation and recommend to the Board whether or not to accept it. Any director who tenders his or her resignation may not participate in the deliberations of either the CG Committee or the Board. In its deliberations, the CG Committee will consider any stated reasons why shareholders "withheld" votes from the election of that director, the length of service and the qualifications of the director, the director's contributions to the Corporation, the effect such resignation may have on the Corporation's ability to comply with any applicable governance rules and policies and the dynamics of the Board, and any other factors that the CG Committee considers relevant.

The Board shall act on the CG Committee's recommendation within 90 days following the applicable meeting and announce its decision via news release, after considering the factors considered by the CG Committee and any other factors that the Board considers relevant. The Board expects to accept the resignation except in situations where extenuating circumstances would warrant the director to continue to serve on the Board. However, if the Board declines to accept the resignation, it should include in the news release the reasons for its decision.

If a resignation is accepted, the Board may, subject to any corporate law restrictions and the Corporation's constating documents, (i) leave any resulting vacancy unfilled until the next annual general meeting, (ii) appoint a new director to fill the vacancy created by the resignation who the Board considers will have the confidence of shareholders or (iii) call a special meeting of shareholders at which there will be presented a management slate to fill the vacant position or positions.

If a director does not tender his or her resignation in accordance with the Policy, the Board shall not re-nominate that director at the next election.

About the Board Nominees

The following pages include profiles of the director nominees, each of whom is currently a director of the Corporation and all are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year. They have all confirmed their willingness to serve as directors, if elected. The term of office of each director elected will be until the next annual meeting of the Shareholders or until the position is otherwise vacated.

Unless the proxy specifically instructs the proxyholder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted for the election of the nominees whose names are set forth below. Management does not contemplate that any of these proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common

Shares represented by the properly executed proxies given in favour of nominees of management named in the enclosed form of proxy may be voted for another nominee at such proxyholder's discretion.

<p>Colin MacDonald Chairman Age: 69 Nova Scotia, Canada Director since October 2, 2011 Not independent (controls (with other parties) a significant shareholder, CFFI Seafood Holdings Limited)</p>	<p>Colin MacDonald co-founded Clearwater with John Risley in 1976 and has served in various capacities within Clearwater from that time, including serving as a director of CS ManPar Inc., the managing general partner of CSLP, since July 2002. He is currently Chairman of the Corporation as well as Executive Vice President of CFFI, a company he shares equally with Mr. Risley. Prior to this current role, Mr. MacDonald was the CEO of CSLP until May 2010 and he is the former Chairman of Clearwater Seafoods Income Fund from January 2009 - October 2011.</p> <p>Mr. MacDonald has acted as Chair of several community related associations including the IWK Foundation, UNICEF Dinner, The Children's Wish Foundation, Red Cross and others. In addition he has received a number of awards such as the Courage to Give Back Award, Top 50 CEO and Honorary Degrees for his charitable efforts, most notably honorary doctorates from Dalhousie University, St Mary's University and University of Prince Edward Island. Mr. MacDonald holds a BSc degree from Dalhousie University and is a graduate of the Harvard University President's Program on Leadership.</p>																
Board and Committee Meeting Attendance¹																	
<table border="1"> <tbody> <tr> <td>Board</td> <td>8 of 8</td> </tr> <tr> <td>Other</td> <td>3</td> </tr> </tbody> </table>	Board	8 of 8	Other	3	<table border="1"> <thead> <tr> <th colspan="2">Compensation (\$)¹</th> </tr> </thead> <tbody> <tr> <td>Director Fees - cash</td> <td>182,000</td> </tr> <tr> <td>Director Fees - DSU</td> <td>-</td> </tr> <tr> <td>Share-based awards</td> <td>52,141</td> </tr> <tr> <td>Other</td> <td>24,670</td> </tr> </tbody> </table>	Compensation (\$)¹		Director Fees - cash	182,000	Director Fees - DSU	-	Share-based awards	52,141	Other	24,670		
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<p>John Risley Age: 68 Nova Scotia, Canada Director since October 2, 2011 Committees: Finance Not independent (controls (with other parties) a significant shareholder, CFFI Seafood Holdings Limited)</p>	<p>John Risley is the co-founder of CFFI, serving as Chairman and President. CFFI is an active investment/holding company with its major investments in seafood harvesting and processing and telecommunications. He is also a director of CS ManPar Inc., the managing general partner of CSLP, since July 2002.</p> <p>Mr. Risley was named an Officer of the Order of Canada and was inducted into the Nova Scotia Junior Achievement Business Hall of Fame in 1997. He has received numerous awards, including Atlantic Canadian Entrepreneur of the Year and a Canada Award for Business Excellence in Entrepreneurship. He is also a graduate of Harvard University's President's Program on Leadership.</p>																
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<table border="1"> <tbody> <tr> <td>Board</td> <td>7 of 8</td> </tr> <tr> <td>Finance</td> <td>8 of 8</td> </tr> <tr> <td>Other</td> <td>3</td> </tr> </tbody> </table>	Board	7 of 8	Finance	8 of 8	Other	3	<table border="1"> <thead> <tr> <th colspan="2">Compensation (\$)¹</th> </tr> </thead> <tbody> <tr> <td>Director Fees - cash</td> <td>-</td> </tr> <tr> <td>Director Fees - DSU</td> <td>88,500</td> </tr> <tr> <td>Share-based awards</td> <td>18,246</td> </tr> <tr> <td>Other</td> <td>6,504</td> </tr> </tbody> </table>	Compensation (\$)¹		Director Fees - cash	-	Director Fees - DSU	88,500	Share-based awards	18,246	Other	6,504
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DPSU	3,169																
DSU	35,483																

<p>Jane Craighead Age: 57 Ontario, Canada Director since May 12, 2015 Committees⁹: Audit, Finance and HRDCC² (Co-Chair) Independent</p>	<p>Jane Craighead is a Senior Vice President in Global Human Resources at Scotiabank. Her corporate experience also includes similar roles at Alcan and Rio Tinto, a large UK based mining conglomerate. Ms. Craighead is a Chartered Accountant (CA) and Chartered Professional Accountant (CPA) and worked for many years in practice and in consulting. She holds a PhD in Management from McGill University. She is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position she has held since May 2015.</p> <p>She recently completed her term on the Board of Regents at Mount Allison University where she remains a member of the Investment Committee. Ms. Craighead has many years of experience on the HR side of mergers and acquisitions as well as post transaction integration. Ms. Craighead is currently based in Toronto at Scotiabank's corporate offices and has worked internationally. Ms. Craighead has published research on executive compensation and corporate governance. She has also been awarded one of Canada's Top 100 Most Powerful Women by the Women's Executive Network.</p>																				
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<p>Larry Hood Age: 69 Nova Scotia, Canada Director since October 17, 2011 Committees: Audit (Chair) and Corporate Governance Independent</p>	<p>Larry Hood, Chair of the Audit Committee, is a retired assurance partner, having spent his entire 35 year career, with the accounting firm KPMG. Mr. Hood holds a Bachelor of Commerce from Saint Mary's University and is a Chartered Accountant. During his career Mr. Hood has served many clients, gaining extensive experience in the fishing industry. He has been involved with many community projects and in 2014 he retired from the Board of Governors of Saint Mary's University having served for 17 years on the board as well as chairing and participating on various committees. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since October 17, 2011.</p>																				
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		DSU	20,015																		
<p>Harold Giles Age: 75 Ontario, Canada Director since: October 2, 2011 Committees: HRDCC² (Co-Chair) Independent</p>	<p>Harold Giles is a former senior executive with General Electric and Bell with extensive experience in global businesses in operations general management, business restructuring and human resources, in Canada, the United States and Europe. Since retiring, he has provided operations and leadership consulting to corporations in Canada and in Europe and to not-for-profit organizations. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since June 2010.</p>																				
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Directly and indirectly ⁶	4,800	DPSU	3,552																		
		DSU	51,097																		

Brendan Paddick Age: 53 Grand Bahamas Island, Bahamas Director since October 2, 2011 Committees ⁹ : HRDCC ² , Corporate Governance, Audit and Finance Independent	Brendan Paddick is the founder and former Chief Executive Officer of Columbus International Inc. Columbus provides digital video, broadband internet, IP voice, wholesale capacity and IP services, as well as cloud-based corporate data solutions and data center hosting throughout 42 countries in the greater Caribbean, Central American and Andean region. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since June 2006.																			
	Mr. Paddick holds a Bachelor of Commerce and Master of Business Administration degrees from Memorial University of Newfoundland and graduated from the Advanced Management Program at Harvard University. Mr. Paddick has extensive capital market experience and was selected as one of Canada's Top 40 under 40 in 2000. He was named Ernst & Young's Atlantic Canadian Business-to-Business Entrepreneur of the Year in 2011 and is a member of the Atlantic Business Hall of Fame.																			
	Board and Committee Meeting Attendance ^{1,9}																			
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	Board	7 of 8																		
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Other	9,568																			
Other Boards: Chairman, Nalcor Energy Bahamas Telecommunications Company UXP Systems Inc.																				
Securities owned, controlled or directed																				
Common shares (#) ³ <table border="1"> <tr> <td>Directly and indirectly</td> <td>140,000</td> </tr> </table>	Directly and indirectly	140,000	Share-based compensation units (#) <table border="1"> <tr> <td>DPSU</td> <td>3,663</td> </tr> <tr> <td>DSU</td> <td>53,323</td> </tr> </table>	DPSU	3,663	DSU	53,323													
Directly and indirectly	140,000																			
DPSU	3,663																			
DSU	53,323																			

Mickey MacDonald Age: 65 Nova Scotia, Canada Director since October 2, 2011 Committees ² : HRDCC ² Not independent (controls (with other parties) a significant shareholder, CFFI Seafood Holdings Limited)	Michael (Mickey) MacDonald is an entrepreneur who is currently President of Micco Companies, an investment and holding company, and Chairman of the Nova Scotia Boxing Authority. His business interests are diversified across many industries including automotive leasing, retail, food and beverage, fitness and residential land development. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since June 2009.															
	Mr. MacDonald has an Honorary Doctorate of Commerce from Saint Mary's University and has received numerous business and personal awards including the 2008 Nova Scotia Humanitarian of the Year, 2007 Halifax Chamber of Commerce Business Person of the Year, 2006 inductee of the Business Hall of Fame by Atlantic Business Magazine as a five time winner of the Top 50 Atlantic Canadian CEOs, 2005 Nova Scotia Philanthropist of the Year, 2004 Newfoundland Philanthropist of the Year, and Ernst and Young Entrepreneur of the Year.															
	Board and Committee Meeting Attendance ¹															
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	Board	8 of 8														
HRDCC ²	4 of 4															
Other	3															
Director Fees - cash	82,500															
Director Fees - DSU	-															
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Other	694															
Other Boards: Newfoundland Capital Corporation Limited																
Securities owned, controlled or directed																
Common shares (#) ³ <table border="1"> <tr> <td>Directly and indirectly⁷</td> <td>37,550,957</td> </tr> </table>	Directly and indirectly ⁷	37,550,957	Share-based compensation units (#) <table border="1"> <tr> <td>DPSU</td> <td>3,168</td> </tr> <tr> <td>DSU</td> <td>-</td> </tr> </table>	DPSU	3,168	DSU	-									
Directly and indirectly ⁷	37,550,957															
DPSU	3,168															
DSU	-															

Stan Spavold Age: 58 California, United States Director since October 2, 2011 Committees: Finance (Chair), Audit and Corporate Governance Not independent (Executive Vice President of CFFI, an indirect significant shareholder)	Stan Spavold, FCA, CPA (California) joined CFFI as Executive Vice-President in November of 2002. Working alongside the President of CFFI, Mr. Spavold provides a broad oversight role at CFFI serving on the boards of the public and private companies over which CFFI has significant influence or control. Stan serves on the board of directors of FP Resources Limited, Coastal Shellfish Limited Partnership, Norvista Capital Limited Partnership, BIOX Corporation and BIOX Canada Limited. He is active in a number of community not-for-profit organizations. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since June 2009.			
	Board and Committee Meeting Attendance¹		Compensation (\$)¹	
	Board	8 of 8	Director Fees - cash	151,000
	Finance	8 of 8	Director Fees - DSU	-
	Audit	6 of 6	Share-based awards	26,070
Corporate Governance	5 of 5	Other	946	
Other	9			
Other Boards: FP Resources Limited Norvista Capital Limited Partnership BIOX Corporation BIOX Canada Limited				
Securities owned, controlled or directed				
Common shares (#)³		Share-based compensation units (#)		
Directly and indirectly ⁸	56,500	DPSU	4,314	
		DSU	-	
Jim Dickson Age: 59 Nova Scotia, Canada Director since June 20, 2012 Committees⁹: Audit and Corporate Governance (Chair) Independent	Jim M. Dickson, Q.C., P.Eng. is Counsel with the law firm Stewart McKelvey practicing primarily in the areas of mergers and acquisitions and corporate finance and securities. In addition to practicing law, he is a professional engineer and a Registered Trade-mark Agent. Mr. Dickson is a member of the Canadian Bar Association, Nova Scotia Barristers' Society and the Association of Professional Engineers of Nova Scotia. He is Chair of the Board of Directors of Empire Company Limited. He is past Chair of the Board of Regents of Mount Allison University and is also a past Chair of the IWK Health Centre Foundation. He is currently a director of CS ManPar Inc., the managing general partner of CSLP, a position he has held since June 20, 2012.			
	Board and Committee Meeting Attendance^{1,9}		Compensation (\$)¹	
	Board	6 of 8	Director Fees - cash	63,750
	Finance	7 of 8	Director Fees - DSU	63,750
	Corporate Governance	5 of 5	Share-based awards	24,328
Other	8	Other	9,497	
Other Boards: Empire Company Limited				
Securities owned, controlled or directed				
Common shares (#)³		Share-based compensation units (#)		
Directly and indirectly	10,000	DPSU	4,218	
		DSU	47,431	

Notes:

- (1) Represents director attendance as committee members (excludes guest attendance). However, compensation includes all meetings that the director was in attendance, whether as a member or a guest. As a guest, Mr. Colin MacDonald attended 1 HRDCC meeting and 4 Finance meetings, Ms. Jane Craighead attended 4 Finance meetings and 2 Corporate Governance meetings, Mr. Larry Hood attended 2 HRDCC meetings and 6 Finance meetings, Mr. Harold Giles attended 1 Audit Committee meeting and 2 Finance meetings, Mr. Stan Spavold attended 2 HRDCC meetings, Mr. Brendan Paddick attended 1 Corporate Governance meeting, and Mr. Jim Dickson attended 3 Audit Committee meetings and 1 HRDCC meeting.
- (2) Human Resource Development and Compensation Committee.
- (3) The information as to Common Shares beneficially owned or controlled, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective directors as of April 17, 2017.
- (4) Colin MacDonald beneficially owns 143,000 Common Shares and controls an additional 222,500 Common Shares through Colinco Holdings Limited, a company controlled by him and 16,000 Common Shares beneficially owned by his children.
- (5) Colin MacDonald and John Risley, together with persons with whom they may be acting jointly and in concert, indirectly control 33,047,176 Common Shares through their interests in CFFI, including 26,593,820 Common Shares held by CFFI Seafood Holdings Limited, a company controlled by CFFI and Mickey MacDonald, 5,347,256 Common Shares held by 3293520 Nova Scotia Limited, a company controlled by Mickey MacDonald, and 1,106,100 common shares held by FP Resources Limited, a wholly owned subsidiary of CFFI.
- (6) Includes 400 Common Shares held by Mr. Gile's spouse.

- (7) Mickey MacDonald, together with persons with whom he may be acting jointly and in concert, indirectly controls 37,532,651 Common Shares through his interest in CFFI Seafood Holdings Limited (including 26,593,820 Common Shares held by CFFI Seafood Holdings Limited and 5,347,256 Common Shares held by 3293520 Nova Scotia Limited – see note 4 above) and 3293521 Nova Scotia Limited. 3293521 Nova Scotia Limited, a company controlled by Mickey MacDonald, holds 5,591,575 Common Shares. Mickey MacDonald beneficially owns an additional 18,306 Common Shares.
- (8) Includes 35,000 Common Shares held by Mr. Spavold's spouse.
- (9) As of March 8, 2017, Brendan Paddick joined the Corporate Governance Committee, Jim Dickson joined the Audit Committee and resigned from the Finance Committee and Jane Craighead joined the Finance Committee.

Board Independence

Four of the nine (44%) proposed directors of the Corporation are not considered by the Board to be independent, including Messrs. Colin and Mickey MacDonald, John Risley and Stan Spavold. Colin MacDonald, Mickey MacDonald and John Risley collectively control CFFI Seafood Holdings Limited and Stan Spavold is the Executive Vice President of CFFI, an indirect significant shareholder of Clearwater.

Except as disclosed below, no proposed director, or the proposed director's associates or affiliates, beneficially owns, or controls or directs, directly or indirectly, securities carrying 10% or more of the voting rights attached to all Common Shares.

Colin MacDonald, Stan Spavold and Mickey MacDonald are executive officers of CFFI Seafood Holdings Limited and Colin MacDonald and John C. Risley are the principal shareholders of CFFI. Collectively, Colin MacDonald, John Risley and Mickey MacDonald own, control or direct, directly and through CFFI Seafood Holdings Limited, 3293520 Nova Scotia Limited, 3293521 Nova Scotia Limited and other companies controlled by them, 39,038,557 Common Shares, representing approximately 61.06% of the outstanding Common Shares as of the date hereof.

See "*Part 4 – Corporate Governance – Board of Directors and Committees*".

Director Compensation

Narrative Discussion

This section provides information pertaining to the compensation of the Corporation's directors. The Corporation's director compensation program is designed to attract and retain qualified individuals and align their interests with those of Shareholders. The CG Committee looks at general compensation surveys annually to compare the directors' compensation to generally accepted practices for comparable public entities.

The following standard fees were paid to directors, as applicable, over the past fiscal year:

- \$150,000 for the Chairman of the Board;
- \$45,000 for the fiscal year for directors other than the Chairman of the Board;
- \$15,000 for chairing a committee;
- \$7,500 for each member of each committee; and
- \$2,000 per meeting of the Board and committees attended as a member or as a guest.

The Corporation reimbursed the directors for out-of-pocket expenses for attending these meetings. During the year ended December 31, 2016, the Corporation paid the directors a total of \$55,945 (2015 - \$65,180) for such expenses.

Director Compensation Table

The following table discloses all forms of compensation paid to the directors of the Corporation for the financial year ended December 31, 2016.

Name	Fees Earned ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Other Annual Compensation ⁽³⁾ (\$)	Total (\$)
Colin MacDonald	182,000	52,141	24,670	258,811
Harold Giles	96,000	20,860	9,587	126,447
Brendan Paddick	129,500	22,816	9,568	161,884
Mickey MacDonald	82,500	18,246	694	101,440
Stan Spavold	151,000	26,070	946	178,016
John Risley	88,500	18,246	6,504	113,250
Larry Hood	137,500	23,456	3,886	164,842
Jim Dickson	127,500	24,328	9,497	161,325
Jane Craighead	115,875	13,284	1,329	130,488

Notes:

- (1) Certain directors elected to receive all or a portion of their fees in the form of DSUs. The amount of compensation elected to be received in the form of DSUs was \$96,000 for Harold Giles, \$129,500 for Brendan Paddick, \$88,500 for John Risley, \$63,750 for Jim Dickson, \$70,500 for Larry Hood and \$115,875 for Jane Craighead.
- (2) These include DSUs and DPSUs. The fair value of each DSU is estimated on the date of grant using the Black-Scholes option pricing formula. The fair value of each DPSU included in the share-based awards column is estimated on the date of the grant using the Monte Carlo option pricing formula. These values do not represent the actual values of the payouts which will be received after the awards vest.
- (3) For all directors, other compensation includes dividend equivalent share-based units granted during 2016. Other compensation for Mr. Colin MacDonald also includes RRSP contributions and a car allowance. See table below for further information.

The table below provides a breakdown of the other compensation received by directors for the financial year ended December 31, 2016, including the value of additional DPSUs granted for performance achievements, dividends on DPSUs and DSUs and other non-share based compensation:

Name	Type	Additional Awards for Performance		Additional Awards for Dividends		Other Compensation (non share-based awards) (\$)	Total Other Compensation (\$)
		Total Units Granted (#)	Value of Units Granted (\$) ⁽¹⁾	Total Units Granted (#)	Value of Dividends Paid as Additional Units (\$)		
Colin MacDonald	DPSU	-	-	301	4,750	19,920	24,670
	DSU	-	-	-	-	-	
	Total	-	-	301	4,750	19,920	
Harold Giles	DPSU	-	-	46	778	-	9,587
	DSU	-	-	668	8,809	-	
	Total	-	-	714	9,587	-	
Brendan Paddick	DPSU	-	-	47	799	-	9,568
	DSU	-	-	665	8,769	-	
	Total	-	-	712	9,568	-	

Name	Type	Additional Awards for Performance		Additional Awards for Dividends		Other Compensation (non share-based awards) (\$)	Total Other Compensation (\$)
		Total Units Granted (#)	Value of Units Granted (\$) ⁽¹⁾	Total Units Granted (#)	Value of Dividends Paid as Additional Units (\$)		
Mickey MacDonald	DPSU	-	-	41	694	-	694
	DSU	-	-	-	-	-	
	Total	-	-	41	694	-	
Stan Spavold	DPSU	-	-	56	946	-	946
	DSU	-	-	-	-	-	
	Total	-	-	56	946	-	
John Risley	DPSU	-	-	41	694	-	6,504
	DSU	-	-	441	5,810	-	
	Total	-	-	482	6,504	-	
Larry Hood	DPSU	-	-	51	862	-	3,886
	DSU	-	-	230	3,024	-	
	Total	-	-	281	3,886	-	
Jim Dickson	DPSU	-	-	55	928	-	9,497
	DSU	-	-	650	8,569	-	
	Total	-	-	705	9,497	-	
Jane Craighead	DPSU	-	-	8	141	-	1,329
	DSU	-	-	91	1,188	-	
	Total	-	-	99	1,329	-	

Notes:

(1) The value of additional DPSUs granted for performance is determined by multiplying the number of units granted by the closing price of Common Shares on the date of grant.

Incentive Plans

Director Performance Share Unit Plan

Since 2012, the directors have been eligible to participate in a directors' performance share unit plan ("**DPSU Plan**") to promote a further alignment of interests between directors and Shareholders, to associate a portion of the directors' compensation with the returns achieved by Shareholders and to attract and retain directors with the knowledge, experience, and expertise required by the Corporation to act as members of the Board.

The DPSU Plan provides target grants of director performance share units ("**DPSUs**") up to 25% of the value of the director's retainer fees. The number of DPSUs that vest may be increased or decreased from the number originally granted on the grant date based on the relative performance of the Corporation versus a peer group. See "*Part 3 – Executive Compensation – Securities Authorized for Issuance under Equity Compensation Plans*" for more information on the DPSU Plan, including information on the methodology for determining market value, treatment of dividends, vesting and settlement.

The associated peer group for DPSU grants is the same as those used for PSU grants. See "*Part 3 – Executive Compensation – Compensation Discussion and Analysis*" for more information on the comparator peer group.

Deferred Share Unit Plan

Directors can also participate in the Corporation's deferred share unit plan ("**DSU Plan**"), which was developed to provide the directors with compensation opportunities that are consistent with shareholder interests. The DSU Plan allows a director's fees to be received in deferred share units ("**DSU**") and/or retention deferred share units ("**RDSU**"). See "*Part 3 – Executive Compensation – Securities Authorized for Issuance under Equity Compensation Plans*" for more information on the DSU Plan, including information on the methodology for determining market value, treatment of dividends, vesting and settlement.

Fair Value

The fair value of each DSU and RDSU is calculated using the Black-Scholes option pricing formula. The fair value of each DPSU is calculated using the Monte Carlo option pricing formula. Both Black-Scholes and Monte Carlo are established pricing methodologies that are widely used by the financial industry and by public companies for securities valuations and each is supported as an appropriate methodology under International Financial Reporting Standards ("**IFRS**"). Both pricing models include assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. The Monte Carlo option pricing formula provides the ability to estimate performance against a peer group. Refer to the Corporation's 2016 annual financial statements on SEDAR for further information.

Outstanding Share-based awards

The following table sets out the outstanding share-based awards granted to the directors as at December 31, 2016:

	Type of Award	Total Share-Based Awards (#)	Number of shares or units that have not vested (#)	Number of shares or units that have vested ⁽¹⁾ (#)	Market value of share-based awards that have not vested ⁽²⁾ (\$)	Market value of vested share-based awards not paid out or distributed ⁽¹⁾⁽²⁾ (\$)
Colin MacDonald	DSU	-	-	-		
	DPSU	21,837	5,705	16,132		
	Total	21,837	5,705	16,132	66,463	187,938
Harold Giles	DSU	48,697	-	48,697		
	DPSU	3,541	2,282	1,259		
	Total	52,238	2,282	49,956	26,585	581,987
Brendan Paddick	DSU	50,034	-	50,034		
	DPSU	3,652	2,393	1,259		
	Total	53,686	2,393	51,293	27,878	597,563
Mickey MacDonald	DSU	-	-	-		
	DPSU	3,157	1,996	1,161		
	Total	3,157	1,996	1,161	23,253	13,526
Stan Spavold	DSU	-	-	-		
	DPSU	4,304	2,852	1,452		
	Total	4,304	2,852	1,452	33,226	16,916
John Risley	DSU	33,471	-	33,471		
	DPSU	3,157	1,996	1,161		
	Total	36,628	1,996	34,632	23,253	403,463
Larry Hood	DSU	18,376	-	18,376		
	DPSU	3,922	2,567	1,355		
	Total	22,298	2,567	19,731	29,906	229,866
Jim Dickson	DSU	45,909	-	45,909		
	DPSU	4,205	2,753	1,452		
	Total	50,114	2,753	47,361	32,072	551,756
Jane Craighead	DSU	11,207	-	11,207		
	DPSU	755	755	-		
	Total	11,962	755	11,207	8,796	130,562

Notes:

- (1) At a later date, the DPSUs vested as of December 31, 2016 will be settled. The payout values of these DPSUs are as follows: \$140,524 for Colin Macdonald, \$10,971 for Harold Giles, \$10,971 for Brendan Paddick, \$10,111 for Mickey MacDonald, \$12,651 for Stan Spavold, \$10,111 for John Risley, \$11,801 for Larry Hood and \$12,651 for Jim Dickson. The payout value of awards is determined by multiplying the number of vested units on the vesting date (December 31, 2016) by the volume weighted average trading price of a Common Share for the five days subsequent to the expiry of the Corporation's blackout period for the fourth quarter of 2016 of \$10.37 per share.
- (2) The market value of awards is determined by multiplying the number of outstanding units held at December 31, 2016 by the closing price of Common Shares on the TSX on that date of \$11.65.

The following table provides information on the number of outstanding DPSUs granted under the DPSU Plan and the related vesting periods:

Name	Date Granted ⁽¹⁾	Units Awarded	Vesting Period
Colin MacDonald	March 14, 2014	15,547	January 1, 2014 - December 31, 2016
	April 7, 2015	2,673	January 1, 2015 - December 31, 2017
	April 29, 2016	2,932	January 1, 2016 - December 31, 2018
Harold Giles	March 14, 2014	1,213	January 1, 2014 - December 31, 2016
	April 7, 2015	1,069	January 1, 2015 - December 31, 2017
	April 29, 2016	1,173	January 1, 2016 - December 31, 2018
Brendan Paddick	March 14, 2014	1,213	January 1, 2014 - December 31, 2016
	April 7, 2015	1,069	January 1, 2015 - December 31, 2017
	April 29, 2016	1,283	January 1, 2016 - December 31, 2018
Mickey MacDonald	March 14, 2014	1,119	January 1, 2014 - December 31, 2016
	April 7, 2015	935	January 1, 2015 - December 31, 2017
	April 29, 2016	1,026	January 1, 2016 - December 31, 2018
Stan Spavold	March 14, 2014	1,399	January 1, 2014 - December 31, 2016
	April 7, 2015	1,336	January 1, 2015 - December 31, 2017
	April 29, 2016	1,466	January 1, 2016 - December 31, 2018
John Risley	March 14, 2014	1,119	January 1, 2014 - December 31, 2016
	April 7, 2015	935	January 1, 2015 - December 31, 2017
	April 29, 2016	1,026	January 1, 2016 - December 31, 2018
Larry Hood	March 14, 2014	1,306	January 1, 2014 - December 31, 2016
	April 7, 2015	1,203	January 1, 2015 - December 31, 2017
	April 29, 2016	1,319	January 1, 2016 - December 31, 2018
Jim Dickson	March 14, 2014	1,399	January 1, 2014 - December 31, 2016
	April 7, 2015	1,336	January 1, 2015 - December 31, 2017
	April 29, 2016	1,368	January 1, 2016 - December 31, 2018
Jane Craighead	April 29, 2016	747	January 1, 2016 - December 31, 2018

Notes:

- (1) The DPSUs granted March 14, 2014 vested December 31, 2016, with accumulating dividend equivalent units and a performance multiple of 0.84. The DPSUs will be settled at a later date.
- (2) The Board has authorized grants of DPSUs for 2017, with the number of DPSUs granted to be finalized at a later date. The vesting period of these DPSUs will be from January 1, 2017 - December 31, 2019.

Incentive Plan Awards Value Vested During the Year

The following table sets out the value of the directors' share-based awards that vested during 2016:

Name	Share-based awards - Value vested during the year (\$) ⁽¹⁾	
Colin MacDonald	DSU	-
	DPSU	157,872
	Total	157,872
Harold Giles	DSU	104,809
	DPSU	12,318
	Total	117,127
Brendan Paddick	DSU	150,586
	DPSU	12,318
	Total	162,904
Mickey MacDonald	DSU	-
	DPSU	11,363
	Total	11,363
Stan Spavold	DSU	-
	DPSU	14,206
	Total	14,206
John Risley	DSU	94,310
	DPSU	11,363
	Total	105,673
Larry Hood	DSU	73,524
	DPSU	13,262
	Total	86,786
Jim Dickson	DSU	72,319
	DPSU	14,206
	Total	86,525
Jane Craighead	DSU	-
	DPSU	117,063
	Total	117,063

Notes:

- (1) The value vested during the year for the DPSU awards is determined by multiplying the number of units that vested on the vesting date (December 31, 2016) by the closing price of the Common Shares on the vesting date (\$11.65/share). Amounts for the DPSU awards will be settled at a later date. Refer to tables above for further information. The value vested for the DSU awards is determined by multiplying the number of outstanding units that vested on the vesting date, which is typically upon allocation to the participant, by the closing price of the Common Shares on the vesting date.

Appointment of Auditor

KPMG LLP, Chartered Accountants, has been the auditor of the Corporation since its incorporation and was the auditor of the Corporation's predecessor (the Fund) since completion of its initial public offering in 2002. Management recommends the re-appointment of KPMG LLP. At the Meeting, Shareholders will be asked to vote for the appointment of KPMG LLP as auditor of the Corporation until the next annual meeting of the Shareholders, at a remuneration to be fixed by the Board of Directors.

It is intended that all proxies received will be voted in favour of the appointment of KPMG LLP as auditor of the Corporation, unless a proxy contains instructions to withhold the same from voting. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the appointment of KPMG LLP as auditor of the Corporation.

Part 3 – Executive Compensation

Compensation Discussion and Analysis

Background

This section describes how decisions are made as they relate to determining the appropriate level of executive compensation paid, payable, awarded, granted or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer, as defined in Form 51-102F6 (each, an "NEO"). The Corporation's NEOs during 2016 were Ian Smith, Chief Executive Officer, Robert Wight, Vice President, Finance and Chief Financial Officer until his retirement on March 24, 2016, Teresa Fortney, Vice President, Finance and Chief Financial Officer since March 24, 2016, Greg Morency, President, Global Markets and Chief Commercial Officer, Ron van der Giesen, President, Global Supply Chain, and David Kavanagh, Vice President and General Counsel.

The Human Resource Development and Compensation Committee ("HRDCC") was established by the Board for the purposes of monitoring and providing guidance and recommendations on the level of executive compensation. The HRDCC provides advice on terms and conditions of employment so as to ensure they are designed to advance the growth and profitability objectives of the Corporation and to attract senior employees for long-term organizational commitment.

The HRDCC currently consists of Harold Giles (Co-Chair), Jane Craighead (Co-Chair), Brendan Paddick and Mickey MacDonald, all of whom are independent within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") except Mickey MacDonald. The members of the HRDCC have substantial board and executive leadership experience and have been involved with implementing and reviewing compensation policies at their respective organizations. Mr. Giles, Co-Chair, has over 35 years' experience in manufacturing, business general management and senior human resource executive positions with General Electric in Canada, United States and Europe and Ms. Craighead, Co-Chair, has many years of experience in human resources and has published research on executive compensation and corporate governance. Refer to "Part 2 – Business of the Meeting – Election of Directors – About the Board Nominees" and the HRDCC report in "Part 4 – Corporate Governance" for further information.

The Corporation's executive compensation program is designed to provide a competitive level of compensation, to reward individual performance and to provide incentives to executives to achieve and exceed performance-based goals. Performance goals are substantially based on improving the Corporation's financial results and therefore, individual goals are aligned with shareholder interests.

Elements of Compensation

The major elements of the Corporation's executive compensation program are (1) base salary, (2) an annual incentive plan and (3) share-based compensation plans. Both the annual incentive and share-based compensation plans are based on the performance of the individual and the Corporation.

For all NEOs other than the CEO, the compensation policies and guidelines are recommended by the CEO and approved by the HRDCC. The compensation for the CEO is recommended by the HRDCC and approved by the Board.

Personal benefits and other perquisite benefits provided to senior management are reflective of generally accepted and competitive practices in the industry.

No NEO or director of the Corporation is permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Base Salary

Base salary compensates NEOs for discharging their duties in respect of their position descriptions. Salaries are reviewed from time to time taking into consideration corporate as well as individual performance, the requirements of their position, the executive's skills and experience, job complexity and competence compared to executives in similar roles in comparable companies. Each of these factors is reviewed in accordance with the contribution expected of the individual executive officer.

Annual Incentive Plan

An annual incentive plan is a fundamental part of the Corporation's compensation program. The method of determining performance-based compensation for NEOs, as determined by the HRDCC, takes into account certain quantitative factors such as the Corporation's performance against its budget, as well as various qualitative elements. Personal achievement, including extraordinary performance beyond the normal expectations for an individual's position, is also taken into account. Bonus payments can be lower or higher based on corporate performance and individual achievement.

The annual bonus amounts are determined through annual audited financial statements for the year end and, as a result, are paid after the end of that year. For 2014, 2015 and 2016, annual bonuses were based on target-adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), free cash flow levels and individual achievement. The NEOs, except the CEO, were eligible for a target bonus of 40-45% of their annual salary. The CEO was eligible for a target bonus of 75% of his annual salary.

For 2014, 2015 and 2016, actual bonuses for all NEOs (including the CEO) could have ranged from no bonus paid to 150% of target based on corporate performance and individual achievement. Bonus payments for all NEOs in 2014 were based upon hitting 104% of the corporate performance target for adjusted EBITDA, 100% of the corporate performance for free cash flow, as well as individual achievement. Bonus payments for all NEOs in 2015 were based upon hitting 117% of the corporate performance target for adjusted EBITDA, 100% of the corporate performance for free cash flow, as well as individual achievement. In 2016, performance targets were not achieved and, accordingly, no bonus payments were made to NEOs in respect of that year. Refer to the Corporation's 2016 financial statements and Management Discussion and Analysis for further information on the calculation for free cash flow and adjusted EBITDA.

Share-Based Compensation Plans

Share-based compensation plans are an integral part of the Corporation's balanced compensation program. The Corporation has adopted the following share-based compensation plans for NEOs to connect individual achievement and corporate performance: (A) the executive long-term performance incentive plan ("LTIP") and (B) the DSU Plan.

Target grants and payments can be lower or higher based on corporate performance and individual achievement. The method of determining share-based compensation for NEOs, as determined by the HRDCC, takes into account individual achievement and total shareholder return relative to an industry peer group. The plan aligns executive and shareholder interests in long term share value performance.

The total shareholder return relative to the peer group allows for an alternative assessment of performance by recognizing external conditions impacting the market or industry. The comparator group for all share-based awards is composed of eight companies from around the world with an industry, scope and size comparable to Clearwater, taking into account certain criteria such as market capitalization, revenue and assets. This peer group is only used for share-based awards. The associated peer group for grants since 2014 by grant period is as follows:

Peer Group	Date Granted		
	March 2014	April 2015	April 2016
Havfisk ASA	√	-	-
Marine Harvest	√	√	√
Sanford Ltd	√	√	√
Pesca Nova SA	√	√	√
Thai Union	√	√	√
Pacific Andes	√	√	√
Austevoll	√	√	√
Aker Seafoods	-	√	√

Notes:

(1) The Board has authorized grants of PSUs for 2017. The comparator group for those PSUs will be finalized at a later date.

In addition to being eligible for grants under the LTIP and DSU Plan, upon commencement of his employment, the CEO received share appreciation rights ("**SARs**") in respect of the Common Shares of the Corporation as follows:

- (a) 255,000 SARs at a strike price of \$0.01/Common Share;
- (b) 250,000 SARs at a strike price of \$0.80/Common Share; and
- (c) 200,000 SARs at a strike price of \$1.00/Common Share.

The SARs vest over a three year period and have no expiry. As of December 31, 2012, 555,000 of the 705,000 granted SARs had vested and were subsequently cash settled for \$2.5 million in March 2013. As of December 31, 2013, the remaining 150,000 SARs vested and remain outstanding as of December 31, 2016.

Long Term Incentive Plan

The LTIP provides annual target grants that vary from to 30% to 50% of the NEOs' annual salaries. Based on individual achievement, the number of performance share units ("**PSUs**") and/or retention share units ("**RSUs**") actually granted can range from zero to 150% of the target grant. The number of PSUs or RSUs that vest may be increased or decreased from the number of PSUs or RSUs originally granted on the grant date based on the relative performance of the Corporation versus a peer group. See "*Part 3 – Executive Compensation – Securities Authorized for Issuance under Equity Compensation Plans*" for more information on the LTIP, including information on the methodology for determining market value, treatment of dividends, vesting and settlement.

Deferred Share Unit Plan

The DSU Plan was developed to provide the directors and certain NEOs with compensation opportunities that are consistent with shareholder interests. The DSU Plan provides for the grant of DSUs and/or RDSUs. See "*Part 3 – Executive Compensation – Securities Authorized for Issuance under Equity Compensation Plans*" for more information on the DSU Plan, including information on the methodology for determining market value, treatment of dividends, vesting and settlement.

Fair Value

The fair value of each SAR, DSU and RDSU is calculated using the Black-Scholes option pricing formula. The fair value of each PSU and RSU is calculated using the Monte Carlo option pricing formula. Both Black-Scholes and Monte Carlo are established pricing methodologies that are widely used by the financial industry and by public companies for securities valuations and each is supported as an appropriate methodology under IFRS. Both pricing models include assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. The Monte Carlo option

pricing formula provides the ability to estimate performance against a peer group. Refer to the Corporation's 2016 annual financial statements for further information.

Assessment of Risks Associated with Compensation Policies and Practices

The HRDCC has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The HRDCC has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The HRDCC considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans. Programs have generally been implemented by or at the direction of the HRDCC.

Indebtedness of Directors and Executive Officers

Except as set out below, no current or former director, proposed nominee for director, executive officer or employee of the Corporation or any of its subsidiaries, or associates or affiliates of any of these persons, have been indebted to the Corporation or its subsidiaries, or indebted to another entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries, at any time since January 1, 2016, being the beginning of the Corporation's last financial year, other than "Routine Indebtedness" as that term is defined in applicable securities legislation.

The following table discloses the aggregate indebtedness of all current and former executive officers, directors and employees of the Corporation and its subsidiaries owed as of March 31, 2017 to the Corporation or any of its subsidiaries or to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Purpose	Aggregate Indebtedness (\$)	
	To the Corporation or its Subsidiaries	To Another Entity
Share purchases	-	-
Other	US\$238,792.26	-

The following table discloses the indebtedness since the beginning of the financial year ended December 31, 2016, of each individual who is, or was at any time during the financial year, a director or executive officer of the Corporation, is a proposed nominee for election as director, or is an associate of any such director, executive officer or proposed nominee.

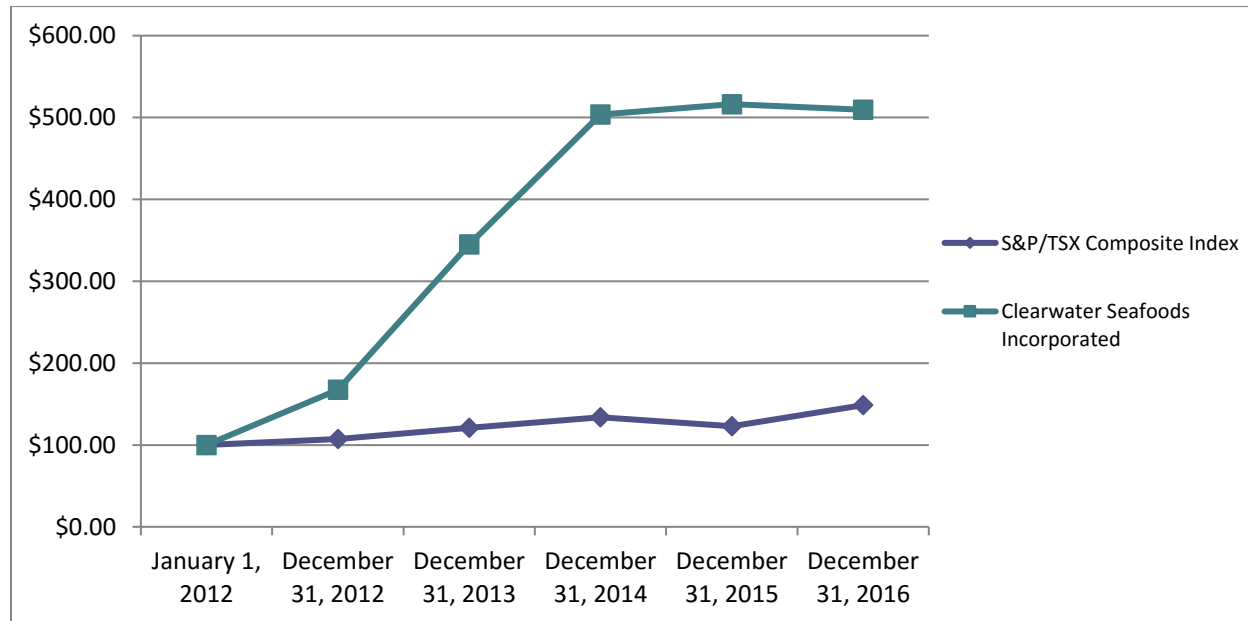
Name and Principal Position	Involvement of the Corporation or Subsidiary	Largest Amount Outstanding During the Financial Year Ended December 31, 2016	Amount Outstanding as at March 31, 2017	Financially Assisted Securities Purchases During the Financial Year Ended December 31, 2016	Security for Indebtedness	Amount Forgiven During the Financial Year Ended December 31, 2016
Other Programs						
Greg Morency, President, Global Markets and Chief Commercial Officer	Loan by subsidiary	US\$269,292.26	US\$238,792.26 ⁽¹⁾	N/A	N/A	Nil

Notes:

- (1) Three interest-free loans in the amounts of US\$152,500, US\$88,400 and US\$28,392.26 were made to Mr. Morency in connection with liabilities he incurred as a result of his relocation to the United States in early 2016. The first loan is forgivable by the Corporation as to US\$30,500 per year for five years, and the second and third loans are repayable in full on January 1, 2021. As of the date of the Circular, US\$30,500 has been forgiven. Any amounts outstanding (and not forgiven) under the loans will be repayable in the event Mr. Morency resigns or is terminated.

Performance Graph

The following graph compares the total cumulative return, including distributions, to Shareholders for \$100 invested in Common Shares on January 1, 2012 with the total cumulative return, including distributions, of the S&P/TSX Composite Index over the five-year period ended December 31, 2016. On December 31, 2016, the closing price of the Common Shares on the TSX was \$11.65.



	Jan-12	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
Clearwater Seafoods Incorporated	\$100.00	\$167.36	\$344.99	\$503.72	\$516.31	\$509.31
S&P/TSX Composite Index	\$100.00	\$107.19	\$121.11	\$133.90	\$122.76	\$148.64

The above graph and table demonstrate a continued improvement in the Corporation's share performance over the past several years due to improving financial results including free cash flow and adjusted EBITDA, the Corporation's performance targets for compensation. As a result, the Corporation paid annual bonuses in respect of the annual periods 2012-2015 based upon actual financial performance, where performance targets were achieved or surpassed. Performance targets for 2016 were not met and, accordingly, no annual bonuses were paid in respect of that year. Overall compensation components including salary, grants of share-based awards and annual incentive programs are not measured against Clearwater's trading price as other methods of evaluation are completed including peer group assessments. Refer to the section entitled "*Executive Compensation*" above for more information.

Summary Compensation Table

The following table sets forth all forms of executive compensation received by the NEOs for the last three fiscal years.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) ⁽³⁾	Total Compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
Ian Smith, Chief Executive Officer	2016	514,250	536,255	-	-	-	-	24,213	1,074,718
	2015	494,839	409,399	-	526,076	-	-	394,629	1,824,943
	2014	467,665	499,685	-	415,490	-	-	928,740	2,311,580
Robert D. Wight, Vice President, Finance and Chief Financial Officer ⁽⁴⁾	2016	164,300	-	-	-	-	-	713,913 ⁽⁷⁾	878,213
	2015	320,819	108,545	-	149,822	-	-	139,412	718,598
	2014	309,926	165,493	-	119,011	-	-	239,416	833,846
Teresa Fortney, Vice President, Finance and Chief Financial Officer ⁽⁴⁾	2016	258,750	-	-	-	-	-	39,326 ⁽⁸⁾	298,076
Greg Morency, President, Global Markets, and Chief Commercial Officer ⁽⁵⁾	2016	499,688	297,550	-	-	-	-	30,313	827,551
	2015	416,333	233,428	-	182,191	-	-	192,686	1,024,638
	2014	389,167	228,914	-	187,822	-	-	252,216	1,058,119
Ron van der Giesen, President, Global Supply Chain ⁽⁶⁾	2016	367,500	306,584	-	-	-	-	41,064	715,148
	2015	279,913	95,245	-	229,768	-	-	12,000	616,926
	2014	65,143	-	-	36,968	-	-	-	102,111
David Kavanagh, Vice President and General Counsel	2016	285,600	148,917	-	-	-	-	32,409	466,926
	2015	279,913	95,245	-	144,715	-	-	130,029	649,902
	2014	271,950	116,162	-	104,429	-	-	234,751	727,292

Notes:

- (1) The fair value of each PSU included in the share-based awards column is estimated on the date of the grant using the Monte Carlo option pricing formula. The Monte Carlo pricing model was used as it is an established pricing methodology widely used for securities valuations that is based upon performance relative to peer groups and is supported as an appropriate methodology under IFRS. The pricing model includes assumptions on performance relative to the peer group, expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. **This value does not represent the actual value of the payout which will be received after vesting of the award.** For financial statement purposes, the fair value of the liability for all outstanding awards is re-measured at every balance sheet date and the fair value is amortized over the service period. The Corporation recorded a liability for the PSUs of \$7.6 million at December 31, 2016 (2015 - \$11.4 million). Total share-based compensation expense included in the income statement for the year ended December 31, 2016 was \$2.9 million for all outstanding awards as they are re-measured at each balance sheet date (2015 - \$5.3 million).
- (2) The incentive plan amounts, if any, for each respective fiscal period are paid in the first quarter of the subsequent year.
- (3) Other compensation includes the additional PSUs vested as of December 31, 2016 based upon results of the performance period January 1, 2014 through December 31, 2016 and dividend equivalent share-based units granted during 2016. Other compensation also includes RRSP contributions and car allowances. Refer to the table below for a breakdown on the fair value of the units granted during 2016, value of additional units granted for performance and dividends and other compensation.

- (4) Teresa Fortney was appointed as Vice President, Finance and Chief Financial Officer effective March 24, 2016 following Robert Wight's retirement. Ms. Fortney did not receive any compensation from Clearwater prior to her appointment.
- (5) Greg Morency's salary in 2016 was denominated in US dollars and translated to Canadian dollars using the average exchange rate used for financial reporting for 2016 (US\$1.00 = CAD\$1.3272).
- (6) Ron van der Giesen was appointed as President, Global Supply Chain effective October 6, 2014.
- (7) Of this amount, \$667,200 represents payments to Robert Wight as a result of his retirement as Vice President, Finance and Chief Financial Officer on March 24, 2016.
- (8) Of this amount, \$27,083 represents payments to Teresa Fortney for relocation costs.

The following table provides a breakdown of the fair value of the share-based awards for 2016 as of the grant date, and the total other compensation received by NEOs, including the value of additional PSUs granted for performance achievements, dividends on RDSUs and PSUs and other non-share based compensation:

Name and Principal Position	Share-based Awards			Other Compensation					
				Additional Awards for Performance		Additional Awards for Dividends		Other Compensation (non share-based awards) (\$)	Total Other Compensation (\$)
	Type	Original Total Share Units Granted in 2016 (#)	Fair Value At Grant (\$)	Total Units Granted (#)	Value of Units Granted (\$) ⁽¹⁾	Total Units Granted (#)	Value of Dividends Paid as Additional Units (\$)		
Ian Smith, Chief Executive Officer	RDSU	-	-	-	-	-	-	2,740	24,213
	PSU	30,155	536,225	-	-	1,298	21,473		
	Total	30,155	536,225	-	-	1,298	21,473		
Robert D. Wight, Vice President, Finance and Chief Financial Officer ⁽¹⁾	RDSU	-	-	-	-	1,568	20,707	690,630	713,913
	PSU	-	-	-	-	155	2,576		
	Total	-	-	-	-	1,723	23,283		
Teresa Fortney, Vice President, Finance and Chief Financial Officer ⁽¹⁾	RDSU	-	-	-	-	-	-	39,326	39,326
	PSU	-	-	-	-	-	-		
	Total	-	-	-	-	-	-		
Greg Morency, President, Global Markets, and Chief Commercial Officer	RDSU	-	-	-	-	-	-	20,576	30,313
	PSU	16,732	297,550	-	-	663	9,737		
	Total	16,732	297,550	-	-	663	9,737		
Ron van der Giesen, President, Global Supply Chain	RDSU	-	-	-	-	-	-	37,150	41,064
	PSU	17,240	306,584	-	-	219	3,914		
	Total	17,240	306,584	-	-	219	3,914		
David Kavanagh, Vice President and General Counsel	RDSU	-	-	-	-	1,176	15,531	12,300	32,409
	PSU	8,374	148,917	-	-	316	4,578		
	Total	8,374	148,917	-	-	1,492	20,109		

Notes:

- (1) The value of additional PSUs granted for performance is determined by multiplying the number of units granted by the closing price of Common Shares on the date of grant.

Incentive Plans

Outstanding Share-based Awards

The following table sets out the share-based awards granted to the NEOs outstanding as at December 31, 2016.

	Type of Award	Total Share-Based Awards (#)	Number of shares or units that have not vested (#)	Number of shares or units that have vested ⁽¹⁾ (#)	Market value of share-based awards that have not vested ⁽²⁾ (\$)	Market value of vested share-based awards not paid out or distributed ⁽¹⁾⁽²⁾ (\$)
Ian Smith, Chief Executive Officer	SARS	150,000	-	150,000		
	PSU	98,855	53,553	45,302		
	RDSU	-	-	-		
	Total	248,855	53,553	195,302	623,892	2,275,268
Robert D. Wight, Vice President, Finance and Chief Financial Officer	SARS	-	-	-		
	PSU	20,975	-	20,975		
	RDSU	104,532	-	104,532		
	Total	125,507	-	125,507	-	1,462,157
Teresa Fortney, Vice President, Finance and Chief Financial Officer	SARS	-	-	-		
	PSU	-	-	-		
	RDSU	-	-	-		
	Total	-	-	-	-	-
Greg Morency, President, Global Markets, and Chief Commercial Officer	SARS	-	-	-		
	PSU	50,821	30,068	20,753		
	RDSU	-	-	-		
	Total	50,821	30,068	20,753	350,292	241,772
Ron van der Giesen, President, Global Supply Chain	SARS	-	-	-		
	PSU	19,982	19,982	-		
	RDSU	-	-	-		
	Total	19,982	19,982	-	232,790	-
David Kavanagh, Vice President, General Counsel	SARS	-	-	-		
	PSU	24,363	13,832	10,531		
	RDSU	78,399	78,399	-		
	Total	102,762	92,231	10,531	1,074,491	122,686

Notes:

- (1) At a later date, the PSUs vested as of December 31, 2016 will be settled. The payout values of these PSUs are as follows: \$394,620 for Ian Smith, \$180,780 for Greg Morency and \$91,333 for David Kavanagh. The payout value of awards is determined by multiplying the number of vested units on the vesting date (December 31, 2016) by the volume weighted average trading price of a Common Share for the five days subsequent to the expiry of the Corporation's blackout period for the fourth quarter of 2016 of \$10.37 per share.
- (2) The market value of awards is determined by multiplying the number of outstanding units held at December 31, 2016 by the closing price of Common Shares on the TSX on that date of \$11.65.

The following table provides information on the number of PSUs granted under the LTIP and the related vesting periods:

Name and Principal Position	Date Granted ⁽¹⁾	Units Awarded	Vesting Period
Ian Smith, Chief Executive Officer	March 14, 2014	43,657	January 1, 2014 - December 31, 2016
	April 7, 2015	22,502	January 1, 2015 - December 31, 2017
	April 29, 2016	30,155	January 1, 2016 - December 31, 2018
Robert D. Wight, Vice President, Finance and Chief Financial Officer	March 14, 2014	14,459	January 1, 2014 - December 31, 2016
	April 7, 2015	5,966	January 1, 2015 - December 31, 2017
	April 29, 2016	-	January 1, 2016 - December 31, 2018
Teresa Fortney, Vice President, Finance and Chief Financial Officer	-	-	

Name and Principal Position	Date Granted ⁽¹⁾	Units Awarded	Vesting Period
Greg Morency, President, Chief Commercial Officer	March 14, 2014	20,000	January 1, 2014 - December 31, 2016
	April 7, 2015	12,830	January 1, 2015 - December 31, 2017
	April 29, 2016	16,732	January 1, 2016 - December 31, 2018
David Kavanagh, Vice President, General Counsel	March 14, 2014	10,149	January 1, 2014 - December 31, 2016
	April 7, 2015	5,235	January 1, 2015 - December 31, 2017
	April 29, 2016	8,374	January 1, 2016 - December 31, 2018
Ron van der Giesen, President, Global Supply Chain	April 7, 2015	2,559	January 1, 2015 - December 31, 2017
	April 29, 2016	17,423	January 1, 2016 - December 31, 2018

Notes:

- (1) The PSUs granted March 14, 2014 vested December 31, 2016, with accumulating dividend units and a performance multiple of 0.84. The PSUs will be settled at a later date.
- (2) The Board has authorized grants of PSUs for 2017, with the number of PSUs granted to be finalized at a later date. The vesting period of these PSUs will be from January 1, 2017 - December 31, 2019.

Incentive Plan Awards – value vested or earned during the year

The following table sets out the value of the NEOs' share-based awards that vested and non-equity incentive plan compensation earned by the NEOs during 2016:

Name and Principal Position	Share-based awards - Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation - Value earned during the year (\$)
Ian Smith, Chief Executive Officer	443,321	-
Robert D. Wight, Vice President, Finance and Chief Financial Officer	1,460,718	-
Teresa Fortney, Vice President, Finance and Chief Financial Officer	-	-
Greg Morency, President, Global Markets, and Chief Commercial Officer	203,093	-
Ron van der Giesen, President, Global Supply Chain	-	-
David Kavanagh, Vice President, General Counsel	103,059	-

Notes:

- (1) The value vested during the year for the PSU awards is determined by multiplying the number of units that vested on the vesting date (December 31, 2016) by the closing price of the Common Shares on the vesting date (\$11.65/share). Amounts for the PSU awards will be settled at a later date. Refer to tables above for further information. The value vested for Robert Wight's RDSU awards is determined by multiplying the number of outstanding units that vested on the vesting date (the date of his retirement) by the closing price of the Common Shares on the vesting date.

Termination and Change of Control Benefits

All of the NEOs are parties to employment agreements with CSLP, which outline the terms and conditions pertaining to their employment. Each agreement provides that the NEO's employment may be terminated by CSLP without cause by giving written notice of termination or by paying an amount in lieu thereof. There are no material contracts, agreements, plans or arrangements that provide for any incremental payments, payables or other benefits upon termination, resignation, retirement or a change of control of the Corporation other than compensation in lieu of notice of termination, as described in the preceding sentence.

Termination payments for the NEOs in the circumstance of a termination without cause are as follows:

Name and Principal Position	Termination benefits
Ian Smith, Chief Executive Officer	Lump-sum payment of 24 months of annual compensation and prorated outstanding incentive compensation
Teresa Fortney, Vice President, Finance and Chief Financial Officer	Lump-sum payment of 6 months of annual compensation for the first year of employment or 12 months of annual compensation for later years and prorated outstanding incentive compensation
Greg Morency, President, Global Markets, and Chief Commercial Officer	Lump-sum payment of 12 months of annual compensation and prorated outstanding incentive compensation
Ron van der Giesen, President, Global Supply Chain	Lump-sum payment of 12 months of annual compensation and prorated outstanding incentive compensation
David Kavanagh, Vice President, General Counsel	Lump-sum payment of one month annual compensation for each year worked up to a limited of 24 months and prorated outstanding incentive compensation

The information in the table below quantifies estimated payments for the NEOs assuming termination without cause on December 31, 2016:

Name and Principal Position	Cash severance (\$)	Short term incentive plan (\$)	SARS (\$)	PSU (\$)	RDSU (\$)	Total (\$)
Ian Smith ,Chief Executive Officer	1,028,500	-	1,747,500	903,897	-	3,679,897
Teresa Fortney, Vice President, Finance and Chief Financial Officer	162,500	-	-	-	-	162,500
Greg Morency, President, Global Markets, and Chief Commercial Officer	499,688	-	-	462,935	-	962,623
Ron van der Giesen, President, Global Supply Chain	306,584	-	-	134,316	-	440,900
David Kavanagh, Vice President, General Counsel	180,304	-	-	218,349	1,024,896	1,423,549

As a result of Robert Wight's retirement as Vice President, Finance and Chief Financial Officer of the Corporation, the Corporation agreed to pay Mr. Wight a lump sum equivalent to his base salary for 24 months after his retirement date and \$10,000 for transition support, as well as a continuation of benefits for a period of 24 months. In addition, the Board waived the age requirement in respect of Mr. Wight's RDSUs and approved a payout of those RDSUs at the date of his retirement. The Corporation paid Mr. Wight a total of \$667,200 in the year ended December 31, 2016 in connection with his retirement.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants or rights (a)	Weighted-average exercise price of outstanding options, warrants or rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a)) (c)
Equity compensation plans approved by Shareholders (LTIP, DSU Plan and DPSU Plan)	679,404 ⁽¹⁾	N/A	1,820,596 ⁽²⁾
Equity compensation plans not approved by Shareholders	Nil	N/A	Nil
Total	679,404	N/A	1,820,596

Notes:

- (1) This number reflects the outstanding Share Units as of December 31, 2016 that may be settled in Common Shares. Share Units issued under the Plans may be settled in cash, by delivery of Common Shares issued from treasury of the Corporation, by the delivery of Common Shares purchased on the secondary market by a trustee appointed by the Corporation, or by a combination thereof, at the discretion of the Board or the applicable committee.
- (2) This number equals 2,500,000 less the number of Common Shares reported under column (a) above. The Corporation is authorized to issue up to 2,500,000 Common Shares under the Plans.

Equity Compensation Plans

Overview

The LTIP provides for the grant of PSUs and/or RSUs to certain employees of the Corporation, as determined by the Board or the applicable committee. The DPSU Plan provides for the grant of DPSUs to directors who are not otherwise employees of the Corporation. The DSU Plan provides for the grant of DSUs and/or RDSUs to directors and certain eligible officers and employees of the Corporation, as determined by the Board or the applicable committee. RDSUs, PSUs, RSUs, DPSUs and DSUs are collectively referred to as the "**Share Units**".

Each of the LTIP, DSU Plan and DPSU Plan (the "**Plans**") was designed to attract and retain eligible directors, employees and officers, as applicable, and to provide them with compensation opportunities that are consistent with the interests of Shareholders. Eligibility under the Plans is also extended to eligible directors, employees and officers, as applicable, of the Corporation's subsidiaries, partnerships, trusts or other controlled entities, as set out more particularly in the terms of each of the Plans. The Corporation previously implemented each of the Plans in 2012 and the Plans were amended in 2015 to permit settlement of awards in Common Shares from treasury.

Settlement in Shares

The Plans provide for an aggregate maximum of 2,500,000 Common Shares of the Corporation reserved for issuance to participants under the Plans (and any other security based compensation arrangement of the Corporation), representing approximately 3.91% of the issued and outstanding Common Shares of the Corporation as at the date of the Circular. The allocation of the aggregate maximum amount of Common Shares among each of the Plans shall be determined by the Board or the applicable committee from time to time. There are 694,919 Share Units, representing approximately 0.24% of the issued and outstanding Common Shares of the Corporation as at the date of the Circular, currently outstanding under the Plans that may be settled in Common Shares. No Common Shares have been issued under the Plans as of the date of this Circular.

Upon vesting, the Share Units held by participants may be settled in cash, by delivery of Common Shares issued from treasury of the Corporation, by the delivery of Common Shares purchased on the secondary market by a trustee appointed by the Corporation, or by a combination thereof, at the discretion of the Board or the applicable committee.

Upon meeting the objectives established by the Board or the applicable committee at the time of grant, participants will receive the number of Common Shares allotted to them or cash in lieu of such Common Shares for no further consideration.

Insider Participation Limits

Insiders of the Corporation are eligible to participate in the Plans. However, the Plans limit insider participation such that the number of Common Shares of the Corporation issued within a one-year period and the number of Common Shares of the Corporation issuable at any time to insiders of the Corporation does not exceed 10% of the issued and outstanding Common Shares of the Corporation. The Plans do not provide for a maximum number of shares which may be issued to an individual participant pursuant to the Plans other than the foregoing insider participation limit.

Market Value

The number of Share Units granted to a participant under the Plans will be based on the amount of the grant, as determined by the Board or the applicable committee, divided by the volume weighted average trading price of the Common Shares of the Corporation for the five (5) trading days prior to the effective date of the grant (the "**Market Value**"). Any dividends declared by the Corporation prior to settlement of the Share Units will result in the grant of an additional number of Share Units to the participant which is equal to the amount of the dividend multiplied by the number of Share Units held by such participant as of the record date of the dividend (which shall include any previous dividends declared by the Corporation with respect to such Share Units), and dividing the product of such amount by the Market Value of the Common Shares as of the record date of the dividend.

Vesting

Vesting of the Share Units is subject to the discretion of the Board or the applicable committee. Vesting of PSUs and DPSUs will typically depend on such financial, personal, operational or transaction-based performance criteria as determined by the Board or the applicable committee. Settlement of the PSUs and DPSUs generally occurs within 90 days following vesting of the Share Units. Vesting of RSUs and RDSUs will typically depend on the continuous service of the participant for a period of time as determined by the Board or the applicable committee, after which settlement shall occur. Unless otherwise determined by the Board or the applicable committee, DSUs will typically vest upon allocation to the participant.

The LTIP and DPSU Plan provide for accelerated vesting of PSUs and RSUs, as applicable, upon a change of control of the Corporation. Upon a change of control, as defined in the LTIP and DPSU Plan, the Share Units granted to the participant which have not vested as of the date of the change of control shall vest on an accelerated basis in accordance with the adjustment formula in the LTIP or DPSU Plan, as applicable.

Settlement of vested Share Units by cash shall be made by payment by the Corporation to the participant of an aggregate amount equal to the Market Value of the Common Shares on the settlement date multiplied by the number of Share Units being settled. If the intended settlement date of Share Units occurs during a blackout period, such settlement date shall be postponed until the end of such blackout period. The Market Value will be determined through the volume weighted average trading price of the Common Shares of the Corporation over the next 5 trading days following the expiry of the blackout period.

Cessation

Under the LTIP, unless otherwise determined by the Board or the applicable committee, if the employment of a participant is terminated for cause or terminated as a result of the participant's resignation before all of the Share Units granted to such participant have vested and been settled, the Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

If the employment of a participant is terminated by the Corporation without cause, or where termination is the result of the retirement or death of the participant, a proportion of the Share Units granted to the participant which have not vested shall vest on an accelerated basis in accordance with the adjustment formula set out in the LTIP. Similarly, in the event that a participant ceases to actively render services to the Corporation as a result of an approved leave of absence, maternity leave, parental leave, or leave on account of a disability that, in each case, extends for more than 90 days, a proportion of the Share Units granted to the participant which have not vested and settled shall vest on an accelerated basis in accordance with the adjustment formula set out in the LTIP.

Unless otherwise determined by the Board or the applicable committee, a participant shall have no right to receive Common Shares of the Corporation or cash with respect to any DPSUs that have not vested. In the event of the retirement or death of a participant prior to vesting of DPSUs, the DPSUs granted to the participant which have not vested shall vest on an accelerated basis in accordance with the adjustment formula set out the DPSU Plan. In the event that a participant ceases to actively render services to the Corporation as a result of an approved leave of absence or leave on account of a disability that, in each case, extends for more than 90 days, a proportion of the DPSUs granted to the participant which have not vested and settled shall vest on an accelerated basis in accordance with the adjustment formula set out in the DPSU Plan.

Under the DSU Plan, vesting of RDSUs does not typically take place until the participant has retired, upon the terms set out in the eligibility notification issued to the participant pursuant to the DSU Plan. Death of the participant or the participant's participation in the long-term disability program of the Corporation will not alter the participant's employment status for purposes of the DSU Plan.

Assignment

Participants are not permitted to assign or transfer Share Units or any other benefits granted to the participant under the Plans other than by operation of law, with the exception of the receipt of any benefits which are payable under the terms of the LTIP or DSU Plan upon the death of such participant by such participant's designated beneficiary.

Amendments Without Approval of Shareholders

The Board has the discretion to make amendments to the Plans that it deems necessary from time to time, without having to obtain Shareholder approval. Such amendments include, without limitation:

- a) reduction of the number of Common Shares issuable under the Plans;
- b) increase or decrease the maximum number of Common Shares any single participant is entitled to receive under the Plans;
- c) any amendment pertaining to the vesting provisions of Share Units under the Plans;
- d) any amendment to the terms of the Plans relating to the effect of termination, cessation or death of a participant on the right to exercise vested Share Units;
- e) any amendment pertaining to the assignability of Share Units or any other benefits of the Plans required for estate planning purposes;

- f) amend the process by which a participant can exercise a vested Share Unit or the settlement process for a vested Share Unit;
- g) add and/or amend any form of financial assistance provision to the Plans;
- h) amend the eligibility requirements for participants in the Plans;
- i) allocate and reallocate among the Plans the maximum number of Common Shares issuable to participants pursuant to each Plan;
- j) any amendment as may be necessary or desirable to bring the Plans into compliance with applicable laws;
- k) any amendment to add covenants of the Corporation for the protection of participants, provided that the Board or the applicable committee shall be of the good faith opinion that such additions will not be prejudicial to the rights or interest of the participants;
- l) any amendment not inconsistent with the Plans as may be necessary or desirable with respect to matters or questions, which in the good faith opinion of the Board or the applicable committee, having in mind the best interests of the participants, it may be expedient to make, provided that the Board or the applicable committee shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the participants; and
- m) any such changes or corrections which, in the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board or the applicable committee shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interest of the participants.

The Plans provide that no amendment to the Plans or grants made pursuant to the Plans may be made without the consent of a participant if it adversely alters or impairs the rights of the participant in respect of any grant previously granted to such participant under the Plans, except that participant consent shall not be required where the amendment is required for purposes of compliance with applicable laws.

The Plans also provide that no amendments may be made without approval of Shareholders where such an amendment requires Shareholder approval under applicable law, including without limitation the rules of the Toronto Stock Exchange.

Part 4 – Corporate Governance

This section provides information about the Corporation's Board, the committees of the Board, our corporate policies and ethical values, and committee reports for the most recent financial year. Clearwater's Board and management believe good governance practices are an essential part of strong performance and fundamental to creating and maintaining shareholder value.

The corporate governance practices described below are subject to change as the Corporation evolves. The Board remains sensitive to corporate governance issues and continuously seeks to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional overhead costs and reducing the return on shareholders' equity.

Board of Directors and Committees

Introduction

Five of the directors of the Corporation (56%) are independent within the meaning of NI 58-101. The independent directors are:

1. Larry Hood
2. Harold Giles
3. Jim Dickson
4. Brendan Paddick
5. Jane Craighead

The directors who are not independent are:

1. John Risley, because he indirectly controls (with other parties) CFFI Seafood Holdings Limited, a significant shareholder of the Corporation
2. Colin MacDonald, because he indirectly controls (with other parties) CFFI Seafood Holdings Limited
3. Mickey MacDonald, because he controls (with other parties) CFFI Seafood Holdings Limited
4. Stan Spavold, because he is Executive Vice President of CFFI, an indirect significant shareholder of the Corporation

The Board does not hold regularly scheduled meetings for independent directors where non-independent directors and members of management are excluded from attendance. To facilitate its exercise of independent judgment in carrying out its responsibilities, the Board has and will, when considered necessary, establish committees consisting of a majority of members who are considered to be independent with respect to the issues to be determined. Currently, members of the Board possess sufficient public corporation and industry experience such that the Board, in its totality, is able to operate effectively. The Board encourages an atmosphere of candour and constructive dissent. Further, the directors of the Corporation are aware of the laws requiring disclosure of conflicts of interest and the fact that the Corporation will rely on such laws in respect of any conflict of interest, including the obligation of a director to abstain from voting in respect of any matter involving a conflict of interest. The independent directors did not meet separately in 2016 as circumstances did not require additional meetings.

The following directors also serve as directors of other reporting issuers:

- Mickey MacDonald serves as a director of Newfoundland Capital Corporation Limited.
- Stan Spavold serves as a director of Coastal Shellfish Limited Partnership, Norvista Capital Limited Partnership, BIOX Corporation and BIOX Canada Limited.

Committees

The Corporation has four standing committees: Audit Committee, HRDCC, CG Committee and the Finance Committee. A summary of each committee's role and responsibilities, including its chair, is provided in the table below:

Audit Committee	HRDCC	CG Committee	Finance Committee
<p>Purpose: The purpose of the Audit Committee is to assist the Board with oversight of the integrity of financial and regulatory reporting and internal controls. The Audit Committee also identifies the principal risk of the Corporation and ensures appropriate risk management techniques are used.</p> <p>Chair: Larry Hood is the Chair of the Audit Committee and is an independent director.</p> <p>All members of the Audit Committee are financially literate. The Chair, Mr. Hood, is a CPA and CA, and a retired partner from the accounting firm KPMG LLP.</p>	<p>Purpose: The HRDCC is responsible to assist the Board relating to compensation, nomination, evaluation and succession of the Corporation's human resources, in particular the CEO and executive officers.</p> <p>Chair: Harold Giles and Jane Craighead are the Co-Chairs of the HRDCC and both are independent directors.</p>	<p>Purpose: The CG Committee is responsible to assist the Board in carrying out its responsibilities regarding the development and implementation of the highest standards of governance and ethics, which includes developing such policies and procedures, monitoring compliance, identifying qualified individuals for the Board and committees, and evaluating director and committee performance.</p> <p>Chair: Jim Dickson is the Chair of the CG Committee and is an independent director.</p>	<p>Purpose: The Finance Committee is responsible for Board oversight of management's recommendations concerning the Corporation's liquidity, capital structure and strategies, financing strategies, financial risk management and dividend policy.</p> <p>Chair: Stan Spavold is the Chair of the Finance Committee and is not independent.</p>

See the reports of the committees under "Committee Reports" below for more information.

Meetings and Attendance

The table below shows the Board and committee meeting attendance of the directors during 2016, excluding attendance as a guest.

Name	Board	Audit	HRDCC	Finance	CG Committee
Colin MacDonald	8 of 8 (100%)	-	-	-	-
John Risley	7 of 8 (88%)	-	-	8 of 8 (100%)	-
Larry Hood	7 of 8 (88%)	6 of 6 (100%)	-	-	5 of 5 (100%)
Harold Giles	8 of 8 (100%)	-	4 of 4 (100%)	-	-
Brendan Paddick	7 of 8 (88%)	6 of 6 (100%)	4 of 4 (100%)	8 of 8 (100%)	-
Mickey MacDonald	8 of 8 (100%)	-	4 of 4 (100%)	-	-
Stan Spavold	8 of 8 (100%)	6 of 6 (100%)	-	8 of 8 (100%)	5 of 5 (100%)
Jim Dickson	6 of 8 (75%)	-	-	7 of 8 (88%)	5 of 5 (100%)
Jane Craighead	7 of 8 (88%)	6 of 6 (100%)	4 of 4 (100%)	-	-

Board and Committee Mandates and Position Descriptions

The Board has not adopted a written board mandate nor a written position description for the Chairman of the Board. The Board is responsible for supervising the management of the business and affairs of the Corporation and managing the risks to the business of the Corporation and, in doing so, is required to act in the best interests of the Corporation. The Chairman's role and responsibility is to provide leadership to the Board and facilitate appropriate and effective discharge of the Board's responsibilities. The Board and its Chairman act in accordance with the *Canada Business Corporations Act* and other applicable laws, CSLP's limited partnership agreement, Clearwater's Code of Business Conduct, conflict of interest, corporate disclosure and corporate governance policies, and the charters of the committees. The Board approves all significant decisions that affect the Corporation and its subsidiaries before they are implemented, and supervises the implementation and reviews the results of such decisions.

Each of the Board's committees has a charter or mandate that outline the role and responsibilities of each committee and its chair. The Corporation has a written position description for the CEO, which is reviewed annually to evaluate the performance of the CEO and determine his or her compensation.

Nominations of Directors and Compensation

The CG Committee is responsible for assisting the Board in identifying and reviewing candidates for directorship. The CG Committee is composed of three independent directors (Jim Dickson (Chair), Larry Hood and Brendan Paddick) and one non-independent director (Stan Spavold). The nomination process begins with an analysis of the knowledge and skills most in need on the Board. The CG Committee then identifies potential candidates for the Board and chair positions with such knowledge and skills through its own contacts as well as discussions with search firms and other third parties with knowledge of potential candidates. Annually, the CG Committee also evaluates the Board, committees, and individual director performance.

The CG Committee reviews the compensation of directors on a periodic basis and makes recommendations to the Board for consideration when it believes changes in compensation are warranted. For further information, refer to "*Part 2 – Business of the Meeting – Election of Directors – Director Compensation*", "*Part 3 – Executive Compensation*" and "*Committee Reports*" below.

The Board has established the HRDCC for the purposes of monitoring and providing guidance on the level of executive compensation. The HRDCC provides advice on terms and conditions of employment so as to ensure they are designed to advance the growth and profitability objectives of the Corporation and to attract senior employees for long-term organizational commitment.

For information on the process by which the HRDCC determines compensation for executive officers of the Corporation, see "*Part 3 – Executive Compensation*".

The HRDCC is composed of four members: Harold Giles (Co-Chair), Jane Craighead (Co-Chair), Brendan Paddick and Mickey MacDonald, all of whom are independent except for Mickey MacDonald. The HRDCC engages external consultants as deemed necessary to support the overall responsibilities of the Committee. The HRDCC has engaged external counsel with respect to the development of the Corporation's compensation plans.

Orientation and Continuing Education

New directors are provided with an orientation and education program, which includes written information about the corporate policies, documents from recent Board meetings, opportunities for meetings and discussions with senior management and other directors and invitations to attend vessel and plant tours. The details of the orientation of each new director are tailored to that director's individual needs and areas of interest.

Continuing education is also tailored to a director's individual needs and areas of interest. Management offers education opportunities and information to the Board on a regular basis on a wide variety of topics including financial results operations of the business, significant and key risks, and awareness of current issues. In addition, the Board ensures all directors receive presentations on the short-term and long-term objectives of the Corporation and direct access to executive management for open communication and knowledge.

Assessments and Term Limits

The CG Committee is responsible for making a regular assessment of the overall performance of the Board, the committees, and of each individual director's contributions, as well as for reporting on the results of that assessment. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The results of such reviews are used to identify any areas where the directors and/or management believe that the Board could make a better collective contribution to overseeing the affairs of Clearwater and meeting its overall responsibilities. The process includes review of a skills and knowledge matrix by the CG Committee in consultation with third parties as well as a director self-assessment under the matrix.

The Corporation has considered but not imposed term limits for directors because the Board is small and the majority of the Corporation's shares are closely held.

Ethical Business Conduct

Clearwater has a written Code of Business Conduct, Employees' Conflict of Interest Policy and Directors' Conflict of Interest Policy, copies of which are provided at the time of hire. Compliance is monitored through an "Ethics Hotline" that allows individuals to report illegal or unethical business practices, fraud, theft and financial controls and audit matters via phone or e-mail. There have been no reports filed pertaining to the conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct or the Conflict of Interest Policy.

The Code of Business Conduct of the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website. Upon request from any Shareholder, the Corporation will promptly provide a copy of its Code of Business Conduct free of charge.

The directors of the Corporation are required to disclose conflicts of interest. Directors with conflicts of interest are excluded from final discussion and voting on such matters. To ensure the exercise of independent judgment in situations of potential conflict, non-members of the Board may be invited to the meetings to provide additional insight to various transactions and agreements to provide a more complete picture of the issue. Directors may also, at the expense of Clearwater, retain the services of an advisor on matters involving their responsibilities at the authorization of the CG Committee.

The Board meets regularly to ensure that a clear line of communication always remains open and reviews the policies of the Corporation to ensure that proper processes are in place to promote ethical business conduct and makes recommendations and revisions when necessary.

Diversity and Women Representation on Board and in Management

Board Representation

The Corporation has adopted a diversity policy that includes consideration of women in the selection criteria of new Board members (the "**Diversity Policy**"). The objective of the Diversity Policy is to enhance diversity within the Corporation, including gender diversity on its Board and executive management. The Corporation recognizes the benefits arising from diversity, including gender diversity, in providing a broader pool of high quality talent, improving retention, accessing different perspectives and ideas and benefiting

from all available talent. The Corporation recruits, retains, rewards and develops its people based on their abilities and contributions. Individuals are to be accorded equality of employment opportunity based upon merit and ability.

The Board is designed to be large enough to provide a diversity of expertise and opinion. Its composition is intended to provide the best mix of skills and experience to guide the long term strategy and ongoing operations. Board composition will take into account the desirability of maintaining a reasonable diversity of background, including gender diversity. The Corporation will endeavour to increase the diversity throughout the organization including at the board and executive levels. Management is responsible for implementing the policy, achieving diversity initiatives determined by the board and reporting to the Board on progress. The Board and management may from time to time engage external search firms to identify candidates who meet the expertise and skill criteria for a position to help achieve its diversity goals.

The Diversity Policy was implemented in February, 2015. Since implementation, there has been an increase in the diversity of directors and executive officers. Jane Craighead was appointed as a director in 2015 and Teresa Fortney was hired as CFO on March 24, 2016.

The implementation of the Diversity Policy is the responsibility of the Board and CG Committee. The Board and the CG Committee considers the level of representation of women on the Board by overseeing the director identification and nominating process. In order to ensure effective implementation of the Diversity Policy, the Board and the CG Committee require that sufficient numbers of women and other diverse candidates are included in the slate of candidates for consideration by the Board. The Board and the CG Committee considers the effectiveness of the Diversity Policy on an ongoing basis as part of its ongoing assessment of current Board composition, potential director candidates, and more formally on an annual basis as part of its review of the Corporation's corporate governance policies. They also consider the effectiveness of this policy as part of the annual Board assessment process.

Executive Officer Appointments

In accordance with its Diversity Policy, the Corporation considers diversity, including gender diversity, in the selection criteria of new executive officer appointments.

In identifying and considering potential candidates for executive appointments, the Corporation looks first to individuals within the Corporation and its subsidiaries and considers diversity, as well as factors such as years of service, competencies, mobility, merit, experience and qualification. The Board does not set specific gender representation targets when identifying potential candidates for executive officer positions, but does consider diversity and seeks to ensure that a representative list of females is included among the group of prospective candidates for executive positions.

Targets

In accordance with its Diversity Policy, the Corporation has not adopted a target or quota regarding women on its board or executive management, as it considers gender diversity to be part of a broader diversity goal that includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

Number of Women on the Board and in Executive Officer Positions

The table below sets out the number and proportion of women on the Board in the current year to date and over the last two financial years:

	# of Women on Board	Total # of Board Members	%
2017	1	9	11%
2016	1	9	11%
2015	1	9	11%

The table below sets out the number and proportion of women in executive officer positions in the current year to date and over the last two financial years:

	# of Women Executive Officers	Total # of Executive Officers	%
2017	2	9	22%
2016	2	8	25%
2015	1	9	11%

Committee Reports

The reports of the committees of the Board below describe each committee's key responsibilities, activities and meetings during the last financial year. The members listed are the committees' members as of the date of this Circular.

Audit Committee Report

Members

Larry Hood (Chair)
Stan Spavold
Brendan Paddick
Jane Craighead
Jim Dickson

Meetings: 6

The Audit Committee is responsible to the Board for the policies and practices relating to the integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of reliability of information and compliance with policies and laws. The Audit Committee is also responsible for identifying the principal risks for Clearwater and ensure appropriate risk management techniques are used. Committee members review and discuss interim and annual financial statements, MD&A, material press release and the Annual Information Form, including discussing financial information with management and external auditors.

In 2016, the Audit Committee continued to focus on understanding and ensuring the key risks and opportunities of the Corporation are clearly communicated to investors in disclosure documents.

2016 Highlights

- Reviewed documents relating to the MacDuff Shellfish Group transaction, including budget under UK GAAP, IFRS results, earnout liability, valuation and integration process.
- Obtained an update on the Keel (Enterprise Risk Management ("ERP")) project
- Received reports regarding SAP stabilization and finance department reorganization.
- Approve increase in auditors' fees proposal.

In 2017, the Audit Committee will continue to focus on ensuring that our investors get a full and balanced view of the financial results, risks, opportunities and future prospects of the business in each and every disclosure document. Jim Dickson joined the Audit Committee as of March 8, 2017.

Additional information about the Audit Committee, including its charter and the fees paid to KPMG LLP, the Corporation's auditor, in 2016, can be found in Clearwater's Annual Information Form under the heading "Audit Committee".

Human Resource Development and Compensation Committee Report

Members:

Jane Craighead (Co-Chair)
Harold Giles (Co-Chair)
Mickey MacDonald
Brendan Paddick

Meetings: 4

The mandate of the Human Resource Development and Compensation Committee ("**HRDCC**") is to ensure that the Corporation's human resources, and in particular the CEO and the executive officers, are of the highest quality in order to meet the operational and strategic requirements of the Corporation. The HRDCC is responsible for reviewing succession and development plans for executive officers and recommends compensation for the CEO and reviews compensation for other executive officers recommended by the CEO.

The mandate of the HRDCC also includes ensuring Clearwater's compensation practices continue to be aligned with shareholder interests through linking annual and long-term incentive plans to individual performance and the creation of shareholder value.

2016 Highlights:

- Reviewed succession and individual development plans for the CEO and each officer as well as a new management assessment and development program which identifies high potential leaders for future career growth and succession opportunities.
- Reviewed and recommended to the Board, the incentive compensation granted to the CEO and the CEO's recommendation of the incentive compensation granted to the Corporation's officers and non-executive compensation plans.
- Reviewed and provided input on the structure of Finance and Global Supply Chain, post introduction of the new ERP system.
- Assisted with the selection of the new Vice President and Chief Financial Officer, Vice President of Human Resources and Vice President and Chief Information Officer.

Corporate Governance Committee Report

Members:

Jim Dickson (Chair)
Larry Hood
Stan Spavold
Brendan Paddick

Meetings: 5

The Corporate Governance Committee's primary function is to assist the Board in carrying out its responsibilities with respect to the development and implementation of the highest standards of governance and ethics across our entire business. This includes the development and implementation of principles and systems of corporate governance, monitoring compliance with the Corporation's overall governance system and principles, identifying qualified individuals for Board and committee membership, evaluating Board, committee and director performance, and assessing the integrity of the executive officers to ensure that the Corporation, through its policies and practices, maintains a culture of highest integrity.

2016 Highlights:

- Conducted a Board assessment consisting of a confidential survey completed by directors.
- Reviewed the summary of director competencies to identify any gaps or potential areas of improvement.

- Engaged third party recruiter(s) to provide recommendations for candidates for director recruitment and succession planning.
- Reviewed and approved the Board Diversity Policy.
- Updated the Corporation's director Share Ownership Policy and reviewed compliance with the same.
- Jointly approved the Corporation's Management Information Circular.
- Reviewed executive share ownership.
- Reviewed director compensation models and industry trends using bench-marking of comparables.
- Reviewed conflicts of interests and securities disclosure requirements.

Brendan Paddick joined the Corporate Governance Committee as of March 8, 2017.

Finance Committee Report

Members:

Stan Spavold (Chair)
John Risley
Brendan Paddick
Jane Craighead

Meetings: 8

The Finance Committee's mandate is to work closely with management and provide recommendations to the Board on the Corporation's capital structure (debt and equity), corporate development activity, hedging foreign exchange and interest rate risks and reviewing capital expenditures in excess of management authority levels, financial risk management and dividend policy. This includes working with management to develop short, medium and long term capital structure to ensure that the Corporation can execute the strategic plan at an appropriate cost of capital.

The Committee meets at least five times during the year before each regularly scheduled quarterly board meeting and at the time of the presentation of the Annual Operating Plan. The Committee also meets on an ad hoc basis to approve transactions in excess of management authority limits and other items on an as required basis.

2016 Highlights:

- Reviewed and approved the quarterly dividend level.
- Reviewed and provided recommendations regarding debt and long-term capital structure proposals
- Received updates from the Vice President, Global Supply Chain on the quality and status of the vessels in the fleet.
- Received presentations from management and engaged in active discussions on a number of promising external development opportunities.
- Reviewed and approved capital expenditures and vessel conversion.
- Reviewed and approved the free cash flow target forecast for 2016 and foreign exchange hedging.
- Reviewed the final documents relating to the MacDuff Shellfish Group acquisition.
- Obtained an update on the Keel and SAP (Enterprise Risk Management ("ERP")) project.

The Committee plans to continue to work in 2017 to ensure Clearwater has a sound capital structure and policies that help to position the company for further growth. Jane Craighead joined and Jim Dickson resigned from the Finance Committee as of March 8, 2017.

Part 5 – Other Information

Proposals by Shareholders

Pursuant to the *Canada Business Corporations Act*, resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the *Canada Business Corporations Act* and be deposited at the Corporation's head office not later than January 20, 2018, in order to be included in the management information circular relating to the next annual meeting.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative financial statements and management discussion & analysis ("**MD&A**") for its most recently completed financial year. To request copies of the Corporation's financial statements and MD&A, Shareholders should contact Clearwater's Investor Relations team, 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7, by phone at 902-457-8181 or by e-mail at investorinquiries@clearwater.ca. The financial statements and MD&A are also available on SEDAR at www.sedar.com.

Approval of Circular

The contents and the sending of this Circular have been approved by the Board of Directors.

Dated at Halifax, Nova Scotia, this 20th day of April, 2017.

(signed) Colin MacDonald

Chairman