

This document and its appendices have been modified according to the 2019 Allocation Policy. Confidential information has been redacted.

The NWMB's invitations to face-to-face meetings (Appendix 8) are confidential and not included.



Decision Report – 2021–2025 Sub-Allocation of Nunavut’s Commercial Fishing Quota Under the Nunavut Wildlife Management Board’s 2019 Allocation Policy for Commercial Marine Fisheries

Submitted to the Minister of Fisheries, Oceans and the Canadian Coast Guard

February 24, 2021

TABLE OF CONTENTS

1. INTRODUCTION	5
1.1 The Nunavut Agreement	6
1.2 Commercial Fisheries	7
1.2.1 Shrimp Total Allowable Catch and Distribution	7
1.2.2 Turbot Total Allowable Catch and Distribution	8
1.2.3 Current Total Allowable Catch Allocations	9
1.3 Background to the NWMB Allocation Policy	9
1.4 Application of the <i>2019 Allocation Policy</i>	13
1.5 Background to the Fisheries Advisory Committee (FAC)	13
1.6 Term of Sub-Allocations Decisions of the NWMB	14
1.7 Procedural Determinations	14
1.7.1 Procedural Fairness	15
1.7.2 COVID-19	15
1.7.3 Requests for Delay	16
2. NWMB SUB-ALLOCATION DECISIONS	17
3. NWMB REVIEW OF 2021–2025 APPLICATIONS FOR ALLOCATION	20
3.1 Applicants	20
3.2 Baffin Fisheries (BF)	20
3.3 Qikiqtaaluk Corporation (QC)	21
3.4 Arctic Fishery Alliance (AFA)	22
3.5 Cumberland Sound Fisheries Limited (CSFL)	22
3.6 Qikiqtani Fisheries Alliance (QFA)	23
4. FAC TECHNICAL REVIEW	24
4.1 FAC Evaluation Process	24
4.2 Review of Materials	24
4.3 Audited Financial Statements	25
4.4 FAC Face-to-Face with Enterprises	25
5. THE FAC REPORT AND RECOMMENDATION TO THE NWMB	27
5.1 FAC Overview	27

6.	DETERMINATIONS LEADING TO NWMB DECISIONS	31
6.1	Reliance on FAC Scoring.....	31
6.2	Receipt of Application Materials	33
6.3	Face-to-Face Discussions.....	34
6.4	The NWMB Face-to-Face with Applicants Facing Lower (or No) Allocation	35
6.5	The NWMB Face-to-Face with the <i>New Applicant</i>	35
7.	REASONS FOR NWMB DECISIONS.....	36
7.1	Reasons for NWMB sub-allocation decision	36
7.2	Procedural Fairness	36
7.3	Reasons for Decision	37
7.3.1	NWMB Analysis and Consideration of the FAC Recommendation	38
7.3.2	NWMB Analysis and Consideration of the FAC Optional Consideration....	39
7.3.3	Potential Consequences.....	41
7.4	Specific Reasons for Applicants Receiving Less Sub-Allocation	42
7.4.1	Arctic Fishery Alliance	42
7.4.1.1	Procedural Matters	42
7.4.1.2	AFA COVID-19 Delay Request - June 2020.....	43
7.4.1.3	AFA Score Disclosure Request December 14, 2020	44
7.4.1.4	AFA Face-to-Face Follow Up Submission	45
7.4.1.5	Sub-Allocation Decision.....	47
7.4.1.6	Corporate Issues	47
7.4.1.7	Community Involvement in Decision Making	48
7.4.1.8	Inuit Employment.....	49
7.4.1.9	Overall	50
7.4.2	Cumberland Sound Fisheries Limited (CSFL)	51
7.4.2.1	Procedural Matters	51
7.4.2.2	Capacity of Cumberland Sound Fisheries Limited	51
7.4.2.3	Relationship with Pangnirtung Fisheries Limited	52
7.4.2.4	Overall	53
7.4.3	Qikiqtani Fisheries Alliance (QFA).....	54
7.4.3.1	QFA and Qikiqtaaluk Corporation	54
7.4.3.2	Overall	57

8.1	Qikiqtaaluk Regional Exploratory Allocation.....	58
8.	CONCLUSION.....	59
9.	APPENDICES.....	60

1. INTRODUCTION

The Nunavut fishing industry is an important source of employment that contributes millions of dollars each year to the Nunavut Economy. These commercial fisheries, Greenland Halibut (turbot) and shrimp, are a public resource. The NWMB has taken an active role in ensuring sound management of this public resource amongst Nunavut Fishing Enterprises that have access or want to gain access, to ensure that they operate in a transparent and accountable manner with tangible benefits going back to Nunavummiut. This document, along with the attached appendices, forms the Nunavut Wildlife Management Board's (NWMB) decision, and reasons, to the Minister of Fisheries and Oceans Canada (DFO) concerning the Nunavut sub-allocation of commercial fishing quota of turbot and shrimp for the 2021–2025 fishing seasons.

The NWMB's decisions are based on a rigorous Application for Allocation review process governed by the NWMB's *2019 Allocation Policy for Commercial Marine Fisheries (2019 Allocation Policy; Appendix 1)*. The *2019 Allocation Policy* was first developed in 2007, revised over a number of years in 2012 and again in 2019. Work on the *2019 Allocation Policy* occurred with extensive stakeholder input. The Total Allowable Catch (TAC) decisions for each of these species and management areas have already been made by the NWMB and the Minister. The sub-allocation of the available TAC, or quota, between Nunavut fishing enterprises is guided by the *2019 Allocation Policy* with the intention of organizing a fair, open and transparent process to determine access and allocations for Nunavut-based commercial fishers in the marine waters adjacent to Nunavut (Appendix 1, p. 1). It ensures that commercial fishing quotas allocated to Nunavut-based enterprises are utilized in an accountable manner that benefits Inuit and Nunavummiut.

This report provides background to the NWMB's role in commercial marine fisheries management, the NWMB's sub-allocation decisions, reasons for the decisions, and relevant reference documents. This report also includes the NWMB *2019 Allocation*

Policy and the Fisheries Advisory Committee's (FAC) Final Report for your reference (Appendix 2).

1.1 The Nunavut Agreement

The Application for Allocation process addressed in this Decision Report is the sub-allocation of quota decisions made by the NWMB and the Minister of Fisheries and Oceans. The *Nunavut Agreement (NA)* directs that “the NWMB shall provide relevant information to the government that would assist in wildlife management beyond the marine areas of the Nunavut Settlement Area.” (Agreement, s. 15.3.4). In this case, the NWMB’s role applies to marine areas defined as “Zone I” and “Zone II”. Zone I refer to waters north of 61 degrees latitude subject to Canada’s jurisdiction seaward of the territorial sea boundary that are not part of the NSA or another land claim settlement area. Zone II refers to the waters of James Bay, Hudson Bay, and Hudson Strait that are not part of the NSA or another land claim settlement area (*NA*, s. 1.1.1).

The NWMB’s jurisdiction differs between the Nunavut Settlement Area, addressed in Article 5 of the *Nunavut Agreement*, and the marine offshore, addressed in Article 15. In the marine offshore, wildlife management units in commercial fishing matters do not align with the jurisdictional boundaries established by the *Nunavut Agreement*. In the context of decision-making on Applications for Allocation, the NWMB is exercising its authority to provide relevant information to the Minister of Fisheries and Oceans in the Minister’s sub-allocation of commercial fishing quota to Nunavut-based fishing enterprises.

Article 5 applies within the Nunavut Settlement Area. The rights set out in Article 5 do not apply in respect to wildlife harvested outside the NSA (*NA*, s. 5.1.7). In its analysis of its jurisdiction, the NWMB relies on the positions taken by the Department of Fisheries and Oceans to make sub-allocation decisions that apply to Nunavut’s marine offshore while seeking advice from the NWMB without engaging Article 5.

1.2 Commercial Fisheries

The northern commercial marine fisheries consist of shrimp and turbot. The NWMB makes decisions and provides advice on the TAC in assessment zones, management units, and shrimp fishing areas within and adjacent to the Nunavut Settlement Area (NSA). These decisions and advice are sent to the Minister of Fisheries and Oceans for final decision.

1.2.1 *Shrimp Total Allowable Catch and Distribution*

The Northern shrimp fishery includes two species of shrimp (*Pandalus borealis* and *P. montagui*). The fishery takes place in Davis Strait, Baffin Bay, eastern Hudson Strait, and Ungava Bay and is managed in Shrimp Fishing Areas (SFA) and assessment zones. The Western Assessment Zone (WAZ) and Eastern Assessment Zone (EAZ) both partially encompass the Nunavut Settlement Area (NSA). The EAZ and the WAZ are further divided into management units. The Northern shrimp stock in Northwest Atlantic Fisheries Organization (NAFO) Division 0A and Subarea 1 is a shared resource with Greenland; Canada continues to claim 17% of the offshore portion of shrimp fished in SFA 1.

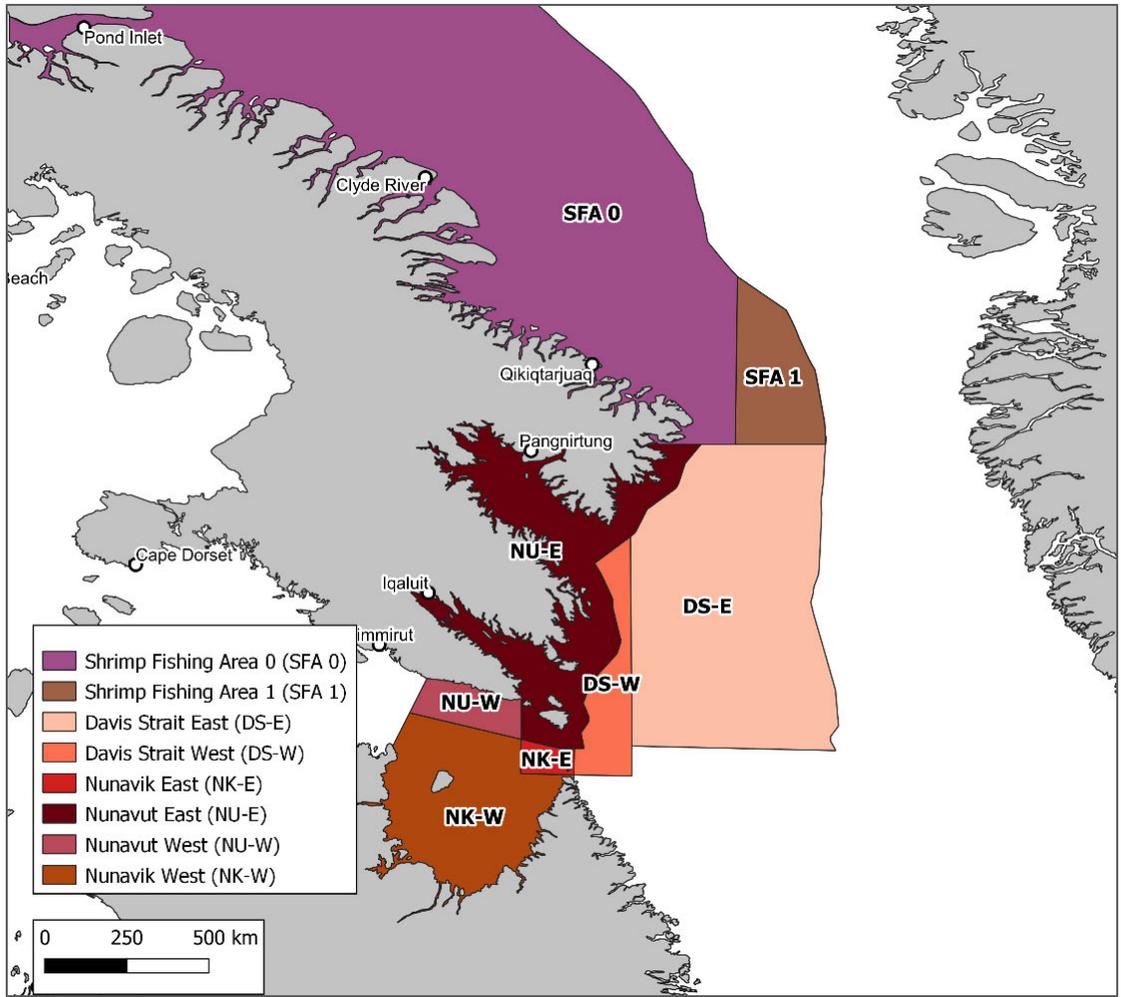


Figure 1: Shrimp administrative areas and management units within and adjacent to the Nunavut Settlement Area.

1.2.2 Turbot Total Allowable Catch and Distribution

The turbot (*Reinhardtius hippoglossoides*) stock in NAFO Subarea 0 and Divisions 1A-1F is transboundary, shared between Greenland and Canada. Canada's portion of turbot fisheries is managed in the NAFO Subarea 0. The TAC in Subarea 0 is divided between Divisions 0A and 0B.

1.2.3 Current Total Allowable Catch Allocations

On March 29, 2019 the NWMB made its most recent sub-allocation decisions for the 2020 turbot fishery and 2020/2021 shrimp fishery. These NWMB decisions for Nunavut's sub-allocation expired on December 31, 2020 for the turbot fishery, and they will expire for the shrimp fishery on March 31, 2021. The NWMB decided to roll-over over sub-allocations for one year on June 29, 2018 until the current Application for Allocation process. The justification for rolling over the sub-allocations was to allow the NWMB to complete the review of its Allocation Policy and for the Application for Allocation cycle to occur under its new policy.

1.3 Background to the NWMB Allocation Policy

The NWMB's Allocation Policy was first developed in 2007. The policy was developed to provide a fair, open, and transparent process to determine Nunavut-based commercial fishers' access and allocations in the marine waters adjacent to Nunavut. The policy was revised again and completed in 2012. In 2018, the policy was reviewed through an extensive collaborative process, with input from all stakeholders through multiple workshops, consultations, and written submissions. The NWMB approved revisions to the Allocation Policy in March 2019, resulting in the *2019 Allocation Policy*.

The 2019 changes to the Allocation Policy provided clear and transparent scoring criteria developed with industry to ensure fair evaluation and clear industry standards. The changes sought to provide well-performing enterprises with stability in their quotas, while holding underperforming enterprises accountable to the NWMB. Enterprises meeting the mandatory requirements (including satisfying DFO and Transport Canada compliance, and application materials necessary to facilitate the NWMB's review) and a minimum score (60%) under the *2019 Allocation Policy* are expected to have quota security and be considered for quota increases. Enterprises performing below the stated standards risk quota reduction or loss but

they do have the opportunity to come before the NWMB to explain and discuss their situation.

The NWMB adopted 5-year terms in the *2019 Allocation Policy* to further promote enterprise stability and reduce the application burden for shorter allocation terms. The NWMB justified this on the basis that multi-year allocations are "... the Canadian fishing industry standard, are more economical, and efficient than annual allocations, promote stability and certainty for fishing enterprises..." (*2019 Allocation Policy*, p. 34).

Through the *2019 Allocation Policy* process, the NWMB sub-allocates Nunavut's share of adjacent commercial marine fisheries resources. In making decisions under the *2019 Allocation Policy*, the NWMB is guided by four principles (*2019 Allocation Policy*, p. 4):

1. The fishery is a valuable and vital common property resource to be managed in an open, transparent and accountable manner for the equitable benefit of all Nunavummiut. The fishery should be conducted in a way to sustain the economic, social and cultural harvesting needs of Nunavummiut, for both present and future generations (Agreement, s. 5.1.5(c)).
2. To achieve a prosperous Nunavut-controlled fishery, there is a need for people to work together to achieve this common purpose (see the Inuit Qaujimajatuqangit principle of *Piliriqatigiingniq*).
3. Healthy marine ecosystems should be protected and maintained through sustainable development, responsible stewardship, and adherence to the precautionary principle and principles of ecosystem-based management.
4. A diversified fisheries sector is desirable, and as such, the offshore and inshore fisheries should be conducted in a way such that they are mutually supportive.

The *2019 Allocation Policy* relies on a series of scoring values and guidelines that are applied when making allocation decisions (*2019 Allocation Policy*, p. 8) and consists of the following:

1. Fisheries should be conducted in a way that maintains ecological sustainability of the stock(s) being fished, as well as their associated habitats.
2. Businesses should operate in an open, transparent, and accountable manner for the equitable benefit of Nunavummiut.
3. In allocating commercial marine fisheries resources, preference needs to be given to:
 - a. Nunavummiut and operations providing direct benefits to Nunavut's economy (Agreement, s. 5.6.45)
 - b. Communities within the Region adjacent to the resource, particularly within the NSA (Agreement, s. 15.3.7)
 - c. Economically viable fishing enterprises
 - d. Enterprises that can demonstrate a historical connection to a particular fishery.
4. Substantial involvement of viable commercial ventures sponsored or owned by Regional Wildlife Organizations (RWOs) and Hunters and Trappers Organizations (HTOs) is prioritized (Agreement, s. 5.1.3(a)(iii) and 5.6.39)
5. Fisheries should be conducted in a way that delivers benefits to Inuit and Nunavummiut generally. Reinvestment of revenues is required and can take several forms:
 - a. Special consideration for reinvestments of revenues that creates value, employment, training and educational opportunities for Nunavummiut; and
 - b. Additional consideration for the reinvestment in the enterprise, which will further support employment and economic benefits for Nunavut.

The decisions made after reviewing the current Applications for Allocation under the *2019 Allocation Policy* are to sub-allocate quota available to Nunavut fishing enterprises, including any increases since the last allocation cycle in 2016. During an allocation cycle, increases are temporarily allocated with no historical attachment (*2019 Allocation Policy*, p. 35). The amount available for sub-allocation is determined by

decisions of the NWMB and Minister of Fisheries and Oceans regarding the TAC and allocations to fleet interests for the fisheries covered by the Application for Allocation. This approach is in line with the Department of Fisheries and Oceans *Policy Framework for the Management of Fisheries on Canada's Atlantic Coast*, which directs that decisions related to the management of specific fisheries will be made as close to those fisheries as possible.

The application process, and its scoring criteria are presented in detail in the *2019 Allocation Policy* and are known to applicants in advance. Existing allocation holders participated in the development of the scoring criteria with the NWMB, participated in four stakeholder workshops and the NWMB's public process on the *2019 Allocation Policy*. The NWMB does not consider any enterprise entitled to a fishing allocation, as the *2019 Allocation Policy* makes clear:

An essential component of [the NWMB's] authority is the responsibility to ensure that [fishery] resources are allocated, fished and managed in an open and accountable manner, and that allocation holders provide substantial benefits to Nunavummiut (*2019 Allocation Policy*, p. B-1).

The *2019 Allocation Policy*'s Appendix B includes a detailed guide for applicants. Appendix B outlines the *Purpose of the Applications for Allocation*, the *Evaluation Criteria*, and *Accountability* expectations, including the statement that, “[a]ny significant failure to live up to the commitments made in these plans may result in a warning and subsequent loss of a portion or all of an organization’s allocation if the organization fails to comply” (Appendix 1, p. B-5).

The NWMB proceeded in the evaluation of Applications for Allocation according to the *Allocation Application Procedure, Evaluation and Timeline* (*2019 Allocation Policy*, pp. 36-38).

1.4 Application of the 2019 Allocation Policy

The NWMB determined the 2020/2021 Application for Allocations would proceed according to the *2019 Allocation Policy* and adhere as closely as possible to the content, substance, and intention of the *2019 Allocation Policy*. This decision relied on the fact that the applicants all have experience with and are familiar with the requirements set out in the *2019 Allocation Policy*. In order to meet applicants' expectations that the *2019 Allocation Policy* governs the Application for Allocation process, the NWMB followed the process set out in the *2019 Allocation Policy*.

1.5 Background to the Fisheries Advisory Committee (FAC)

In accordance with the *2019 Allocation Policy*, the NWMB created a Fisheries Advisory Committee (FAC) to provide independent allocation and related advice to the NWMB with respect to Nunavut's adjacent commercial marine fisheries resources. The committee is to be composed of six members - two appointed by the Government of Nunavut (GN), two appointed by Nunavut Tunngavik Inc. (NTI), and two by the NWMB. For the 2020/2021 Applications for Allocation, the FAC was composed of (nominating agency in brackets):

- Trevor Taylor (NWMB, also FAC Chair)
- Megan Pizzo-Lyall (NWMB)
- Zoya Martin (GN)
- Jade Owen (GN)
- Jeff Maurice (NTI)
- Vacant (NTI)

The *2019 Allocation Policy* explains “[a]n integral component of FAC duties is the review and consideration of confidential information, including information contained within Applications for Allocation, *Annual Reports*, *Verification Reports*, and related documents. Each FAC member is under a legal duty to maintain such materials and information as strictly confidential, both during their term as a Committee member and after that term has ended” (*2019 Allocation Policy*, p. 3).

According to the *2019 Allocation Policy*, the FAC's advice must be:

- 1) Prepared and delivered in accordance with its Terms of Reference, a copy of which is attached to and forms a part of the *Allocation Policy* as Appendix A;
- 2) Based primarily upon the *Allocation Policy*, as well as a review and analysis of Applications for Allocation provided by applicants, Annual Reports submitted by those fishing enterprises that already have allocations, and annual *Verification Reports* provided by DFO and Transport Canada; and
- 3) Subject to the transparency and disclosure requirements set out in [the NWMB's *Business Confidentiality Policy*] within the [2019] *Allocation Policy* (p. 3).

The 2020/2021 Applications for Allocation were scored by the FAC according to criteria set out in Sections 7.2 - 7.6 of the *2019 Allocation Policy* (pp. 15-29), taking into account the principles and scoring values (outlined above) and the *2019 Allocation Policy's* requirements for the FAC's (detailed in Appendix B of the *2019 Allocation Policy*).

1.6 Term of Sub-Allocations Decisions of the NWMB

Sub-allocations in Nunavut's offshore commercial marine fisheries are intended to be for five-year terms, subject to annual receipt by the NWMB of reliable evidence of satisfactory effort – through Annual Reports from allocation holders and Verification Reports from DFO and Transport Canada. The current Applications for Allocation are intended to apply for a five-year term spanning the 2021–2025 fishing seasons. The NWMB anticipates any future increases to offshore allocations will also proceed based on the *2019 Allocation Policy* but will make those necessary determinations at that time.

1.7 Procedural Determinations

To proceed with its review of Applications for Allocation, the NWMB has had to make several determinations. The NWMB is aware that it owes all applicants a fair process and has determined that it has provided the appropriate level of fairness in the

circumstances. The NWMB complied with its duty to provide a fair process and determined that it provided the appropriate level of fairness in the circumstances of the Application for Allocation.

The fact that certain applicants faced greater jeopardy, as an outcome of the FAC's evaluation of their Application for Allocation, was considered when the NWMB made the determinations outlined below. Those applicants who were facing lower (or no) allocation were provided with an additional opportunity to respond and present their situation to the NWMB via a hybrid face-to-face and videoconference meeting with the NWMB.

1.7.1 Procedural Fairness

This process is part of the NWMB's administrative functions as a tribunal, facilitating an application process and evaluating Nunavut fishing enterprise performance to provide relevant information to the Minister of Fisheries and Oceans. The NWMB seeks to ensure applicants are provided with appropriate procedural fairness in the circumstances. Applicants were given notice of the process and its content in accordance with the *2019 Allocation Policy*. During both the FAC's evaluation and the NWMB's consideration of the FAC's advice, applicants were given notice of the issues that were jeopardizing their allocation, and opportunities to clarify or re-submit application materials. This reasons for decisions presented in this report explains the NWMB's decision-making and fairness considerations.

1.7.2 COVID-19

The NWMB had to make several adaptations to the Application for Allocation process due to the ongoing COVID-19 public health emergency. Apart from procedural requests from applicants (which are outlined below), the NWMB adhered to the timelines in the 2019 Allocation Policy by making use of video conferencing technologies like Zoom. The NWMB's use of video conferencing augmented face-to-face meetings as well, where hybrid in-person / Zoom meetings occurred to the extent permitted under the

public health regulations in force. All parties were given reasonable notice of these modifications and opportunities to comment on the proposed adaptations.

1.7.3 Requests for Delay

Prior to the July 2020 NWMB call for applications, Arctic Fishery Alliance (AFA) requested a one-year delay due to impacts arising from COVID-19 public health emergencies (Appendix 3). The letters to the NWMB (Appendix 3a) and the minister directly (Appendix 3b) dated May 8, 2020 raised the AFA's concern with continuing with the application process during COVID-19 restrictions and disruptions. The NWMB requested additional perspectives from the other allocation holders. Qikiqtaaluk Corporation (QC) (Appendix 3c), and Baffin Fisheries (BF) (Appendix 3d) both stated their desires to proceed, noting the impacts of COVID-19 would be similarly felt by all enterprises. Cumberland Sound Fisheries Limited (CSFL) did not submit a response. The NWMB determined that proceeding would not unduly prejudice any one applicant. The NWMB considered that applicants had reasonable capacity to adapt to the circumstances as sophisticated and professionally managed fishing enterprises.

On June 11, 2020, NWMB decided to proceed with the call for applications (Appendix 3e), noting that (1) the Applications required data and reporting from 2016 to 2019 fishing seasons only, and (2) the 2020 fishing season would not be reported on until 2021, and any COVID-related procedural adaptation would be introduced by the NWMB for all applicants. The 2020 call for applications was issued by the NWMB on July 2, 2020 (Appendix 4).

On August 11, 2020, CSFL requested a two-month extension for submitting its application. The request was received only days before the application submission deadline (The 2020 call for applications was issued by the NWMB on July 2, 2020 (Appendix 5). CSFL explained their business manager was not able to return to Pangnirtung due to travel restrictions, and certain materials were inaccessible with the business manager away from the office (Appendix 5 a, b). The NWMB denied this request on August 12, 2020, (Appendix 5c) and reminded CSFL that audited financial statements were not due until September 30. CSFL submitted their application on time

(however, ultimately, without audited financial statements; this will be addressed more below).

2. NWMB SUB-ALLOCATION DECISIONS

The Nunavut Wildlife Management Board makes the following sub-allocation decisions according to its *2019 Allocation Policy*. The NWMB relies on existing Total Allowable Catch (TAC) decisions for the fish stocks addressed by these resolutions. The NWMB reasons for decisions are outlined in section 7 of this report.

1. Application of the *2019 Allocation Policy*

RESOLVED that the NWMB adhere to the 2019 Allocation Policy for the 2020/2021 Applications for Allocations process, including specifically:

- The term of the sub-allocations will be five years (2021–2025).
- Sub-allocations will be expressed as a percentage.
- Ongoing compliance with annual reporting procedures (submission of an *Annual Report*, satisfaction of mandatory NWMB performance objectives, and review of annual *Verification Reports* from Transport Canada and DFO) is required to maintain sub-allocations.
- Any adjustment in quota amounts based on changes in Total Allowable Catch during the term will be temporary until the next Application for Allocation, and based on the percentage of sub-allocations in this Decision Report, unless the Total Allowable Catch change exceeds 15%, which triggers a distinct NWMB process.

2. Reliance on FAC:

RESOLVED that the FAC evaluation process, determinations of the presence or absence of application materials, Final Report, and resulting scores complied with the *2019 Allocation Policy*, and were determined by the NWMB to be credible and reliable for the purposes of making sub-allocation decisions in the Applications for Allocation.

3. Optional Consideration

RESOLVED that the FAC's optional consideration shall form the basis for the sub-allocation decisions in the 2020/2021 Applications for Allocation as per reasons set out in this report.

4. Sub-Allocations

4.1. RESOLVED that the Nunavut share of the TAC for turbot in NAFO Division 0A be sub-allocated between the applicants with the following percentages:

- a. BF (55.21%)

- b. QC (24.05%)
- c. AFA (10.65%)
- d. CSFL (10.09%)

4.2. RESOLVED that the Nunavut share of the TAC for turbot in NAFO Division 0B be divided between the applicants with the following percentages:

- a. BF (44%)
- b. QC (44%)
- c. AFA (4%)
- d. CSFL (8%)

The NWMB acknowledges the TAC for the 2021 fishing season will require reconciliation to account for the Minister's December 22, 2020, decision concerning turbot in Division 0B.

4.3. RESOLVED that the Nunavut share of the TAC for Northern shrimp (*Pandalus borealis*) in Shrimp Fishing Area 1 be divided between the applicants with the following percentages:

- a. BF (50%)
- b. QC (50%)

4.4. RESOLVED that the Nunavut share of the TAC for Northern shrimp (*Pandalus borealis*) in Davis Strait-East be divided between the applicants with the following percentages:

- a. BF (57%)
- b. QC (43%)

4.5. RESOLVED the Nunavut share of the TAC for Northern shrimp (*Pandalus borealis*) in Davis Strait-West be divided between the applicants with the following percentages:

- a. BF (50%)
- b. QC (50%)

4.6. RESOLVED that the Nunavut share of the TAC for Northern shrimp (*Pandalus borealis*) in Nunavut-East be divided between the applicants with the following percentages:

- a. BF (56.4%)
- b. QC (43.6%)

- 4.7. RESOLVED that the Nunavut share of the TAC for Northern shrimp (*Pandalus borealis*) in Nunavut-West be divided between the applicants with the following percentages:
- a. BF (66.6%)
 - b. QC (33.4%)
- 4.8. RESOLVED that the Nunavut share of the TAC for Striped shrimp (*Pandalus montagui*) in Nunavut-East be divided between the applicants with the following percentages:
- a. BF (70%)
 - b. QC (30%)
- 4.9. RESOLVED that the Nunavut share of the TAC for Striped shrimp (*Pandalus montagui*) in Nunavut-West be divided between the applicants with the following percentages:
- a. BF (65.1%)
 - b. QC (34.9%)

3. NWMB REVIEW OF 2021–2025 APPLICATIONS FOR ALLOCATION

3.1 Applicants

The NWMB received five applications. Four were existing allocation-holders and one was a new applicant. The applicants were:

- Baffin Fisheries
- Qikiqtaaluk Corporation
- Arctic Fishery Alliance
- Cumberland Sound Fisheries Limited
- Qikiqtani Fisheries Alliance (a new applicant)

Below is a summary of each of the applicants.

3.2 Baffin Fisheries (BF)

Baffin Fisheries (BF) was formed in 2001. BF is owned by five Hunters and Trappers Organizations (HTOs: Iqaluit, Pond Inlet, Clyde River, Kimmirut, and Pangnirtung). BF owns three factory freezer fishing vessels: two ~60m stern trawlers; and one fixed gear vessel. In addition to harvesting its own quota, it harvests shrimp and turbot on behalf of CSFL by way of a royalty arrangement. BF is a 33% owner of the Pangnirtung fish plant (which is also owned by Pangnirtung Fisheries Limited and CSFL). BF currently holds both shrimp and turbot allocations in all fishing areas.

In BF's 2020 application, BF applied to continue fishing in each shrimp and turbot fishing area, either maintaining its current allocation (SFA 1, DS-E, NU-E) or requesting increases for fishing areas where the TAC has increased (0A, 0B, DS-W, NU-W) since the last allocation were set in 2016 (Table 1).

Table 1: Quota Requested by Baffin Fisheries in 2020 compared to the current (2016) allocation for shrimp and turbot in metric tonnes

Fishing Area (Species)	2016 Allocations (t)	Requested (2020) (t)
0A turbot	4630	5241
0B turbot	1050	1900
SFA 1 (<i>borealis</i>)	1488	1489
EAZ: NU-E (<i>montagui</i>)	210.7	210.7
EAZ: NU-E (<i>borealis</i>)	147	147
EAZ: DS-E (<i>borealis</i>)	914	647
EAZ: DS-W (<i>borealis</i>)	379.26	646
WAZ:NU-W (<i>borealis</i>)	728	1053
WAZ: NU-W (<i>montagui</i>)	2148.3	3899.7

3.3 Qikiqtaaluk Corporation (QC)

Qikiqtaaluk Corporation was established in 1983 as a subsidiary of the Qikiqtani Inuit Association (QIA, or Baffin Regional Inuit Association as it was known then). QIA represents the 13 communities in the Qikiqtani region. In 1993, QC received a quota for 0B turbot, and in 1999 it received its first shrimp quota (Table 2). QC harvests both turbot and shrimp using its vessel the *Saputi*, for which QC became the 100% owner in 2019. QC harvests shrimp for AFA and CSFL in DS-E under a royalty arrangement. In QC's 2020 application, QC applied to continue fishing in each shrimp and turbot fishing area, and requested increases in all fishing areas relative to their 2016 quota except in SFA 1 (Table 2).

Table 2: Quota Requested by Qikiqtaaluk Corporation in 2020 compared to the current (2016) allocation for shrimp and turbot in metric tonnes

Fishing Area (Species)	2016 Allocations (t)	Requested (2020) (t)
0A turbot	690	2282.5
0B turbot	450	1883.25
SFA 1 (<i>borealis</i>)	1488	1489
EAZ: NU-E (<i>borealis</i>)	63	84

EAZ: NU-E (<i>montaguï</i>)	90.3	120.4
EAZ: DS-E (<i>borealis</i>)	457.1	641.6
EAZ: DS-W (<i>borealis</i>)	379.26	542
WAZ:NU-W (<i>borealis</i>)	312	632.6
WAZ: NU-W (<i>montaguï</i>)	920.7	2395

3.4 Arctic Fishery Alliance (AFA)

The Arctic Fishery Alliance was formed in May of 2008. AFA is structured as a limited liability partnership (LLP) with the four HTOs (Arctic Bay, Grise Fiord, Resolute Bay, and Qikiqtarjuaq) and four Community Trusts (Arctic Bay, Grise Fiord, Resolute Bay, and Qikiqtarjuaq) as equal owners. AFA is managed by Masiliit Corp., a wholly owned subsidiary of the four HTOs. AFA currently holds quota for turbot in Division 0A and 0B and shrimp in DS-W. In its 2020 application, AFA has applied for more turbot quota than it currently has in Divisions 0A and 0B (Table 3).

Table 3: Quota Requested by Arctic Fishery Alliance in 2020 compared to the current (2016) allocation for shrimp and turbot in metric tonnes

Fishing Area (Species)	2016 Allocations (t)	Requested (2020) (t)
0A turbot	1640	1971
0B turbot	400	601
EAZ: DS-W (<i>borealis</i>)	162.54	163

3.5 Cumberland Sound Fisheries Limited (CSFL)

Cumberland Sound Fisheries Limited (CSFL) was established in 1988 and is owned by the Pangnirtung co-op, the Pangnirtung HTO, and individual Inuit shareholders. Offshore quota received from the NWMB is harvested under a royalty-based approach. Baffin Fisheries harvests CSFL’s turbot in Division 0A and 0B, and both Baffin Fisheries and Qikiqtaaluk Corporation harvest CSFL’s shrimp in DS-W. Under the current business structure CSFL uses the royalties generated from the offshore fisheries to subsidize the development of a summer fishery in Cumberland Sound and subsidize the

operation of the Pangnirtung fish plant. CSFL is also a partial owner of Pangnirtung Fisheries Limited (PFL), which owns the Pangnirtung fish plant along with Baffin Fisheries and Inuit Shareholders.

In 2016, CSFL was awarded quota for turbot in 0A and 0B and shrimp in DS-E, DS-W and SFA 1. CSFL’s shrimp quota in DS-E and SFA 1 has not been harvested or transferred under a royalty arrangement in recent years. In the 2020 Application for Allocations, requested turbot fishing areas, and northern shrimp fishing areas in DS-E and DS-W. CSFL did not apply for SFA 1 shrimp (Table 4).

Table 4: Quota Requested by Cumberland Sound Fisheries Limited in 2020 compared to the current (2016) allocation for shrimp and turbot

Fishing Area (Species)	2016 Allocations (t)	Requested (2020) (t)
0A turbot	940	1049
0B turbot	950	1227
SFA 1 (<i>borealis</i>)	745	did not apply
EAZ: DS-E (<i>borealis</i>)	232.6	232
EAZ: DS-W (<i>borealis</i>)	162.5	163

3.6 Qikiqtani Fisheries Alliance (QFA)

QFA is a new applicant representing the HTOs of Sanikiluaq, Cape Dorset, Sanirajak and Igloodik. Its proposal to enter the turbot fishery is based on a royalty-based business model. QFA currently has an agreement with QC to harvest their proposed quota. QFA unsuccessfully applied for allocation two times before under a different corporate structure. The current review considered the current QFA structure. QFA applied for 250 t of turbot each in Division 0A and 0B.

4. FAC TECHNICAL REVIEW

4.1 FAC Evaluation Process

As part of the Application for Allocation process, the FAC carried out a technical evaluation of all five Applications for Allocation. Over a period of three months, the FAC met regularly, either via teleconference, videoconference or, when possible, in-person.

The FAC proceeded based on its directions in the *2019 Allocation Policy*:

“Regarding *Applications for Allocation*, the FAC will review Applications, supporting documentation, and relevant *Verification Reports* from DFO and TC. This process involves a preliminary review of materials, identification of missing application materials, a possible face-to-face meeting (or teleconference) with enterprises to address any issues with the *Application*, a final review of the application and materials, and providing the NWMB with recommendations for allocation. This includes providing justification for both accepted and rejected Applications.” (*2019 Allocation Policy*, Appendix A-3).

4.2 Review of Materials

The FAC conducted a two-step process to assess the completeness of applications. First, it reviewed the applications submitted by August 15. Then, if application materials were missing, those materials were identified on the FAC’s invitation to applications for a face-to-face meeting. The FAC applied the terms of the *2019 Allocation Policy* when assessing the presence or absence of application materials.

In the FAC’s evaluation, particular attention was assessing the presence of mandatory materials for business governance: current business plan; previous business plan; and copies of the most recent and previous year’s audited financial statement. These criteria were established in the *2019 Allocation Policy* to uphold the open, transparent, and accountable manner businesses are expected to operate. Submission of mandatory materials is required “in order to be scored on any part in Section 7.3 [Good Business

Governance]” (2019 Allocation Policy, p. 15). Non-submission of mandatory materials results in a score of zero for the Good Business Governance section.

4.3 Audited Financial Statements

The 2019 Allocation Policy requires audited financial statements to be submitted by September 30. Throughout the review of applications, the FAC and NWMB enlisted the services of a certified financial consultant to ensure a thorough and fair review of the audited financial statements was conducted. Two of the five applicants provided these mandatory financial statements on time (BF and QC).

AFA explained the delay (after the submission deadline: Appendix 6a) claiming that the intended purchase of a vessel fell through, and their audited financial statements had to be adjusted to reflect this (Appendix 6b). AFA was able to submit their audited financial statements on October 24, just ahead of the face-to-face meetings with the FAC but after the September 30 deadline.

CSFL was unable to produce audited financial statements at any point during the application review process. CSFL stated that the reason for not submitting an audited financial statement is that their server crashed in 2017, and efforts since have involved many administrative complications (including a turnover in management, changing the fiscal year end from March 31 to June 30 beginning in 2020, delays in completing outstanding audits due to COVID-19, and [REDACTED]

QFA did not submit audited financial statements but did submit financial statements for each owner communities’ HTO, after the deadline and following the FAC face-to-face meeting.

4.4 FAC Face-to-Face with Enterprises

On October 24, 2020, the NWMB provided each applicant notice of the FAC preliminary scoring, a list of missing application materials, and a list of issues the FAC wished to

discuss along with an invitation to meet with the FAC (Appendix 7). The FAC held a face-to-face meeting with each enterprise between October 30 to November 9¹.

Two hours were allocated for each meeting. Generally, applicants were given one hour to present any relevant information or materials, and the second hour was for FAC questions.

Following the face-to-face meetings with the FAC, each enterprise was given an opportunity to submit additional information to supplement their initial application or respond to questions asked by the FAC. The FAC then re-evaluated the applications based on any additional materials or responses. The FAC was aided in its evaluations by a financial consultant (an accountant). The FAC then updated scores (where appropriate) and made their final recommendations, in the form of a report submitted to the NWMB (Appendix 2) on November 21, 2020.

¹ AFA requested a delay, as their vessel had to land in Iqaluit to accommodate a sick crew member, and the FAC accommodated this delay until AFA was able to meet on November 9, 2020.

5. THE FAC REPORT AND RECOMMENDATION TO THE NWMB

5.1 FAC Overview

The FAC made a recommendation according to the *2019 Allocation Policy*. Based on the FAC's scoring, only two applicants, BF and QC, met the required minimum scores and were eligible to be recommended quota.

The FAC also prepared a second option, an "Optional Consideration" so that the NWMB could consider an alternative to the outcome determined by a strict interpretation of the *2019 Allocation Policy*. The FAC felt that recommending the removal of all allocations from two existing allocation holders seemed quite severe. The optional consideration was intended to reward the performance of QC and BF and their compliance with the *2019 Allocation Policy* while providing exceptional consideration to CSFL and AFA to mitigate what would undoubtedly be severe impacts of their application scores under the *2019 Allocation Policy*.

The FAC did not recommend an allocation for the new applicant QFA in either scenario. QFA's application did not meet the minimum requirements, application materials were missing, and there were concerns about their capacity to participate in the fishery.

The FAC understood it is a technical advisory committee of the NWMB, and as such, its scoring evaluations were technical in nature. The FAC adhered to the *2019 Allocation Policy* throughout its work. The FAC reported it found the directions in the *2019 Allocation Policy* were clear on the requirements that apply to evaluating applications, including specific details of how the FAC was to assign a score. Reasons for the FAC's recommendation, and its optional consideration, are outlined in more detail below. The FAC's justifications for the Optional Consideration are contained in Appendix 2, pp 7–8)].

To remain eligible to receive any allocation, Applicants are required to: meet all of the Mandatory Requirements for Responsible Stewardship, under Guideline 7.1: submit all mandatory business materials (previous business plan, current business plan, and

audited financial statements), and achieve a minimum score of 60% in each of Guidelines 7.3. through 7.6.

Table 5. FAC quota calculations expressed as percentages.

The FAC provided two options. First, it made its recommendation based on the *2019 Allocation Policy* (FAC Recommendation) and then it prepared an optional consideration for the NWMB (FAC Optional Consideration).

Species	Fishing Area	Available Quota 2020 Fishing Season (t)	FAC Recommendation (%)					FAC Optional Consideration (%)				
			QC	BF	CSF	AFA	QFA	BF	QC	AFA	CSFL	QFA
Greenland halibut (turbot)	0A	9,492.50	34.58	65.42	0.00	0.00	0.00	55.20	24.00	10.60	10.10	0.00
	0B	4,283.25	49.80	50.21	0.00	0.00	0.00	44.00	44.00	4.00	8.00	0.00
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	50.00	50.00	0.00	0.00	0.00	50.00	50.00	0.00	0.00	0.00
	DS-E	1,604	57.00	43.00	0.00	0.00	0.00	57.00	43.00	0.00	0.00	0.00
	DS-W	1,778	50.00	50.00	0.00	0.00	0.00	50.00	50.00	0.00	0.00	0.00
	NU-E	659	43.60	56.40	0.00	0.00	0.00	50.00	50.00	0.00	0.00	0.00
	NU-W	1,581.50	66.60	33.40	0.00	0.00	0.00	66.60	33.40	0.00	0.00	0.00
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	70.00	30.00	0.00	0.00	0.00	70.00	30.00	0.00	0.00	0.00
	NU-W	5,987.50	65.10	34.90	0.00	0.00	0.00	65.10	34.90	0.00	0.00	0.00

Table 6. FAC quota calculations expressed in metric tonnes (t)

The FAC provided two options. First, it made its recommendation based on the *2019 Allocation Policy* (FAC Recommendation) and then it prepared an optional consideration for the NWMB (FAC Optional Consideration).

Species	Fishing Area	Available Quota 2020 Fishing Season (t)	FAC Recommendation (t)					FAC Optional Consideration (t)				
			QC	BF	CSF	AFA	QFA	BF	QC	AFA	CSFL	QFA
Greenland halibut (turbot)	0A	9,492.50	3282.5	6,210	0.00	0.00	0.00	5241	2282.5	1010.9	958.1	0.00
	0B	4,283.25	2133.25	2150	0.00	0.00	0.00	1884.6	1884.6	171.3	342.7	0.00
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	1861	1861	0.00	0.00	0.00	1861	1861	0.00	0.00	0.00
	DS-E	1,604	689.7	914.3	0.00	0.00	0.00	914.3	689.7	0.00	0.00	0.00
	DS-W	1,778	889	889	0.00	0.00	0.00	889	889	0.00	0.00	0.00
	NU-E	659	287.5	371.5	0.00	0.00	0.00	371.5	287.5	0.00	0.00	0.00
	NU-W	1,581.50	528.8	1053.2	0.00	0.00	0.00	1059.6	521.9	0.00	0.00	0.00
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	90.3	210.7	0.00	0.00	0.00	210.7	90.3	0.00	0.00	0.00
	NU-W	5,987.50	2088.3	3899.7	0.00	0.00	0.00	3891.9	2095.6	0.00	0.00	0.00

6. DETERMINATIONS LEADING TO NWMB DECISIONS

6.1 Reliance on FAC Scoring

According to the *2019 Allocation Policy*, the FAC’s advice must be “based primarily on the Allocation Policy, using the materials in the Applications for Allocation provided by applicants...” and other documentation (including *Annual Reports* and *Verification Reports*; p. 3). The FAC is directed to “perform a detailed evaluation of the Application for Allocation using the criteria detailed in the Allocation Policy” (p. 37), following the criteria set out in the scoring section of the Allocation policy (*2019 Allocation Policy*, p. 15 - 28). The scoring criteria were known to applicants in advance of submitting their applications. Each scoring criteria includes prescribed scoring threshold definitions and materials required for each scoring threshold, leaving little margin or discretion to the FAC in the interpretation of the resulting score. In evaluating each scoring criteria for each enterprise, the FAC reached each individual scoring decision through consensus. The FAC is comprised of appointees who possess the technical skill required to evaluate Applications for Allocation, and where necessary, additional technical resources were made available (for example, the FAC retained a financial consultant to assist with evaluating financial statements).

Table 7. FAC scores expressed as a percentage. Scores above minimum scoring thresholds in the *2019 Allocation Policy* are set in **bold** font.

Score (%)	AFA	BF	CSFL	QC	QFA
Section					
7.2	50%	50%	50%	50%	50%
7.3	42%	94%	79%*	94%	36%*
7.4	53%	62%	86%	68%	39%**
7.5	95%	95%	100%	95%	62%
7.6	0%	100%	26%	100%	0%**
Total	49%	84%	76%	86%	36%

* The FAC scored this section despite non-submission of required documents, so this should be 0%.

** These scoring criteria consider past performance which QFA does not have.

Three of the five applicants did not meet the 60% scoring threshold in at least one section (i.e., of sections 7.3 through 7.6). In this situation, the *2019 Allocation Policy* directs the FAC not to recommend any sub-allocation to these applicants. This explains why the “FAC Recommendation” was to sub-allocate all available quota to QC and BF (Table 5) in strict compliance to the *2019 Allocation Policy*. However, the FAC recognized the serious consequences associated with providing final advice and recommendations to the NWMB that only outlined a “no recommended quota” scenario for two applicants with existing quota. For this reason, the FAC prepared an “FAC Optional Consideration” (Table 5). The NWMB gave weight to the FAC’s awareness of the jeopardy faced by certain applicants as reinforcing the credibility of the FAC’s scoring, and the implications.

Two of the three applicants potentially facing no sub-allocation argued that the NWMB should not rely on the FAC scores and alleged that in scoring their applications the FAC did not consider all information that they purported to have provided. However, the NWMB considered that if application materials could not be properly assessed and considered by the FAC and a financial consultant in the context of the application procedure set out in the *2019 Allocation Policy*, this presented other concerns. One key factor for the NWMB, presented as a theme throughout the *2019 Allocation Policy*, can be summarized by the scoring value, which the NWMB and the FAC are to apply in their review of Applications for Allocation: “Business should operate in an open, transparent and accountable manner for the equitable benefit of Nunavummiut” (p. 8).

The NWMB determined the FAC scoring was both credible and reliable. The NWMB determined that no applicant would be prejudiced by reliance on the FAC’s evaluation of technical matters and scoring according to the *2019 Allocation Policy*. All applicants had access to the scoring guidelines and scoring criteria in advance, and were given an opportunity to meet with the FAC to discuss details of the Application for Allocation, a process that included the FAC’s initial scoring and, where applicable, notice of missing materials.

The NWMB placed weight on the importance of relying on the *2019 Allocation Policy* and that the Policy's requirements were known to all. The NWMB considered whether it was appropriate to re-consider any aspect of the FAC scoring based on its own discussions with applicants facing lower or no sub-allocation. Based on the applications, the face-to-face meetings, and the requirements of the *2019 Allocation Policy*, the NWMB adopted the FAC scoring and relied on it in making its recommendations for sub-allocation. Departing from the FAC's scoring risked unfairness to applicants who had complied with the scoring guidelines and scoring criteria in the *2019 Allocation Policy*.

6.2 Receipt of Application Materials

The NWMB determined that certain required documents were not received on time and accepted the impact this situation had on FAC scoring. This determination was based on the evaluation of the FAC when reviewing the applications of AFA, CSFL and QFA. BF and QC submitted the required application materials on time. The FAC was informed in its assessment by a financial consultant, particularly with respect to audited financial statements. The FAC review of application materials for sections 7.2 through 7.6 of the *2019 Allocation Policy*, reinforced by face-to-face meetings between all applicants and the FAC, found mandatory submission requirements were still unmet. After reviewing the FAC process including the FAC's Final Report, and after holding its own face-to-face meetings with the three applicants facing lower or no sub-allocation, the NWMB considered the application review of the FAC to be reasonable and reliable. Departing from the FAC's application reviews without solid justification risked unfairness to applicants who had complied with the scoring guidelines and scoring criteria in the *2019 Allocation Policy*. The NWMB was not persuaded such a justification was provided.

6.3 Face-to-Face Discussions

The *2019 Allocation Policy* sets out two forms of face-to-face discussions during the Application for Allocation process. A first face-to-face meeting with the FAC is intended to address the specific content of the application materials, and provide the FAC the opportunity to clarify, receive, and review specific aspects of the applications. A second face-to-face meeting for applicants facing lower allocation with the NWMB is intended to consider the outcomes of the FAC's evaluation. The NWMB face-to-face, following the FAC's technical evaluation and recommendations, focused on the general participation and compliance of the applicant in the fishery, and their adherence to the objectives of the *2019 Allocation Policy*.

The distinction between the two forms of face-to-face meeting, one with the FAC and the other with the NWMB, is explained in the *2019 Allocation Policy's* direction on the face-to-face meetings. The FAC face-to-face is so that the FAC and the applicant may "address any issues with the application or ask questions and discuss confidential details of the applicant's Application for Allocation" (*2019 Allocation Policy*, p. 37), and provides a chance to clarify issues or materials with the technical review. The NWMB face-to-face, by contrast, allows the NWMB to hear from applicants facing lower sub-allocation and to consider their responses.

At the conclusion of the FAC scoring, three applicants faced recommendations of lower (or no) sub-allocation. In compliance with the *2019 Allocation Policy*, the FAC was unable to recommend any allocation to these applicants due to missing documentation or scores below the minimum scores in the *2019 Allocation Policy*. The NWMB considered the facts that the applicants were aware of the *2019 Allocation Policy* in advance of preparing their applications and the three applicants facing lower (or no) sub-allocation were expected to have the technical capacity to apply. The requirements, both in terms of documentation and in terms of scoring, were not considered unreasonable standards for applicants, particularly given the *2019 Allocation Policy's* concern with accountability of enterprises in receipt of a sub-allocation.

6.4 The NWMB Face-to-Face with Applicants Facing Lower (or No) Allocation

On December 14, 2020, the NWMB sent notice to AFA, QFA, and CSFL to invite them to discuss their applications with the NWMB at face-to-face meetings (██████████). The NWMB held face-to-face meetings on January 14 -15, 2021. The NWMB's December 14, 2020 notice outlined the reason for the face-to-face meeting was because the applicants' scores did not meet the minimum requirements and what parts of the *2019 Allocation Policy* were not sufficiently addressed in their applications. The scoring by two applicants, BF and QC, satisfied the scoring criteria and so no face-to-face meeting with the NWMB was triggered.

Some applicants seem to have expected the face-to-face with the NWMB would involve re-consideration of specific scoring, the scoring criteria's suitability for their enterprise, the actual quota or allocation being recommended by the FAC or a form of appeal for the FAC's evaluation. However, the *2019 Allocation Policy* sets out a procedure for an in-person discussion with the NWMB. The NWMB determined its focus was not on the details within the applications but to consider wider issues with the applicants, their application, and their role in Nunavut's offshore marine fisheries. The intention of the face-to-face meeting was to allow the applicant to address outstanding issues and be heard by the NWMB in advance of the NWMB making its decisions.

6.5 The NWMB Face-to-Face with the *New Applicant*

QFA does not currently have a sub-allocation. This means they cannot have "lower" sub-allocation. Their scoring from the FAC evaluation (addressed in more detail below) was below the minimum thresholds required for the FAC to recommend any sub-allocation. The NWMB determined that the opportunity provided to applicants facing "lower" sub-allocation would apply to QFA. Although the *2019 Allocation Policy* did not account for applicants facing "no sub-allocation", the NWMB wanted to hear from QFA about the issues arising from the FAC's evaluation to the applicant and hear their responses. These issues were outlined in the December 14, 2020 Notice sent to QFA.

7. REASONS FOR NWMB DECISIONS

7.1 Reasons for NWMB sub-allocation decision

At the conclusion of the Application for Allocations, the NWMB decided to adopt the FAC Optional Consideration (Table 5) to sub-allocate among the four existing sub-allocation holders. The NWMB's reasons for its decision to adopt the FAC Optional Consideration rely in part on the evaluation conducted by the FAC, as well as on the NWMB's own analysis including what it heard in the face-to-face meetings held with applicants facing lower (or no) allocation. These reasons explain how and why the decision was reached.

7.2 Procedural Fairness

In proceeding with its decision in the Applications for Allocation, the NWMB decided to respect the terms of its *2019 Allocation Policy*, that the NWMB accounted for matters within its mandate, listened to applicants and provided them opportunities to respond, decided in an independent and impartial manner, exercised its authority in good faith, and made decisions it considered reasonable in the circumstances, with reasons. As addressed elsewhere in this Final Report, the NWMB also accounted for and accommodated the ongoing COVID-19 public health emergency.

The NWMB sought to ensure procedural fairness throughout the Application for Allocation process. The content of procedural fairness applicable was developed considering the context of the Applications for Allocation, as well as the NWMB's mandate, authority, and operating environment. The NWMB sought to provide adequate and appropriate notice of the issues being considered and to provide sufficient information to enable participation in the process. The NWMB provided reasonable opportunities for applicants to respond to issues raised during the evaluation process.

In the context of the NWMB's decisions on the Applications for Allocation before it, the NWMB recognized this process is quite distinct from its work under Article 5, which is the implementation of a rights-based wildlife management system. In contrast, the applicants are sophisticated enterprises operating in a commercial fishery. Even the new applicant, QFA, has received considerable in-kind support from an entity with proven competence in Nunavut's fishing industry.

The NWMB has sought, for many years, to support the development of Nunavut's fishing industry in addition to its role as decision-maker and adjudicator. During the development and consideration of its *2019 Allocation Policy* and throughout this Application for Allocation review process, the NWMB strives to balance the fulfillment of its mandate while providing extensive opportunities for engagement.

Under the *2019 Allocation Policy*, the FAC releases the preliminary scores to the applicants, with the intent that the applicants can clarify or amend their application if necessary while the review is ongoing. However, at this stage of the process the NWMB does not make public the FAC application scores or the FAC final recommendation to the NWMB. Procedural fairness should not place a burden on the NWMB to reveal every detail of the process that led to this result or invite applicants to review and challenge interim stages of the evaluation.

7.3 Reasons for Decision

The NWMB is aware of the importance of fishing revenue to communities, both for those applicants who face lower sub-allocations and for new applicants who seek to participate in the fishery. The NWMB does not consider the strength of a desire to participate in this fishery as a criterion in assessing applications. The NWMB instead relied on the *2019 Allocation Policy* to guide its review of the applicants. The NWMB weighed the benefits to the communities, both in terms of financial benefits to communities as well as employment opportunities, and it did so while considering the historical performance of the applicants over time. The importance of Inuit and Nunavummiut employment, for example, is highlighted by it being the most heavily

weighted of the scoring criteria. The NWMB acknowledges all applicants struggle with Inuit employment, but that does not diminish its importance. As well, the *2019 Allocation Policy* ensures that past outstanding performance issues, as reported in annual reports, are factored into the assessment of Applications for Allocation.

The NWMB proceeded very carefully to review the work of the FAC, the submissions and responses from applicants, and the *2019 Allocation Policy*. The NWMB sought to ensure that its *2019 Allocation Policy*, and the stated scoring criteria, were applied in a manner to ensure applicants were not unfairly subjected to unknown criteria. Such arbitrary decision-making is not in the interests of procedural fairness. The NWMB weighed evidence before it, assessed applicant credibility, considered arguments made to both the FAC and the NWMB directly, and made determinations as necessary to advance its decision making. The NWMB face-to-face meetings with three applicants were influential in that they provided the NWMB with an opportunity to raise issues identified by the FAC's evaluation and to hear and consider the applicants' responses.

7.3.1 NWMB Analysis and Consideration of the FAC Recommendation²

When it came to making its final decision, the NWMB found itself in a very difficult situation where the evaluation according to the *2019 Allocation Policy* resulted in the FAC recommending *no* sub-allocation for applicants who did not meet minimum scoring requirements.

The NWMB determined the FAC's evaluation was reliable, but the consequences of adopting the FAC Recommendation, according to the *2019 Allocation Policy*, was significant. The FAC's scores made clear where the biggest issues were with the two applicants facing lower sub-allocation, AFA and CSFL. The consequences of no sub-allocation for these two applicants that currently hold sub-allocations presented a serious issue. On one hand, despite the clear language in the *2019 Allocation Policy* about the risk, removing the entire sub-allocation from an underperforming applicant

² See Table 5 for the FAC Recommendation

was determined to be unreasonable in the circumstances. On the other hand, applicants who satisfied the criteria in the *2019 Allocation Policy* and met the minimum scoring requirements should be recognized for their performance. The NWMB considered that the outcome should reflect the relative performance of the applicants but avoid unreasonable consequences. The fact that AFA and CSFL did not meet the minimum scoring requirements was difficult to overlook.

The new applicant, QFA, did not meet the minimum scoring requirements. It does not have an existing sub-allocation. The NWMB considered the negative consequences of no sub-allocation for QFA represent a missed opportunity, not a loss of any previous sub-allocation, thus reducing potential harm. While still serious, the seriousness alone was not a justification to ignore the outcome of their application's evaluation. Additional specific considerations for QFA are set out below.

7.3.2 NWMB Analysis and Consideration of the FAC Optional Consideration³

The FAC understood the potential ramification of its strict policy-based recommendation to sub-allocate all available quota to only BF and QC when it submitted its final report to the NWMB. The FAC proposed a "FAC Optional Consideration" for the NWMB that outlined a scenario where two applicants, CSFL and AFA, would also receive sub-allocation but significantly less than requested and less than in the past. This optional consideration did not include sub-allocation for QFA for reasons outlined in s. 7.3.1. As the FAC explained its rationale to the NWMB, "[the optional consideration]... support[s] the integrity of the policy and recognize[s] the need for a pragmatic approach while ensuring the most benefit to Nunavummiut" (FAC Final Report, p. 8). The optional consideration was intended to account for applicants' performance while not completely removing sub-allocations. Additional reasons for the FAC's specific determinations and considerations within the optional consideration are contained in the FAC's Final Report (Appendix 2 pp 7–8). The FAC Report (Appendix 2 p. 8) clearly outlines how the

³ See Table 5 for the FAC Optional Consideration

available turbot quota (after BF and QC were allocated their requested amounts) was allocated between CSFL and AFA.

The NWMB considered and chose to adopt the FAC Optional Consideration. This approach to sub-allocation provides the AFA and CSFL less turbot quota based on the outcome of the scoring evaluation but does not eliminate their turbot sub-allocations. With respect to shrimp, the FAC suggested, and the NWMB adopted, an analysis that no shrimp quota be granted to these two applicants. Previously, CSFL had a shrimp allocation in DS-E and SFA 1, but they did not fish (or transfer) the allocation between 2016–2019 and did not include SFA 1 shrimp in their 2020 application. Both CSFL and AFA previously held shrimp quota in DS-W, fished by other Nunavut enterprises on a royalty basis; this quota was removed. The shrimp quotas removed from CSFL and AFA were allocated to BF and QC based on their requests in the current Application for Allocation that exceeded the available allocation. QC requested shrimp quota in DS-E, which BF did not request, so that was allocated to QC.

In the FAC Optional Consideration sub-allocation scenario, only BF and QC would receive sub-allocations. As a starting point to determine sub-allocation amounts, the FAC accepted the requests of each of BF and QC. Where the requested amount between the two applicants did not exceed the available quota in a fishing area, the excess was divided evenly (50/50) between the two companies (BF and QC). This was the case for turbot. For shrimp in SFA 1, the removal of CSFL from the sub-allocation freed up 744.4 tonnes. This amount was split evenly between BF and QC. In DS-E, the removal of CSFL from the sub-allocation resulted in 232.6 tonnes becoming available. This amount was assigned to QC, which brought them to 43% of the total amount available and is closely in line with their request for 40% of Nunavut's quota. In DS-W, the removal of AFA and CSFL from the sub-allocation freed up 325.2 tonnes. This amount was again divided evenly between BF and QC. In NU-E and NU-W, BF and QC were the only enterprises that held sub-allocation in the previous cycle, and the existing arrangement was retained.

The NWMB does not want to terminate these two applicants' (AFA and CSFL) participation in the Nunavut fishing industry. The NWMB does want to send a clear message, however, that it expects fishing enterprises in Nunavut's marine offshore will adhere to the NWMB's Allocation Policy. The NWMB understands adopting the optional consideration limits the potential sub-allocations for applicants BF and QC who scored well on the Application for Allocation. However, such an outcome would have resulted in severe consequences to applicants to—AFA and CSFL—that the NWMB was not able to ignore.

The NWMB takes its review of the performance and accountability of applicants for sub-allocations very seriously. The NWMB has outlined its concerns in the past, given warnings, and taken note of performance issues. The NWMB is aware of the issues faced by CSFL and AFA from previous allocation cycles, and this Application for Allocation confirmed concerns remain if minimum requirements are not being met. Non-compliance should not be ignored.

7.3.3 Potential Consequences

The NWMB does not engage in business viability assessments, nor is the application process designed for the NWMB to adequately assess the potential financial implications of its quota decisions. Nonetheless, in the circumstances, the NWMB considered whether a *reduction* in quota for AFA and CSFL, instead of *an elimination* of quota, could mitigate the economic impact of the NWMB's decision to the applicants.

The NWMB emphasizes its limited responsibility in this regard – both applicants facing lower sub-allocation are in the situation they are because of deficiencies in their applications. CSFL did not provide audited financial statements. AFA maintains a complex corporate structure that was difficult even for the FAC to follow, struggled to provide application materials to facilitate the evaluation against the *2019 Allocation Policy's* scoring criteria, and struggled to clearly respond to inquiries about the flow of money to communities from its operation.

The NWMB considered whether a lower sub-allocation for either AFA or CSFL could sustain their operations. Obviously, a lower sub-allocation would impact the business operations of these applicants and may undermine ambitions for future business development.

The NWMB is aware that both AFA and CSFL are currently using a royalty fishing approach to catch their shrimp quotas. CSFL also transfers their turbot quota for royalties. The NWMB considers royalty-based fishing to be lower risk and generally profitable as the overhead costs are minimal. The NWMB is also aware that shrimp can be less lucrative than turbot, and turbot more worthwhile, per unit effort.

7.4 Specific Reasons for Applicants Receiving Less Sub-Allocation

The applicants facing lower allocation, CSFL and AFA, are not the same but their applications presented similar compliance issues. For the purposes of the evaluation of their applications, neither applicant met the requirements in the *2019 Allocation Policy*. Despite this, for the purposes of avoiding an unreasonable outcome, each was included in the Optional Consideration, where their specific allocation circumstances were considered. Given this situation, specific consideration is warranted for AFA and CSFL, as outlined in more detail below.

Specific consideration of the QFA application is also outlined in more detail below.

7.4.1 Arctic Fishery Alliance

7.4.1.1 Procedural Matters

AFA raised multiple procedural issues with the NWMB during the Application for Allocation. Generally, the issues noted by AFA seemed to focus on COVID-19 impacts to their efforts to procure a new vessel. AFA also acknowledged the vessel purchase failed for other reasons, in particular vessel deficiencies related to operations in ice. However, the NWMB Application for Allocation process had been long known to

applicants, and the challenging environment created by the COVID-19 pandemic was not considered to have disproportionately affected AFA.

The NWMB responded to the issues AFA raised during the review of the Application for Allocation. When AFA raised an issue, the NWMB responded in writing. The NWMB was aware AFA faced the risk of losing quota. The NWMB ensured its responses to AFA's procedural issues were fair and reasonable. The NWMB also considered fairness for other applicants, and the potential impact of a prolonged or delayed application review process on the 2021 fishing season.

7.4.1.2 AFA COVID-19 Delay Request - June 2020

AFA requested the Application for Allocation process be delayed for one year due to the impacts of the COVID-19 pandemic (Appendix 3a). The NWMB received comments on this request from other applicants (Appendix 3 c, d) and provided the AFA with the opportunity to address the NWMB as its Regular Meeting on June 10, 2020. The NWMB rejected the AFA request on June 29, 2020 (Appendix 3e).

The NWMB considered that AFA would not suffer unfairness in the Application for Allocation review despite the significant operational challenges presented by the COVID-19 public health emergencies. Those operational challenges were experienced similarly by all applicants with ongoing fishing operations. The AFA situation, particularly its attempt to buy a replacement vessel was unfortunately occurring concurrent to the COVID-19 pandemic's initial lock-down closures. However, the NWMB considered that the business decision to pursue the purchase of a new vessel was outside the scope of the Application for Allocation, and as the Application for Allocation cycle was well-known in advance and relied on data from the 2015–2019 fishing seasons, AFA would not be unfairly prejudiced in its application.

The potential unfairness to other applicants of granting AFA's request for a delay did not justify accepting the request. Moreover, AFA's concerns about operational impacts from COVID-19 were not shared by other enterprises in the Nunavut fishing industry. As well,

one of the major COVID-19 impacts for AFA was the necessity to revise their financial statements due to the failed vessel purchase. AFA's delayed audited financial statements were accepted after the September 30 deadline without consequence to its evaluation.

7.4.1.3 AFA Score Disclosure Request December 14, 2020

On December 14, 2020, the NWMB provided notice inviting AFA to a face-to-face meeting with the NWMB to discuss their application (██████████). The notice did not provide the FAC's final scores nor their sub-allocation recommendations. AFA responded on December 16, 2020 claiming it was "essential they know their score" (Appendix 9a). Despite the 2019 Policy directing the NWMB to release the FAC's advice and recommendations at the conclusion of the allocation process (and pending the minister's decision), AFA seemed to be operating under a mistaken understanding of the 2019 Policy that it was entitled to such information.

The applicant's desire to seek specific details or challenge the content of the notice was considered. The NWMB replied on December 24, 2020 (Appendix 9b) and relied on the direction in the 2019 Policy that the FAC's advice and justification for its advice are to be released once the NWMB and the minister have concluded their decision-making process. The AFA was provided with what the NWMB considered reasonable notice and disclosure in the circumstances, which again emphasized the risk the applicant faced to lose quota (see excerpts from the letter in Appendix 9b below):

"The NWMB letter lists outstanding issues identified by the FAC in the current application, including making specific reference to AFA scores in sections 7.3, 7.4 and 7.6 falling being below 60%, highlighting that '**... falling below 60% means that the FAC recommends to the NWMB a risk of loss of allocations.**' ... The NWMB is inviting AFA to this face-to-face meeting in order to provide AFA with the opportunity to respond to the potential loss of allocations. The AFA should come prepared to discuss the outstanding performance targets

and issues with AFA's application as outlined in the NWMB's December 14, 2020 letter [emphasis in original]."

The NWMB's discussion agenda with the AFA involved the issues, evidence and reasons outlined in the notice.

AFA replied on January 8, 2021 (Appendix 9c). The AFA supplied its own interpretation of the NWMB's *2019 Allocation Policy* and explained its understanding of the policy's intent. AFA claimed documents determined to be missing in the FAC's evaluation, such as its Community Benefits Plan, had been submitted without acknowledging the plan was still draft. AFA also claimed it was owed disclosure of the FAC's final scores and sub-allocation recommendations. The NWMB replied on January 11, 2021 (Appendix 9c) and again reminded AFA of the correct procedures under the NWMB's policy. AFA was again reminded it faced a loss of quota. In its response, the NWMB stated, "[t]he issues in your application for allocation that trigger a potential recommendation of loss of allocation are the outstanding performance targets and the failure to meet the minimum 60% score in three required categories that cover good business governance, Inuit employment, enterprise viability, community benefits and reinvesting" (Appendix 9d).

7.4.1.4 AFA Face-to-Face Follow Up Submission

The AFA sought to repeatedly challenge base findings of the presence or absence of information, calling into question the competence of the FAC by claiming "information is being missed, repeatedly, and it might cost AFA quota." As set out above, the NWMB determined the FAC's application evaluation, including assessments of the presence or absence of documentation, was reliable. The NWMB noted the applicant made numerous efforts to challenge the application review process while clear responses to questions or scoring criteria were not provided. This perspective and the lack of clear responses to questions, informed the NWMB's assessment of community involvement in the applicant's operation, resulting in more questions than answers (addressed in more detail below). If the NWMB's technical advisors, the FAC, could not find the

information required to satisfy the scoring criteria, the NWMB was unsure how interested community members were supposed to access that same information. The NWMB's Application for Allocation process could not confirm, based on two face-to-face meetings and the extensive materials provided, that the communities are informed of business operations or financial benefits from the fishery.

During the face-to-face meeting with the NWMB, the AFA requested the opportunity to provide additional submissions. The NWMB Chairperson explained the late stage of the process and limited any supplementary submission to a 2-page response with references to already-submitted application materials. The AFA chose to send two letters on January 22, 2021, one raising specific concerns with the *2019 Allocation Policy* scoring on Inuit employment (Appendix 9e), and the other (19 pages) containing written answers to the NWMB's questions from the face-to-face meeting (Appendix 9f).

With respect to specific concerns about scoring AFA's Inuit employment, AFA claimed their fixed gear fishing vessel created an unfair situation compared to other enterprises. The NWMB confirmed the FAC's assessment of employment levels and further satisfied itself that the AFA's future employment plan did not meet expected standards. AFA provided one summary table in their written responses to the NWMB's face-to-face questions that showed how profits were distributed to the owner communities (Appendix 9f, p. 9), despite responding to a question in the face-to-face that a simple summary could not be provided "in 5 minutes". The information in the table could not be verified given the advanced stage of the application evaluation process and did not resolve the NWMB's wider concerns about community understanding of the flow of benefits.

The specific content of the January 22, 2021 follow up submission is addressed below, where appropriate. The NWMB wishes to make clear that the applicant was not invited to submit *additional or new* information, only to provide references to application materials already in the NWMB's possession, and these submissions were received very late in the process. Given this, the NWMB did not give these submissions significant weight in its consideration of the application.

7.4.1.5 Sub-Allocation Decision

The NWMB decided that AFA should receive lower sub-allocations. By a strict application of the *2019 Allocation Policy*, the FAC was not able to recommend *any* quota. The AFA scored below the minimum 60% threshold in three sections – 7.3 Good Business Governance, 7.4 Special Considerations (such as Inuit employment), and 7.6 Reinvesting for Benefits. Recognizing the applicant’s long history in the fishery, strong desire from the communities to maintain their fishing quota and nature of the issues with their application, the NWMB exceptionally overlooked the un-met minimum requirements and proceeded to sub-allocate to AFA.

The issues with the AFA’s application are outlined below.

7.4.1.6 Corporate Issues

The NWMB is concerned with the return to shareholders, specifically at the community level. AFA’s complex corporate structure, business losses, and delayed financial reporting do not resolve this concern. The AFA is entitled to organize itself as it chooses, but the NWMB is concerned that the complex corporate structure of the AFA limits oversight and accountability by the NWMB and even by AFA’s Inuit owners. The corporate structure also challenged the NWMB’s ability to understand the flow of benefits to communities, an important factor for the NWMB’s assessment of applicants. The NWMB considered that the corporate structure makes the AFA top heavy and directs resources from fishing proceeds to administrative and management costs. The NWMB cannot confirm, but suspects, this elaborate structure may contribute to AFA having the highest per metric tonne administrative and management costs per unit of fish landed.

The NWMB did not weigh AFA’s alleged negative impacts arising from the 2020 season, outlined above, heavily. Rather, the focus was on the intended period of the Application for Allocations was 2015–2019, when AFA still carried higher-than-average

costs. The applicant's efforts to emphasize 2020 issues within the scope of the Application for Allocation review challenged the NWMB's assessment of the past performance.

7.4.1.7 Community Involvement in Decision Making

The NWMB also raised concerns with AFA over the apparent low levels of community participation in decision-making, including by shareholders and community members. The applicant relied on its Board of Directors as community representatives, and community mayors as trustees via participation in an Annual General Meeting. AFA relied on summary minutes of meetings provided with the application materials to evidence its accountability. However, the NWMB is concerned that one director and one mayor participating in an annual meeting from a community is limited representation of community involvement. The applicant did not explain how reports of gratitude and generic requests for more benefits were evidence of community decision-making of the nature, structure and content of benefits received. Evidence of community input, provided via emails included in the application materials, were not sufficiently supplemented when the FAC requested additional information.

Despite the excess amount of information in the application, cited by the applicant as containing the requested information, the NWMB struggled to understand the flow of benefits to communities by this applicant. This issue was raised on multiple occasions during the application review process, including the two face-to-face meetings, and yet a clear explanation was not provided to the NWMB. The applicant stated the resolutions of the Board of Directors should have provided evidence of community direction on benefit distribution. However, the applicant's minutes from those meetings record decision outcomes alone and show sparse attendance at meetings. The minutes provide little insight into the discussion on this matter and the applicant's reference to the existing documentation in response to NWMB questions added limited value. When the NWMB asked the applicant during the face-to-face meeting to explain the flow of money from AFA to communities, the applicant responded it was difficult to explain and offered to provide supplementary materials. Despite stating on numerous occasions that

all information requested had been provided to the FAC, AFA provided for the first time a summary presentation of its financial situation in its follow up submission to the face-to-face meeting, including a claim that 41% of its profits were returned to communities. The NWMB had limited opportunity to confirm these claims at such a late stage of the process.

The applicant submitted and relied upon a *draft* engagement strategy to further enhance community input into the applicant's operations and benefit distribution. While it's relevant that the applicant has plans to formalize the planning around community benefits, this plan has not been adopted and was therefore not considered reliable support for the applicant's past or current conduct in this regard. The applicant knew such a strategy was outstanding and focused on its *draft* engagement strategy as justification for not advancing other business objectives.

7.4.1.8 Inuit Employment

The NWMB is concerned with the low level of Inuit employment in the applicant's operation. The NWMB understands that all existing sub-allocation holders have struggled with employing and retaining Inuit employees on fishing vessels. The AFA responded by explaining the difference between their fixed-gear vessel (the *Suvak*) and a trawler. The applicant stated a fixed-gear vessel put them at a disadvantage and explained this as part of the justification for its efforts to procure a new vessel.

The constraint imposed by this type of vessel is not relevant to the *2019 Allocation Policy*, which instead assesses employment as a percentage of employment, not in terms of raw numbers. This is to control for situations where different operational models (such a different kinds of vessels) are used. However, outside of a situation where COVID-19 requirements limited cabin occupation on a smaller fixed-gear vessel, a fixed-gear vessel does not require the same number of qualified personnel. As well, the NWMB notes fixed gear is generally more profitable per metric tonne of fish, undermining some of the applicant's concerns with the potential unfairness of the *2019 Allocation Policy*.

The applicant also explained challenges with hiring and retaining community personnel, which leads to challenges with advancing Inuit into positions of increasing authority. The NWMB acknowledges the challenges faced with hiring Inuit but remains uncomfortable with the applicant's approach to Inuit employment. A reference to a former Community Liaison Officer now resident in Newfoundland as Community Liaison Officer supervision as "senior" staff did not resolve the NWMB's concerns.

7.4.1.9 Overall

The NWMB was not persuaded by the AFA that the FAC's evaluation was unreliable. The NWMB was persuaded that the AFA merited ongoing opportunity to participate in Nunavut's offshore marine fisheries with some form of sub-allocation, but for the reasons above, not the same as applicants who had complied with the *2019 Allocation Policy*. The NWMB decided its sub-allocations accordingly.

7.4.2 Cumberland Sound Fisheries Limited (CSFL)

7.4.2.1 Procedural Matters

On August 11, 2020, the NWMB received a request that was dated August 7, 2020, from CSFL to submit their application late (Appendix 5a). The request outlined the CSFL's challenges for staff to access certain files remotely to complete their application, particularly the audited financial statement. The remote access issue was complicated by travel restrictions arising from COVID-19. The NWMB replied on August 12, 2020 and declined the request for a delay (Appendix 5c). The NWMB explained that the audited financial statements were only required by September 30, and that it was not going to compromise the Application for Allocation timeline at such a late moment. The NWMB explained its rationale and also provided its June response to the earlier AFA delay request as reference and noting that CSFL had been invited to comment on that June delay request by AFA.

CSFL submitted its application on time, though no audited financial statements were received (addressed in more detail below).

7.4.2.2 Capacity of Cumberland Sound Fisheries Limited

The NWMB is concerned with the applicant's capacity to fully participate in the offshore fishery. CSFL did not apply for quota in SFA 1 nor did they apply for the full amount of turbot quota they most recently held – including interim TAC and allocation increases made since the last multi-year allocation in 2016. CSFL also applied for quota in the Cumberland Sound Turbot Management Area, which is already reserved for Pagnirtung Fisheries Limited (PFL) for the winter fishery, and outside of this application process scope. The NWMB's concerns with the management capacity of the applicant are ameliorated somewhat with new management at Pagnirtung Fisheries Limited (PFL) working on long-term strategic issues. However, the impacts of those efforts are not yet evident in the current application. The applicant also acknowledged application oversights, and explained the relative importance placed on turbot over shrimp as a focus for CSFL's effort.

The NWMB also recognizes royalty fishing arrangements for an SFA 1 shrimp quota may not even be possible unless another enterprise is found with excess capacity and a willingness to catch the CSFL quota after they've fished their own, as this quota has not been utilized or transferred in the last five years. For shrimp in SFA 1, the NWMB did not see a justification to depart from the CSFL application. CSFL does not make use of quota in SFA 1. CSFL has also not made use of their shrimp quota in DS-E. These suggests that the risks from a reduction in quota for shrimp are limited. These risks are further limited because, with a royalty-based fishery, CSFL does not have overhead costs associated with maintaining a fishing vessel.

CSFL did not submit an audited financial statement, which is a mandatory document. The applicant explained the non-submission as being the result of a 2017 computer crash, complicated by a change in their fiscal year-end to June 30 that was designed to reduce complications arising from inventory positions with the former year-end on April 30. CSFL explained COVID-19 prevented the applicant's auditor from visiting Pangnirtung to work on past financial reports. The decision to change the fiscal year required additional accounting for a 3-month year during the transition period, which occurred in 2020, and so the applicant's audited financial statements would only be available after the NWMB Application for Allocation process is complete in the first quarter of 2021. While it is unfortunate that the applicant experienced a computer crash, the fact it has taken several years to remedy the situation indicates capacity concerns. The absence of an audited financial statement also frustrated the evaluation of the application because the NWMB could not review or confirm what happened with the proceeds from the current quota sub-allocation. It should be noted the NWMB has not received any financial statements from CSFL for the last two years (2018–2019, 2019–2020), as required by the *2019 Allocation Policy's* annual reporting requirements.

7.4.2.3 Relationship with Pangnirtung Fisheries Limited

CSFL has a complex relationship with PFL that does not facilitate oversight and accountability. The applicant explained [REDACTED].

Nonetheless, CSFL is the applicant in this current process. Its application materials and past performance are the evidence the NWMB must rely on. CSFL provides important support to PFL, going so far as to state in the face-to-face meeting that the fish plant would be in jeopardy without the financial support of the offshore allocation. The contribution from CSFL to PFL is [REDACTED]. In its current relationship, the CSFL support for PFL was explained as allowing PFL to make important operational changes that would have a positive impact in the very near future. However, future plans are outside the scope of the current Application for Allocation.

The applicant outlined the extensive community benefits from fishing, though without it always being clear whether the community benefit was from the applicant or PFL. Individual community shareholders are receiving dividends depending on profit. More Inuit have been employed in the recent past at the fish plant, and efforts are ongoing to train and promote Inuit employees. Community engagement includes participation in the annual general meeting by the 46 shareholders.

Bearing in mind the importance of offshore quotas to support inshore fishery development as a principle of the *2019 Allocation Policy*, the NWMB was aware there could be serious consequences to PFL if the entire CSFL quota was removed. The NWMB considered the financial situation of PFL as evidenced in the PFL audited financial statements included with the application. However, without the required CSFL audited financial statements, the NWMB was not able to confirm where royalties were going and to what extent PFL was receiving benefits from the offshore allocation.

7.4.2.4 Overall

The applicant has a long history with capacity issues, and the time it has taken to resolve the 2017 computer crash suggests this situation remains unresolved, despite potential improvements on the horizon. The NWMB appreciated that the applicant considered and responded to the issues raised in the December 14, 2020 Notice. In terms of assessing the applicant, the NWMB is concerned CSFL and PFL operate so closely it can become difficult to distinguish where one operation ends and the other

begins. [REDACTED]
[REDACTED] but that falls outside the scope of the current review. Similarly, soon expected audited financial statements do not satisfy the application requirements.

The NWMB was persuaded that CSFL justified ongoing opportunity to participate in Nunavut's offshore marine fisheries with some form of sub-allocation, but for the reasons above, the NWMB reduced its sub-allocations accordingly.

7.4.3 Qikiqtani Fisheries Alliance (QFA)

QFA applied as a new applicant. The NWMB notes this is not the first time QFA has applied for allocation. The *2019 Allocation Policy* has changed since the last allocations, and so previous applications were under a different policy and with a different corporate structure. Considering this, the NWMB's review of the current application was limited to the current enterprise and was governed by the *2019 Allocation Policy*. The NWMB did not consider previous applications or QFA's history of efforts to secure allocation in its review.

QFA requested 250 tonnes of turbot in Division 0A, and 250 tonnes of turbot in Division 0B. According to their submissions, the profits from any quota received in the offshore fishery (0A, 0B turbot) would be used to fund inshore fisheries research using QC's vessel. QFA applied on time. Although there were scoring criteria that could not be evaluated due to missing materials, many (but not all) of these materials were provided after the initial review.

7.4.3.1 QFA and Qikiqtaaluk Corporation

QFA is proposing a royalty model of fishing under a currently ongoing fishing agreement with QC. The nature of the relationship between QFA and QC clouds the NWMB's assessment of the applicant. Under the 2019 Policy, a new applicant cannot be an existing allocation holder, hence QC removed itself from QFA's ownership in 2020 (*2019 Allocation Policy* pp. 32). QFA informed the NWMB it had adjusted its

relationship. However, QFA provided a copy of an “Allocation, Assignment and Management Agreement” (Appendix 10), dated August 31, 2017, and did not explain whether the current leadership, without QC as a member of QFA or with a seat on the Board of Directors, had reconsidered and confirmed this agreement. QFA also did not explain why the QC Chairperson, who is not a director of the applicant, is still the named QFA Chairperson. Based on the application and presentations during the face-to-face meetings, the relationship between these two parties continued to attract scrutiny.

The applicant explained the role of QC, as the Qikiqtani Inuit Association’s economic development corporation, as seeking a means to include the owner HTOs of QFA in the offshore fishing industry. The applicant highlighted the fact the four QFA owner HTOs were the only Qikiqtani region HTOs that were not already active in offshore fishing. The applicant stated the communities do not have experience or knowledge in commercial fishing to justify their work with QC. The NWMB is sensitive to fairness owed to sub-allocation holders that do not gain access to sub-allocations by other ownership structures, as the policy changes outlined above were intended to address.

During its presentations in face-to-face meetings, QFA stated the HTO’s have Article 5 rights to receive allocations. As outlined above, the NWMB is not making decisions under Article 5 in this Application for Allocation process, nor does this apply to turbot in Division 0A and Division 0B where QFA applied for quota. Despite the NWMB’s strong commitment to uphold Inuit rights, these reasons for decision do not give weight to arguments raising Inuit or HTO rights in the assessment of applications.

The NWMB recognizes that the *2019 Allocation Policy* is not comprehensive in its consideration of new applicants, and more work may be required to assist new entrants to Nunavut’s offshore fishery. As outlined above, however, the NWMB determined that new applicants in this Application for Allocation process would be scored by the FAC using the same criteria as other applicants.

The issues raised in the NWMB's December 14, 2020 Notice, which highlighted where the applicant was deficient against the *2019 Allocation Policy's* requirements, were not addressed by the applicant in the face-to-face meeting. The NWMB was not able to understand why QFA seemed to presume an entitlement to allocation instead of addressing itself to meeting the NWMB's stated requirements for an application for allocation.

The applicant at times presented what seemed to be justifications for QC's involvement with QFA. The NWMB did not put significant weight on the capabilities or responsibilities of a management consultant for an applicant, as this is common practice in the industry – except where the management consultant otherwise clouds the applicant's ownership structure as above. The capacity of a management consultant, and its business motives, are not justification for a new applicant to enter the fishery. The new applicant was expected to apply and be scored according to the stated criteria as set out in the *2019 Allocation Policy*.

QFA's capacity to handle the royalty and its own plan to develop capacity was not sufficiently presented or justified. The applicant made the case that an offshore fishing allocation was necessary as a first step; the NWMB disagrees and considers that allocations should go to applicants who demonstrate sufficient capacity and readiness to meet the accountability requirements expected of allocation holders. The NWMB was concerned that the QFA lacked sufficient capacity to supervise and control its fishing operation. The applicant provided limited evidence of community involvement in business decisions, including with respect to the relationship with QC and the use of benefits derived from an allocation. This is of concern when the "Assignment, Allocation and Management Agreement" does not refer to the development of an inshore fishery and the proposed approach to inshore research by way of funding QC's research vessel.

The NWMB was not persuaded that allocating turbot quota to QFA would satisfy the communities' real desire for inshore fishery development, as the proposal is exploratory

in nature. The NWMB was also not persuaded that QFA's approach to inshore fishery development depended on the receipt of the offshore quota as requested. The development of inshore fishing, and the associated employment opportunities for Inuit from the QFA's owner communities are not necessarily going to be secured with an offshore allocation, or whether other funding options had been considered. QFA did not present an awareness of the costs of commercial fishing, including fees for QC, the Nunavut Fisheries Association, Nunavut Marine Fisheries Training Consortium, Transport Canada or DFO. The NWMB was not presented with a realistic financial picture of the actual revenue QFA and its member HTOs could expect to generate with the level of quota requested.

The NWMB realized other concerns with the proposed approach taken by QFA's inshore fishery development and the interests of other communities, such as those from the Kivalliq region of Nunavut, in the development of inshore fishing opportunities within areas like Foxe Basin. QFA stated that it needs revenue from the commercial fishery to conduct research into inshore fishery development. The NWMB took note of the fact the HTOs could potentially seek other sources of funding for research into inshore fishery development. QFA did not explain any efforts to engage other non-Qikiqtani communities, such as those in the Kivalliq region that are potentially adjacent to the area for inshore fishery development. The NWMB has a responsibility to support research, including a mandate to engage with residents of the NSA and Designated Inuit Organizations likely to be affected by research.

7.4.3.2 Overall

The NWMB is concerned that QFA's owner HTO's desire to participate in commercial fishing is for the inshore, not the offshore. The communities do not currently participate in commercial fishing and are not represented in wider discussions on commercial fishing. The overall assessment of the QFA application does not provide a strong justification for the NWMB to make an exception to the *2019 Allocation Policy* or overlook the deficiencies in the QFA's application.

RELATED MATTERS NOT INCLUDED IN NWMB DECISIONS

8.1 Qikiqtaaluk Regional Exploratory Allocation

The 2019 Policy outlines the presence of a 100 t turbot exploratory fishery within the NSA that is intended to support the development of the inshore fishery (*2019 Allocation Policy*, p. 30). In accordance with the *2019 Allocation Policy*, and NWMB decisions made June 29, 2018 and March 29, 2019, the NWMB is not addressing the sub-allocation of the Qikiqtaaluk regional exploratory fishery for turbot (Greenland halibut) from within the NSA portion of Division 0A. As such, that allocation is not part of the current Application for Allocation process or this Decision Report. The 100 t allocation is counted as part of the overall TAC for turbot in Division 0A.

8. CONCLUSION

The NWMB takes its responsibilities in the sub-allocation of offshore marine fishing very seriously. It has invested considerable time and resources into the development of a policy to guide this process in a way that is fair, transparent, and accountable. The NWMB has adhered to procedural fairness and despite the negative outcomes for some applicants, is satisfied with the result. There remains ongoing work to enhance community benefits from this significant resource adjacent to the Nunavut Settlement Area. Nunavut's communities have so much unmet need and fishing done responsibly can be a sustainable way to address some of those needs. These facts were not overlooked by the NWMB as it undertook this Application for Allocation process. However, the NWMB also prioritized applicants being assessed against known criteria and held accountable where performance issues are unresolved. Participation in the fisheries is not an entitlement.

The NWMB submits this Decision Report to the Minister of Fisheries, Oceans and the Canadian Coast Guard and looks forward to ongoing dialogue between co-management partners and stakeholders about commercial marine fishing in Nunavut's offshore in the future.

Table of Contents

1. INTRODUCTION.....	1
2. ROLE OF THE NWMB IN NUNAVUT’S COMMERCIAL MARINE FISHERIES.....	1
2.1. NWMB Role inside the Nunavut Settlement Area	1
2.2. NWMB Role outside the Nunavut Settlement Area.....	2
3. ROLE OF THE FISHERIES ADVISORY COMMITTEE.....	3
4. PRINCIPLES GUIDING THE NWMB’S ALLOCATION POLICY FOR NUNAVUT’S COMMERCIAL MARINE FISHERIES	4
5. DETERMINATION BY THE NWMB OF COMMERCIAL ALLOCATIONS WITHIN THE NUNAVUT SETTLEMENT AREA	4
5.1. Where a TAH has not been established by the NWMB	4
5.2. Where a TAH has been established by the NWMB.....	5
6. MANDATORY REQUIREMENTS FOR RESPONSIBLE STEWARDSHIP.....	6
6.1. Compliance with relevant law and policy.....	6
6.2. Compliance with relevant research and reporting initiatives.....	6
6.3. Compliance with responsible habitat and ecosystem protection requirements	7
6.4. Compliance with responsible vessel and training requirements	7
6.5. Compliance with responsible fishing practices and gear use.....	7
6.6. Voluntary measures to reduce industry impacts on ecosystems, or improve the natural environment.....	7
7. ALLOCATION SCORING VALUES AND GUIDELINES FOR NUNAVUT’S COMMERCIAL MARINE FISHERIES	8
7.1. Mandatory Requirements for Responsible Stewardship.....	9
7.2. Ecological Stewardship (2 points total).....	15
7.3. Good Business Governance (33 points total)	15
7.4. Special Considerations (37 points total).....	21
7.5. Inuit Ownership and Sponsorship (21 points total).....	24
7.6. Reinvesting for Benefits (19 points total).....	26
7.7. Consideration of Past Performance Targets.....	29
8. INSHORE FISHERIES DEVELOPMENT WITHIN THE NSA	30
9. TRANSFER OF NUNAVUT ALLOCATIONS.....	30
10. NEW APPLICANTS FOR COMMERCIAL FISHERIES ALLOCATIONS.....	31
11. TRANSPARENCY AND DISCLOSURES.....	32
11.1. NWMB Business Confidentiality Policy	33
11.1.1. Exclusion List.....	33
11.1.2. Other Information.....	33
12. MULTI-YEAR ALLOCATIONS.....	34
12.1. Five-Year Allocations.....	34
12.2. Increases to Nunavut Offshore Allocations or to the Surplus	34
12.3. Decreases to Nunavut Offshore Allocations or to the Surplus.....	35

13. ALLOCATION RECONCILIATION	36
14. ALLOCATION APPLICATIONS, ANNUAL REPORTS AND VERIFICATION REPORTS.....	36
14.1.Allocation Application Procedure, Evaluation and Timeline.....	36
14.2.Annual Report Procedure, Evaluation, and Timeline	39
14.3.Verification Reports (submitted every year).....	41
ANNEX 1: Application Form for Commercial Marine Fisheries Allocations	43
ANNEX 2: Application Flow Chart and Key Dates	44
ANNEX 3: Annual Report Flow Chart and Key Dates.....	45
APPENDIX A: Terms Of Reference For The Nunavut Fisheries Advisory Committee	A-1
APPENDIX B: Application Information And Instructions	B-1
APPENDIX C: Annual Report Information And Instructions	C-1
APPENDIX D: Employment Benefit Reporting Tables.....	D-1

1. INTRODUCTION

The *Nunavut Wildlife Management Board Allocation Policy for Commercial Marine Fisheries* (Allocation Policy) - first developed in 2007 – provides a fair, open and transparent process to determine access and allocations for Nunavut-based commercial fishers in the marine waters adjacent to Nunavut. In addition, the Allocation Policy ties continued access and allocations to the development and achievement of performance goals and targets. As a result, Nunavut occupies a leading edge position in terms of contemporary Canadian fisheries policy.

The considerable success achieved by the Allocation Policy is directly attributable to the ongoing commitment by both managers and industry to the following objective:

“To facilitate a co-operative, professional and diversified approach to ecosystem-based fisheries development, maintaining compliance with the principles of conservation, relying upon re-investment in the fishery by Nunavut fishers, and ensuring the wide distribution of tangible benefits to Nunavummiut.”

The Allocation Policy does not apply to non-commercial harvests or to the commercial harvest of freshwater or anadromous fish, such as arctic char.

The Nunavut Wildlife Management Board (NWMB or Board) reserves the right to modify any part of this Allocation Policy if a change to it is deemed necessary by the Board. The NWMB will promptly provide written notification to all allocation holders, other stakeholders and relevant co-management partners of any substantive modifications to the Allocation Policy.

2. ROLE OF THE NWMB IN NUNAVUT’S COMMERCIAL MARINE FISHERIES

In 1993, the *Nunavut Agreement (Agreement)* was signed into law as one of the most comprehensive land claim agreements in Canadian history. The *Agreement* clarifies the rights to ownership and use of lands and resources both within and outside the Nunavut Settlement Area (NSA), and the rights of Inuit to participate in decision-making concerning the use, management and conservation of land, water and resources, including the offshore. In addition, the *Agreement* provides Inuit with rights to harvest wildlife and to participate in decision-making concerning wildlife harvesting - and has also established an institution of public government known as the NWMB.

2.1. NWMB Role inside the Nunavut Settlement Area

Section 5.2.33 of the *Agreement* clearly lays out the role of the NWMB inside the NSA:

“Recognizing that Government retains ultimate responsibility for wildlife management, the NWMB shall be the main instrument of wildlife management in the Nunavut Settlement Area and the main regulator of access to wildlife and have the primary responsibility in relation thereto in the manner described in the Agreement...”

With respect to commercial marine fisheries, the NWMB exercises an extensive decision-making jurisdiction in the marine waters of the NSA – those waters directly adjacent to Nunavut and

extending to the 12-mile limit of Canada's Territorial Sea boundary (*Agreement* Article 3). That decision-making jurisdiction is shared with the Minister of Fisheries and Oceans, is subject to the terms and conditions of the *Agreement*, and includes the authority:

- (a) To establish, modify or remove levels of Total Allowable Harvest (TAH) or harvesting (*Agreement* S.5.6.16);
- (b) To determine the allocation of the surplus (*Agreement* S.5.6.31);¹ and
- (c) To establish, modify or remove non-quota limitations – such as limitations on gear type and season of harvest (*Agreement* S.5.6.48).

2.2. NWMB Role outside the Nunavut Settlement Area

To the east of the NSA is Zone I – those adjacent marine areas of Baffin Bay and Davis Strait seaward of the Territorial Sea boundary, subject to Canada's jurisdiction and not part of another land claim settlement area. To the south is Zone II – those waters of James Bay, Hudson Bay and Hudson Strait not part of the NSA or another land claim settlement area (*Agreement* S.1.1.1). With respect to commercial marine fisheries, the NWMB exercises an extensive advisory jurisdiction in Zones I and II. That advisory jurisdiction is subject to the terms and conditions of the *Agreement* and includes:

- (a) The obligation to provide relevant information to Government that would assist in wildlife management beyond the marine areas of the NSA (*Agreement* S.15.3.4);
- (b) The authority to provide requested advice with respect to any wildlife management decisions by Government which would affect the substance and value of Inuit harvesting rights and opportunities within the marine areas of the NSA (*Agreement* S.15.3.4);
- (c) The authority to provide advice and recommendations to Government with respect to Government's responsibilities (i) to recognize the importance of the principles of adjacency and economic dependence of communities in the NSA on marine resources, and (ii) to give special consideration to those factors when allocating commercial fishing licences within Zones I and II (*Agreement* S.15.3.7); and
- (d) The authority to advise and make recommendations regarding the marine areas of the NSA, which Government must consider in making decisions that affect those marine areas (*Agreement* S.15.4.1).

Following consultations with the NWMB and others, the Minister of Fisheries and Oceans determines the territory's regional allocations of offshore fisheries resources. The NWMB then recommends individual commercial allocations to Nunavut's fishers. This arrangement is in keeping with the Department of Fisheries and Oceans (DFO) *Policy Framework for the*

¹ Each TAH is comprised of a basic needs level (BNL) or adjusted BNL - as well as a surplus in those instances where the (adjusted) BNL is less than the TAH (see Sections 5.6.16 to 5.6.40 of the *Agreement*). The surplus consists of the difference between the TAH and the (adjusted) BNL. The (adjusted) BNL is not subject to any form of licence or permit (Section 5.7.26 of the *Agreement*) and is allocated and enforced by the relevant Regional Wildlife Organization in the case of a regional (adjusted) BNL, or by the relevant Hunters and Trappers Organization in the case of a community (adjusted) BNL. For further information, see subsection 5.2 of the Allocation Policy.

Management of Fisheries on Canada's Atlantic Coast - that decisions which relate to the management of specific fisheries will normally be made as close to those fisheries as possible.

3. ROLE OF THE FISHERIES ADVISORY COMMITTEE

The NWMB's expertise is primarily with respect to wildlife and fisheries management. Allocation decisions in Nunavut's growing marine fisheries involve considerably more than management concerns. Those decisions must necessarily take into account fundamental socio-economic, governance, business, employment and development issues - including access by communities and others competing for limited fisheries resources and benefits.

The Government of Nunavut (GN) and Nunavut Tunngavik Inc. (NTI) - authors of the *Nunavut Economic Development Strategy* (2003) and the *Nunavut Fisheries Strategy* (2005, 2016-2020) - have the necessary experience, knowledge and authority concerning such matters. The NWMB has therefore created a Fisheries Advisory Committee (FAC), composed of six members - two appointed by the GN, two by NTI, and two by the NWMB - that represent the interests of all Inuit and Nunavummiut and are legally mandated to serve the public in this regard, and to provide independent allocation and related advice to the NWMB with respect to Nunavut's adjacent commercial marine fisheries resources. The FAC's advice must be:

- (a) Prepared and delivered in accordance with its Terms of Reference, a copy of which is attached to and forms a part of the Allocation Policy as Appendix A;
- (b) Based primarily upon the Allocation Policy, as well as a review and analysis of *Applications for Allocation* provided by applicants, *Annual Reports* submitted by those fishing enterprises that already have allocations, and annual *Verification Reports* provided by Fisheries and Oceans Canada (DFO) and Transport Canada (TC); and
- (c) Subject to the transparency and disclosure requirements set out in Part 11 of the Allocation Policy.

An integral component of FAC duties is the review and consideration of confidential information, including information contained within *Applications for Allocation*, *Annual Reports*, *Verification Reports*, and related documents. Each FAC member is under a legal duty to maintain such materials and information as strictly confidential, both during their term as a Committee member and after that term has ended.

4. PRINCIPLES GUIDING THE NWMB'S ALLOCATION POLICY FOR NUNAVUT'S COMMERCIAL MARINE FISHERIES

Complementing the governing principles of the *Agreement* Article 5 (S.5.1.2 and 5.1.5) and the instructions set out in the *Agreement* for commercial allocations within the NSA (*Agreement* S.5.6.31, 5.6.38 to 5.6.40, and 5.6.45 to 5.6.47) are the principles which guide the NWMB in its allocation of commercial marine fisheries resources – both inside and outside the NSA:

1. The fishery is a valuable and vital common property resource to be managed in an open, transparent and accountable manner for the equitable benefit of all Nunavummiut. The fishery should be conducted in a way to sustain the economic, social and cultural harvesting needs of Nunavummiut, for both present and future generations (*Agreement* S.5.1.5(c));
2. To achieve a prosperous Nunavut-controlled fishery, there is a need for people to work together to achieve this common purpose (see the Inuit Qaujimagatuqangit principle of Piliriqatigiingniq);
3. Healthy marine ecosystems should be protected and maintained through sustainable development, responsible stewardship, and adherence to the precautionary principle and principles of ecosystem-based management; and
4. A diversified fisheries sector is desirable, and as such, the offshore and inshore fisheries should be conducted in a way such that they are mutually supportive.

5. DETERMINATION BY THE NWMB OF COMMERCIAL ALLOCATIONS WITHIN THE NUNAVUT SETTLEMENT AREA

As the NWMB exercises decision-making jurisdiction in the marine waters of the NSA, there are two scenarios, in which a TAH has been established and which a TAH has not been established, where the NWMB may make allocation decisions.

5.1. Where a TAH has not been established by the NWMB

Within the NSA, where a TAH for a stock or population has not yet been established by the NWMB, an Inuk shall have the right to harvest that stock or population up to the full level of his or her economic, social, and cultural needs, subject to the terms of *Agreement* Article 5 (*Agreement* S.5.6.1), such as:

- (a) The NWMB shall, in its discretion, approve plans for the management and protection of particular wildlife or wildlife habitat in the NSA (*Agreement* S.5.2.34(c) and (d));
- (b) Any restriction or quota on the amount of wildlife that may be harvested that is in force immediately prior to the date of ratification of the *Agreement* shall be deemed to have been established by the NWMB, and shall remain in effect until removed or otherwise modified by the Board in accordance with *Agreement* Article 5 (*Agreement* S.5.6.4);

- (c) Subject to the terms of Article 5, the NWMB shall have sole authority to establish, modify or remove, from time to time and as circumstances require, levels of harvesting and non-quota limitations on harvesting in the NSA (*Agreement* S.5.6.16 and 5.6.48); and
- (d) Non-quota limitations on harvesting in force at the date of ratification of the *Agreement* shall be deemed to have been established by the NWMB, and shall remain in effect until removed or otherwise modified by the Board in accordance with *Agreement* Article 5 (*Agreement* S.5.6.51).

5.2. Where a TAH has been established by the NWMB

Within the NSA, where a TAH has been established by the Board, the NWMB is required by the terms of the *Agreement* to also establish a basic needs level (BNL) for Inuit². The allocation and enforcement of the (adjusted) BNL fall under the authority of HTOs and RWOs (*Agreement* S.5.7.3(b) and 5.7.6(b)).

In circumstances where the (adjusted) BNL is less than the TAH, the Board is required by the terms of the *Agreement* to determine commercial allocations from the surplus - following the provision of allocations for personal consumption by other residents of Nunavut (*Agreement* S.5.6.31(a)) - in the following order and priority (*Agreement* S.5.6.31(b) to 5.6.31(d)):

- (a) To provide for the continuation of existing and lawfully authorized commercial operations (*Agreement* S.5.6.38);
- (b) From any portion remaining, to provide for viable commercial ventures sponsored by HTOs and RWOs (*Agreement* S.5.6.39); and
- (c) From any further portion remaining, to provide for other commercial operations, considering the various demands on the resource and the benefits that may accrue to the local economy (*Agreement* S.5.6.40 – subject to the “*limited entry system*”).

In making its determinations with respect to commercial allocations under the “*limited entry system*”, the NWMB must also give preference to those applicants who have resided in the NSA for at least 18 continuous months immediately prior to their application, and to those who will likely provide direct benefits to the NSA economy - in particular through the employment of local human and economic resources (*Agreement* S.5.6.45).³

² The only exception to this legal rule is *Presumption as to Needs* wildlife, identified in *Nunavut Agreement* S.5.6.5: wildlife for which Inuit are always presumed to need the entire TAH. With respect to fisheries, bowhead whales are the only species affected. (Note: Since June 12, 2013, the BNLs for beluga, narwhal and walrus must equal the TAHs for beluga, narwhal and walrus.)

³ Commercial licenses issued under the “*limited entry system*” must not exceed three years in length (S.5.6.47 of the *Nunavut Agreement*).

6. MANDATORY REQUIREMENTS FOR RESPONSIBLE STEWARDSHIP

The conservation of Nunavut's fisheries resources and habitat is the NWMB's chief fisheries management priority. That priority is reflected in the principles of conservation that guide Nunavut's wildlife management system (*Agreement S.5.1.5*). As a consequence, the NWMB has established the following *Mandatory Requirements for Responsible Stewardship* as a prerequisite to further consideration of Nunavut allocations for all applicants applying to participate in Nunavut's commercial marine fisheries, and for all fishing enterprises wishing to continue their participation in those fisheries. **Failure to comply with these mandatory requirements may result in no allocation for new applicants, or a lower allocation - or potential removal from the fishery - for existing enterprises.**

To the extent that the requirements are legally enforceable, they will be monitored by DFO or Transport Canada (TC). In verifying compliance with the requirements, the NWMB will primarily rely upon annual *Verification Reports* prepared by DFO and TC (see section 14.3 of the Allocation Policy), relevant publicly available fishery convictions of Nunavut allocation holders, as well as applicants' *Application for Allocation* (see Appendix B, attached to the Allocation Policy) and allocation holders' *Annual Reports* (see Appendix C, attached to the Allocation Policy). The primary focus of the stewardship component of an applicant's *Application for Allocation* or *Annual Report* is to detail measures to be taken by that applicant to comply with the NWMB's mandatory requirements for responsible stewardship, and to provide goals, objectives, and milestones along with timeframes and commitments. An essential element of the *Annual Report* is the delivery of an account of the results of the measures taken by the allocation holder during that year to comply with the NWMB's mandatory requirements for responsible stewardship.

6.1. Compliance with relevant law and policy

- (a) DFO Legislation/Policy: Each allocation holder must comply with all of the relevant legislative and policy requirements of DFO, including licence conditions, regulations, management plans, conservation harvesting plans and encounter protocols;
- (b) TC Legislation/Policy: Each allocation holder must comply with all of TC's relevant environmental stewardship requirements for fishing vessels; and
- (c) *Species at Risk Act* (SARA): Each allocation holder must comply with all applicable SARA measures for marine species at risk.

6.2. Compliance with relevant research and reporting initiatives

- (a) Each allocation holder must provide reasonable assistance and cooperation with respect to relevant research initiatives organized/sponsored by the NWMB or DFO;
- (b) Each allocation holder must compile records and provide reports of fishing operations, as required by the NWMB or DFO; and
- (c) Each allocation holder must provide relevant, best available Inuit Qaujimajatuqangit, to assist in and advance fisheries research.

6.3. Compliance with responsible habitat and ecosystem protection requirements

- (a) Each allocation holder must assist in the identification of sensitive habitat areas as required by the NWMB or DFO, with particular emphasis on corals and sponges;
- (b) Each allocation holder must avoid fishing in locations formally identified by the NWMB or DFO as sensitive habitat areas where fishing is prohibited;
- (c) Each allocation holder must adhere to DFO or NWMB restrictions on fishing in protected and/or sensitive areas, as set out in relevant licence conditions, regulations, management plans, conservation harvest plans, encounter protocols and other formal policy or legal documents; and
- (d) Each allocation holder must adopt reasonable measures to avoid disturbance to marine mammals.

6.4. Compliance with responsible vessel and training requirements

- (a) Each allocation holder must practice sound waste management in all aspects of harvesting operations, with particular emphasis on the acceptable disposal of domestic garbage;
- (b) Each allocation holder must minimize emissions of dangerous substances arising from vessel/harvesting operations, in particular with respect to fuel and lubricating oils; and
- (c) Each allocation holder must provide appropriate training for all crew members with respect to responsible and sustainable fish harvesting.

6.5. Compliance with responsible fishing practices and gear use

- (a) Each allocation holder must employ fishing practices that minimize the risk of gear loss, and must have in place a functional plan for the recovery of lost fishing gear; and
- (b) Each allocation holder must use fishing gear that minimizes the harvest of undesirable species as by-catch, including marine mammals, and the harvest of juvenile fish.

6.6. Voluntary measures to reduce industry impacts on ecosystems, or improve the natural environment

- (a) Each allocation holder may provide evidence of voluntary measures such as unregulated gear modification or unregulated area restrictions. Additionally, allocation holders may provide evidence of certification with voluntary standards, such as Fair Trade USA or Marine Stewardship Council (MSC).

7. ALLOCATION SCORING VALUES AND GUIDELINES FOR NUNAVUT'S COMMERCIAL MARINE FISHERIES

In accordance with the principles outlined in Section 4 of this policy, and subject to the relevant provisions of the *Agreement*, the NWMB will apply the values and guidelines set out below in deciding upon individual commercial marine fisheries allocations. The scoring values are as follows:

1. Fisheries should be conducted in a way that maintains ecological sustainability of the stock(s) being fished, as well as their associated habitats;
2. Businesses should operate in an open, transparent, and accountable manner for the equitable benefit of Nunavummiut;
3. In allocating commercial marine fisheries resources, preference needs to be given to:
 - a. Nunavummiut and operations providing direct benefits to Nunavut's economy (*Agreement* S.5.6.45);
 - b. Communities within the Region adjacent to the resource, particularly within the NSA (*Agreement* S.15.3.7);
 - c. Economically viable fishing enterprises; and
 - d. Enterprises that can demonstrate a historical connection to a particular fishery.
4. Substantial involvement of viable commercial ventures sponsored or owned by Regional Wildlife Organizations (RWOs) and Hunters and Trappers Organizations (HTOs) is prioritized (*Agreement* S.5.1.3(a)(iii) and 5.6.39); and
5. Fisheries should be conducted in a way that delivers benefits to Inuit and Nunavummiut generally. Reinvestment of revenues is required and can take several forms:
 - a. Special consideration for reinvestments of revenues that creates value, employment, training and educational opportunities for Nunavummiut; and
 - b. Additional consideration for the reinvestment in the enterprise, which will further support employment and economic benefits for Nunavut.

All parties interested in receiving allocation are required to submit an *Application for Allocation*. In applying the Allocation Guidelines, the NWMB will primarily rely upon the applicants' plans, *Annual Reports* from those who have received allocations previously, and *Verification Reports* prepared by DFO and TC. Templates outlining the information requirements for the *Application for Allocation* and for the *Annual Report* are attached to this Allocation Policy as Appendix B and Appendix C, respectively.

The guidelines are organized as a cumulative point system, with a maximum possible score of 112 points. **Every applicant will be required to meet all requirements under Guideline 7.1, Mandatory Requirements for Responsible Stewardship, and achieve a minimum of (60%) in each of Guidelines 7.3. through 7.6. in order to remain eligible to receive any allocation.** In addition, within Guideline 7.3, Good Business Governance, every applicant will be required to demonstrate open, transparent and accountable operations, subject to relevant confidentiality and privacy concerns.

7.1. Mandatory Requirements for Responsible Stewardship

In order to qualify for allocation, all criteria under Section 7.1. must be reasonably met in alignment with Section 6 of the policy. If all of Section 7.1 is sufficiently met, then Sections 7.2-7.6 will be considered and scored. In order to report on mandatory requirements, please refer to Table 7.1A for required information and word limits. In the event of any past non-compliance since the last application for allocation, elaboration is required in Table 7.1B, and may result in no allocation or less allocation than was allocated at the commencement of the last allocation cycle.

Table 7.1A. Mandatory Requirements (as per Section 6) that are required to be reported on for each Application for Allocation. Reporting requirements and word limits are noted for each criterion.

Checklist item	Reporting Requirement	Reporting Criteria	Compliance (Y/N)	Explanatory paragraph required	Explanatory text and/or verification report, where necessary (use more space where necessary)
6.1a, c History of compliance with relevant DFO legislative and policy requirements. Over the past 5 years: Identify any issues of non-compliance regarding the following criteria. Please link with DFO and TC Compliance checklist table (Table 7.1B)	A verification report from DFO is required to demonstrate a history of compliance with DFO policies in the following respects	Relevant legislative and policy requirements of DFO (6.1a)		See Table 7.1B	N/A
		Licensing Conditions (6.1a)		See Table 7.1B	N/A
		Regulations (6.1a)		See Table 7.1B	N/A
		Management Plans (6.1a)		See Table 7.1B	N/A
		Conservation Harvesting Plans (6.1a)		See Table 7.1B	N/A
		Encounter protocols (6.1a)		See Table 7.1B	N/A
		All applicable SARA measures for marine species at risk (6.1c)		See Table 7.1B	N/A
6.1b History of compliance with relevant TC legislative and policy requirements. Over the past 5 years: Identify any issues of non-compliance regarding the following criteria. Please link with DFO and TC Compliance checklist table (Table 7.1B)	A verification report from TC is required to demonstrate a history of compliance with TC policies in the following respects. Provide verification vessels owned and/or operated on your behalf are registered with TC.	Each allocation holder must comply with all of TC's relevant environmental stewardship requirements for fishing vessels (6.1b)		See Table 7.1B	N/A

Checklist item	Reporting Requirement	Reporting Criteria	Compliance (Y/N)	Explanatory paragraph required	Explanatory text and/or verification report, where necessary (use more space where necessary)
6.2 Research and reporting	Provide written responses to the following research and reporting requirements	Each allocation holder must provide reasonable assistance and cooperation with respect to relevant research initiatives as requested by the NWMB or DFO, with requests being applicable to individual enterprise or via the NFA (6.2a)		Y	In 250 words or less: Identify any research initiatives organized or sponsored by DFO or NWMB and identify any assistance or cooperation you provided.
		Each allocation holder must compile records and provide reports of fishing operations (including borrowing and bridging), as required by the NWMB or DFO (6.2b)		Y	In 250 words or less: Provide general account of where you fished and where you caught fish. This should account for any fishing in "borrowing", bridging, if you were over quota or under quota. Link to <i>Verification Report</i> .
		Each allocation holder must provide relevant Inuit Qaujimagatuqangit to assist in and advance fisheries research (6.2c)		Y	Describe in 250 words or less: Demonstrate how your enterprise – if requested to provide IQ to assist in and advance fisheries research – has provided/plans to provide the IQ.
6.3 Habitat and ecosystem protections	Provide written responses to the following habitat and reporting requirements	<p>Each allocation holder must:</p> <ol style="list-style-type: none"> 1. Assist in the identification of sensitive habitat areas as required by the NWMB or DFO, with particular emphasis on corals and sponges (6.3a), 2. Avoid fishing in locations formally identified by the NWMB or DFO as sensitive habitat areas where fishing is prohibited (6.3b), 3. Adhere to DFO or NWMB restrictions on fishing in protected and/or sensitive areas, as set out in relevant licence conditions, regulations, management plans, conservation harvest plans, encounter protocols and other formal policy or legal documents (6.3c), and 4. Adopt reasonable measures to avoid disturbance to marine mammals (6.3d). 		Y	In 250 words or less outline how your enterprise has followed these requirements (1000 words maximum for all 4 criteria).

Checklist item	Reporting Requirement	Reporting Criteria	Compliance (Y/N)	Explanatory paragraph required	Explanatory text and/or verification report, where necessary (use more space where necessary)
6.4 Responsible vessel and training requirements	In addition to <i>Verification Reports</i> from TC to identify issues of non-compliance (TC deficiencies) for 6.4 criteria (in Table 7.1B). Provide written responses to each of the reporting criteria, and corresponding information if required. Provide a copy of your current TC vessel inspection.	Each allocation holder must practice sound waste management (6.4a)		See Table 7.1B	Describe in 250 words or less: How your enterprise practices sound waste management in all aspects of harvesting operations, with particular emphasis on the acceptable disposal of domestic garbage.
		Each allocation holder must minimize emissions from fishing operations (6.4b)		See Table 7.1B	Describe in 250 words or less: How your enterprise minimizes emissions of dangerous substances arising from vessel/harvesting operations, in particular with respect to fuel and lubricating oils.
		Each allocation holder must provide appropriate training for all crew members with respect to responsible and sustainable fish harvesting (6.4c)		Y	Describe in 250 words or less: How crew members are trained to ensure responsible and sustainable harvesting.
6.5 Responsible fishing practices and gear use	Provide written responses to the following research and reporting requirements	Each allocation holder must employ fishing practices that minimize the risk of gear loss, and a functional plan for the recovery of fishing gear in place (6.5a).		Y (gill net plan)	In 250 words or less: Describe how you minimize the loss of gear and outline your recovery plan for lost fishing gear. Provide examples where possible and refer to best practices, for example prevention, mitigation, and recovery measures outlined in the global ghost gear initiative ⁴ . Provide a history of lost gear and how it was dealt with, including reporting to TC.
		Each allocation holder must use fishing gear that minimizes the harvest of undesirable species as by-catch, including marine mammals, and the harvest of juvenile fish. (6.5b).		Y (by-catch plan)	In 250 words or less: Describe how you minimize the harvest of by-catch, marine mammals, and juvenile fish.

⁴ <https://www.ghostgear.org/best-practice-framework>

Checklist item	Reporting Requirement	Reporting Criteria	Compliance (Y/N)	Explanatory paragraph required	Explanatory text and/or verification report, where necessary (use more space where necessary)
6.6 Voluntary Measures to reduce impacts on ecosystems or improve the natural environment	Provide written responses to the following criteria (Not Mandatory)	Each allocation holder may provide evidence of voluntary measures such as unregulated gear modification or unregulated area restrictions. Additionally, allocation holders may provide evidence of certification with voluntary standards, such as Fair Trade USA or Marine Stewardship Council (MSC) (6.6a)		Y	Provide evidence of exemplary voluntary measures such as voluntary gear modification, voluntary area restrictions, evidence of certification with voluntary standards, such as Fair Trade USA or Marine Stewardship Council (MSC), use of green energy, or other measures above and beyond what is required (250 words). Scoring criteria 7.2.

Table 7.1B. Enterprise Past Non-Compliance Report

Compliance with Mandatory Stewardship Requirements		2018	2017	2016	2015	2014
Did an occurrence of non-compliance occur	DFO: Relevant legislative and policy requirements of DFO (6.1a)					
	DFO: Licensing Conditions (6.1a)					
	DFO: Regulations (6.1a)					
	DFO: Management Plans (6.1a)					
	DFO: Conservation Harvesting Plans (6.1a)					
	DFO: Encounter protocols (6.1a)					
	DFO: All applicable SARA measures for marine Species at Risk (6.1c)					
	TC: Each allocation holder must comply with all of TC’s relevant environmental stewardship requirements for fishing vessels (6.1b)					
	TC: Each allocation holder must practice sound waste management (6.4a)					
	TC: Each allocation holder must minimize emissions from fishing operations (6.4b)					
	TC: Each allocation holder must provide appropriate training for all crew members with respect to responsible and sustainable fish harvesting (6.4c)					
TC: Each allocation holder must employ fishing practices that minimize the risk of gear loss, and must have in place a functional plan for the recovery of lost fishing gear (6.5a)						
If yes, what was the nature of the occurrence(s):						
What were the consequences of the occurrence(s) (fine, penalty, court, etc.):						
In the event that this occurrence was not the first of its kind, explain why there was a re-occurrence:						
Please provide an action plan for how the enterprise will address continued infraction occurrences:						
FAC decision (select one):						
No occurrences: No corrective action required						
One or more occurrence, corrections made: Potential action by NWMB required						
More than one occurrence, no suitable action plan in place: NWMB Action recommended by FAC						

7.2. Ecological Stewardship (2 points total)

Recalling Value 1: *Fisheries should be conducted in a way that maintains ecological sustainability of the stock(s) being fished, as well as their associated habitats, the following allocation criteria will be considered:*

7.2.1 Demonstrate evidence of voluntary measures and/or contributions to reduce industry impact on ecosystems, or improve the natural environment (2 points).

7.2.1a. Provide evidence of exemplary voluntary measures such as voluntary gear modification, voluntary area restrictions, evidence of certification with voluntary standards, such as Fair Trade USA or Marine Stewardship Council (MSC), use of green energy, or other measures above and beyond what is required.

Provide evidence of exemplary voluntary measures such as voluntary gear modification, voluntary area restrictions, evidence of certification with voluntary standards, such as Fair Trade USA or Marine Stewardship Council (MSC), use of green energy, or other measures above and beyond what is required (250 words). <u>2 points possible:</u> 2 = exceptional voluntary contributions to improving stewardship and resource sustainability. 1 = some voluntary contributions. 0 = no voluntary contributions.	/2
--	----

7.3. Good Business Governance (33 points total)

Recalling Value 2: *Businesses should operate in an open, transparent, and accountable manner for the equitable benefit of Nunavummiut, the following allocation criteria will be considered:*

Mandatory Materials for Business Governance: The following materials are **required** to be included in your Application for Allocation in order to be scored on any part in Section 7.3. Failure to include mandatory materials for Business Governance will result in a score of 0 for Section 7.3, Good Business Governance.

- Current Business plan (see Appendix A for complete Business Plan Materials)
- Previous Business Plan
- Provide copies of the most recent audited financial consolidated income statement, balance sheet and cash flow statements, and a copy of the audited financial statements from the previous year (see Appendix A for items required in the audited financial statement).

7.3.1 Demonstrate Proper Board and Governance Structure (5 points).

7.3.1a. Provide an organogram (i.e., an organizational chart) with Board structure; (include all divisions, subsidiaries, joint ventures and partnerships specifying (where applicable) legal structure, province/territory/country of registration, percentage ownership, etc.).

<p>Provide a max 2-page summary describing the org chart and legal filings [e.g.; Shareholder Register, Unanimous Shareholder Agreement, etc. filed with the Nunavut Legal Registry Dept. as well as the Canada Business Corp Act], any limitations placed on any part of the structure (e.g. LLPs).</p> <p><u>1 point possible:</u> 1 = provided all materials listed above in 7.3.1a including legal registration. 0 = did not provide all materials listed.</p>	/1
--	----

7.3.1b. Provide Board TOR (terms of reference) and appointment (position on the Board and other positions held), company and board by-laws.

<p><u>1 point possible:</u> 1 = provided all materials listed above in 7.3.1b. 0 = did not provide all materials listed</p>	/1
---	----

7.3.1c. Illustrate and detail how the company/organization has obtained the experience and management capacity to establish/run a successful fishing enterprise.

<p>Identify 5 key personnel and how they are capable of running a successful enterprise.</p> <p><u>3 points possible:</u> 3 points = clear, well-documented evidence that key personnel are capable of executing the proposed business plan. CVs, resumes, or other evidence must be included. 1 = some evidence that key personnel are capable of executing the proposed business plan. CVs, resumes, or other evidence must be included. 0 = insufficient evidence to demonstrate key personnel are capable of executing the proposed business plan. [No 2 point option]</p>	/3
--	----

7.3.2. Demonstrate holding the adequate number of Board meetings (3 points).

7.3.2a. Demonstrate holding of quarterly or bi-annual Board meetings depending on business size, as per your shareholder agreement or by-laws.

Provide the dates, locations, and list of attendees for all Board meetings held within the last 12 months. <u>1 point possible:</u> 1 = provided all materials listed above in 7.3.2a. 0 = did not provide all materials listed. [Notes: Teleconference meetings are eligible as Board meetings. When referencing shareholder agreement instead of by-laws, include a copy of the shareholder agreement.]	/1
---	----

7.3.2b. Provide meeting minutes from most recent Board meeting (must be within the last calendar year).

<u>1 point possible:</u> 1 = provided all materials listed above in 7.3.2b. 0 = did not provide all materials listed.	/1
---	----

7.3.2c. Provide a list of the applicant company/group’s Board of Directors, their affiliations and/or company positions.

<u>1 point possible:</u> 1 = provided all materials listed above in 7.3.2c. 0 = did not provide all materials listed.	/1
---	----

7.3.3. Demonstrate regular and ongoing sharing of information with shareholders (5 points).

7.3.3a. Demonstrate you held an annual AGM (annual general meeting with shareholders) by providing meeting minutes from recent AGMs (last 5 years).

Provide meeting minutes for the last 5 years of AGMs <u>1 point possible:</u> 1 = provided all materials listed above in 7.3.3a. 0 = did not provide all materials listed.	/1
---	----

7.3.3b. Provide an engagement strategy on how the company shares the following information with shareholder communities and HTO/RWO/ or DIOs: (1) overview of shareholder and/or membership reporting structures, (2) Overview of organization’s fishing activities, (3) financial information, (4) business plans.

<p>Provide the following information:</p> <ol style="list-style-type: none"> 1. A copy of fishing activities that is sent to shareholder communities and HTO/RWO/ or DIOs [Noting each company does this in a unique way]. 2. A copy of the shortened financial sheet that is sent to shareholder communities and HTO/RWO/ or DIOs, financial information, includes, EBIDTA (Earnings Before Interest, Taxes, Depreciation and Amortization), and profitability of the business. 3. A copy of the business plan (past and current versions) that is sent to shareholder communities and HTO/RWO/ or DIOs. 4. Engagement strategy for how information is/has been shared with shareholder communities and HTO/RWO/ or DIOs. <p><u>4 points possible:</u> 4 = provided all materials, demonstrated transparency in information. A clear engagement strategy that has been shared with all communities represented, evidence this information has been shared. 2 = provided all materials, demonstrates transparency in information (i.e. matches with past and current applications and financial information). A clear engagement strategy that has been shared with some communities represented. 0 = did not provide all materials listed, or engagement strategy is unclear. [No 1 or 3 point options]</p>	/4
--	----

7.3.4. Demonstrate receipt and consideration of shareholder input in corporate decision-making (12 points).

7.3.4a. Describe how the enterprise’s decisions about what benefits they are delivering linked to needs/wants of the shareholders and communities.

<p>Provide a community benefits plan from your organization. Include a summary of proposed profit sharing and/or royalty arrangements. Provide 1 letter, submitted by the enterprise, from each community, region, or Inuit organization represented by the enterprise, identifying community requested benefits. Demonstrate in your business plan how this information has impacted your business operations. Where relevant, offer explanations when company decision-making differs from requested community benefits.</p> <p><u>4 points possible:</u> 4 points = all materials listed above provided, business plan aligns with community requests for benefits. 2 points = all materials listed above provided, but weak connection between community requests and benefits provided. 0 = incomplete materials (letter missing) or no links between community requests and benefits provided. [No 1 or 3 point options]</p>	/4
--	----

7.3.4b. Demonstrate incorporation of shareholder and/or Board input into corporate decision-making.

<p>In 500 words or less, provide 3 examples of how shareholder input has impacted major decisions made by the company since the last allocation application.</p> <p><u>4 points possible:</u> 4 points = 3 clear, well documented examples with input directly incorporated into corporate-level decision-making. 2 points = 2 clear well documented examples, or 3 examples without clear impacts. 0 points = clear examples not provided. [No 1 or 3 point option]</p>	/4
--	----

7.3.4c. Demonstrate Shareholder and/or Board and/ or communities (depending on company structure) involvement in the management of the enterprise and/or how operational decisions are made. Must be clearly evident in meeting minutes and any and all supplementary comments provided.

<p>Briefly describe how communities, shareholders, and/or the Board are involved in the management of the enterprise. Include the meeting minutes from the most recent Board meeting (AGM) (requested in 7.3.2b) and reference how business decisions and/or operational decisions have all been influenced by the Board and/or Shareholders represented by the enterprise.</p> <p><u>4 points possible:</u> 4 points = provided all materials listed above in 7.3.4c and strong evidence the community and/or Board was involved in decision-making. 2 points = provided all materials listed above in 7.3.4c and some evidence the community was involved in decision-making. 0 points = did not provide all materials listed above, or did not demonstrate community links. [No 1 or 3 point options]</p>	/4
--	----

7.3.5. Demonstrate transfers with other groups (4 points).

7.3.5a. Demonstrate transfers with other groups (if any transfers occurred), NFA, or other membership association, cooperation with other Indigenous organizations/enterprises; provision of vessel activity report.

<p>In 500 words or less, explain the benefits received by all parties involved in this collaboration, including direct benefits to Nunavut. If the benefit includes use of vessel, include vessel activity report, and quota transfers.</p> <p><u>4 points possible:</u></p> <p>4 points = full utilization of your allocation.</p> <p>4 points = allocated to a Nunavut enterprise, with no net loss.</p> <p>3 points = allocated to a Southern enterprise, with no net loss.</p> <p>2 points = allocated to a Nunavut enterprise, with net loss.</p> <p>0 points = allocated to a Southern enterprise, with net loss.</p> <p>[Note: there are 2 ways to earn 4 points, no 1 point option]</p>	/4
---	----

7.3.6. Demonstrate adherence to and achievement of business plans, goals, and objectives (4 points).

7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last *Application for Allocation*.

<p>Demonstrate your business adhered to its business plan goals and objectives. Include past and current business plans, include any explanation for changes since the last <i>Application for Allocation</i> and how you did or did not meet previous business plan goals, and identify any reasons why. Include (in tabular form) goals and objectives from past and current business plans, along with summaries of annual reports clearly outlining any changes to goals and objectives since the last application. Note that in order to be evaluated against modified goals and objectives since the last application, updates must have been included in annual reports and must be presented clearly with original goals and objectives for evaluation.</p> <p><u>4 points possible:</u></p> <p>4 points = met all goals set out in previous application, or provided justification for modifying those goals throughout the allocation cycle to respond to changing business conditions and achieved all of the modified goals.</p> <p>3 points = met 90% or more of goals set out in previous application, or provided justification for modifying those goals throughout the allocation cycle to respond to changing business conditions and achieved 90% of the modified goals.</p> <p>2 points = met 80% or more of goals set out in previous application, or provided justification for modifying those goals throughout the allocation cycle to respond to changing business conditions and achieved 80% of the modified goals.</p> <p>1 point = met 60% or more of goals set out in previous application, or provided justification for modifying those goals throughout the allocation cycle to respond to changing business conditions and achieved 60% of the modified goals.</p> <p>0 points = no or few goals met, with no evidence of adaptation to changing business conditions if required.</p>	/4
---	----

7.4. Special Considerations (37 points total).

Recalling Principle 3: *In allocating commercial marine fisheries resources, preference needs to be given to:*

- a. *Nunavummiut and operations providing direct benefits to Nunavut's economy (Agreement S.5.6.45);*
- b. *Communities within the Region adjacent to the resource, particularly within the NSA (Agreement S.15.3.7);*
- c. *Economically viable fishing enterprises; and*
- d. *Enterprises that can demonstrate a historical connection to a particular fishery.*

The following allocation criteria will be applied:

7.4.1 Identify Employment of Nunavummiut, especially Inuit (22 points).

7.4.1a. Demonstrate Inuit employment as percentage of total employment, Inuit employment expenses as percentage of total employment expenses.

Using Appendix D: Complete either Table D.1A (for Mobile/Fixed Gear Vessels) or Table D.1B (for Inshore Plant) for Inuit employment levels. In addition to the table, mobile/fixed gear vessel owners are to provide a listing of crew positions and outline entry level versus advanced positions. Inshore operators are to provide a listing of positions and outline entry level versus advanced positions in the fish plant. <u>10 points possible:</u> Scoring for each category of workers: using equation in Appendix D with a total for this category: 3 points >85% (or representative workforce levels of Inuit) 2 points = 51-85% of Inuit employment 1 point = 25-50% of Inuit employment 0 points <25% Inuit employment Where representative workforce levels refers to the <i>Agreement</i> (S.23.1.1), reflecting the ratio of Inuit to the total population in the Nunavut Settlement Area, and Inuit refers to a land claim beneficiary under the <i>Agreement</i> (S.35.3.1).	/10
---	-----

7.4.1b. Demonstrate Nunavummiut employment as percentage of total employment, Nunavummiut employment expenses as percentage of total employment expenses.

<p>Using Appendix D: Complete either Table D.2A (for Mobile/Fixed Gear Vessels) or Table D.2B (for Inshore Plant) for Nunavummiut Employment levels.</p> <p><u>5 points possible:</u> Scoring for each category of workers: using equation in Appendix D with a total for this category.</p> <p>3 points >85% (or representative workforce levels of Nunavummiut)</p> <p>2 points = 51-85% of Nunavummiut Employment</p> <p>1 point = 25-50% of Nunavummiut Employment</p> <p>Where representative workforce levels of Nunavummiut would be applied in the same manner as representative Inuit levels in 7.4.1a, and Nunavummiut refers to a resident of Nunavut under the <i>Wildlife Act</i> (S.1.4.3), as a person who has resided in Nunavut for at least three months.</p>	/5
--	----

7.4.1c. Demonstrate improvements made in Inuit and Nunavummiut employment levels.

<p>Demonstrate in how your numbers in Inuit and Nunavummiut employment have improved over the last allocation cycle. Provide the number of Inuit and Nunavummiut employees in your company, along with the total number of employees. Present these numbers in addition to your employment percentages at the last <i>Application for Allocation</i>.</p> <p><u>3 Points total:</u> 2 points for improvement to Inuit employment, 1 point for Nunavummiut employment.</p> <p>Inuit employment:</p> <p>2 points = Inuit employment has increased >15% since last application for allocation.</p> <p>0 points = increase below 15% threshold.</p> <p>[No 1 point option for Inuit employment]</p> <p>Nunavummiut employment:</p> <p>1 point = Nunavummiut employment has increased >15% since last application for allocation.</p> <p>0 points = increase below 15% threshold.</p>	/3
--	----

7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities, including promotion within your enterprise and into senior management employment.

<p>1. In 500 words or less, identify how your enterprise plans to improve Inuit and Nunavummiut employment opportunities. This should include overall employment numbers and increasing Inuit and Nunavummiut into senior management positions.</p> <p>2. Reflect on any previous plans (last allocation application), and how you have or have not met your goals for Inuit and Nunavummiut employment.</p> <p>3. Identify Inuit (and/or Nunavummiut) employee retention levels.</p> <p><u>4 points possible:</u> 4 points = clear, well thought out plan included, with reference to past plans (if applicable). 2 point = complete plan, but needs improvement. 0 points = poor plan, or plan not included. [No 1 or 3 point options]</p>	/4
--	----

7.4.2. Demonstrate that shareholder communities are from the region (10 points).

7.4.2a. Demonstrate shareholder communities are from the Region in which the fishery is located. Where Region equals any of the three regions within Nunavut (Qikiqtaaluk, Kivalliq, or Kitikmeot).

<p><u>10 points possible:</u> 10 points = shareholder communities are in the Region the fishery is located. 5 points = shareholder communities are fully or partially located in other regions within Nunavut, 0 points= shareholders are outside of Nunavut. <u>Example:</u> An enterprise representing Kitikmeot communities, and operating in the Kitikmeot Region would receive 10 points. An enterprise from Qikiqtaaluk Region operating in the Kitikmeot would receive 5 points. <u>[Only 10, 5, 0 point options]</u></p>	/10
--	-----

7.4.3. Profitability (5 points).

7.4.3a. Demonstrate profitability of the fishing enterprise.

Present enterprise earnings and profits as per EBIDTA (Earnings Before Interest, Taxes, Depreciation and Amortization) over the past allocation cycle. <u>1 point possible:</u> 1 point = materials clearly presented in audited financial statement. 0 points = materials not clearly presented in audited financial statement.	/1
---	----

7.4.3b. Demonstrate the company has recorded an average profit over the past 5 years, or provide explanation for no profit. Demonstrate a plan to become profitable or maintain profitability.

In 500 words or less, highlight the profitability of your company. If enterprise is not profitable, present a plan on how your enterprise plans to become or increase profitability in the future. Refer to 7.4.3a (profitability) or 7.6.1a (cash or cash-equivalent benefits) if necessary. <u>4 points possible:</u> 4 points = profitable with a clear plan to increase or maintain profitability over the next allocation period. 2 points = not profitable but good explanation, and a clear plan to increase profitability over the next allocation period. 0 points = not profitable and no reasonable explanation. Poor or unclear plans to increase profitability. [No 1 or 3 point options]	/4
---	----

7.5. Inuit Ownership and Sponsorship (21 points total).

Recalling Principle 4: *Substantial involvement of viable commercial ventures sponsored or owned by Regional Wildlife Organizations (RWOs) and Hunters and Trappers Organizations (HTOs) is prioritized (Nunavut Agreement S.5.1.3(a)(iii) and 5.6.39), the following allocation criteria will be considered (21 points).*

7.5.1. Identify degree of ownership/sponsorship by RWOs, HTOs, or Nunavut Communities (13 points).

7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities⁵ that own or sponsor the enterprise.

⁵ “Nunavut Community” means every Nunavut municipal or birthright corporation. Note that, for the allocation of the surplus within the NSA, the NWMB and the Minister are bound by NLCA Section 5.6.39: “...viable economic ventures ...must be sponsored by HTOs and RWOs.”

<p>Identify the % ownership by RWOs, HTOs, and Communities. Should be identified on organizational chart (refer to materials in section 7.3.1a to clarify if necessary). Provide all other owners of the company. <u>12 points possible</u>, with scores reflecting NNI Policy guidelines and Inuit Firm Registry: 12 = 100% ownership by RWOs/HTOs/Nunavut Communities. 8 = 75-99.9% ownership by RWOs/HTOs Nunavut Communities. 4 = 51-74.9% ownership by RWOs/HTOs/Nunavut Communities. 0 = <50.9% ownership by RWOs/HTOs/Nunavut Communities. [Only scores of 12, 8, 4, 0 possible]</p>	/12
--	-----

7.5.1b. Provide Inuit Firm Registry (IFR) registration to demonstrate business operations are conducted within Nunavut and meet NNI guidelines.

<p>Attach copies of any/all IFR registrations. <u>1 point possible</u>: 1 point = registration provided. 0 points = registration not provided.</p>	/1
---	----

7.5.2. Demonstrate Level of Enterprise Asset Ownership by Inuit inside the Territory (8 points).

7.5.2a. Provide a list of all of the enterprise’s fishery-related assets, including vessels, and identify the percentage of ownership by Inuit.

<p>Provide a list of all assets (including vessel and all other major capital assets), percentage of Inuit ownership for each asset, and location of the asset. Present current information and past information from last application in a tabular form. <u>6 points possible</u>: Up to 3 points for percentage of Inuit ownership of assets 3 points = 100% ownership of Assets by Inuit. 2 points = 75-99.9% ownership of Assets by Inuit. 1 point = 51-74.9% ownership of Assets by Inuit. 0 points = <50.9% ownership of Assets by Inuit.</p> <p>Up to 3 points for percentage of assets located in Nunavut. Vessel and vessel related assets are considered in the territory if the vessel is registered in the territory. 3 points = 100% of Assets located inside Nunavut. 2 points = 75-99.9% of Assets located inside Nunavut. 1 point = 51-74.9% of Assets located inside Nunavut. 0 points = <50.9% of Assets located inside Nunavut.</p>	/6
--	----

7.5.2b. Demonstrate Improvements in Inuit Vessel Ownership since the last allocation application.

<p>Identify % Inuit ownership during the last allocation application, and current % Inuit ownership. The difference is the increase. <u>1 point possible:</u> 1 point = already at 100% or increased >15% since the last <i>Application for Allocation</i>. 0 points = any increase < 15% since the last <i>Application for Allocation</i>.</p>	/1
--	----

7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.

<p>Identify % asset ownership in Nunavut during the last allocation application, and current % ownership in Nunavut. The difference is the increase. Present past and current information in tabular form. <u>1 point possible: There are 3 ways to demonstrate increases in capital assets.</u> 1 point = asset ownership is already at 100%. 1 point = increased asset ownership inside of Nunavut >15% since the last <i>Application for Allocation</i>. 1 point = increased assets outside of Nunavut >15% since the last <i>Application for Allocation</i>, if you can clearly demonstrate in 500 words or less how increasing assets outside of Nunavut has directly benefited Nunavummiut more than being located inside of Nunavut.</p>	/1
---	----

7.6. Reinvesting for Benefits (19 points total).

Recalling Value 5: *Fisheries should be conducted in a way that delivers benefits to Inuit and Nunavummiut. Reinvestment of revenues is therefore required, and can take several forms:*

- a. *Special consideration for reinvestments of revenues that creates value, employment, training and educational opportunities for Nunavummiut;*
- b. *Additional consideration for the reinvestment in the enterprise, which will further support employment and economic benefits for Nunavut.*

7.6.1. Demonstrate cash economic benefits provided to Nunavut owner(s)/ community(ies)/industry(ies), in total dollars and percentage of total profits (10 points).

7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % or profits. This includes any benefits that you can demonstrate are generated through allocation received from the Allocation Policy.

<p>Identify on your audited financial statement the total dollar value and percent of profits directed to cash and cash-equivalent benefits. Include:</p> <ol style="list-style-type: none"> 1. Audited financial statement - link to audited financial statement or provide a separate audited statement focused on benefits. Provide a list of all cash and cash-equivalent benefits to shareholders and/or owners, with dollar amounts and % of profits. 2. Provide Evidence these requests were from shareholders and/or communities and reference your community benefits plan. Link to your community benefits plan (7.3.4a). Provide an explanation if these benefits are not evenly distributed to all shareholders. Letters from the communities/shareholders are required to be included, and can be used to score 7.3.4a in addition to 7.6.1a as long as they contain all relevant information. 3. Explain how you met your benefits plan, or why you did not and how you plan to move forward to meet these goals. <p><u>10 points possible:</u> 10 points = profits are being generated and are being distributed back to shareholders in a manner consistent with their requests, in an equitable manner. All information clearly presented with strong links to desires of communities/shareholders, with evidence benefits are being generated. A clear plan to continue meeting these goals in the future. 5 points = profits are being generated, all information provided with some lack of clarity or connection to community benefits plan. A clear plan to meet these goals in the future. 0 points = not all information is clearly presented. Disconnection between financial information presented and community benefits plans. Lack of clear plan to meet benefit goals in the future. [Only 10, 5, 0 point options]</p>	/10
---	-----

7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder represented by the fishing enterprise.

<p>Provide a list of all HTOs or Communities represented by the fishing Enterprise. Provide a letter of good standing from the legal registry for each HTO if possible. If not possible, explain, and report on any efforts made by the enterprise to assist in HTOs reaching good standing. [500 words or less].</p>	No Score
---	-------------

7.6.2. Demonstrate other (non-cash) benefits provided to Nunavut owner(s)/ community(ies)/industry(ies) in total dollars and percentage of total fisheries related profits (3 points).

7.6.2a. Clearly identify all non-cash forms of benefits derived from profits to the community/shareholders that are derived from profits.

<p>Identify names of contributors, roles of contributors in executing this benefit to the community including any monetary or in-kind contributions. Include a direct request from the community to ensure this request came directly from the community. (One letter for each community represented - link to section 7.3.4a if applicable). Outline the benefits to the communities. Link to your audited financial statement. [Examples include Muskox hunts, community feast, replacement value of subsidized foods, etc.; provide reference to community benefits plan, office buildings, infrastructure, etc.]</p> <p>3 points = all information provided. Letters from each community receiving non-cash benefits demonstrating their request for benefits provided. 1 point = all information provided. Letters from some communities receiving non-cash benefits demonstrating their request for benefits provided. 0 points = missing information, does not provide sufficient evidence this request came from the communities receiving the benefits. [No 2 point option]</p>	/3
---	----

7.6.3. Demonstrate your participation in using your fisheries related profits in leveraging funds for activities related to fisheries and community economic development in Nunavut (3 points).

7.6.3a. Clearly identify your role in leveraging funds to benefit fisheries and community economic development.

<p>Provide a summary (500 words max) of the leveraged activity and all partners involved. Include the objective of the activity, all partners involved, the success/outcome of the activity, and how this benefitted Nunavut. Activities to be considered include the leverage attained in collaborative industry investment activities, such as the annual industry investments in research through NFA and in training through NFMTTC. In addition, applicants may include leveraging activities proposed by shareholders (including HTOs and Communities) where the applicant has supplied funding as the shareholder’s equity contribution. If this is related to community economic development, provide a listing by community (include all communities represented by the enterprise) and a summary of the activity and partners for each of these communities.</p> <p><u>3 points possible:</u> 3 Points = minimum of 7.5% of profits was invested by the applicant to leverage funds over the previous allocation cycle. The ratio of dollars invested to dollars generated was equal to or greater than 100%.</p>	/3
--	----

<p>2 Points = minimum of 7.5% of profits was invested by the applicant to leverage funds over the previous allocation cycle. The ratio of dollars invested to dollars generated was equal to or greater than 25%.</p> <p>1 Point = minimum of 7.5% of profits was invested by the applicant to leverage funds over the previous allocation cycle. The ratio of dollars invested to dollars generated was less than 25%.</p> <p>0 Points = less than 7.5% of profits was invested by the applicant to leverage funds over the previous allocation cycle and/or the ratio of dollars invested to dollars generated was 0%.</p>	
--	--

7.6.4. Demonstrate (in dollar amounts) investments in enterprise enhancement through fleet improvement, processing capacity, additional quotas, etc., (positive average over five years) (3 points).

7.6.4a. Summarize all investments in the enterprise.

<p>In 500 words or less: Identify dollar amount of each investment, and the total cash value of the investment. Indicate the percentage of <u>profits</u> this total cash investment represents over the previous allocation cycle. Note that regular maintenance costs do not count, but capitalized refits, upgrades and additions to fixed assets do. Clearly explain how this improves your capacity and benefits for Nunavut and was aligned with your past and/or current business plan goals and objectives.</p> <p><u>3 points possible:</u></p> <p>3 Points = 5% or more of profits reinvested.</p> <p>2 Points = 2% or more of profits reinvested.</p> <p>1 Point = >0% of profits reinvested.</p> <p>0 Points = no profits reinvested.</p>	/3
--	----

7.7. Consideration of Past Performance Targets

As performance targets are issued annually, through evaluations of *Annual Reports*, any unresolved performance targets over the last allocation cycle will be considered in the context of allocation applications. This includes unresolved issues from the previous year(s) in addition to any performance targets that were not immediately remedied in response to previous *Annual Reports*. To demonstrate adherence to and achievement of past performance targets over the last 5 years, include performance targets issued since the last Allocation Application.

With respect to enterprises that have not met performance targets in one or more years of the previous allocation cycle, the NWMB may choose to reduce the allocation available to that enterprise under the current allocation cycle. **In the event an enterprise has failed to meet multiple performance targets, it is more likely to be subject to an allocation reduction.**

8. INSHORE FISHERIES DEVELOPMENT WITHIN THE NSA

The NWMB defines inshore fisheries as those commercial fisheries taking place in the marine waters of the NSA – those waters directly adjacent to Nunavut and extending to the 12-mile limit of Canada’s Territorial Sea boundary (*Agreement* Article 3). Fisheries development inside the NSA is an area of high interest for relevant Nunavut communities, the GN, DFO, NTI and the NWMB. To encourage that development, and in accordance with Principle 4 of Section 4 of this Allocation Policy, the Board has established an annual Qikiqtaaluk regional exploratory allocation for turbot to be fished within the NSA. This allocation is to be subtracted from the overall Division 0A allocation, must be fished within the NSA portion of Division 0A, and is not transferable to the offshore. In 2005, the Board also established a Pangnirtung community TAH for an isolated inshore turbot stock located in Cumberland Sound, separate from and additional to the existing Division 0B allocation to Nunavut.

In conjunction with the Qikiqtaaluk regional exploratory turbot allocation decision described above, the NWMB encourages the Qikiqtaaluk Wildlife Board - with assistance from the Nunavut Inuit Wildlife Secretariat - to continue discussions with the region’s communities regarding the potential identification and establishment of Exclusive Community Economic Fishing Zones within the NSA. Each such Zone would consist of an area adjacent to a community where that community would have exclusive access to its share of any regional allocation or TAH established by the NWMB.

9. TRANSFER OF NUNAVUT ALLOCATIONS

This Part does not apply to the assignment of any portion of community or regional (adjusted) basic needs levels by an HTO or RWO (*Agreement*, Ss.5.7.3(c) and 5.7.6(c)).

The NWMB and its co-management partners are interested in providing maximum benefits to Nunavut from commercial marine fisheries allocations, through the creation of a prosperous Nunavut fishery that contributes to the wealth and employment of Nunavummiut. In accordance with this principle, the NWMB is interested in ensuring that Nunavut’s regional allocations remain with Nunavut-owned enterprises. However, as with most other fisheries in Canada there is a need for some allocation transfers, especially on a temporary basis. Consequently, three forms of allocation transfers are addressed in this policy: permanent, temporary-external, and temporary-internal. In all transfer situations, it is a prerequisite that Nunavut allocation holders comply with all relevant DFO policies.

The Allocation Policy requirements for allocation transfers are as follows:

- (a) **PERMANENT**: The permanent transfer of Nunavut’s regional allocations is **not** permitted.
- (b) **TEMPORARY – EXTERNAL**: The NWMB recognizes that there can be sound business reasons for Nunavut owned enterprises to transfer allocations to southern fishing enterprises on a temporary annual basis in exchange for certain benefits. These benefits may include: (i) access to allocations in the south, to optimize the use of Nunavut boats and financial viability of Nunavut enterprises (given the limited fishing season in the

North); (ii) receiving considerations in the purchase of assets at favorable terms and conditions, within a reasonable time frame; or (iii) the landing of fish at a Nunavut fish plant. Consequently, applicants are required to identify in their *Application for Allocation* their plans for temporary external transfers, including the justification for such transfers. Applicants are also required to set out the results of such temporary external transfers in their *Annual Reports*, including an operations report concerning the external transfers.

- (c) **TEMPORARY - INTERNAL:** In some cases, after annual plans have been developed and approved, an allocation holder may have allocations available in excess of its harvesting capacity. Alternatively or in addition, extenuating circumstances may arise (e.g. “boat problems” --- mechanical, ice damage, sinking etc.). In such situations, it would be necessary to make alternate arrangements to harvest the allocation. If the allocation holder does not already have temporary external transfer arrangements in place pursuant to its *Application for Allocation* or *Annual Report*, or is unable to acquire another replacement boat on short notice, it may wish to transfer the quota to another enterprise. In an effort to provide maximum benefits to Nunavut, in these circumstances the allocation holder is obligated to offer the transfer in the form of a “*first opportunity to fish*” to Nunavut-owned enterprises with excess capacity to fish it at a competitive rate. This requirement promotes collaboration amongst the Nunavut allocation holders and the optimal utilization of Nunavut fishing capacity.

Part 9 of the Allocation Policy has been included to promote collaboration amongst Nunavut allocation holders, and the optimal utilization of Nunavut-owned assets. Allocation holders are not required to provide advance notice of transfers to the NWMB, other than that included in their *Application for Allocation* and/or *Annual Reports*. However, allocation holders are required to include the details of any and all transfer activities in their subsequent *Application for Allocation* and/or *Annual Reports*, including how these activities were in compliance with Part 9 (“*Transfer of Nunavut Allocations*”) of this Allocation Policy.

The overall transfer activity of each enterprise will be verified in the annual *Verification Report* prepared by DFO. Failure to comply with the “*Transfer of Nunavut Allocations*” policy may impact future commercial marine fisheries allocations.

10. NEW APPLICANTS FOR COMMERCIAL FISHERIES ALLOCATIONS

This Part does not apply to (adjusted) basic needs level commercial fisheries (*Agreement* Ss.5.7.3(b) and (c) and 5.7.6(b) and (c)).

The NWMB recognizes a responsibility to protect the financial investment of existing Nunavut-owned ventures in Nunavut’s commercial marine fisheries. Nonetheless, there is also an important responsibility to provide opportunities for qualified Nunavut interests to enter adjacent commercial marine fisheries – one of Nunavut’s most valuable common property resources. Although the NWMB acknowledges and appreciates the investment and attachment of existing allocation holders to the resource, fairness and transparency dictate that new applicants must be provided with a reasonable opportunity to submit applications and receive fair treatment under the Allocation Policy.

A new applicant is defined as an enterprise (corporation, partnership, etc.) making an application for an allocation in a fishery in which that enterprise does not currently have an allocation. In addition, no current allocation holder in a fishery may be a member of a new applicant for that fishery. Finally, all new applicants will be evaluated and scored according to the same scoring criteria as applies to all other applicants.

The NWMB will consider an application from a new applicant in an existing fishery: (i) only at the beginning of a new allocation cycle for that fishery; and (ii) only if there was at least one increase in the overall allocation for that fishery during the previous allocation cycle. For greater certainty, existing allocation holders wishing to apply for an allocation in a fishery in which they do not currently have an allocation, may apply at the beginning of a new allocation cycle for that fishery - but only if there was at least one increase in the overall allocation for that fishery during the previous allocation cycle. Additional potential opportunities for new applicants include inshore and offshore new or emerging marine fisheries.

11. TRANSPARENCY AND DISCLOSURES

Fish resources in and adjacent to Nunavut are common property. Recommendations, decisions and other actions associated with the management and development of such public resources need to be made in a way that is open and transparent to the public of Nunavut. That directive clearly applies to the NWMB, the FAC, and the GN. DFO also applies the principles of openness and transparency to the management of fisheries. However, it applies equally to the fishing enterprises that are entrusted – through their allocations – with playing a key role in the development of the territory’s fisheries and in the creation of benefits for Nunavummiut.

Accordingly, the NWMB intends to conduct its commercial marine fisheries allocation process in a manner that is open to the public. Subject to relevant confidentiality and privacy requirements, the Board will make publicly available:

- (a) The FAC’s allocation advice and reasons delivered to the Board;
- (b) The NWMB’s resulting allocation advice, recommendations, decisions and reasons delivered to the Minister of Fisheries and Oceans;
- (c) Public summaries of the *Application for Allocation* of successful applicants for commercial marine fisheries allocations; and
- (d) Public summaries of the *Annual Reports* by fishing enterprises concerning their commercial marine fishing activities.

The NWMB is keenly aware of the importance of maintaining confidentiality with respect to certain aspects of any competitive business. At the same time, the NWMB and the public require at least the same degree of transparency in the fisheries industry as in other competitive resource sectors. Accordingly, the NWMB’s business confidentiality policy with respect to commercial marine fisheries is as follows:

11.1. NWMB Business Confidentiality Policy

11.1.1. Exclusion List

The public disclosure of certain commercial information can reasonably be expected to cause significant harm to the competitive business, which owns that information. The purpose of the *Exclusion List* is to identify which commercial information provided to the FAC and the NWMB deserves, as a matter of course, to be maintained as strictly confidential and not be made publicly available.

The following information provided by applicants - as required in their *Application for Allocation* and their *Annual Reports* – will be kept in confidence by the FAC and the NWMB, and will not be made publicly available. This information is included in the *Exclusion List* because the need for confidentiality in each instance outweighs the public interest in disclosure:

- (a) Copies of the most recent audited consolidated income statement, balance sheet and cash flow statements (although a public summary of the financial sheet, including but not limited to EBIDTA and profitability must be provided to align with S.7.3.3b);
- (b) Specific details of the harvesting plan for each target species for the fiscal year (although a public summary of the plan must be provided);
- (c) Contractual and other legal arrangements concerning where fish will be landed and processed (although a public summary of landing and processing arrangements must be provided);
- (d) Contractual and other legal arrangements concerning proposed processing and marketing plans (although a public summary of processing and marketing plans must be provided);
- (e) Contractual and other legal arrangements concerning any transition plan from a joint venture/charter program to self-sufficiency (although a public summary of such a transition plan must be provided);
- (f) Specific details of the projected general budget for the calendar year, including income from all sources and anticipated expenditures for all projects and administration (although a public summary of the budget must be provided);
- (g) Contractual and other legal arrangements concerning an overview of any proposed long-term development strategies (although a public summary of the overview must be provided); and
- (h) Contractual and other legal arrangements concerning any Business Plan update (although a public summary of the update must be provided).

11.1.2. Other Information

Applicants can request for good cause that records provided to the NWMB that are not on the *Exclusion List* be classified as confidential. Decisions on these requests will be referred by the NWMB to the FAC for its recommendation.

If, at the time of submission, an applicant wishes to protect a record being submitted, the applicant must mark the record as "confidential" and show good cause to classify the record as confidential. Showing good cause to classify a record as confidential includes demonstrating that:

1. Disclosure of the record to the public might competitively or financially disadvantage or otherwise harm the applicant with the confidentiality interest, or might reveal a trade secret or proprietary business interest; and
2. The need for confidentiality plausibly outweighs the public interest in disclosure.

The following conditions apply with the respect to a determination that information, otherwise in the public interest, should not be disclosed:

1. The information was supplied implicitly or explicitly in confidence;
2. It is commercial information that deals with financial, scientific, technical, or labour relations matters, or is a trade secret; and
3. Its disclosure could reasonably be expected to cause significant harm.

If the FAC determines that good cause exists and that the conditions for non-disclosure have been met, it must make a written recommendation to classify the record as "confidential" and restrict access to it. A record classified as confidential will not be made public or furnished to any person other than the FAC and the NWMB, subject to any other legal requirements or obligations.

12. MULTI-YEAR ALLOCATIONS

This Part does not apply to (adjusted) basic needs level commercial fisheries (*Agreement* Ss.5.7.3(b) and (c) and 5.7.6(b) and (c)).

12.1. Five-Year Allocations

Allocations in Nunavut's existing offshore commercial marine fisheries will be awarded for five-year terms,⁶ subject to annual receipt by the NWMB of reliable evidence of satisfactory effort – through *Annual Reports* from allocation holders and *Verification Reports* from DFO and TC. Multi-year allocations are the Canadian fishing industry standard, are more economical and efficient than annual allocations, and promote stability and certainty for fishing enterprises that meet their commitments under the Allocation Policy. In the event of new or emerging fisheries, the NWMB may, at its discretion, choose to implement a shorter allocation cycle.

12.2. Increases to Nunavut Offshore Allocations or to the Surplus

When a portion of the surplus in the NSA that is subject to allocation by the NWMB is increased, or in intra-allocation cycle years when any offshore allocations to Nunavut are increased, only allocation holders in good standing with the NWMB will be eligible to receive these temporary

⁶ Note that, within the NSA, commercial licenses issued from the surplus under the "limited entry system" must not exceed three years in length (S.5.6.47 of the *Nunavut Agreement*).

increases. If an enterprise has 2 or more years of outstanding performance targets, the NWMB will consider their eligibility for increases on a case-by-case basis with input from the FAC if necessary.

If the increase is less than 15%, the NWMB will - for reasons of fairness and efficiency - apply (recommend in the case of the offshore fishery) proportional allocation increases to each allocation holder in the affected fishery. For example, if an allocation holder currently has 10% of the allocation, they will receive 10% of any increase.

However, if any Nunavut allocation increase is equal to or greater than 15%, allocation holders will work together under Nunavut Fisheries Association (NFA) or other interested industry membership, to determine proposed increases to each allocation holder, and bring this advice to the FAC and the NWMB. In the event NFA cannot reach a decision, the FAC will convene to review the issue and provide advice to the NWMB. After taking this advice into careful account, the NWMB will make a determination as to the fairest way to proceed, including potentially initiating a new application process for the increased amount for the affected fishery, regardless of the five-year term.

Note that, in this circumstance, the five-year allocation cycle for all offshore fisheries will continue to be maintained as per the original schedule, and distribution of any allocation increase remains temporary and occurs with no historical attachment.

12.3. Decreases to Nunavut Offshore Allocations or to the Surplus

When a portion of the surplus in the NSA that is subject to allocation by the NWMB is decreased, or in intra-allocation cycle years when any offshore allocations to Nunavut are decreased, and the decrease is less than 15%, the NWMB will - for reasons of fairness and efficiency - apply (recommend in the case of the offshore fishery) proportional allocation decreases to each allocation holder in the affected fishery.

However, if any Nunavut allocation reduction is equal to or greater than 15%, allocation holders will work together under the NFA, or other interested industry membership, to determine proposed reductions to each allocation holder, and bring this advice to the FAC and the NWMB. In the event that the NFA cannot reach a decision, the FAC will convene to review the issue and provide advice to the NWMB. After taking this advice into careful account, the NWMB may initiate a new application process for the affected fishery, regardless of the five-year term. However, once again, the five-year allocation cycle for all offshore fisheries will continue to be maintained as per the original schedule.

Note that, in this circumstance, (i) the five-year allocation cycle for all offshore fisheries will continue to be maintained as per the original schedule, and (ii) any changes to any allocation based on decreases remains temporary, and (iii) such changes will be re-evaluated at the next Application for Allocation.

13. ALLOCATION RECONCILIATION

This Part does not apply to (adjusted) basic needs level commercial fisheries (*Agreement* Ss.5.7.3(b) and (c) and 5.7.6(b) and (c)).

From time to time, allocation holders may exceed their specified annual allocation limit. In such cases, allocation holders will have 30 days after the end of the season to reconcile any allocation overruns. If the process cannot be completed within the 30-day period, adjustments will be made on a 1:1 basis. Subject to agreement by all offshore allocation holders at the commencement of the five-year allocation term, this adjustment will be based first on any remaining un-harvested allocation in the respective management zone.⁷ Thereafter (or, if there is no agreement by all the allocation holders), the remaining allocation overrun, if any, will be deducted from the subsequent year's allocation of the specific license holder in question.

In all cases, allocation holders must adhere to relevant DFO allocation reconciliation policies.

14. ALLOCATION APPLICATIONS, ANNUAL REPORTS AND VERIFICATION REPORTS

14.1. Allocation Application Procedure, Evaluation and Timeline (conducted once every five years)

In order to request an allocation in a fishery, an applicant must complete an *Application Form for Commercial Marine Fisheries Allocations* - attached as Annex 1 to the Allocation Policy - and submit an *Application for Allocation (Application)*. The purpose of this *Application* is to ensure that the recipient is capable of properly managing this benefit and that the public is fully informed of its use and of the benefits that have arisen. Applicants must ensure that they provide all the required information in order to be fully and fairly evaluated according to the requirements of the Allocation Policy. An *Allocation Application Flow Chart* is attached as Annex 2 to the Allocation Policy.

Step 1: No later than July 1st

In most cases, the NWMB will issue a Call for Applications and a request for *Verification Reports* from DFO and TC, for established fisheries by no later than July 1st of the preceding year. The Call for Applications will, at a minimum, be sent to the relevant RWOs, all current Nunavut fishing interests, and all HTOs adjacent to the fisheries, and will be published in the other northern news outlets. Established fishing enterprises will be responsible for authorizing NWMB to access information required for verification reports from DFO and TC, and providing information necessary for *Verification Reports* (vessel names, ID#s, C#s).

⁷ This is a provisional arrangement, if one or more allocation holders are found to be consistently engaging in overruns, the NWMB is prepared to modify or eliminate adjustments based on any remaining un-harvested allocation in the management zone.

Step 2: No later than Aug 15th

No later than six weeks after the Board issues its request for submission for *Applications for Allocation* and *Verification Reports*, Completed Application Forms (Annex 1), and an *Application for Allocation* (Appendix B) must be delivered in **both electronic and hard copy** to the NWMB's Iqaluit office. Established fishing enterprises are responsible for ensuring they report on all *Mandatory Requirements for Responsible Stewardship* (Part 6 of the Allocation Policy) including information contained in *Verification Reports* from DFO and TC, and the *Transfer of Nunavut Allocations* (Part 9 of the Allocation Policy). Completed (but unverified) financial statements may be submitted in place of audited financial statements, only if they are organized and complete. Audited financial statements will be accepted until Sept 30th (see Step 5).

Step 3: No later than Aug 22nd

The NWMB will forward all relevant materials (Applications, Application Forms, and Verification Reports) to the FAC for evaluation.

Step 4: No later than Sept 30th

The FAC will perform a detailed evaluation of the Application for Allocation using the criteria detailed in the Allocation Policy, including *Verification Reports*, and other *Mandatory Requirements for Responsible Stewardship*, set out in Part 6 of the Allocation Policy, and *Transfer of Nunavut Allocations*, set out in Part 9. At this time the FAC will determine if any items are missing from the application documents and will score applicants against *Scoring Guidelines* (Section 7).

Step 5: No later than Sept 30th

Final audited financial statements will be accepted until Sept 30th, only if a complete or near complete financial statement was provided with the initial application. Audited statements must be submitted to the NWMB, and the NWMB will forward to the FAC within 1 business day.

Step 6: No later than Oct 17th

The FAC updates scores with audited financial statements and provides scores, any outstanding issues with the applications, and initial recommendations to the NWMB.

Step 7: No later than Oct 24th

The NWMB will forward to each applicant: (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/terminations, if any, to the applicant's current allocation(s).

Step 8: No later than Nov 7th

The FAC may hold confidential in-camera face-to-face or telephone sessions with applicants, to provide the FAC and the applicant with the opportunity to address any issues with the application or ask questions and discuss confidential details of the applicant's *Application for Allocation* or *Verification Reports* pertaining directly to the applicant or to the industry as a whole. In the case of a potential FAC recommendation to reduce or terminate an enterprise's existing allocation, the FAC will offer a reasonable opportunity for a procedurally fair in-camera face-to-face meeting to permit the applicant to formally question, discuss and respond to the FAC's evidence, analysis and potential recommendation.

Step 9: No later than Nov 21st

Upon completion of these sessions, the FAC will update its scores and allocation recommendations if necessary. When the evaluation is complete the FAC will provide the NWMB with its written final recommendation on the percentage of the resource (and, whenever possible, the actual amount of the resource) that should be allocated to each successful applicant. Justification will be provided for both accepted and rejected *Applications for Allocation*. Following these recommendations, the NWMB has 2 options:

1. If all fishing enterprises are in good standing, meaning they are not potentially receiving less allocation than they received at the last allocation application, then FAC recommendations will result in NWMB decisions or recommendations (proceed to step 12 directly);
2. If allocation recommendations include any fishing enterprise receiving a lower allocation than was allocated at the commencement at the last allocation cycle, then steps 10-11 will be followed.

Step 10: No later than Dec 14th

The NWMB will send out a confidential letter to any enterprise potentially facing a lower allocation (based on the FAC's recommendation) than was allocated at the commencement at the last allocation cycle. The letter will provide reasonable notice and disclosure - including the reasons and evidence relied upon by the FAC for its recommendations - as well as an invitation to meet in-person with the NWMB to discuss.

Step 11: No later than Jan 25th

Should an enterprise accept the NWMB's invitation, the NWMB will hold a face-to-face meeting with the enterprise potentially facing a lower allocation based on the FAC's recommendations. The NWMB will also arrange for one or more FAC representatives to attend the meeting.

Step 12: No later than Feb 25th (if steps 10-11 are necessary) or Jan 25th if all enterprises are in good standing

The NWMB will make its allocation decisions and recommendations by no later than Jan 25th or Feb 25th (depending on steps 10-11) of the preceding year. If the Minister of Fisheries and Oceans has not yet announced overall allocations by that time, each individual allocation decision/recommendation will be expressed in the form of a percentage of the relevant overall allocation.

As per the Allocation Policy, once the NWMB's final allocation recommendations and decisions have been finally addressed by the DFO Minister, the FAC's advice to the NWMB will be made public along with the justification for this advice, subject to relevant confidentiality and privacy concerns.

Occasionally, time considerations may prevent the NWMB from issuing a comprehensive Call for Applications – for instance, when an allocation under the jurisdiction of the Minister of Fisheries and Oceans is only announced towards the end of the season. In such circumstances, the NWMB will take whatever measures it considers reasonable to ensure that it is able to make timely and equitable allocation decisions/recommendations compliant with its Allocation Policy.

14.2. Annual Report Procedure, Evaluation, and Timeline (submitted in the years between Allocation Applications)

Each year that is **not** a full application year, every allocation recipient is required to submit an *Annual Report* to the NWMB, fully detailing the previous year's operations and how the recipient has met the commitments identified in its *Application for Allocation*. A template for this *Annual Report* is provided in Appendix C to the Allocation Policy. Allocation holders will be responsible for authorizing NWMB to access information required for *Verification Reports* from DFO and TC, and providing information necessary for *Verification Reports* (vessel names, ID#s, C#s). The FAC will review the *Annual Reports* and the *Verification Reports* in light of the recipient's commitments. The FAC will then provide recommendations, with reasons, to the NWMB as to any actions required. An *Annual Report and Verification Report Flow Chart* is attached as Annex 3 to the Allocation Policy.

Step 1: No later than Aug 15th

Each year, except in those years when *Applications for Allocation* are submitted - the NWMB will issue a *Call for Annual Reports and Verification Reports* (Call) for established fisheries. Allocation holders are responsible to provide information and authorization to NWMB in order for the NWMB to obtain *Verification Reports* from DFO and TC.

Step 2: No later than Sept 21st

Allocation holders are required to submit an *Annual Report* (Appendix C) for the previous year by no later than six weeks after the Call is issued to be delivered in **both electronic and hard copy** to the NWMB's Iqaluit office. The *Annual Report* must fully detail the previous year's operations and show how allocation recipients have met the commitments identified in their *Application for Allocation* and include an audited financial statement. *Verification Reports* will be submitted directly to NWMB by DFO and TC.

Step 3: No later than Sept 28th

The NWMB will forward all relevant materials (*Annual Reports* and *Verification Reports*) to the FAC for evaluation.

Step 4: No later than Nov 7th

The FAC conducts an evaluation of the *Annual Reports* and *Verification Reports*. (4a) During this review period, the FAC may request a face-to-face or telephone meeting with any allocation holder to clarify issues on the *Annual* or *Verification Reports*. In the case of a potential FAC recommendation to suspend, reduce or terminate an enterprise's existing allocation, the FAC will offer a reasonable opportunity for a procedurally fair in-camera face-to-face meeting to permit the applicant to formally question, discuss and respond to the FAC's evidence, analysis and potential recommendation. (4b) Following any in-camera or face-to-face meetings the FAC will take into account any updated material or information and make a final recommendation to the NWMB. Following a complete review, the FAC will recommend to the NWMB one of three options: (6a) status quo for well performing enterprises, (6b) issue performance targets for underperforming enterprises, or (6c) in extreme cases of culpable negligence, a suspension, reduction, or termination of an allocation.

Step 5: No later than Nov 15th

Following receipt of the FAC's final recommendation for (A) status-quo, (B) issuance of performance targets or (C) suspension, reduction, or termination of an allocation, the NWMB will carefully consider the *Annual Reports*, *Verification Reports*, and the FAC's final recommendations and reasons for recommendations. The NWMB will provide allocation holders with performance targets (if applicable), and reason(s) and relevant parts of the *Verification Reports*, concerning that allocation holder. In the event of very serious issues pertaining to *Annual Reports* (i.e., Step 6: Option C), the NWMB will issue a confidential letter to potentially affected enterprise(s). Each letter will provide reasonable notice and disclosure - including the reasons and evidence relied upon by the FAC for its final recommendation(s) - as well as an invitation to meet in-person with the NWMB at its December quarterly meeting. The Board will also arrange for one or more FAC representatives to attend the meeting.

Step 6: No later than Nov 21st

Depending on the FAC evaluations, status of past and current performance targets, and potential cases of culpable negligence, the NWMB will adhere to the following options:

6a: If any/all enterprise(s) are in good standing and have met its objectives with no performance targets issued the FAC/NWMB will recommend the status quo for the following year based upon the success of the allocation recipient in meeting its objectives.

6b: If an enterprise is not in good standing and has failed to meet any of its objectives, a recommended warning letter will be issued to the allocation recipient for failure to meet all of its objectives, and performance targets of a specified time period to comply (generally one year). Or be subject to a potential reduction in allocation in the future or at the time of the next Allocation Application.

- Failure to comply with previous performance targets within the specified time period will result in the outstanding issues being transferred to the current year's performance targets. Transferred performance targets that remain unaddressed will be heavily weighted at the next Allocation Application.

6c: In extreme cases of culpable negligence⁸, a suspension, reduction or termination of the allocation, based upon a substantial failure to comply with regulatory requirements, and/or to meet essential obligations set out in the recipient's *Application for Allocation*, and/or to comply with essential directions in the Allocation Policy, including the *Mandatory Requirements for Responsible Stewardship*. For the year in question when this allocation, or a part thereof, becomes available, the Committee will make recommendations on the temporary redistribution of the allocation, or part thereof, to be shared on a temporary basis

⁸ Culpable negligence is a conduct that amounts to more than simple negligence. It is conduct that also: (a) is tantamount to intentional conduct; (b) shows indifference as to whether this Allocation Policy is complied with, or (c) shows a willful, reckless, or wanton disregard of the law. [Partial excerpts from the definition of "culpable conduct" in subsection 163.2(1) of Part 1, Division 1 of the Income Tax Act {R.S.C., 1985, c.1, (5th sup.)}]
"...means something more than negligence... it has been said to be intentional conduct which the actor may not intend to be harmful but which an ordinary and reasonably prudent man would recognize as involving a strong probability of injury to others. [Black's Law Dictionary]"

among existing allocation holders. The allocation, or part thereof, may become subject to a new Call for Applications for the following season.

Step 7: No later than Dec 10th or Dec 21st (if no changes to allocations)

Depending on the status of allocation holders, the NWMB will, with input from the FAC, adhere to the following options:

7a: Following step 6a, where the FAC /NWMB recommend the status-quo and no performance targets are issued, the decisions will be promptly sent to the minister.

7b: Following step 6b, where performance targets are issued by the FAC/NWMB, the NWMB will notify the allocation holder and identify the performance targets, and identify a time frame for compliance (as per step 6b). No changes to the allocation will be made, but the Minister will be notified of the performance targets and the potential to impact future allocations if not corrected.

7c: Any enterprise suspected of culpable negligence will be invited to the NWMB's December quarterly meeting to discuss potential issues and to provide enterprise(s) with an opportunity to respond directly to the NWMB. The NWMB will consider all of the information received, including the FAC recommendations and reasons for performance targets, responses from allocation holder(s) and steps taken by relevant enterprise(s) to address or remedy issues regarding culpable negligence and/or points raised with their *Annual Reports or Verification Reports*. If performance targets remain outstanding, they will be carried forward to the next Annual Review or Application for Allocation.

Step 8: No later than Jan 21st

If considered necessary, the NWMB will issue final correspondence to one or more of the enterprises concerning their *Annual Reports/Verification Reports*. The NWMB will issue appropriate recommendations and/or decisions to the DFO Minister only in the case of a finding of culpable negligence.

14.3. Verification Reports (submitted every year)

Following the completion of each fishing season, *Verification Reports* will be prepared by DFO and TC, concerning the performance of allocation holders in Nunavut's commercial marine fisheries. Each enterprise is required to provide information necessary for DFO and TC verification reports and authorization for NWMB to request and access this information directly each year, to be included with the *Annual Report or Application for Allocation* and will include particular aspects of the *Mandatory Requirements for Responsible Stewardship* (Part 6). DFO's Report will also include information pertaining to the *Transfer of Nunavut Allocations* (Part 9).

DFO will report on catch information and allocation transfers, pursuant to sub-section 6.1(a) and Part 9 of the Allocation Policy. The *Verification Report* will set out the following for each allocation holder in each fishing area in which they have an allocation:

- (a) The total reported annual catch;

- (b) Whether the reported annual catch matches the allocation or adjusted allocation amount (after in-season transfers, if any), and the difference between the catch and the (adjusted) allocation, if they do not match;
- (c) The total allocation amount temporarily transferred externally; and
- (d) The total allocation amount temporarily transferred internally.

In addition, DFO will report on other mandatory requirements falling under sub-section 6.1(a), as well as on mandatory requirements under sub-section 6.1(c) and sections 6.2, 6.3 and 6.5. DFO will provide a summary of concerns that the Department has with the overall performance of the allocation holders. The summary may be accompanied by one or more recommendations for improvement of relevant stewardship measures by the allocation holders. In order to respect privacy rights and protect investigative integrity, the summary will not include any reporting on individual allocation holders.

Transport Canada will report on those mandatory requirements falling under sub-section 6.1(b), section 6.4, and 6.5(a). This will consist of a list of the vessels operated by Nunavut allocation holders, as well as a summary, for each vessel, of its compliance with TC's legal and policy requirements.

Upon receipt of the *Verification Reports*, the NWMB will forward to each allocation holder all sections of the *Verification Reports* pertaining directly to them, as well as to the industry as a whole.

The FAC and the NWMB will take the *Verification Reports* into consideration during the evaluation of applications for commercial marine fisheries allocations, and during annual performance reviews. As set out in Appendix A, allocation holders subject to performance targets will have an opportunity to review all sections of the *Verification Reports* pertaining directly to them, as well as to the industry as a whole. Allocation holders will have an opportunity to provide their comments to the NWMB, prior to the NWMB making a decision or recommendation informed by its consideration of the *Verification Reports*.

ANNEX 1: Application Form for Commercial Marine Fisheries Allocations

Fishery Applied For:

Turbot: 0B (outside NSA) _____ 0A (outside NSA) _____ CSTMA _____

Shrimp: SFA 1 Com _____ Davis Strait East _____

Nunavut East _____ Nunavut West _____

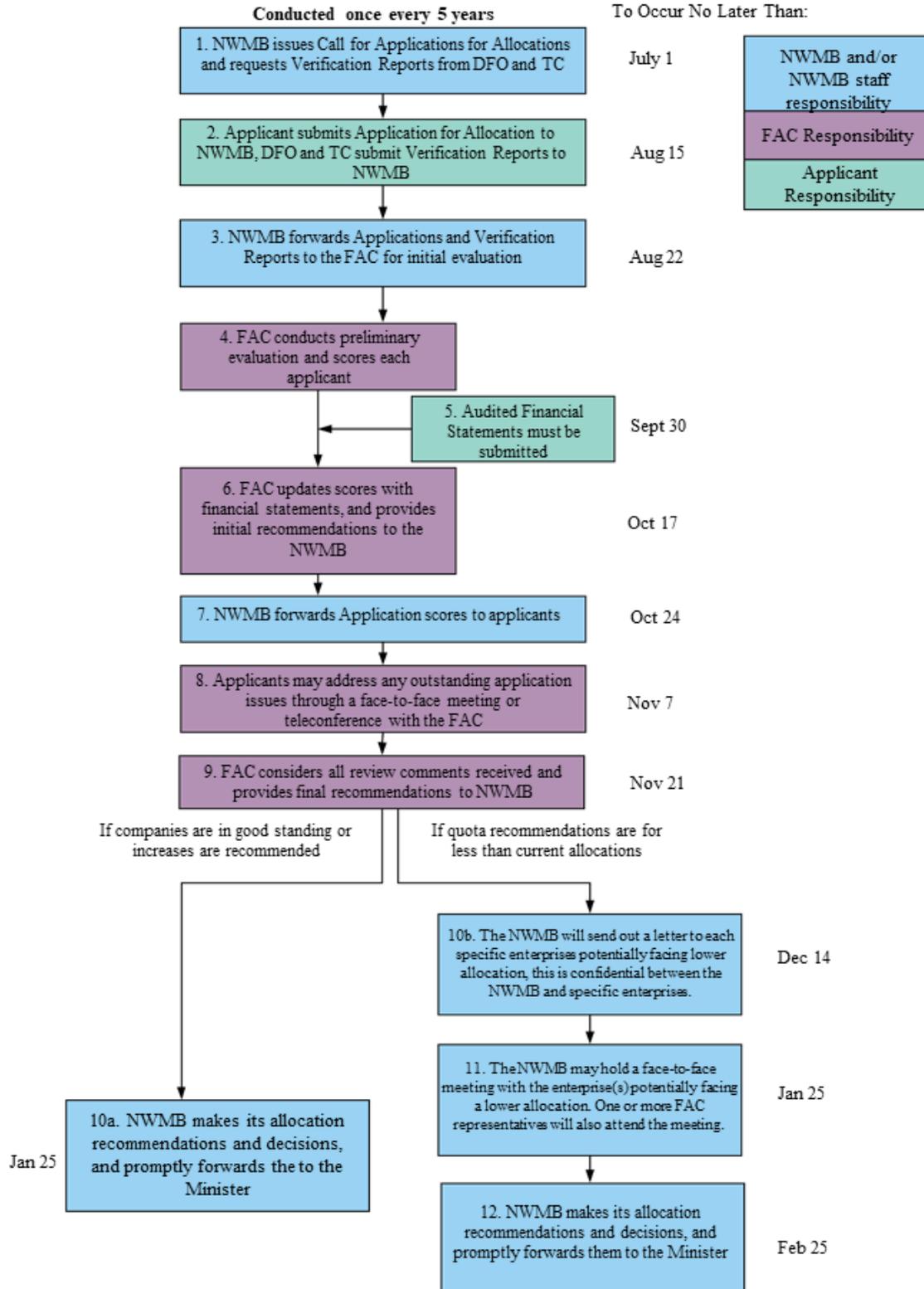
Davis Strait West _____

Other Species: _____ **Location:** _____

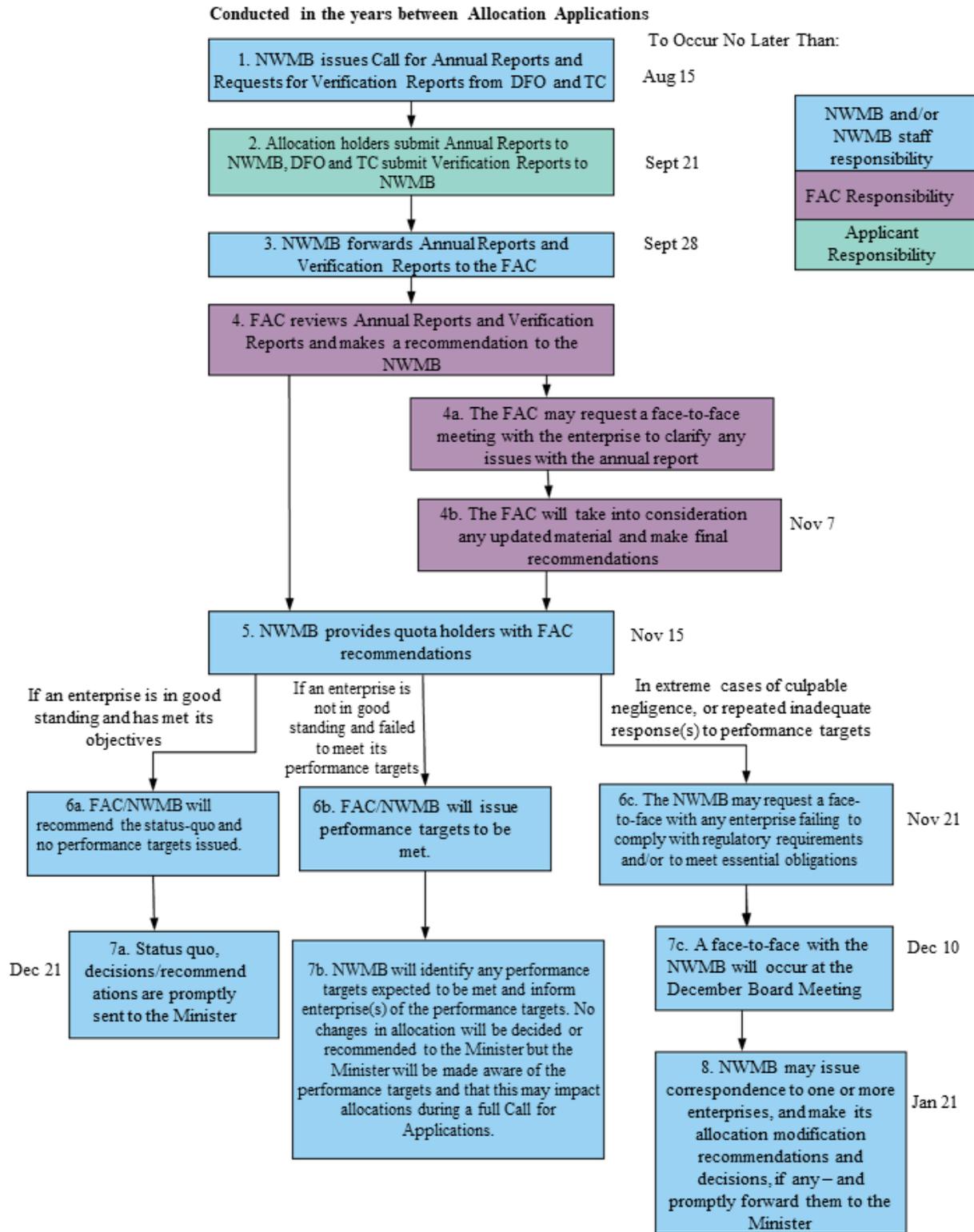
Note – A separate application form must be completed for each fishery.

Name of Applicant:		Address:	
E-mail Address:			
Phone #		Fax #	
What percentage of the business is Inuit-owned? Indicate % Inuit ownership: _____ If not 100% Inuit owned, are non-Inuit partners Nunavut residents? Yes _____ No _____			
In what community(s) is the business based? Where is the Head Office Located?			
List previous allocations and harvests in this fishery (Metric Tonnes, MT). Indicate the amount you harvested, any amount transferred to another Licence holder, and indicate if transfer was inside or outside of Nunavut.			
Year	Allocation (MT)	Harvested (MT)	Transferred (MT)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Allocation(s) requested this year (MT):			

Annex 2: Application Flow Chart and Key Dates



Annex 3: Annual Report Flow Chart and Key Dates



APPENDIX A: TERMS OF REFERENCE FOR THE NUNAVUT FISHERIES ADVISORY COMMITTEE

1. Fisheries Advisory Committee Mandate

The Fisheries Advisory Committee (FAC or Committee) has been established by the Nunavut Wildlife Management Board (NWMB or Board) to assist the NWMB in integrating socio-economic, governance, business, employment and development considerations with the Board's fisheries management and conservation expertise. The FAC provides advice to the NWMB on the allocation of commercial marine fisheries resources within the Nunavut Settlement Area (NSA), and within Nunavut's adjacent offshore waters - defined in the *Nunavut Agreement* as Zones I and II - all in accordance with the *Nunavut Wildlife Management Board Allocation Policy for Commercial Marine Fisheries* (Allocation Policy). The following pages outline the Terms of Reference for the establishment and operation of the FAC.

2. Roles and Responsibilities

The roles and responsibilities of the Committee include:

- To review and assess applications, including *Application for Allocation*, submitted to the NWMB for commercial marine fisheries allocations;
- To undertake a review and assessment of the *Annual Reports* submitted by each allocation recipient;
- To undertake a review and assessment of the *Verification Reports* containing information from the Department of Fisheries and Oceans (DFO) and Transport Canada (TC);
- To make recommendations to the NWMB on the allocation of Nunavut fisheries resources based upon the review and analysis of formally submitted *Applications for Allocation* and, where applicable, *Annual Reports* and *Verification Reports*;
- To provide advice, as requested by the NWMB, the Government of Nunavut (GN) and/or Nunavut Tunngavik Inc. (NTI), on overall fisheries development issues in Nunavut;
- To provide advice and recommendations on confidentiality issues (i.e. what information should or should not be deemed confidential); and
- Any other tasks that the NWMB may request the Committee to undertake.

3. Composition of the Committee

3.1. Appointment of Members

The membership of the Committee will include six members appointed by the following organizations:

- Two members appointed by Nunavut Tunngavik Inc., one an industry expert and the other a Qaujimanilik (a person recognized by Inuit as having an in-depth knowledge of issues essential to the success of the fishery);
- Two members appointed by the Government of Nunavut, one an industry expert and the other a Qaujimanilik; and
- Two members appointed by the Nunavut Wildlife Management Board, one an industry expert.

Members will be appointed by the respective organizations based upon their knowledge and experience of fisheries-related issues in Nunavut, including their knowledge of social, economic, governance, business, employment, and development issues related to commercial marine fisheries. While members are appointed by the respective organizations, to avoid potential conflicts of interest and apprehension of bias, and to ensure FAC independence, appointees must not be employees of the appointing organization⁹. Once appointed, FAC members will perform their duties independently, impartially, and in the public interest.

If, in the event FAC members require assistance with in-depth financial and/or business expertise required to evaluate Applications for Allocation, the FAC may request the NWMB to contract a fisheries consultant on their behalf. The Nunavut Fisheries Association (NFA) may, if requested, provide to the NWMB and FAC a list of potential consultants qualified to evaluate financial and business plans. The FAC and NWMB may choose to select one of the NFA recommended consultants to assist with the evaluation of Applications.

The NWMB will appoint the FAC chairperson from one of its two appointees, and a vice-chairperson will be appointed by the FAC from among any remaining members. A quorum of 4 FAC members meeting at the same time is required for any decision-making, either in-person or by teleconference, or through a combination thereof. The chairperson will only vote in order to break a tie.

3.2. Terms of Appointment

Subject to the exception set out below, Committee members will be appointed for a set term of five years. Appointments may be renewed, at the discretion of the appointing organization. To help ensure the credibility, independence and impartiality of the FAC, each organization responsible for the appointment of a Committee member, or the NWMB, may only choose to terminate that Committee member's appointment prior to the expiry of his or her term based on just cause. The GN and NTI should notify the NWMB of potential appointees within 6 months of a current FAC member's term ending. The NWMB, GN, and NTI will work to ensure the five-year terms of FAC members are staggered; to retain current knowledge of operations and avoid more than 50% turnover of FAC members in any given year. If any appointing organization has both FAC appointments ending within 1 year of each other, the first new/renewed appointment will be for a three-year term, the second new/renewed appointment will be for a five-year term, and all appointments will be for five-year terms thereafter.

4. Principles, Values and Guidelines

In reviewing allocation applications and related documents submitted to the NWMB, the Committee will follow the principles, values and guidelines established by the NWMB in Sections 4 and 7 of the Allocation Policy.

⁹ As the previous version of the Allocation Policy allowed for FAC appointees to be employees of the appointing organization, all incumbent FAC members at the time this version of the Allocation Policy is approved and implemented may fulfill their current terms, regardless of their employment status.

5. Evaluation Process

The FAC will undertake evaluations of allocation applications for commercial fisheries, in light of submitted *Applications for Allocation*, *Annual Reports* and *Verification Reports*. The role of the FAC in the evaluation process is summarized in Sections 14.1 and 14.2.

Regarding *Applications for Allocation*, the FAC will review Applications, supporting documentation, and relevant *Verification Reports* from DFO and TC. This process involves a preliminary review of materials, identification of missing application materials, a possible face-to-face meeting (or teleconference) with enterprises to address any issues with the *Application*, a final review of the application and materials, and providing the NWMB with recommendations for allocation. This includes providing justification for both accepted and rejected Applications.

Each year that is not a full application year, the FAC will review and evaluate *Annual Reports* and *Verification Reports* in light of the recipient's commitments. This may include a face-to-face meeting with an allocation holder if there are concerns with either their *Annual Report* or *Verification Report*. The FAC will provide recommendations, with reasons, to the NWMB as to any corrective actions required. These recommendations include: (1) a status-quo recommendation for allocation holders meeting its objectives, (2) issuance of performance targets for allocation recipients failing to meet all of its objectives, and provision of a specified time period to comply (generally one year), or (3) a recommended suspension, reduction or termination of the allocation in extreme cases of culpable negligence, or repeated inadequate response(s) to performance targets.

During both Application and Annual Report years, members of the FAC may be requested by the NWMB to attend Board meetings in order to present relevant information to the Board. This will include meetings where underperforming allocation holders are requested to meet face-to-face with the Board (Section 14.1, 14.2). As per the Allocation Policy, once the NWMB's final allocation recommendations and decisions have been addressed by the DFO Minister, the Committee's advice to the NWMB will be made public along with the justification for this advice, subject to relevant confidentiality and privacy concerns.

6. Confidentiality Responsibilities

6.1. FAC Responsibilities

An integral component of FAC duties is the review and consideration of confidential information contained within the *Application for Allocation*, *Annual Reports*, *Verification Reports* and related documents. Each FAC member is under a legal duty to maintain such materials and information as strictly confidential, both during his or her term as a Committee member and after that term has ended.

In recognition of that legal duty, and because the disclosure of confidential business materials and information can reasonably be expected to cause significant harm to the competitive business which provides the materials and information, each FAC member is required to complete the following steps prior to undertaking his or her Committee duties:

- (a) Enter into a formal confidentiality agreement with the organization that appoints the FAC member (attached as Schedule I to, and forming a part of, these Terms of Reference); and
- (b) Sign in the presence of an authorized Commissioner for Oaths a “*Solemn Declaration to Maintain Confidentiality*” (attached as Schedule II to, and forming a part of, these Terms of Reference).

6.2. GN and NTI Responsibilities

As organizations that appoint and remunerate FAC members, the GN and NTI are subject to the following confidentiality obligations:

- (a) Enter into formal confidentiality agreements with their appointed FAC members (attached as Schedule I to these Terms of Reference); and
- (b) Upon termination of an FAC member’s appointment, ensure that all confidential materials and information delivered to them by the departing FAC member are kept secure and maintained as confidential at all times, and – subject to written directions from the NWMB - are promptly provided to the organization’s newly appointed FAC member or are returned to the NWMB.

7. Compliance with NWMB Policies, and Conflict of Interest Responsibilities

In performing its functions, the FAC must comply with all relevant NWMB policies, and with any directions from the NWMB regarding the operation of the Committee.

FAC members must disclose any private interests that may affect the exercise of their duties as Committee members. If a real, potential or apparent conflict of interest should arise between a member’s private interests and his or her duties as a Committee member, the conflict must be resolved in favour of the FAC duties. Each FAC meeting agenda will be reviewed at the beginning of the meeting, so that members may declare potential conflicts.

8. Administration of the FAC

The individual appointing organizations (NTI, the GN and the NWMB) are responsible for all of the necessary costs associated with the participation of their appointed members on the FAC. The Committee, if experiencing an excess workload, may recruit one or more qualified consultants to assist the FAC in its work, particularly in the preparation of due diligence reports, subject to pre-approval by the respective appointing organizations. The NWMB, the GN and NTI, will – if necessary – request that other relevant agencies (for example, Crown-Indigenous Relations and Northern Affairs Canada, DFO, Kakivak and the Nunavut Fisheries Training Consortium) provide financial assistance to help offset the additional costs.

SCHEDULE I TO THE TERMS OF REFERENCE FOR THE FISHERIES ADVISORY COMMITTEE

Contractual provisions to be inserted into:

- (a) the FAC member's consultant contract with his or her appointing organization,**
- (b) an addendum to that contract, or**
- (c) a stand-alone "*Confidentiality Agreement*" between the FAC member and his or her appointing organization.**

1. The [Consultant] acknowledges that, as a member of the Nunavut Fisheries Advisory Committee (FAC), the [Consultant] will acquire materials and information that are confidential in nature, and that the unauthorized disclosure of such materials and information can reasonably be expected to cause significant harm to the competitive businesses that provide the materials and information, as well as to the Nunavut Wildlife Management Board (NWMB) and [the Government of Nunavut] [Nunavut Tunngavik Incorporated]. Such materials and information may include, but are not limited to, the following:

- (a) Audited consolidated income statements, balance sheets and cash flow statements;
- (b) Specific details of the harvesting plan for each target species for the fiscal year;
- (c) Contractual and other legal arrangements concerning where fish will be landed and processed;
- (d) Contractual and other legal arrangements concerning proposed processing and marketing plans;
- (e) Contractual and other legal arrangements concerning any transition plan from a joint venture/charter program to self-sufficiency;
- (f) Specific details of the projected general budget for the calendar year, including income from all sources and anticipated expenditures for all projects and administration;
- (g) Contractual and other legal arrangements concerning an overview of any proposed long-term development strategies;
- (h) Contractual and other legal arrangements concerning any Business Plan or Business Plan update;
- (i) Lists of present and prospective customers, and related information;
- (j) Software, electronic information and databases; and
- (k) Trade secrets and proprietary business interests.

2. The [Consultant] undertakes to treat confidentially all the materials and information referred to in paragraph 1, and agrees not to disclose same to any third party either during the term of his or her FAC appointment, except as may be necessary in the proper discharge of his or her FAC duties, or after the date of termination of the [Contractor's] appointment to the FAC, irrespective of the time, manner or cause of the termination.

3. If the [Consultant] understands that he or she is required to disclose confidential materials or information received in his or her capacity as an FAC member by a law, regulation, governmental body or by court order, prior to such disclosure the [Consultant] will provide to [the Government of Nunavut] [Nunavut Tunngavik Incorporated] and the NWMB both reasonable notice and a reasonable opportunity to dispute the requirement.
4. The [Consultant] acknowledges that, without prejudice to any and all rights of [the Government of Nunavut] [Nunavut Tunngavik Incorporated] [the NWMB], an injunction is the only effective remedy to protect the rights, materials and information referenced in paragraphs 1, 2 and 3 above.
5. Upon the termination of the [Contractor's] appointment to the FAC, irrespective of the time, manner or cause of the termination, the [Consultant] will within three (3) business days deliver or cause to be delivered to [the Government of Nunavut] [Nunavut Tunngavik Incorporated] [the NWMB] all confidential materials and information received in his or her capacity as an FAC member that is embodied in any way - whether physical or in electronic, magnetic, optical or other ephemeral form - and that is in his or her possession or under his or her control.

SCHEDULE II TO THE TERMS OF REFERENCE FOR THE FISHERIES ADVISORY COMMITTEE: SOLEMN DECLARATION TO MAINTAIN CONFIDENTIALITY

WHEREAS I have been appointed to the Nunavut Fisheries Advisory Committee (FAC) of the Nunavut Wildlife Management Board (NWMB) to provide advice to the NWMB concerning, among other matters, the allocation of commercial marine fisheries resources within the marine waters adjacent to Nunavut;

AND WHEREAS I am required, in carrying out my FAC duties, to review *Applications for Allocation, Annual Reports* and related documents;

AND WHEREAS those Applications, Reports and related documents routinely contain confidential business information, the unauthorized disclosure of which can reasonably be expected to cause significant harm to the competitive businesses that provide such materials and information;

AND WHEREAS I am under a legal duty to maintain such materials and information as strictly confidential, both during my term as an FAC member and after that term has expired;

NOW THEREFORE, I SOLEMNLY DECLARE AS FOLLOWS:

1. I will diligently comply with all relevant confidentiality directions in the *Nunavut Wildlife Management Board Allocation Policy for Commercial Marine Fisheries*;
2. Subject to declaration number three (3), I will maintain strict confidentiality with respect to all confidential materials and information that I receive in my capacity as an FAC member, and will continue to maintain that confidentiality both during my term as an FAC member and after my term has ended, no matter the reason for the end of my term;

3. If I understand that I am required to disclose confidential materials or information received in my capacity as an FAC member by a law, regulation, governmental body or by court order, prior to such disclosure I will provide to the NWMB both reasonable notice and a reasonable opportunity to dispute the requirement; and

4. Within three (3) business days after my term as an FAC member has ended, I will deliver either to the NWMB or to the organization that appointed me all property of the NWMB, or property otherwise entrusted to the NWMB – including without limitation all confidential materials and information received in my capacity as an FAC member – that is embodied in any way, whether physical or in electronic, magnetic, optical or other ephemeral form, and that is in my possession or under my control.

I make this solemn declaration conscientiously, knowing that it is of the same force and effect as if made under oath.

[FAC Member Name]

Date

SOLEMNLY DECLARED BEFORE ME at _____ in
_____, this _____ day of _____, 20_____.

[Name]
Commissioner for Oaths

[Address of Commissioner]

APPENDIX B: APPLICATION INFORMATION AND INSTRUCTIONS

1. Background

Fishery resources in Nunavut Settlement Area (NSA) waters are co-managed and allocated by the Department of Fisheries and Oceans (DFO) and the Nunavut Wildlife Management Board (NWMB or Board). The NWMB also exercises an extensive advisory jurisdiction with respect to adjacent fishery resources outside the NSA. An essential component of such authority is the responsibility to ensure that resources are allocated, fished and managed in an open and accountable manner, and that allocation holders provide substantial benefits to Nunavummiut.

2. Purpose

The primary reasons for preparing an Application for Allocation are as follows:

- (a) To ensure that allocation recipients in Nunavut adjacent waters are operating their business venture in an open, transparent and accountable manner, demonstrating competence and responsibility. The ability to establish an open and transparent process in determining fisheries allocations in Nunavut adjacent waters will establish Nunavut in a leading edge position in terms of Canadian fisheries policy;
- (b) To ensure that allocation recipients have a clear and viable plan to effectively manage the public resource they are entrusted with and thereby increase overall benefits to Nunavummiut. This approach is consistent with the *Nunavut Fisheries Strategy*, which identified business and organizational capacity development as one of its key objectives;
- (c) To ensure that organizations requesting allocations provide substantive details as to how Nunavut will benefit from their allocations. This approach is consistent with the *Nunavut Fisheries Strategy* (2005, 2016), as well as the *Organizational and Performance Review of Nunavut's Offshore Fishing Industry* (2006); and
- (d) To ensure that quota recipients understand and are prepared to meet the mandatory requirements for responsible stewardship.

3. Evaluation Criteria

Due to the limited regional allocations available to Nunavut fishers in Nunavut's adjacent waters, applications for access will necessarily be evaluated in competition with one another. The key areas to be addressed in the *Application for Allocation* are described in Section 7 of the Allocation Policy, *Guidelines for Nunavut's Commercial Marine Fisheries Allocation*.

4. Accountability

Applicants are advised to complete their *Application for Allocation* in detail. It is important for all applicants to note that the governance structure and the reporting, business, benefits and stewardship commitments outlined in this Plan will be cross referenced with the information provided in the *Annual Reports* and *Verification Reports*, which are a requirement for all successful applicants. Any significant failure to live up to the commitments made in these plans may result in a warning and subsequent loss of a portion or all of an organization's allocation if the organization fails to comply. All information provided in the *Application for Allocation* submitted to the NWMB will be subject to the *Business Confidentiality Policy* outlined in Part 11 of the Allocation Policy.

5. Application for Allocation and Table of Contents

The following pages outline a draft Table of Contents and subsequent sections for the *Application for Allocation*. Applicants are encouraged, but not required to follow this report structure, and are advised that their *Application* must be complete and include all of the key information requirements outlined below, unless otherwise stated.

Table of Contents:

5.1. Executive Summary	B-2
5.2. Background	B-2
5.3. Business Plan: Including Operations, Finance, and Past Performance.....	B-2
5.4. Stewardship Plan	B-3
5.5. Governance Plan	B-4
5.6. Employment Plan.....	B-6
5.7. Investment and Financial Plans.....	B-7

5.1. Executive Summary (Public)

Provide a 5 page summation of the applicant’s Application for Allocation including *Past Performance and Future Plans*, highlighting key factors that illustrate: the applicant’s commitment to good governance and responsible stewardship; the applicant’s ability to establish and operate a viable business, generating returns and benefits to Nunavummiut; and the applicant’s commitment to maximizing the benefits from their allocations for their shareholders, their communities and Nunavummiut in general. Provide a summary of prior activity by the company/organization (organizational activity, fishing activity, etc.).

5.2. Background (Public):

Provide a detailed background on the applicant company/organization, focusing on: the history of organization development and steps that have been taken to improve governance, responsible stewardship and the development of open, transparent and accountable operations; its ability to maximize employment and financial benefits from allocations; and its ability to ensure these benefits are equitably distributed/utilized.

5.3. Business Plan: Including Operations, Finance, and Past Performance.

Applicant plans should include, but not be limited to, the following elements:

Company History and Characteristics

- Introduce the history of the company, its vision, mission, and objectives;
- Identify the business goals, objectives, milestones, action items for the next 5 years and beyond (including new acquisitions and debt);
- Illustrate and detail how the company/organization has or plans to obtain the experience and management capacity to establish/run a successful fishing enterprise.

Operations Plan

- Provide detail on past operations, including previous harvesting plans and details on processing and marketing plans;

- Provide a detailed harvesting plan for each target species for coming years, including a summary of the proposed harvesting method(s) and vessel(s) to be used including vessel and/or C numbers;
- Identify where fish will be landed and processed;
- Identify percentage of allocation to be harvested under a charter arrangement, and the justification for planned external or internal temporary transfers (Part 9 of the Allocation Policy);
- Provide overview of proposed processing and marketing plans;
- Identify transition plan from joint venture/charter program to self-sufficiency and acquisition of harvesting capacity (if applicable).

Finances and Financial Plan

- Provide detail on your company/organization's financing and financial performance;
- List existing assets – current condition, expected lifespan, planned major maintenance;
- List existing debts – payment schedule, amortization period, etc.;
- Describe financial projects and cash flows (refer to audited financial statement if necessary);
- Conduct a basic risk analysis (e.g. SWOT, sensitivity analysis of projections to changes in expenses, revenues);
- Explanation of management's experience and capacity;
- For existing allocation holders, provide audited statements for the prior year;
- Provide financial projections for the current season, detailing projected revenues and costs (operating costs, administrative costs);
- Identify proposed investment activities and explain any major changes from previous years.

Materials Required for Evaluation:

The following criteria will be scored (as per Section 7), and are necessary components of the application in order to be evaluated. For each scored criteria, the corresponding materials are noted below. Some application material may be found in the Business Plan and associated Operations, Finance, and Past Performance (above). If you are referencing material provided in the Business Plan, please provide reference to where this information can be found, including page numbers. Please refer to Section 7 for information on how each criterion will be evaluated and word limits on each section, as only the accepted limits will be used for evaluation.

5.4. Stewardship Plan:

Provide a summary of the enterprise's goals, objectives, and milestones for stewardship for the next allocation cycle. Identify and demonstrate any history of responsible stewardship on the part of the applicant, referring to Mandatory Requirements for Responsible Stewardship. Identify, in tabular form where possible, commitments and timeframes.

Mandatory Requirements for Responsible Stewardship:

Provide a detailed record of compliance with the NWMB's *Mandatory Requirements for Responsible Stewardship* (Section 6). Include a copy of Tables 7.1A and 7.1B. If explanatory text is required for either table, clearly summarize your responses within the respective word limits

identified in the table, and identify your commitments and timeframes where relevant. Tabular form is acceptable for responses.

- Identify and explain any and all past non-compliance activities/incidents within the past 5 years, as well as any and all activities/incidents that may be pending charges or fines [Table 7.1B];
- *Verification Reports* from DFO demonstrating compliance with relevant law and policy, and SARA measures. Report on any DFO occurrences [6.1a, 6.1c];
- Verification from TC demonstrating compliance with relevant law and policy. Report on any TC deficiencies [6.1b];
- Identify any research initiatives organized or sponsored by DFO or NWMB and identify any assistance or cooperation you provided [6.2a, Table 7.1A];
- Provide records and reports of fishing operations as required by the DFO/NWMB [6.2b, Table 7.1A];
- Demonstrate inclusion of Inuit Qaujimajatuqangit in fishing operations and/or fisheries research [6.2c, Table 7.1A];
- Demonstrate compliance with all DFO/NWMB responsible habitat and ecosystem protection. Report on any DFO occurrences [6.3a,b,c,d, Table 7.1A];
- Demonstrate sound waste management practices [6.4a, Table 7.1A];
- Demonstrate minimizing of emissions and dangerous substances from fishing operations [6.4b, Table 7.1A];
- Demonstrate appropriate training for all crew members with respect to harvesting sustainably [6.4c, Table 7.1A];
- Demonstrate minimizing gear loss and identify your recovery plan for lost gear [6.5a, Table 7.1A];
- Demonstrate minimizing the harvest of by-catch species, marine mammals, and juvenile fish [6.5b, Table 7.1A].

Scored Criteria for Ecological Stewardship

- Demonstrate evidence of voluntary measures and/or contributions to reduce industry impact on ecosystems, or improve the natural environment [7.2.1a, Table 7.1A].

5.5. Governance Plan:

Provide detail on the applicant company/organization's future plans for improving governance, openness, transparency and accountability to shareholders/membership of their operations. Provide governance goals, objectives, and milestones for the next 5 years and beyond. Identify, in tabular form where possible, commitments and timeframes.

Mandatory Requirements for Good Business Governance:

The following information is required to be complete and submitted in order to be evaluated on any governance criteria (S7.3)

- Current business plan for the 5 year application period (Appendix B 5.3 above);
- Previous business plan for last allocation application (complete version with any updates made during annual reporting years);

- Audited financial statement: In addition to the Financial Plan information listed above the audited financial statement is required to include the following information for scoring criteria:
 - Consolidated Statement of Activities
 - Consolidated Statement of Financial Position
 - Consolidated Statement of Cash Flows
 - Subsidiary Report - Group Subsidiary(ies)¹⁰
 - Income Statement (Statement of Activities)
 - Balance Sheet (Statement of Financial Position)
 - Cash Flow Statement (Statement of Cash Flows)
 - Consolidated General and Administrative Expenses¹¹
 - Budget Summary
 - Annual breakdown of royalties received by species
 - Demonstrate earnings and profitability of the fishing enterprise, include EBIDTA [7.4.3a]
 - Inuit and Nunavummiut employment costs [7.4.1a,b]
 - Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % or profits [7.6.1a]
 - Identify all non-cash forms derived from profits of benefits to the community/shareholders that are derived from profits [7.6.2a]
 - Identify your direct financial contribution (in dollars) and In-kind contributions for leveraged activities [7.6.3a]
 - Detail investments in fisheries assets [7.6.4a]

Scored Governance Criteria:

- Provide an organizational chart of all divisions, subsidiaries, joint ventures and partnerships of the applicant including legal structure and location of business registration [7.3.1a];
- Provide detail on the company/organization including ownership (including percentage ownership of different owners) and management structure, and identify the legal relationship between the applicant group and managing organization (if different) [7.3.1a];
- Provide a copy of your shareholder agreement [7.3.1a];
- Provide a copy of the company/group's internal governance regulations/by-laws, and board terms of reference [7.3.1b];
- Provide evidence that your company/organization has the experience and management capacity to establish/run a successful fishing enterprise. Include the CVs of 5 key personnel [7.3.1c];

¹⁰ Allocation Group Subsidiaries [Provide a current narrative summary of all subsidiary, joint-venture, and partnership activities that occurred during the year. The summary information pertains to all investment activity. Financial statements for all subsidiary investments are required. Please note that special circumstances may require the NWMB to request financial information on businesses, projects, and programs that fall beyond the scope of the reporting requirements.

¹¹ General and administrative expenses include all expenses charged to the organization and its subsidiaries. General and Administrative Expenses include "program delivery expenses". The categories listed in the table below are required. Please contact the NWMB if there are any questions.

- Provide a summary of recent board meeting(s) including the dates, locations, and list of attendees for all board meetings held within the last 12 months [7.3.2a];
- Provide a copy of the meeting minutes from the most recent board meeting [7.3.2b];
- Provide a list of the applicant company/group's Board of Directors and a list of key personnel, including contract personnel along with their affiliations and/or company positions [7.3.2c];
- Provide relevant information to demonstrate holding an annual AGM with shareholders (date, location, meeting minutes) for the last 5 years [7.3.3a];
- Provide an overview of shareholder and/or membership reporting structures including an engagement strategy, an overview of fishing activities, a shortened financial sheet provided to shareholders, and a copy of the business plan sent to stakeholders [7.3.3b];
- Provide a community benefits plan identifying benefits and outlining how benefits are provided to shareholders. Include a summary of proposed profit sharing and/or royalty arrangements [7.3.4a];
- Provide letters from shareholders identifying requests for benefits, and identify how this information is used to inform business decisions regarding benefits [7.3.4a];
- Demonstrate how shareholder input has impacted major decisions made by the company by providing 3 examples over the last 5 years [7.3.4b];
- Demonstrate community and/or shareholder and/or board involvement in the business and/or operational decisions made by the enterprise, and how benefits are determined [7.3.4c];
- Demonstrate quota transfers with other groups (if any transfers occurred), NFA, or other membership association, cooperation with other Indigenous organizations/enterprises; provision of vessel activity report [7.3.5a];
- Demonstrate your business adhered to its business plan goals and objectives [7.3.6a];
- Provide evidence that applicants are either partially or wholly Inuit-owned. Provide a list of all owners and include percent ownership of Regional Wildlife Organizations (RWOs), Hunters and Trappers Organizations (HTOs), communities, and other owners [7.3.1a, 7.5.1a];
- Provide Inuit Firm Registry (IFR) registration if applicable [7.5.1b].

Optional Governance Criteria: (not required)

- Other business information which applicant feels will assist in the evaluation of the application; [500 words max that is not scorable, but may be used to assist in scoring].

5.6. Employment Plan:

Detail the direct and indirect employment benefits to be derived from the allocation for Nunavummiut and especially Inuit. Outline plans and commitments to maximize employment benefits to Inuit and Nunavummiut over time. Detail plans to develop/implement Inuit-appropriate working conditions/environment, to increase Inuit recruitment and retention.

Scored Criteria for Employment:

- Present employment of Inuit and Nunavummiut, using tables in Appendix D [7.4.1a,b];
- Demonstrate improvements in Inuit and Nunavummiut employment levels [7.4.1c];

- Present a plan to improve Inuit and Nunavummiut employments levels, with reference to improving Inuit into senior management positions, and how you have/have not met previous employment goals [7.4.1d].

5.7. Investment and Financial Plans:

Summarize the Investments plans and commitments made in the last 5 years to maximize benefits to Nunavummiut. Provide a plan for investments and benefits back to the shareholders and communities over the next 5 years. (Note if this is included in the Business Plan B5.3, reference where this information can be found, reference page numbers).

Scored Investment and Financial Criteria:

- Demonstrate earnings and profitability of the fishing enterprise, include EBIDTA [7.4.3a];
- Present a plan to keep the fishing enterprise profitable, or present a plan to make fishing enterprise profitable [7.4.3b];
- Provide a list of all fishery related assets and identify the percent Inuit ownership and location of each asset [7.5.2a];
- Identify improvements in Inuit Vessel Ownership since the last allocation cycle [7.5.2b];
- Identify increases in capital assets located in Nunavut since the last allocation cycle [7.5.2c];
- Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % or profits, and provide evidence these returns were requested by the shareholders and/or owners [7.6.1a];
- Provide a letter of good standing, if possible, from the legal registry for each HTO/Shareholder represented by the fishing enterprise [7.6.1b];
- Identify all non-cash forms derived from profits of benefits to the community/shareholders that are derived from profits, and provide names, roles, and financial contributions from all other contributors (if any). Include a direct request from the community to ensure this request came directly from the community [7.6.2a];
- Clearly identify your role, your direct financial contribution (in dollars), and in-kind contributions in leveraging funds to benefit fisheries and community economic development [7.6.3a];
- Detail investments in fisheries assets, and the benefits to Nunavut to be derived from these investments. [7.6.4a].

APPENDIX C: ANNUAL REPORT INFORMATION AND INSTRUCTIONS

1. Background

In order to ensure resources allocated under this policy are properly managed, *Annual Reports* are required to be submitted every year that is not the first year of an allocation cycle. *Annual Reports* must be received by the NWMB within 6 weeks of the NWMB's *Call for Annual Reports*. An electronic copy of the public summary for each *Annual Report* must be forwarded to the NWMB (for posting on the NWMB web site) by no later than July 31.

Incomplete reporting on *Annual Reports*, or insufficient progress towards goals outlined in the Application for Allocation may lead to performance targets being issued. Performance targets will be an important factor in determining commercial fisheries allocations at the next full application year (See Sections 7.7 and 14.2).

2. Annual Report Table of Contents

2.1. Executive Summary (Public)	C-1
2.2. Mandatory Items for Annual Report Submission	C-1
2.3. Stewardship Plan Updates	C-1
2.4. Business Plan Updates	C-2
2.5. Operation Plan Updates	C-2
2.6. Governance Plan Updates	C-2
2.7. Detailed Financial Information	C-3
2.8. Financial and Investment Plan Updates	C-3
2.9. Benefit Plan Updates	C-4

2.1. Executive Summary (Public)

Provide a summary of annual activities in a three to five-page format. Include a table summarizing commitments made, adherence to these commitments, and future commitments.

2.2. Mandatory Items for Annual Report Submission

In addition to updates regarding the allocation holder's progress towards objectives outlined in its Application for Allocation, the following items are mandatory and are required to be submitted each year:

- *Verification Reports* from DFO and TC, providing authorization for NWMB to access this information, and providing information necessary for TC and DFO to complete these reports;
- Audited financial statement.

2.3. Stewardship Plan Updates

- A. Briefly restate your stewardship goals, objectives, and milestones as stated in your most recent *Application for Allocation*.
- B. Identify progress made towards stewardship goals, objectives, and milestones in the last year and previous progress since the last *Application for Allocation*. Identify if you failed to meet any of these and provide an explanation why.
- C. Provide a detailed report of any interaction with DFO, TC, NWMB, or any other regulatory/enforcement agency, and refer to *Verification Reports* if necessary. Include

any vessel violations, harvesting violations, illegal activities that occurred on board any harvesting vessel(s), and any other fines or penalties. Outline how you plan to address noncompliance issues or outstanding performance targets.

- D. Identify upcoming stewardship commitments for the upcoming season, and any plans for how you intend to meet them.

2.4. Business Plan Updates

- A. Briefly restate your business goals, objectives, and milestones as stated in your most recent *Application for Allocation*.
- B. Identify any changes to these goals, objectives, and milestones in the last year, and since the last *Application for Allocation*. Explain reasons for these changes.
- C. Identify progress made towards business goals, objectives, and milestones in the last year and previous progress since the last *Application for Allocation*. Identify any goals, objectives, or milestones that you were unable to meet and clearly outline the reasons.
- D. Identify business commitments for the upcoming season, and any plans for how you intend to meet them.

2.5. Operation Plan Updates

- A. Identify all harvest activities by Target Fishery over the last year. Include your allocation, metric tonnes harvested, percent of allocation harvested, and transfers (use table C3.1 to summarize). Provide explanation for any unharvested quota.
- B. Identify the harvesting methods used, and the names and ID # (or C #) of the vessels used to harvest, explain if any of this information differs from the information in your *Application for Allocation*, and explain why. Provide harvesting methods and vessel information for the upcoming year.
- C. Identify where fish were landed and processed. Explain if this was different from the information in your *Application*. Provide plans for landing and processing fish for the upcoming harvest season.
- D. Identify external and internal temporary transfers, the rationale for such transfers, and compliance with Part 9 of the Allocation Policy.
- E. Briefly identify any harvesting activities outside of the Nunavut allocation policy.

2.6. Governance Plan Updates

- A. Briefly restate your governance goals, objectives, and milestones as stated in your most recent *Application for Allocation*.
- B. Identify progress made towards stewardship goals, objectives, and milestones in the last year and previous progress since the last *Application for Allocation*. What has been done to improve governance, openness, transparency and accountability of operations? Identify if you failed to meet any of these goals, objectives or milestones and provide an explanation why.
- C. Provide a summary of board activities over the last year. Include:
- A summary of recent board meeting(s) including the dates, locations, and list of attendees for all board meetings held within the last 12 months, and any other Board activities in the last year;
 - A copy of the meeting minutes from the most recent board meeting (Attached separately);
 - Provide relevant information to demonstrate holding an annual AGM with shareholders or explain why you have not held one.

- D. Identify any changes in governance structure or key personnel. Explain the reasons for these changes.
- E. Demonstrate adherence to your engagement strategy in your Application. Identify any activities that have allowed you to meet your goals of providing information back to shareholders, or any reasons you have not met your goals.
- F. Demonstrate adherence to community benefits plan. Identify any activities that have allowed you to meet your goals of providing benefits back to communities/shareholders, or any reasons you have not met your goals.
- G. Identify what commitments are being made on governance issues for the coming season.

2.7. Detailed Financial Information

An audited financial statement is required every year and should capture any fisheries related financial information generated through Nunavut's allocation in addition to other business activities. The detailed audited financial statement must include:

- 4. Financial Statements – Group
 - 1. Consolidated Statement of Activities
 - 2. Consolidated Statement of Financial Position
 - 3. Consolidated Statement of Cash Flows
 - 4. Subsidiary Report - Group Subsidiary(ies)¹² [Required]
 - 5. Income Statement (Statement of Activities)
 - 6. Balance Sheet (Statement of Financial Position)
 - 7. Cash Flow Statement (Statement of Cash Flows)
 - 8. Organizational Chart (Current Information)
 - 9. Consolidated General and Administrative Expenses¹³
 - 10. Budget Summary
 - 11. Annual breakdown of royalties received by species.
 - B. Imminent Major Investments
 - C. Other

2.8. Financial and Investment Plan Updates

- A. Briefly restate your financial and investment goals, objectives, and milestones as stated in your most recent *Application for Allocation*.
- B. Identify progress made towards financial and investment goals, objectives, and milestones in the last year and previous progress since the last *Application for Allocation*. Identify if you failed to meet any of these and provide an explanation why.
- C. Briefly identify profitability of the enterprise, or explain reasons for not being profitable. Outline steps taken to improve or maintain profitability.

¹² Allocation Group Subsidiaries [Provide a current narrative summary of all subsidiary, joint-venture, and partnership activities that occurred during the year. The summary information pertains to all investment activity. Financial statements for all subsidiary investments are required. Please note that special circumstances may require the NWMB to request financial information on businesses, projects, and programs that fall beyond the scope of the reporting requirements.]

¹³ General and administrative expenses include all expenses charged to the organization and its subsidiaries. General and Administrative Expenses include “program delivery expenses”. The categories listed in the table below are required. Please contact the NWMB if there are any questions.

- D. Identify investments in fisheries assets: Describe investments in fishing operations and the benefits for Nunavummiut derived from these investments.
- E. Other Investments: Describe investments/expenditures made outside the fishing industry, the rationale for making these investments and the benefits to be derived for Nunavummiut from these investments.
- F. Provide summary on financing and financial results from the fishing season.
- G. Identify financial and investment commitments for the upcoming season, and any plans for how you intend to meet them.

2.9. Benefit Plan Updates

- A. Briefly restate your employment goals, objectives, and milestones as stated in your most recent *Application for Allocation*.
- B. Identify progress made towards employment goals, objectives, and milestones in the last year and previous progress since the last *Application for Allocation*. Identify if you failed to meet any of these and provide an explanation why.
- C. Present employment of Inuit and Nunavummiut, using tables in Appendix D.
- D. Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % or profits.
- E. Identify all non-cash forms derived from profits of benefits to the community/shareholders that are derived from profits, and provide names, roles, and financial contributions from all other contributors (if any).
- F. Identify any leveraging activities to benefit fisheries and community economic development. State your role and financial contribution, provide names, roles, and financial contributions from all other contributors (if any). Reference community requests if applicable.
- G. Identify employment and financial benefits for the upcoming season, and any plans for how you intend to meet them.

3. Tables for Annual reports:

<i>Table C3.1</i> <i>Species Harvested</i>	Fiscal Year		
	Allocation	Metric tonnes harvested	% of allocation harvested
Greenland Halibut			
NAFO Division 0A			
NAFO Division 0B			
NSA			
Northern Shrimp (<i>P. borealis</i>)			
SFA 1 Commercial			
SFA 2 Exp E of 63°W			
SFA 2 (within the NSA)			
SFA 3 (within the NSA)			
Striped Shrimp (<i>P. montagui</i>)			
SFA 2 Exp (within the NSA)			
SFA 3 Exp (within the NSA)			
Total Harvest			

APPENDIX D: EMPLOYMENT BENEFIT REPORTING TABLES

The following pages present scoring tables for Inuit (7.4.1a) and Nunavummiut (7.4.1b) employment levels, to be scored as part of the *Application for Allocation*. Each enterprise will report employment criteria using with Tables D.1A/D.2A (for fixed/mobile gear vessels) or Tables D.1B/D.2B (of inshore plan harvesting) for both Inuit and Nunavummiut levels for the duration of the allocation period to ensure consistency in reporting. Each cell in the table will be filled in to receive a score on the table as a whole. Total Expenses must match reported values on audited financial statements. Scoring equations are presented at the bottom of each table. Please note the equations and weighting for tables differ, and equations are provided for the calculations of each criterion to report back to 7.4.1a and 7.4.1b.

Table D.1A: Mobile and/or Fixed Gear Vessel Employment Reporting for Inuit Employees (7.4.1a). Each enterprise is required to fill out either Table D.1A (Mobile Gear Vessels) or Table D.1B (Inshore Plant) for Inuit Employment to receive a score for criteria 7.4.1a. Shaded cells will be scored by the FAC during Application evaluations. In addition to the table, mobile/fixed gear vessel owners to provide listing of crew positions and which should be considered entry level versus advanced positions.

MOBILE / FIXED GEAR VESSELS	Total number of Inuit employee trips	% Inuit trips (# Inuit employee trips/ # of total employee trips)	Score	Total Inuit employment expense	% Inuit employment expense (Inuit employment expense/ total employment expense)	Score	Total vessel employment expense
Entry level positions	#	%	Score: I1	\$	%	Score: I3	\$
Advanced positions	#	%	Score: I2	\$	%	Score: I4	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement
OFFICE	Total number of Inuit employee months worked	% Inuit months worked (total Inuit employee months worked/ total employee months worked)	Score	Total Inuit Employment Expense	% Inuit Employment expense (total Inuit employment expense/ total employment expense)	Score	Total admin employment expense
Admin and support staff (non-senior management positions)	#	%	Score: I5	\$	%	Score: I7	\$
Senior management	#	%	Score: I6	\$	%	Score: I8	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement

Scoring for Table D.1A:

Scoring is based on the percentage of Inuit employment on vessels and in office positions. For each percentage of Inuit employment (i.e. score I1 is based on the % of Inuit Trips as % of total trips, in the cell immediately to the left), with the scoring applied to be:

3 points >85% (or representative workforce levels).

2 points 51-85% Inuit Employment.

1 point 25-50% Inuit Employment.

0 points <25% Inuit Employment.

To score for 7.4.1a (10 points total):

Sum of Scores (I1+I2+I3+I4+I5+I6+I7+I8) /2.4

For a maximum score of 10 points.

Table D.1B: Inshore plant employment reporting for Inuit employees (7.4.1a). Each enterprise is required to fill out either Table D.1A (Mobile Gear Vessels) or Table D.1B (Inshore Plant) for Inuit Employment to receive a score for criteria 7.4.1a. Shaded cells will be scored by the FAC during Application evaluation. Inshore operators are to provide listing of positions and which should be considered entry level versus advanced positions in the fish plant.

INSHORE PLANT/ HARVEST	Number of Inuit employees	% Inuit employees (number of Inuit employees/ number total employees)	Score	Total Inuit employment expense	% Inuit employment expense (total Inuit employment expense/total employment expense)	Score	Total inshore plant/harvest employment expense
Fish plant positions – entry	#	%	Score: I1	\$	%	Score: I4	\$
Fish plant positions - advanced	#	%	Score: I2	\$	%	Score: I5	\$
Harvesters	#	%	Score: I3	\$	%	Score: I6	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement
OFFICE	Number of Inuit employee months worked	% Inuit employee months worked (Inuit employee months worked/ total employee months worked)	Score	Total Inuit employment expense	% Inuit employment expense (total Inuit employment expense/ total employment expense)	Score	Total admin employment expense
Admin and support staff (non-senior management Positions)	#	%	Score: I7	\$	%	Score: I9	\$
Senior management	#	%	Score: I8	\$	%	Score: I10	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement

Scoring for Table D.1B:

Scoring is based on the percentage of Inuit employment inshore, in plant, and in office positions. For each percentage of Inuit employment (i.e. score I1 is based on the % of Inuit employees as % of total employees, in the cell immediately to the left), with the scoring applied to be:

3 points >85% (or representative workforce levels).

2 points 51-85% Inuit Employment.

1 point 25-50% Inuit Employment.

0 points <25% Inuit Employment.

To score for 7.4.1a (10 points total):

Sum of Scores (I1+I2+I3+I4+I5+I6+I7+I8+I9+I10) /3

For a maximum score of 10 points.

Table D.2A: Mobile and/or Fixed Gear Vessel Employment Reporting for Nunavummiut Employees (7.4.1b). Each enterprise is required to fill out either Table D.2A (Mobile Gear Vessels) or Table D.2B (Inshore Plant) for Inuit Employment to receive a score for criteria 7.4.1b. Shaded cells will be scored by the FAC during Application evaluation. In addition to the table, mobile/fixed gear vessel owners to provide listing of crew positions and which should be considered entry level versus advanced positions (one list for tables D1 and D2 is acceptable).

MOBILE / FIXED GEAR VESSELS	Total number of Nunavummiut employee trips	% Nunavummiut trips (# of Nunavummiut trips/ # of total employee trips)	Score	Total Nunavummiut employment expense	% Nunavummiut employment expense (Nunavummiut employment expense/ total employment expense)	Score	Total vessel employment expense
Entry level positions	#	%	Score: N1	\$	%	Score: N3	\$
Advanced positions	#	%	Score: N2	\$	%	Score: N4	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement
OFFICE	Total number of Nunavummiut employee months worked	% Nunavummiut months worked (total Nunavummiut employee months worked/ total employee months)	Score	Total Nunavummiut employment expense	% Nunavummiut employment expense (total Nunavummiut employment expense/ total employment expense)	Score	Total admin employment expense
Admin and support staff (non-senior management positions)	#	%	Score: N5	\$	%	Score: N7	\$
Senior management	#	%	Score: N6	\$	%	Score: N8	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement

Scoring for Table D.2A:

Scoring is based on the percentage of Nunavummiut employment on vessels and in office positions. For each percentage of Nunavummiut employment, the scoring applied will be:

3 points >85% (or representative workforce levels).

2 points 51-85% Nunavummiut Employment.

1 point 25-50% Nunavummiut Employment.

0 points <25% Nunavummiut Employment.

To score for 7.4.1b (5 points total): Weighting to each category is as follows:

Sum of Scores (N1+N2+N3+N4+N5+N6+N7+N8) /4.8

For a maximum score of 5 points.

Table D.2B: Inshore plant employment reporting for Nunavummiut employees (7.4.1b). Each enterprise is required to fill out either Table D.2A (Mobile Gear Vessels) or Table D.2B (Inshore Plant) for Nunavummiut employment to receive a score for criteria 7.4.1b. Shaded cells will be scored by the FAC during Application evaluation. Inshore operators are to provide listing of positions and which should be considered entry level versus advanced positions in the fish plant (one list for tables D1 and D2 is acceptable).

INSHORE PLANT/ HARVEST	Number of Nunavummiut employees	% Nunavummiut employees (number of Nunavummiut employees/ number of total employees)	Score	Total Nunavummiut employment expense	% Nunavummiut employment expense (total Nunavummiut employment expense/ total employment expense)	Score	Total inshore plant/ harvest employment expense
Fish plant positions – entry	#	%	Score: N1	\$	%	Score: N4	\$
Fish plant positions - advanced	#	%	Score: N2	\$	%	Score: N5	\$
Harvesters	#	%	Score: N3	\$	%	Score: N6	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement
OFFICE	Number of Nunavummiut employee months worked	% Nunavummiut employee months worked (Nunavummiut employee months worked/ total employee months worked)	Score	Total Nunavummiut employment expense	% Nunavummiut employment expense (total Nunavummiut employment expense/ total employment expense)	Score	Total admin employment expense
Admin and support staff (non-senior management positions)	#	%	Score: N7	\$	%	Score: N9	\$
Senior management	#	%	Score: N8	\$	%	Score: N10	\$
Total	#	%	No Score	\$	%	No Score	Total tied back to income statement

Scoring for Table D.2B:

Scoring is based on the percentage of Nunavummiut employment inshore, in plant, and in office positions. For each percentage of Nunavummiut employment (i.e. score N1 is based on the % of Nunavummiut in entry level fish plant positions, in the cell immediately to the left), with the scoring applied to be:

3 points >85% (or representative workforce levels).

2 points 51-85% Nunavummiut Employment.

1 point 25-50% Nunavummiut Employment.

0 points <25% Nunavummiut Employment.

To score for 7.4.1b (5 points total):

Sum of Scores (I1+I2+I3+I4+I5+I6+I7+I8+I9+I10) /6

For a maximum score of 5 points.

FAC Report # 27

Introduction

The Fisheries Advisory Committee (FAC) was created by the Nunavut Wildlife Management Board (NWMB) to advise the Board on allocation decisions for commercial marine fisheries in Nunavut. The NWMB's expertise is primarily with wildlife and fisheries management and allocation decisions. Nunavut's commercial fisheries allocation decisions must take into consideration socio-economic, governance, business, employment, and development issues - including access by communities and others competing for limited fisheries resources and benefits. The FAC serves to advise on these facets of the NWMB's determination of access and allocations in the marine waters adjacent to Nunavut.

The FAC is currently composed of five members: Trevor Taylor (Chair, NWMB appointee), Zoya Martin (Government of Nunavut appointee), Jeffrey Maurice (Nunavut Tunngavik Inc. appointee), Jade Owen (Government of Nunavut appointee), Megan Pizzo-Lyall (NWMB appointee). Members represent the interests of all Inuit and Nunavummiut and are legally mandated to serve the public in this regard and to provide independent allocation and other fisheries-related advice to the NWMB with respect to Nunavut's adjacent commercial marine fisheries resources. As per the *NWMB's 2019 Allocation Policy for Commercial Marine Fisheries (Allocation Policy)*, the FAC's advice is:

- a) Prepared and delivered in accordance with its Terms of Reference (Appendix A of the policy);
- b) Based primarily upon the Allocation Policy, as well as a review and analysis of Applications for Allocation provided by applicants, Annual Reports submitted by those fishing enterprises that already have allocations, and annual Verification Reports provided by Fisheries and Oceans Canada (DFO) and Transport Canada (TC); and
- c) Subject to the transparency and disclosure requirements set out in Section 11 of the *Allocation Policy*.

An integral component of FAC duties is the review and consideration of confidential information, including information contained within Applications for Allocation, Annual Reports, Verification Reports, and supporting documents. Each FAC member is under a legal duty to maintain such materials and information as strictly confidential, both during their term as a Committee member and after that term has ended.

The FAC has prepared this report for the NWMB based on a comprehensive review of the Applications, Verification Reports and supporting documents. This report outlines recommended quotas, scores for each applicant as per the *Allocation Policy*, review of previous performance targets, and recommended performance targets for the new allocation cycle. These recommendations are based on the expertise of the FAC with justification for each recommendation noted below.

Performance Targets:

Performance targets can be issued at the beginning of each application cycle, and during annual report evaluations to any enterprise believed to be underperforming, missing critical information for NWMB reporting purposes, or for failure to meet standards set by the enterprise themselves or the NWMB. The FAC considered any unresolved performance targets over the last allocation cycle in reviewing the applications and has noted in this report any outstanding performance targets. Applicants must

FAC Report # 27

demonstrate adherence to and achievement of past performance targets over the last five years, including performance targets issued since the previous Allocation Application.

With respect to enterprises that have not met performance targets in one or more years of the previous allocation cycle, the NWMB may consider reduced allocations available to that enterprise under the current allocation cycle. In the event an enterprise has failed to meet multiple performance targets, it is more likely to be subject to an allocation reduction.

Application Scoring:

The *Allocation Policy* sets out allocation scoring values and guidelines for Nunavut's commercial marine fisheries. In accordance with the principles outlined in Section 4 of the *Allocation Policy* and subject to the relevant provisions of the *Nunavut Agreement* ("*Agreement*"), the NWMB will apply the values and guidelines set out below in deciding upon individual commercial marine fisheries allocations. The scoring values are as follows:

- 1) Fisheries should be conducted in a way that maintains ecological sustainability of the stock(s) being fished, as well as their associated habitats;
- 2) Businesses should operate in an open, transparent, and accountable manner for the equitable benefit of Nunavummiut;
- 3) In allocating commercial marine fisheries resources, preference needs to be given to:
 - a) Nunavummiut and operations providing direct benefits to Nunavut's economy (Agreement S.5.6.45);
 - b) Communities within the Region adjacent to the resource, particularly within the Nunavut Settlement Area (NSA) (Agreement S.15.3.7);
 - c) Economically viable fishing enterprises; and
 - d) Enterprises that can demonstrate a historical connection to a particular fishery.
- 4) Substantial involvement of viable commercial ventures sponsored or owned by Regional Wildlife Organizations (RWOs) and Hunters and Trappers Organizations (HTOs) is prioritized (Agreement S.5.1.3(a)(iii) and 5.6.39); and
- 5) Fisheries should be conducted in a way that delivers benefits to Inuit and Nunavummiut generally. Reinvestment of revenues is required and can take several forms:
 - a) Special consideration for reinvestments of revenues that creates value, employment, training and educational opportunities for Nunavummiut; and
 - b) Additional consideration for the reinvestment in the enterprise, which will further support employment and economic benefits for Nunavut.

As set out in the Policy: "The guidelines are organized as a cumulative point system, with a maximum possible score of 112 points. **Every applicant is required to meet all requirements under Guideline 7.1, Mandatory Requirements for Responsible Stewardship, and achieve a minimum of (60%) in each of Guidelines 7.3. through 7.6. in order to remain eligible to receive any allocation.**" (Policy, p. 8; emphasis in original). In addition, within Guideline 7.3, Good Business Governance, every applicant is required to submit an audited financial statement, current and past business plans, and to demonstrate open, transparent and accountable operations, subject to relevant confidentiality and privacy concerns.

FAC Report # 27

Summary of FAC Recommendations

Table 1, below, summarizes the recommendation of the FAC to the NWMB. The reasoning for our recommendation is set out in the FAC's Report to the NWMB, which begins on page 6 of this document. Applicants include: Arctic Fisheries Alliance (AFA), Baffin Fisheries (BF), Cumberland Sound Fisheries (CFS), Qikiqtaaluk Corporation (QC), and Qikiqtani Fisheries Alliance (QFA).

Table 1: Summary of FAC recommendations

Species	Fishing Area	Total Nunavut Quota 2020 Fishing Season (t)	Increase in Available Quota since 2015	AFA				BF			
				2015 Allocation		Recommended Allocation		2015 Allocation		Recommended Allocation	
				(%)	(t)	(%)	(t)	(%)	(t)	(%)	(t)
Greenland halibut (turbot)	0A	9,592.50	1,592.50	20.76%	1,660.72	11%	1,063.4	58.61%	4,688.64	55%	5,241
	0B	4,283.25	1,433.25	14.04%	399.9975	4%	172	36.84%	1,049.997	44%	1,900
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	0	0	0	0	0	40%	1,488.8	50%	1,861
	DS-E	1,604	0	0	0	0	0	57%	914.28	57%	914.3
	DS-W	1,778	694.4	15%	162.54	0	0	35%	379.26	50%	542
	NU-E	659	449	0	0	0	0	70%	147	70%	147
	NU-W	1,581.50	541.5	0	0	0	0	70%	728	67%	1,053.2
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	0	0	0	0	0	70%	210.7	70%	210.7
	NU-W	5,987.50	2918.5	0	0	0	0	70%	2,148.3	65%	3,899.7

FAC Report # 27

Table 1: Summary of FAC recommendations (continued)

Species	Fishing Area	Total Nunavut Quota 2020 Fishing Season (t)	Increase in Available Quota since 2015	CSF				QC				QFA			
				2015 Allocation		Recommended Allocation		2015 Allocation		Recommended Allocation		2015 Allocation		Recommended Allocation	
				(%)	(t)	(%)	(t)	(%)	(t)	(%)	(t)	(%)	(t)	(%)	(t)
Greenland halibut (turbot)	0A	9,592.50	1,592.50	0.11899	951.92	10%	1,005.6	0.08734	698.72	24%	2,282.5	-	-	0	0
	0B	4,283.25	1,433.25	0.333333	949.99905	8%	328	0.15789	449.9865	44%	1,883.25	-	-	0	0
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	0	0.2	744.4	0	0	0.4	1,488.8	50%	1,861	-	-	0	0
	DS-E	1,604	0	0.145	232.58	0	0	0.285	457.14	43%	689.7	-	-	0	0
	DS-W	1,778	694.4	0.15	162.54	0	0	0.35	379.26	50%	542	-	-	0	0
	NU-E	659	449	0	0	0	0	0.3	63	30%	63	-	-	0	0
	NU-W	1,581.50	541.5	0	0	0	0	0.3	312	33%	528.8	-	-	0	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	0	0	0	0	0	0.3	90.3	30%	90.3	-	-	0	0
	NU-W	5,987.50	2918.5	0	0	0	0	0.3	920.7	35%	2,088.3	-	-	0	0

FAC Report # 27

Summary of Overall Scores

Table 2, below, presents a summary of the overall scores. The FAC used consensus-based decision making, with no voting. Detailed results of the FAC's review of each applicants' application can be found in annexes to the FAC's report. Every applicant is required to achieve a minimum of 60% in each of Sections 7.3. through 7.6. to remain eligible to receive allocation.

Table 2: Summary of scores for each applicant by section. Red text indicates that the applicant did not meet the minimum of 60% to remain eligible to receive allocation (applies to Sections 7.3 to 7.6). It should be noted that the total score is the percentage from the total application score and does not reflect an average of the percentage in each score by section.

Score (%)	AFA	BF	CSF	QC	QFA
Section					
7.2	50%	50%	50%	50%	50%
7.3	42%	94%	79%	94%	36%
7.4	53%	62%	86%	68%	39%
7.5	95%	95%	100%	95%	62%
7.6	0%	100%	26%	100%	0%
Total	49%	84%	76%	86%	36%

FAC Report # 27

The Fisheries Advisory Committee's Report to the NWMB

Options for Consideration

Following our review of the five applications for an allocation of the quota available in Nunavut's offshore marine fishery, we have prepared two choices for consideration by the NWMB (Advice as per Policy, Optional Consideration). Our recommendation to the Board is to accept the Optional Consideration, which awards Qikiqtaaluk Corporation (QC) and Baffin Fisheries (BF) for their continued compliance with the policy; while providing under and poor performers like Cumberland Sound Fisheries (CSF) and Arctic Fisheries Alliance (AFA) the opportunity to improve for future years by providing a smaller allocation, allowing them to maintain the minimum economic activity of these companies. At this time, we do not recommend an allocation for Qikiqtani Fisheries Alliance (QFA), they are considered a new applicant and their application did not meet the minimum standards in many sections.

Application of the Allocation Policy

When taken in its entirety, it is clear that the intention of the policy is to maximize the economic return from offshore fishery allocations; to increase Inuit and Nunavummiut employment at all levels of the industry; to foster good governance, financial accountability and transparency in the management of the industry; and to provide maximum financial return to the shareholders, communities, HTOs, and Regional Wildlife Organizations (RWOs).

The FAC is a technical advisory committee of the NWMB. As such, the review of applications against the *Allocation Policy* should be technical in nature, void of subjective considerations, personal biases, and political considerations. From the beginning, the FAC adhered to the guidance provided in the words of the *Allocation Policy*. We committed to scoring enterprises according to the *Allocation Policy* to ensure that all applicants were scored in a consistent, fair, and transparent manner. As the FAC proceeded through an in-depth review of the applications, it became increasingly evident that there was little room for subjectivity or interpretation: the policy was very clear, in almost all instances, on the information or documentation to be provided by the applicant, the specifics on what the FAC was to consider for each measure, and how to evaluate the materials provided and assign a score.

It is our understanding that when the policy was reviewed prior to adoption in 2018, each enterprise had representatives involved in the process and all parties were striving for a relatively objective scoring procedure. The resultant policy, in the view of the FAC, succeeded in this regard by leaving little room for subjectivity in the analysis and scoring of evaluations. We believe this to be a key strength of the policy that has served to highlight differences in the past performance of the four existing enterprises.

Advice as per Policy

We have included Table 3, below, which outlines an allocation scenario that would have resulted from the FAC's findings if our recommendations had been developed based solely on rigid adherence to the *Allocation Policy*. As it is written, applicants are required to meet all requirements under Guideline 7.1, Mandatory Requirements for Responsible Stewardship, and achieve a minimum of (60%) in each of Guidelines 7.3. through 7.6. in order to remain eligible to receive any allocation (a summary of overall scores are set out in Table 2). Three of the five applicants failed to meet the 60% threshold in at least one section (i.e., of sections 7.3 through 7.6). In this situation, the policy dictates that the FAC is not able to

FAC Report # 27

recommend allocation to these applicants. Thus, the two enterprises that exceeded the minimum required scores were assigned the full amount of allocation for which they had applied.

Where the requested amount did not exceed the available quota, the excess was divided evenly (50/50) between the two companies. This was the case for Greenland halibut. For shrimp in SFA 1, the removal of CSF from the allocation table freed up 744.4 tonnes. This amount was split evenly between BF and QC. In DS-E, the removal of CSF from the allocation table resulted in 232.6 tonnes becoming available. This amount was assigned to QC, which brought them to 43% of the total amount available and is in line with their request for 40% of Nunavut's quota. In DS-W, the removal of AFA and CSF from the allocation table freed up 325.2 tonnes. This amount was again divided evenly between BF and QC. In NU-E and NU-W, BF and QC were the only enterprises that held allocation in the previous cycle, and the existing arrangement was retained.

Table 3: Allocation advice as per the policy.

Species	Fishing Area	Total Nunavut Quota 2020 Fishing Season (t)	Increase in Available Quota since 2015	Allocations Based on Advice as per Policy (t)				
				AFA*	BF	CSF*	QC	QFA*
Greenland halibut (turbot)	OA	9,592.50	1,592.50	0	6,275.5	0	3,317	0
	OB	4,283.25	1,433.25	0	2,150	0	2,133.25	0
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	0	0	1,861	0	1,861	0
	DS-E	1,604	0	0	914.3	0	689.7	0
	DS-W	1,778	694.4	0	542	0	542	0
	NU-E	659	449	0	147	0	63	0
	NU-W	1,581.50	541.5	0	1,053.2	0	528.8	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	0	0	210.7	0	90.3	0
	NU-W	5,987.50	2918.5	0	3,899.7	0	2,088.3	0

* These applicants did not meet minimum required scores to be recommended to receive allocations

Optional Consideration

The FAC recognized that another option may warrant consideration by the NWMB to account for enterprise performance in the industry while not completely removing the allocation from any previous allocation holder. Certain enterprises meet the minimum scoring criteria: scoring more than 60% in sections 7.3 through 7.6 and having no outstanding performance objectives from the previous allocation cycle. Other enterprises did not meet the minimum scoring criteria: scoring less than 60% in part or all of sections 7.3 through 7.6 and/or having outstanding performance objectives from the previous allocation cycle. One applicant was a new entrant whose application did not meet minimum scoring standards and has no previous allocation from 2015; and is not recommended for allocation at this time.

FAC Report # 27

The FAC's recommendations to the NWMB, as set out in Table 4 below, support the integrity of the policy and recognize the need for a pragmatic approach while ensuring the most benefit to Nunavummiut. The values were determined by first awarding the good performers (i.e., BF and QC) the full Greenland halibut (i.e., turbot) allocation requested. The remaining quota available for allocation, was split into two halves. One half was allocated proportionately to CSF and AFA based on the 2015 allocations (i.e., according to the sharing agreement at the beginning of the 2015-2020 cycle); the other half was allocated to CSF and AFA based on a prorating of their application score.

It was difficult to apply one mathematical approach for shrimp, as was done for Greenland halibut. There were, however, a number of significant factors to consider: both CSF and AFA attained low scores in the evaluation of their application; neither enterprise has shrimp harvesting capacity (being targeted Greenland halibut enterprises); all shrimp - regardless of who has held the allocation - has been harvested by QC or BF to date; and the combined requests of BF and QC exceeded the quota available for allocation. As such, the FAC concluded that all of the available shrimp quota should be allocated to BF and QC. Further, the almost even scoring of BF and QC in the application evaluation process necessitated some attempt at even treatment in allocations. While the resultant allocation scenario does not reflect equivalent allocation (Table 4), it prioritizes the FAC's decision not to unjustly remove allocation from BF. In SFA 1, the removal of CSF from the allocation table freed up 744.4 tonnes; this amount was split evenly between BF and QC (i.e. a 50/50 split between the two enterprises). In DS-E the removal of CSF from the allocation table resulted in 232.6 tonnes becoming available; this amount was assigned to QC, which brought them to 43% of the total amount available and is in line with their request for 40% of Nunavut's quota. In DS-W, the removal of AFA and CSF from the allocation table freed up 325.2 tonnes. This amount was again divided evenly between BF and QC, resulting in a 50/50 split. In NU-E and NU-W, BF and QC were the only enterprises that held allocation in the previous cycle and the existing arrangement was retained.

Table 4: Option consideration for allocation

Species	Fishing Area	Total Nunavut Quota 2020 Fishing Season (t)	Increase	Allocations Based on Optional Consideration (t)				
				AFA	BF	CSF	QC	QFA
Greenland halibut (turbot)	0A	9,592.50	1,592.50	1,063.4	5,241	1,005.6	2,282.5	0
	0B	4,283.25	1,433.25	172	1,900	328	1,883.25	0
Shrimp (<i>Pandalus borealis</i>)	SFA 1	3722	0	0	1,861	0	1,861	0
	DS-E	1,604	0	0	914.3	0	689.7	0
	DS-W	1,778	694.4	0	542	0	542	0
	NU-E	659	449	0	147	0	63	0
	NU-W	1,581.50	541.5	0	1,053.2	0	528.8	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	301	0	0	210.7	0	90.3	0
	NU-W	5,987.50	2918.5	0	3,899.7	0	2,088.3	0

FAC Report # 27

In developing its final recommendations, the FAC was mindful of the overarching intent of its mandate to provide the NWMB with the Committee's best advice on how offshore fishery allocations in Nunavut should be distributed. In exercising this role, we agreed that our recommendations should be developed with the entirety of the allocation process in mind: the advice from the FAC should be satisfactory for consideration by the Board, and ultimately by the Minister. In our review of the applications and subsequent deliberations, we felt unable to fulfill the mandate of the FAC without providing the optional consideration for the NWMB. Clearly, the *Allocation Policy* is meant to reward compliance and to punish non-compliance; however, the FAC does not feel that any recommendation that leads to the complete removal of previous allocation holders from the fishery is necessary to accomplish these goals.

A balanced approach - the one we are inviting the NWMB to consider - maintains the four existing enterprises in the industry. This option rewards two enterprises (namely QC and BF) that have consistently performed well and have strived to increase their capacity and profitability while maintaining their commitment to their shareholders. The enterprise that has a long history of poor performance (AFA) needs to be warned that the purpose, first and foremost, of the allocations granted to them for fishing is to provide maximum benefit back to Inuit and Nunavummiut. The enterprise that continues to struggle with underperformance (CSF) needs clear instruction to focus on building capacity to ensure that they can retain an offshore allocation for the benefit of their community long-term.

The FAC feels strongly that rewarding some, while recognizing the deficiencies of others, can best be accomplished by the NWMB recommending a reduction in allocation to enterprises that struggled to meet the policy's requirements. This has been done in the past with other enterprises with favourable results for the company and the shareholders. The failure to comply with the *Allocation Policy* must have consequences as a means of enforcing the values set forth in that document. Likewise, those industry participants who have taken the necessary steps to comply with the policy, often at considerable expense, should be rewarded with additional allocations.

FAC Report # 27

Annex 1/

Applicant: Arctic Fisheries Alliance

Overview:

Over time, the FAC is becoming increasingly concerned with the performance of AFA. While the company has considerable allocations and a lengthy history in the fishery, it continues to demonstrate poor performance on critical aspects of the *Allocation Policy*. Specifically, there are ongoing and escalating issues related to governance, corporate structure, Inuit employment, benefits to communities/shareholders and basic business management.

The governance structure makes it difficult to understand the flow of finances, resulting in a lack of transparency and raising serious concerns about financial accountability. Under Principle 4 of the Policy, the fishery is a valuable and vital common property resource to be managed in an open, transparent and accountable manner for the equitable benefit of all Nunavummiut. The fishery should be conducted in a way to sustain the economic, social and cultural harvesting needs of Nunavummiut, for both present and future generations (Agreement S.5.1.5(c)). In an industry where others have taken significant steps to streamline operations, simplify corporate structure and to make general financial accounting more transparent, these same steps do not appear to have been taken by AFA.

Returns to shareholders have been poor as evidenced by the applicant's submission and the information provided in the annual financial statements. The way that these benefits have been provided to community shareholders has been identified as an ongoing concern in recent consecutive FAC reports (i.e., 2015, 2017, 2018, 2019). A one-time cash "dividend" of ~\$40,000/community and the provision of food and supplies at a total cost of ~\$1.7 million over the past five years appear to make up the tangible financial benefit. Further, the food and supplies were initially provided on a rolling credit, where the benefit was to be repaid as a debt by communities to AFA. When communities did not repay these debts AFA applied the debt to the communities' accounts and called them non-cash benefits. Through annual FAC reviews including performance objectives, AFA has addressed a number of issues concerning benefits to communities; however, there appears to be many ongoing disconnects between the requests for benefits from the communities and the decisions on benefits made by AFA's management.

We recognize that all of industry struggles with Inuit employment and retention, however AFA, has the lowest ratio of Inuit and Nunavummiut employment of all enterprises in the industry. This low level of employment relates to both vessel-based and management positions. Aside from deckhand positions on the vessel, there are no Inuit or Nunavummiut employed at senior levels on AFA's vessel, few Inuit/Nunavummiut employed at senior levels of the company's management, and no evidence of a plan to address this shortcoming.

AFA's ecological stewardship investment, at this time, relies heavily on meeting minimum national and international regulatory standards and market access requirements (e.g., Marine Stewardship Certification). The FAC notes that enterprises working in the Arctic environment should be committed to investing more into ecological stewardship surpassing industry and market minimums as a way to protect the fragile natural environment and marine resources the industry depends on.

While the problems identified above are significant, they are likely symptoms of an underlying problem in basic business management, which is the FAC's chief concern with AFA's application. AFA has a small

FAC Report # 27

management team with extraordinarily high costs. Management costs for AFA, in combination with outside consultants and professional fees, are proportionately the highest in the Nunavut industry, carry the highest cost per-tonne, and account for the highest percentage of both gross profit and net profit in the Nunavut industry by a huge margin. In spite of this exorbitant level of spending on management and consulting fees, AFA's performance is poor. Notably, return to "shareholders" is the lowest in the industry; AFA lost a substantial sum (i.e., millions) in a failed Greenlandic venture over the past allocation cycle; it was not successful in its vessel acquisition process [REDACTED]

[REDACTED]; since 2015, it failed to submit Policy-mandated information in a timely manner, including audited financial statements; and it has, for the first time by the Nunavut industry in over a decade, employed the services of a temporarily flagged foreign registered trawler to catch its allocation. During our face-face meeting AFA managers stated that this arrangement may be available to them again in 2021, despite over a decade of work that has gone into moving industry away from this approach to maximize returns to Nunavut.

If viewed in isolation, the FAC might see these issues as anomalies that any enterprise may experience from time to time. However, these are not isolated incidents - they are both persistent and cumulative. Viewed in the aggregate over the course of a five-year timeframe, the combination of these issues has led AFA to score poorly in all sections of the assessment from sections 7.3-7.6, with the enterprise failing to meet the minimum 60% scoring threshold in multiple categories (sections 7.3, 7.4 and 7.6). The combination of low returns to shareholders, low Inuit employment levels, governance practices that do not align with the Policy, failure to provide critical information to the NWMB and FAC, a lack of transparency with shareholders, considerable financial losses from failed initiatives and high uncertainty around present and future vessel use must be addressed. The FAC's concern in this regard is reflected in our recommendations to the NWMB, as presented in Table 5.

Quota Recommendation:

Table 5: Recommended allocation for AFA

Species	Fishing Area	Quota (t)	Quota (%)
Greenland halibut (turbot)	OA	1063.4	11%
	OB	172	4%
Shrimp (<i>Pandalus borealis</i>)	SFA 1	0	0
	DS-E	0	0
	DS-W	0	0
	NU-E	0	0
	NU-W	0	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	0	0
	NU-W	0	0

Scoring:

Mandatory Requirements:

The applicant, Arctic Fisheries Alliance, has met all the mandatory requirements as per section 7.1, Mandatory Requirements for Responsible Stewardship, of the *Allocation Policy*.

FAC Report # 27

Table 6: Scoring of AFA's Application

Section	Possible Score	Applicant's Score	
7.2 Ecological Stewardship	2	1	
7.3 Good Business Governance	33	14	
7.4 Special Considerations	37	19.6	
7.5 Inuit Ownership and Sponsorship	21	20	
7.6 Reinvesting for Benefits	19	0	
Total	112	54.6	48.7%

Performance Targets from the Previous Allocation Cycle:

Table 7: AFA's performance targets from 2015-2020 allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications	Completed (Y/N)
Stewardship Plan Updates	Explain how AFA is contributing to the research on alternative gear types.	Y
	Provide a timeline for the completion of the research into biodegradable nets. Also, provide details on any studies that show how these types of nets will or will not contribute to microplastic pollution in the marine environment.	Y
	Provide a timeline for the completion of the Mustad line studies.	Y
	Provide timelines for the completion of all stewardship goals (gillnets, turbot pots, bycatch).	Y
	Provide further information on how the purchase of a new vessel will strengthen AFA's previous commitments to Stewardship.	Y
Business Plan Update	Given that funds from AFA are being used to develop AFA ApS, and [REDACTED] AFA is required to include its ApS portion in their business plan, financial statements, stewardship plan, and when reporting on Inuit employment. AFA should also report on all activities within and outside of Nunavut.	Y
	Provide a Strategic Plan or latest draft of a Strategic Plan.	Y
	Provide a detailed vessel acquisition plan.	Y

FAC Report # 27

	<p>Provide details as to when the advice from the NWMB was given to stop Greenlandic activities and the responses from the communities.</p> <p>Provide copies of [REDACTED]</p> <p>Provide details on [REDACTED]</p> <p>Provide details and clarification on [REDACTED]</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Operations Plan Update	<p>Identify all harvest activities by target fishery over the last year. Include the sub-allocation, metric tonnes harvested, percent of allocation harvested, and transfers (use table C3.1 to summarize). Explain any unharvested quota. Provide Table C3.1.</p> <p>Provide further information on [REDACTED]</p> <p>Clearly state if the acquisition of the new vessel means that all OA and OB turbot allocation will be harvested by AFA, and if this will eliminate transfers.</p> <p>Provide a more detailed explanation why the full turbot allocation (unharvested quota) was not caught (regarding the trade/ transfer of 800t).</p> <p>Provide a table with identification numbers for all vessels associated with AFA quota harvest, the gear, tonnage, and vessel information.</p> <p>Provide species and landing information for all vessels harvesting AFA quota (i.e. not just the <i>Suvak</i>).</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Governance Plan Update	<p>Provide a copy of the training and growth plan.</p> <p>Provide minutes for April 3, 2018 stakeholder meeting and 2018 AFA annual general meeting. If the 2019 annual general meeting has been held then to provide those minutes or clarify why they are not available.</p> <p>Outstanding: Provide a copy of the engagement plan.</p>	<p>Y</p> <p>Y</p> <p>N</p>
Detailed Financial Information	<p>Outstanding: Clarify where the subsidiaries of AFA are reported on in the audit or provide their audits.</p>	<p>N</p>

FAC Report # 27

	Provide a table showing clearly the breakdown of royalties received by species.	Y
Financial and Investment Plan Updates	Identify financial and investment commitments for the upcoming season, and any plans for how you intend to meet them. Provide details on “how” these commitments will be met.	Y
Benefits Plan Update	If there are Nunavummiut working, provide a Nunavummiut table as per Appendix D of the policy.	Y
	Outstanding: Clarify if \$84,000 was given to each HTO or if that was the total given to all HTOs.	N
	Provide a table breakdown of the cash, supplies and services provided to the communities and organizations in 2018. Provide a breakdown on what was the income in dollars to the community trusts.	Y
	Provide details on what the Board determined was an appropriate amount for the communities in terms of a “tangible benefit” for 2018.	Y
	Provide the table as stated on page 38 of the Annual Report associated with the ■% of the net fishing operations earnings in 2018.	Y
	Outstanding: Provide a breakdown of the \$56,388 stated for the value of the supplies. Clarify if the communities purchased the caribou from their shareholder profits (\$42,598) and if not, how the caribou was purchased and by whom. Please clarify why AFA refers to benefits as “donations”. Any benefits derived from profits should be shown to come from earnings, and not considered donations.	N
	Outstanding: Provide a breakdown of the costs incurred to total ■■■ in <i>Kiviug</i> ship time benefit counted as a cash-equivalent.	N
If the Nunavut Fisheries Association was able to leverage the use of the <i>Kiviug</i> please state the amount contributed as “in-kind” and what percentage of the daily operations of the vessel this represents (e.g. 50% of the daily rate covered by AFA, and the other 50% covered by charter?). Please provide the daily rate(s) charged for research work	Y	

FAC Report # 27

	using the <i>Kiviuq</i> . Show how the [REDACTED] was determined as an overall project value.	Y
	Provide Benefits plan (even in draft form).	N
	Outstanding: Provide a copy of the Community Benefits Plan, meeting minutes showing decisions by communities to outline how they wish to receive their benefits and provide proof that the amounts currently owing by communities for groceries and supplies (\$1.7 million) has been nullified.	N
	Outstanding: Demonstrate current levels of Inuit employment inside and outside of Nunavut including details about the number of trips per employee.	N
	Outstanding: Provide a full Training and Career Growth Plan and demonstrate adherence to that plan.	N

Recommended Performance Targets for this Allocation Cycle:

Table 8: Recommend performance targets for AFA for this allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications
7.2 Ecological Stewardship	<ul style="list-style-type: none"> • Collaboration across industry to increase voluntary measures to improve ecological stewardship and resource sustainability • Provide annual verification reports from Fisheries and Oceans Canada and compliance records from Transport Canada.
7.3 Good Business Governance	<ul style="list-style-type: none"> • Audited financial statements annually and on time for the allocation cycle • Improve management capacity and reduce overall management costs (transition away from consultants) • Improve board meeting minutes so there is evidence of shareholder and/or Board input into corporate decision-making (show record of the discussions), benefits planning, management and operational decisions and clarify voting versus non-voting members and when a voting member abstains or is absent from a vote. • Identify any changes to the business plan and the rationale for modifications to the goals since the last Application for Allocation

FAC Report # 27

7.4 Special Considerations	<ul style="list-style-type: none">• Improve retention of the 4 community liaison officer positions• Update employment plan to include succession planning, mentorship into vessel positions, mentorship into senior management positions, including hiring targets as a measurable objective
7.5 Inuit Ownership and Sponsorship	<ul style="list-style-type: none">• Annual report
7.6 Reinvesting for Benefits	<ul style="list-style-type: none">• Clearly identify all non-cash forms of benefits derived from profits to the community/shareholders. Show clear proof that communities want these benefits and that it is clear to them that these are revolving credit NOT donations.• Provide a final community benefits plan, approved by the board It is recommended that AFA move away from controlling how the communities use their benefits and dividends for community investment, economic endeavours and community growth. As presently proposed, communities apply to AFA to draw from their share holdings for community projects.• It is recommended that AFA provide clear, measurable financial benefits to shareholders through direct cash payments to owner communities HTOs instead of placing money into Trusts and Holding Companies.

FAC Report # 27

Annex 2/

Applicant: Baffin Fisheries

Overview:

The FAC is generally pleased with the performance of Baffin Fisheries, and the progress the enterprise has made towards transparency and accountability to its shareholders. During the previous allocation cycle (2015-2020), Baffin Fisheries experienced a serious management breach that resulted in the misappropriation of more than \$1.5 million. While corporate governance, board oversight and management deficiencies may have inadvertently enabled the breach, evidence suggests that individuals, who have been charged and prosecuted, are primarily to blame. Nevertheless, the seriousness of the breach cannot pass without commenting since it speaks to the need for board members to understand and participate in corporate governance at a high level. To Baffin Fisheries' credit, they addressed the issue seriously and swiftly. The practical and effective actions of their board and managers in the time since to address board accountability, board composition, and to pursue financial redress for lost monies is duly noted by the FAC.

Progress on Inuit employment aboard the vessel has improved over the past allocation cycle; however, there has been limited progress in moving Inuit into senior positions and needs greater attention. Further, the apparent absence of a succession plan for existing senior company management of both Inuit and non-Inuit personnel concerns the FAC. The plans for an industry/Nunavut Fisheries and Marine Training Consortium (NFMTTC) mentorship program are laudable, although Baffin Fisheries' apparent high level of reliance on this approach is viewed by the FAC as a short-coming in the enterprise's Inuit employment improvement plan.

The progress of Baffin Fisheries in ownership of its fleet and in its plans for vessel renewal via an established vessel renewal fund are noteworthy. While returns to shareholders are still somewhat low, they have improved with small increases in direct cash benefits and investments in community infrastructure. The reduction in overall costs and the improvement in profitability are important indicators of company health and are critical to increasing returns to its Inuit shareholders.

BF's ecological stewardship investment at this time relies heavily on meeting minimum national and international regulatory standards and market access requirements (e.g. Marine Stewardship Certification). The FAC notes that enterprises working in the Arctic environment should be committed to investing more into ecological stewardship surpassing industry and market minimums as a way to protect the fragile natural environment and marine resources the industry depends on.

Quota Recommendation:

Table 9: Recommended allocation for BF

Species	Fishing Area	Quota (t)	Quota (%)
Greenland halibut (turbot)	0A	5,241	55%
	0B	1,900	44%
Shrimp (<i>Pandalus borealis</i>)	SFA 1	1,861	50%
	DS-E	914.3	57%
	DS-W	542	50%

FAC Report # 27

	NU-E	147	70%
	NU-W	1,053.2	67%
Shrimp (<i>Pandalus montagui</i>)	NU-E	210.7	70%
	NU-W	3,899.7	65%

Scoring:

Mandatory Requirements:

The applicant, Baffin Fisheries Coalition, has met all the mandatory requirements as per section 7.1, Mandatory Requirements for Responsible Stewardship, of the *Allocation Policy*.

Table 10: Scoring of BF's Application

Section	Possible Score	Applicant's Score	
7.2 Ecological Stewardship	2	1	
7.3 Good Business Governance	33	31	
7.4 Special Considerations	37	23.1	
7.5 Inuit Ownership and Sponsorship	21	20	
7.6 Reinvesting for Benefits	19	19	
Total	112	94.1	84.0%

Performance Targets from the Previous Allocation Cycle:

Table 11: BF's performance targets from 2015-2020 allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications	Completed (Y/N)
2.5 Operations Plan Update	Identify where fish were landed and processed for all vessels harvesting Nunavut Allocation (i.e. provide information for LFUSCL)	Y

Recommended Performance Targets for this Allocation Cycle:

Table 12: Recommend performance targets for BF for this allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications
7.2 Ecological Stewardship	<ul style="list-style-type: none"> • Collaboration across industry to increase voluntary measures to improve ecological stewardship and resource sustainability • Provide annual verification reports from Fisheries and Oceans Canada and compliance records from Transport Canada
7.3 Good Business Governance	<ul style="list-style-type: none"> • Identify any changes to the business plan and the rationale for modifications to the goals since the last Application for Allocation

FAC Report # 27

	<ul style="list-style-type: none">• Audited financial statements annually and on time for the allocation cycle
7.4 Special Considerations	<ul style="list-style-type: none">• Update employment plan to include succession planning, mentorship into vessel positions, mentorship into senior management positions, including hiring targets as a measurable objective
7.5 Inuit Ownership and Sponsorship	<ul style="list-style-type: none">• Annual report
7.6 Reinvesting for Benefits	<ul style="list-style-type: none">• Find ways to increase annual returns to shareholders

FAC Report # 27

Annex 3/

Applicant: Cumberland Sound Fisheries

Overview:

The FAC continues to see value in the recommendation of an offshore allocation to Cumberland Sound Fisheries Limited (CSFL) to support the ongoing development of the inshore fishery in Cumberland Sound and the Pangnirtung fish plant. The concept of using offshore royalty revenues in this manner has resulted in great success in other jurisdictions in Canada and abroad. From the financial information provided, however, Pangnirtung Fisheries Limited (PFL) can operate successfully without CSFL investment. Other than investment in NFMTTC training and vessel acquisition then, it remains unclear to the FAC where CSFL is investing, leveraging and using the royalty from the offshore quota for additional growth and development of the inshore fishery and fish plant.

Cumberland Sound Fisheries Limited has two key responsibilities: to provide the necessary documentation to the NWMB to support its continued access to the offshore allocation and, to provide a grant to PFL to support the inshore fishery. The FAC believes that it struggles to do either. The ongoing challenge of CSF to achieve positive, lasting benefits from the offshore allocation and its associated value is indicative of an operation that lacks the required management, the required board direction, or both. The FAC had anticipated that the purchase of [REDACTED] shares from, and partnering with, Baffin Fisheries would have addressed historic challenges in administering the fishery. Unfortunately, this has not come to pass.

In CSF, the FAC sees an operation that has been limited in its growth by a lack of management capacity. It is clear that the community, the board and the limited management personnel want to build their business and grow economically but the necessary decisions to achieve this have not been taken. The potential to grow CSF is evident but it is also evident that the current management structure and number of personnel are not able to accomplish this. Key personnel at CSF have the best of intentions and substantial understanding of the fishery itself, but an organization operating at this scale cannot expect to fulfill its potential with limited human resources, and minimal outside guidance. More qualified people need to be hired to help with business basics like bookkeeping, capacity to apply for funding, and aggressively working towards a measurable and community-focused, community-driven business plan. CSF's failure to address these shortcomings is reflected in low scoring against key measurements in the *Allocation Policy* (largely as a result of their failure to provide key documents for evaluation), in the struggle to complete critical management tasks and meet performance objectives, and has resulted in the operation consistently underperforming when weighted against industry standards, effectively stunting long-term growth and responsible management

CSF's ecological stewardship investment at this time relies heavily on meeting minimum national and international regulatory standards and market access requirements (e.g. Marine Stewardship Certification). The FAC notes that enterprises working in the Arctic environment should be committed to investing more into ecological stewardship surpassing industry and market minimums as a way to protect the fragile natural environment and resource the industry depends on.

Quota Recommendation:

Table 13: Recommended allocation for CSF

FAC Report # 27

Species	Fishing Area	Quota (t)	Quota (%)
Greenland halibut (turbot)	OA	1,005.6	10%
	OB	328	8%
Shrimp (<i>Pandalus borealis</i>)	SFA 1	0	0
	DS-E	0	0
	DS-W	0	0
	NU-E	0	0
	NU-W	0	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	0	0
	NU-W	0	0

Scoring:

Mandatory Requirements:

The applicant, Cumberland Sound Fisheries has met all the mandatory requirements as per section 7.1, Mandatory Requirements for Responsible Stewardship, of the *Allocation Policy*.

Table 14: Scoring of CSF's Application

Section	Possible Score	Applicant's Score
7.2 Ecological Stewardship	2	1
7.3 Good Business Governance	33	26
7.4 Special Considerations	37	32
7.5 Inuit Ownership and Sponsorship	21	21
7.6 Reinvesting for Benefits	19	5
Total	112	85.0 76%

Performance Targets from the Previous Allocation Cycle:

Table 15: CSF's performance targets from 2015-2020 allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications	Completed (Y/N)
2.2 Mandatory Items	Outstanding: Provide mandatory audited financial statements for the 2018-2019 fiscal year.	N
2.3 Stewardship Plan Updates	The provision of a Stewardship Plan is required at the next annual review.	Y
	State stewardship goals clearly and demonstrate steps taken towards obtaining and maintaining goals.	Y
	Provide a plan to maintain the sustainable harvest of the full 500t quota.	Y
	Demonstrate mitigation measures taken to reduce Greenland shark bycatch in the CSTMA fishery.	Y

FAC Report # 27

2.4 Business Plan Update	Provide an updated business plan update for the next allocation cycle.	Y
	Provide all agreements, MOUs, business plans etc. with Baffin Fisheries.	Y
	Outstanding: Demonstrate ways in which the enterprise has increased the financial independence of the fish processing plant and demonstrate/detail how the plant will meet future demand if turbot and char processing increases.	N
2.5 Operations Plan Update	Provide additional information clarifying the royalty arrangement for shrimp and turbot. Information should also include where the fish were landed and processed.	Y
	Demonstrate that consideration has been given to getting Inuit crew from Pangnirtung onto fishing vessels that are fishing CSF's quota in the offshore.	Y
2.6 Governance Plan Update	Please provide information regarding the progress of governance goals detailing improvements, summaries of board activities and meeting minutes (for both PFL and CSF boards), engagement strategies and community benefits.	Y
	Please provide copies of the minutes from the last five meetings held as Cumberland Sound Fisheries Limited. PFL minutes were provided in the annual report, but CSF minutes were left out.	Y
2.7 Detailed Financial Information	Please provide detailed financial information as outlined in Section 2.7 of Appendix C of the Policy	Y
2.8 Financial and Investment Plan Updates	Please identify the profitability of the enterprise and provide reasons for not being profitable and any steps taken to improve profitability. Detail any other investments made outside the fishing industry and include rationale and benefits to Nunavummiut.	Y
2.9 Benefits Plan Update	Please provide a benefits plan update as per Section 2.9 of Appendix C of the policy.	Y
	Ensure that both CSF and PFL are included in the next application when providing a full description and account of how cash benefits are distributed, to whom (not necessary to name names, but numbers of people and how they are affiliated with the enterprise) and the amounts disbursed.	Y

FAC Report # 27

	Please also show if Employees have access to shareholder benefits and if not please explain why.	
--	--	--

Recommended Performance Targets for this Allocation Cycle:

Table 16: Recommend performance targets for CSF for this allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications
7.2 Ecological Stewardship	<ul style="list-style-type: none"> • Collaboration across industry to increase voluntary measures to improve ecological stewardship and resource sustainability • Provide annual verification reports from Fisheries and Oceans Canada and compliance records from Transport Canada
7.3 Good Business Governance	<ul style="list-style-type: none"> • Strengthen the Business Plan to have short term (within 5 years) and long term (more than 5 years) measurable and attainable goals. • Detail how business goals were or will be met (quantifiable targets) • Identify any changes to the business plan and the rationale for modifications to the goals since the last Application for Allocation • Show evidence of increased training through profit-sharing and re-investment of benefits • Improve management capacity (fill or create key positions, such as accounting and general administration) • Annual audited financial statements
7.4 Special Considerations	<ul style="list-style-type: none"> • Update employment plan to include succession planning, mentorship into vessel positions, mentorship into senior management positions, including hiring targets as a measurable objective
7.5 Inuit Ownership and Sponsorship	<ul style="list-style-type: none"> • Annual report
7.6 Reinvesting for Benefits	<ul style="list-style-type: none"> • Clearly identify all non-cash forms of benefits derived from profits to the community/shareholders

FAC Report # 27

Annex 4/

Applicant: Qikiqtaaluk Corporation

Overview:

The FAC is pleased with the quality of QC's application and its continued progress towards achieving the major measures in the policy. The return to its sole shareholder, Qikiqtani Inuit Association (QIA), fluctuates and has been low in some years relative to the overall value derived from Qikiqtaaluk Fisheries Corporation (QFC). For instance, the target return of 20% of net profits from QC to QIA has not been met in all years. There is evidence, in those years of lower return, of QIA's involvement in decisions temporarily adjusting the amount paid out as dividends and the amount set to remain in QC for economic development. This arrangement is not necessarily a problem from the perspective of the *Allocation Policy*, so long as QIA continues to have meaningful involvement in decisions relevant to its constituents. In this respect, consistency between QC's benefits plan and their decision-making process is warranted.

QC's ecological stewardship investment at this time relies heavily on meeting minimum national and international regulatory standards and market access requirements (e.g. Marine Stewardship Certification). The FAC notes that enterprises working in the Arctic environment should be committed to investing more into ecological stewardship surpassing industry and market minimums as a way to protect the fragile natural environment and marine resources the industry depends on.

Inuit employment aboard the vessel has improved over the past allocation cycle, but progress on moving Inuit into senior positions aboard the vessel has been limited and needs greater attention. Further, the apparent absence of a succession plan for existing senior company management of both Inuit and non-Inuit personnel is an issue that needs attention in the near future. While plans for an industry/NFMTC mentorship program is commendable, the apparent high level of reliance on this course of action is considered by the FAC to be a short-coming in QC's employment improvement plan.

The FAC encourages ongoing collaboration between QC and QFA towards realizing inshore research for QFA's owner communities.

Quota Recommendation:

Table 17: Recommended allocation for QC

Species	Fishing Area	Quota (t)	Quota (%)
Greenland halibut (turbot)	OA	2,282.5	24%
	OB	1,883.25	44%
Shrimp (<i>Pandalus borealis</i>)	SFA 1	1,866	50%
	DS-E	689.7	43%
	DS-W	542	50%
	NU-E	63	30%
	NU-W	528.8	33%
Shrimp (<i>Pandalus montagui</i>)	NU-E	90.3	30%
	NU-W	2,088.3	35%

FAC Report # 27

Scoring:

Mandatory Requirements:

The applicant, Qikiqtaaluk Corporation has met all the mandatory requirements as per section 7.1, Mandatory Requirements for Responsible Stewardship, of the Allocation Policy.

Table 18: Scoring of QC's Application

Section	Possible Score	Applicant's Score
7.2 Ecological Stewardship	2	1
7.3 Good Business Governance	33	31
7.4 Special Considerations	37	25
7.5 Inuit Ownership and Sponsorship	21	20
7.6 Reinvesting for Benefits	19	19
Total	112	96.0 85.7%

Performance Targets from the Previous Allocation Cycle:

Table 19: QC's performance targets from 2015-2020 allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications	Completed (Y/N)
2.3 Stewardship Plan Updates	Restate stewardship goals from the Application for Allocation and identify the progress made towards each goal.	Y
2.5 Operations Plan Update	Provide Vessel ID Number for the <i>Saputi</i> .	Y
	Clarify landings by port.	Y
2.6 Governance Plan Update	Provide documentation of QC/QFC holding an AGM with shareholders and clarify if QC/QFC reports to annually to QIA.	Y
	While there is a significant reference to reporting to the board of QC/QFC there is little reference to how QFC interacts with and reports to owner communities. Please provide clarification on how QFC has and will engage with QIA communities.	Y
	Provide a detailed community benefits plan with clear objectives that QFC's performance can be measured against. While benefits are evident with commitments throughout the report, the structure of a community	Y

FAC Report # 27

	benefits plan with clear commitments to be measured against is not as apparent.	
2.9 Benefits Plan Update	<p>Provide the information related to administrative and senior staff as required for Appendix D of the policy. Include the total Nunavummiut vs total employees.</p> <p>Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % of profits. Ensure that the % is also included.</p> <p>Identify all non-cash forms derived from profits of benefits to the community/shareholders that are derived from profits, and provide names, roles, and financial contributions from all other contributors (if any). Names, roles and financial contributions from other contributors are missing. Please provide information on other contributors.</p> <p>Identify any leveraging activities to benefit fisheries and community economic development. State your role and financial contribution, provide names, roles, and financial contributions from all other contributors (if any). Reference community requests if applicable. Names, roles and financial contributions from other contributors is missing. Please provide information on other contributors.</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

Recommended Performance Targets for this Allocation Cycle:

Table 20: Recommend performance targets for QC for this allocation cycle

Section	Minimum Performance Objectives, Information, and Clarifications
7.2 Ecological Stewardship	<ul style="list-style-type: none"> • Collaboration across industry to increase voluntary measures to improve ecological stewardship and resource sustainability • Provide annual verification reports from Fisheries and Oceans Canada and compliance records from Transport Canada
7.3 Good Business Governance	<ul style="list-style-type: none"> • Identify any changes to the business plan and the rationale for modifications to the goals since the last Application for Allocation • Annual audited financial statements

FAC Report # 27

7.4 Special Considerations	<ul style="list-style-type: none">• Update employment plan to include succession planning, mentorship into vessel positions, mentorship into senior management positions, including hiring targets as a measurable objective
7.5 Inuit Ownership and Sponsorship	<ul style="list-style-type: none">• Annual report
7.6 Reinvesting for Benefits	<ul style="list-style-type: none">• Update the Benefits Plan to reflect the reality of returns to shareholders – both financial dividends pay outs and investment into approved economic development activities.

FAC Report # 27

Annex 5/

New Applicant: Qikiqtani Fisheries Alliance

Overview:

The FAC struggled with its review of QFA's application. Many of the *Allocation Policy's* criteria require the FAC align scoring with historic performance of the enterprise. When QFA's application was reviewed against this backdrop there were many measures against which the FAC had no choice but to score a zero. However, QFA also failed to provide basic documentation that would have increased their score to a level where the FAC could have recommended allocation: a board-approved benefits plan and an engagement strategy could both be in place; QFA should have set out the terms of their agreement with QC and the terms of the community development fund in their business plan; audited financial statements of QFA as an entity (even if they show zero values) could have been provided; letters from the owner communities to support the use of the offshore quota royalties to develop the inshore fishery would have been relatively easy to obtain; and clear examples of community input to major decisions could have been provided. In short, this apparent lack of preparedness for the application process resulted in the application falling far short of the minimum 60% required score in several sections (specifically Sections 7.3, 7.4, and 7.6).

The FAC completed its preliminary scoring and engaged in a face-to-face meeting with representatives from affiliated HTAs and representatives from QC. QC has been providing management and administrative oversight to QFA and would fish any quota awarded to QFA. Representatives requested the FAC to interpret the Policy broadly and reminded the Committee of select sections of the Nunavut Agreement that speak to creating opportunities for Inuit harvesting. They also spoke of the near impossibility of potential new entrants to the industry to meet the required thresholds within the scoring criteria as set out in the Policy. In arriving at our final assessment and recommendations we were, however, mindful of the policy's explicit direction that new entrants be scored according to the same scoring criteria as applies to all other applicants.

Should the FAC have scored QFA leniently and applied a forward-looking perspective to the scoring criteria by evaluating the proponent's planned course of action, their application would still have been deficient in key areas as evidenced in Table 22. While the proponent was relying heavily on the experience and expertise of QC as an established enterprise, the FAC was concerned with the ability of the proponent to gain the required capacity to manage an allocation going forward and ultimately gain financial independence from QC. Further, with the limited potential revenue from the requested 500 t allocation the opportunity to secure significant funds to put toward economic development was limited. The FAC failed to see a compelling argument to direct fish from the existing industry to enable the establishment of a new entity that would clearly be under-resourced and under-capacity with little, if any, opportunity to gain the required expertise to be a meaningful participant in the Nunavut industry. The FAC encourages QFA to continue to work with QC to realize the inshore fisheries research that the communities see as a top priority and may result in more direct economic benefits to the communities.

FAC Report # 27

Quota Recommendation:

Table 21: Recommended allocation for QFA

Species	Fishing Area	Quota (t)	Quota (%)
Greenland halibut (turbot)	0A	0	0
	0B	0	0
Shrimp (<i>Pandalus borealis</i>)	SFA 1	0	0
	DS-E	0	0
	DS-W	0	0
	NU-E	0	0
	NU-W	0	0
Shrimp (<i>Pandalus montagui</i>)	NU-E	0	0
	NU-W	0	0

Scoring:

Mandatory Requirements:

The applicant, Qikiqtaani Fisheries Alliance, hasn't met all the mandatory requirements as per section 7.1, Mandatory Requirements for Responsible Stewardship, of the *Allocation Policy*.

Table 22: Scoring of QFA's Application

Section	Possible Score	Applicant's Score	
7.2 Ecological Stewardship	2	1	
7.3 Good Business Governance	33	12	
7.4 Special Considerations	37	14	
7.5 Inuit Ownership and Sponsorship	21	13	
7.6 Reinvesting for Benefits	19	0	
Total	112	40.0	35.7%



ᐃᑲᐱᐱᑦᐱᑲ
Arctic Bay

ᐱᐱᐱᐱᐱᐱᐱᐱ
Grise Fiord

ᐱᐱᐱᐱᐱᐱᐱᐱ
Qikiqtarjuaq

ᐱᐱᐱᐱᐱᐱᐱᐱ
Resolute Bay

ᐱᐱᐱᐱᐱᐱᐱᐱ 205
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ X0A 0B0

P.O. Box 205
Qikiqtarjuaq, NU X0A 0B0

☎ (867) 927-8894

📠 (867) 927-8896

arcticfisheryalliance@qiniq.com

59A ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ 8622
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ A1B 3T1

59A Lemarchant Rd.
📠 P.O. Box 8622
St. John's, NL A1B 3T1

☎ (709) 579.3278

📠 (709) 579.3304

harry@arcticfisheryalliance.com

May 8, 2020

Daniel Shewchuk
Chairperson, Nunavut Wildlife Management Board
PO Box 1379, Iqaluit, NU X0A 0H0

Dear Mr. Shewchuk:

I am writing you on behalf of the Board of Directors of the Arctic Fishery Alliance (AFA) owned by the communities of Qikiqtarjuaq, Grise Fjord, Resolute Bay, and Arctic Bay to express our concerns about the possibility of NWMB issuing a call this year for a multi-year quota application under the revised "Allocation Policy for Commercial Marine Fisheries". As we all know, Canada and Nunavut are in the midst of the most serious health and economic crisis experienced in the past century. Thus, we must question whether in this crisis environment it is appropriate for NWMB to be asking the fishing industry to prepare a quota application that will shape its future for the next five years?

Instead, we would suggest a continuation of the present allocations that the four organizations have for the 2020 season, which would include the quota sharing agreement the Nunavut Fisheries Association agreed to for the two-year period 2019-20.

We have given this issue considerable thought over the past two months since Covid-19 become an epidemic in our country. We have identified a number of factors that we feel support our recommendation that we should not be required to submit at this time an application for a five-year quota decision.

- Since we do not have any TAC increases available for turbot now or in the foreseeable future (due to a lack of DFO research surveys) we will be engaged in a "zero-sum game " in a multi-year allocation process as any quota adjustments can only be made at the expense of another quota holder. We feel that it would be unfair and totally unjust to the existing quota holders to have any of them risk any quota reductions during the current economic crisis caused by the virus. We feel the only fair course of action is to maintain the status quo for one more year.

- Never has the Nunavut fishing industry been faced with such a degree of uncertainty as we enter the 2020 turbot fishery as a result of problems caused by the virus.

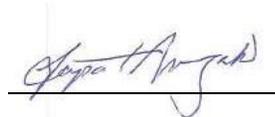
- The problems the industry faces this season in relation to crewing, potential infections, potential quarantines, possible needs to sanitize vessels, requirements for safe distancing, sourcing protective clothing supplies, testing crew for possible infection, crew availability and other similar issues will require an inordinate amount of management time during the fishing season when we should be devoting attention to producing the best possible quota application proposal. This added pressure on management could result in not having the time or focus to presenting the best possible quota application and thereby result in an unfavourable recommendation from the FAC for a five-year allocation.
- In addition, significantly more management efforts and time will have to be devoted to the issues surrounding the landing of vessels in Greenland ports under strict controls affecting the discharge and resupply of vessels, restrictions on crews, crew exchanges and crew emergencies. Regardless of how well the industry plans its visits in Greenland, issues will arise that will require significant management time and could affect the success of this season's fishery.
- Problems created by Nunavut's restrictions on entry into the territory and prohibitions on landing in the territory's ports, as the industry's vessels have routinely done every fishing season to pick up/drop off crew and spare parts.
- Due to the special level of restrictions imposed by GN we will be faced with additional restrictions and controls unlike what any other fishery in Canada will have to contend with. The recently announced conditions Nunavut's Chief Public Health Officer stipulated for an easing of the restrictions suggest it could be several months before there is any easing of them.
- As a result of the stay at home orders issued by GN, we are faced as a Nunavut company with a number of additional problems as we must work from home and are prohibited from inter-community travel. Further, the overburdened internet service, especially in our high Arctic communities, renders video conferencing virtually impossible. Therefore, we will be unable to engage in meaningful consultation with our stakeholders while preparing a major five-year quota application. "In view of the importance attached to the requirement for director, stakeholder and community engagement throughout the 2019 revised "Allocation Policy for Commercial Marine Fisheries" it is essential that quota applicants be able to engage in **meaningful consultations** with its community owners in order to properly prepare their allocation applications. This is simply not possible in the current crisis environment and the restrictions related to it.
- Owing to the fact that we are Nunavut companies, we will have to deal with three different jurisdictions and sets of rules in Nunavut, Newfoundland and Greenland.
- All of these limitations will undoubtedly drive up industry operating costs and negatively affect our profitability. In fact, as the Federal Government has recognized our industry as an essential service it has identified the need for special assistance to keep us operating and deal with the additional hurdles we must overcome. Staying on top of these programs and making application to the various programs will occupy considerable management time.

- The industry is facing an very uncertain market outlook for our products this year as the worldwide food service markets where the bulk of our products are sold have been heavily disrupted and we do not have any indication at this time when they will stabilize and at what price levels. This will also have in the short-term a negative impact on profitability and will likely require significant adjustments to our businesses.
- We have no idea when we will return to what is now being called “a new normal”. It is, however, clear that this will take a number of months and likely at least this full fishing season. What if we are faced with a second wave of infections this fall or next winter, as some experts predict? When will a vaccine be available?
- Faced with such instability and uncertainty how can one accurately produce with any degree of confidence a five- year business plan?
- If we present now an application for a multi-year allocation, we will have to live with the consequences of this potential mistake for the next five years.
- NWMB and FAC will be faced with issues considering and studying applications if you are still required to work from home.
- It may not be possible to appear in person before the FAC or NWMB to explain and defend our applications, thereby resulting in less effective presentations and consideration of our applications.
- In the case of AFA, our fishing season has already been seriously disrupted by the impact throughout the world of Covid-19. We have been engaged for several months in our plans to purchase a new vessel that would increase our harvesting capacity. However, we have not been able to complete the purchase because the vessel must undergo significant modifications at a shipyard to improve its ice classification. Until restrictions are eased in Poland, we cannot get the vessel in the shipyard to complete the required work. We had hoped to have the vessel fishing this season but owing to the virus it will be delayed to next season.

We believe we have presented strong arguments as to why delaying the multi-year quota application and maintaining the current allocations for another year is a wise course of action that will permit us to focus on surviving the crisis we face because of Covid-19.

Thank you for your consideration.

Sincerely,



Jaypetee Akeeagok,
Executive Chairman

cc: Honourable Bernadette Jordan, Minister of Fisheries and Oceans
Arctic Fishery Alliance Board of Directors
Mr. Lootie Toomasie, President & CEO, Arctic Fishery Alliance



ᐃᑲᐱᐱᑦᐱᑲ
Arctic Bay

ᐱᐱᐱᐱᐱᐱᐱᐱ
Grise Fjord

ᐱᐱᐱᐱᐱᐱᐱᐱ
Qikiqtarjuaq

ᐱᐱᐱᐱᐱᐱᐱᐱ
Resolute Bay

ᐱᐱᐱᐱᐱᐱᐱᐱ 205
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ X0A 0B0

P.O. Box 205
Qikiqtarjuaq, NU X0A 0B0

☎ (867) 927-8894
📠 (867) 927-8896
arcticfisheryalliance@qiniq.com

59A ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ 8622
ᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱᐱ A1B 3T1

59A Lemarchant Rd.
📠 P.O. Box 8622
St. John's, NL A1B 3T1

☎ (709) 579.3278
📠 (709) 579.3304
harry@arcticfisheryalliance.com

May 8, 2020

Honourable Bernadette Jordan PC
Minister of Fisheries and Oceans and Canadian Coast Guard
House of Commons
Ottawa, Ontario

Dear Minister Jordan:

I am writing you on behalf of the Board of Directors of the Arctic Fishery Alliance (AFA) owned by the communities of Qikiqtarjuaq, Grise Fjord, Resolute Bay, and Arctic Bay to express our concerns about the possibility of Nunavut Wildlife Management Board (NWMB) issuing a call this year for a multi-year quota application under the revised "Allocation Policy for Commercial Marine Fisheries". As you are aware, for matters related to the fishery beyond the Land Claim Area the Board's role is only advisory and it makes recommendations on allocations that you can either accept, reject or modify. As we all know, Canada and Nunavut are in the midst of the most serious health and economic crisis experienced in the past century. Thus, in this crisis environment, we request that you advise NWMB that it should not be asking the Nunavut fishing industry to prepare a quota application that will shape its future for the next five years.

Instead, we would suggest a continuation of the present allocations that the four organizations have for the 2020 season, which would include the quota sharing agreement the Nunavut Fisheries Association agreed to for the two- year period 2019-20 and that your predecessor accepted as a recommendation from NWMB.

We have given this issue considerable thought over the past two months since Covid-19 became an epidemic in our country. We have identified a number of factors that we feel support our recommendation that we should not be required in these circumstances to submit an application to NWMB for a five-year quota decision.

- Since we do not have any TAC increases available for turbot now or in the foreseeable future (due to a lack of DFO research surveys) we will be engaged in a "zero-sum game " in a multi-year allocation process as any quota adjustments can only be made at the expense of another quota holder. We feel that it would be unfair and totally unjust to the existing quota holders to have any of them risk any quota reductions during the current economic crisis caused by the virus. Such action could have unfavourable and harmful impacts on our communities. We feel the only fair course of action is to maintain the status quo for one more year.

- Never has the Nunavut fishing industry been faced with such a degree of uncertainty as we enter the 2020 turbot fishery as a result of problems caused by the virus. Madame Minister, you are dealing on a daily basis with the economic problems our industry is facing. We need to focus all of our management efforts to ensure we are able to survive this crisis.
- The problems the industry faces this season in relation to crewing, potential infections, potential quarantines, possible needs to sanitize vessels, requirements for safe distancing, sourcing protective clothing supplies, testing crew for possible infection, crew availability and other similar issues will require an inordinate amount of management time during the fishing season when we should be devoting attention to producing the best possible quota application proposal. This added pressure on management could result in not having the time or focus to presenting the best possible quota application and thereby result in an unfavourable recommendation from the NWMB for a five-year allocation.
- In addition, significantly more management efforts and time will have to be devoted to the issues surrounding the landing of vessels in Greenland ports under strict controls affecting the discharge and resupply of vessels, restrictions on crews, crew exchanges and crew emergencies. Regardless of how well the industry plans its visits in Greenland, issues will arise that will require significant management time and could affect the success of this season's fishery. As you know, we are forced to land in a foreign country due to the lack of harbour infrastructure in the eastern Arctic.
- Problems created by Nunavut's restrictions on entry into the territory and prohibitions on landing in the territory's ports as the industry's vessels have routinely done every fishing season to pick up/drop off crew and spare parts.
- Due to the special level of restrictions imposed by GN we will be faced with additional restrictions and controls unlike what any other fishery in Canada will have to contend with. The recently announced conditions Nunavut's Chief Public Health Officer stipulated for an easing of the restrictions suggest it could be several months before there is any easing of them.
- Owing to the fact that, we are Nunavut companies, we will have to deal with three different jurisdictions and sets of rules in Nunavut, Newfoundland and Greenland.
- All of these limitations will undoubtedly drive up industry operating costs and negatively affect our profitability. In fact, as your Government has recognized our industry as an essential service it has identified the need for special assistance to keep us operating and deal with the additional hurdles we must overcome. Staying on top of these programs and making application to the various programs will occupy considerable management time and take away from the time necessary to prepare a multi-year quota application.

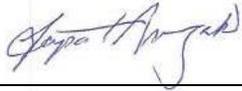
- The industry is facing a very uncertain market outlook for our products this year as the worldwide food service markets where the bulk of our products are sold have been heavily disrupted and we do not have any indication at this time when they will stabilize and at what price levels. This will also have in the short-term a negative impact on profitability and will likely require significant adjustments to our businesses.
- We have no idea when we will return to a what is now being called “a new normal”. It is, however, clear that this will take a number of months and likely at least this full fishing season. What if we are faced with a second wave of infections this fall or next winter as some experts predict? When will a vaccine be available?
- As a result of the stay at home orders issued by GN, we are faced as a Nunavut company with a number of additional problems as we must work from home and are prohibited from inter-community travel. Further, the overburdened internet service, especially in our high Arctic communities, renders video conferencing virtually impossible. Therefore, we will be unable to engage in **meaningful consultation** with our stakeholders while preparing a major five-year quota application. This is simply not possible in the current crisis environment and the restrictions related to it.
- Faced with such instability and uncertainty how can one accurately produce with any degree of confidence a five- year business plan as required under NWMB quota application process?
- If we present now an application for a multi-year allocation, we will have to live with the consequences of this potential mistake for the next 5 years.
- NWMB and its Fishery Advisory Committee (FAC) will be faced with issues considering and studying applications if they are still required to work from home.
- It may not be possible to appear in person before the FAC or NWMB to explain and defend our applications, thereby resulting in less effective presentations and consideration of our applications.
- In the case of AFA our fishing season has already been seriously disrupted by the impact throughout the world of Covid-19. We have been engaged for several months in our plans to purchase a new vessel that would increase our harvesting capacity. However, we have not been able to complete the purchase because the vessel must undergo significant modifications at a shipyard to improve its ice classification. Until restrictions are eased in Poland, we cannot get the vessel in the shipyard to complete the required work. We had hoped to have the vessel fishing this season but owing to the virus it will be delayed until next season.

We believe we have presented strong arguments as to why maintaining the current allocations for another year is a wise course of action that will permit us to focus on surviving the crisis we face because of Covid-19. We know that in your position as Minister of Fisheries and Ocean you understand all too well the disruption in the normal way of conducting our business and the importance of meaningful consultation to our indigenous communities. We therefore urge you to request NWMB to delay their

request for multi-year quota applications until we are operating in a more stable health and financial environment.

Thank you for your consideration.

Sincerely,



Jaypetee Akeeagok
Executive Chairman

cc: Mr. Daniel Shewchuk, Chairperson, Nunavut Wildlife Management Board
Arctic Fishery Alliance Board of Directors
Mr. Lootie Toomasie, President & CEO, Arctic Fishery Alliance



May 12, 2020

Daniel Shewchuk
Chairman
Nunavut Wildlife Management Board
P.O. Box 1379, Iqaluit, NU
X0A 0H0

Jason Akearok
Executive Director
Nunavut Wildlife Management Board
PO Box 1379, Iqaluit, NU
X0A 0H0

Re: AFA Request for Delay in Full Call for Applications

Dear Mr. Shewchuk & Mr. Akearok:

Qikiqtaaluk Corporation (QC) is writing to express its opposition to the request submitted by the Arctic Fishery Alliance (AFA) for a one year delay in the NWMB's full call for applications, as scheduled under the *2019 Allocation Policy for Commercial Marine Fisheries*.

As you are aware, in the past QC expressed deep disappointment in the several delays that occurred in finalizing the revised 2019 policy, delays that resulted in the sharing of allocations being maintained at levels that were detrimental to our company for an extended period of time. To allow time for industry to become familiar with the changes to the policy, we agreed to work with other members of the Nunavut Fisheries Association (NFA) on a two-year agreement for the sharing of the 2019 increase in turbot in OA and OB and sharing of the increase in WAZ shrimp. In both cases, these agreements helped improve QC's allocations of adjacent resources. With these agreements expiring in 2020, QC does not feel that any further delay in the multi-year allocation process is warranted.

This full call is the only opportunity provided to industry to obtain a reset and redistribution of allocations based on their past performance and future commitments. Companies should be willing and ready to stand by their activities and performance over the past several years, in terms of their financial performance, the benefits they have provided to Nunavut, and meeting the commitments they have made. QC is proud of its commitments and performance and feels that the time has finally come for this to be reflected in its share of adjacent turbot and shrimp allocations administered through the NWMB.

AFA is requesting the delay largely based on the impacts of COVID-19. From QC's perspective, COVID-19 is impacting on all members involved in the Nunavut fishery and on all aspects of the economy.



We are confident that the impacts we will all feel in 2020 will be considered by NWMB in its future deliberations. In fact, the full submission will primarily reflect the results for years up to 2019, since the 2020 season is ongoing, so the current situation would have no impact on this past performance. In addition, we are all managing our businesses to continue fishing during the pandemic and, although this entails extra effort and commitment, QC is moving forward with its operations and does not feel that the already scheduled completion of this full submission would add unwarranted or unmanageable requirements.

In summary, QC is requesting that the NWMB proceed with the long-scheduled full call for multi-year allocations. We look forward to the opportunity to outline for the NWMB our part performance and our extensive commitments to the future benefit of Nunavut.

Regards,

Harry Flaherty, President & CEO

Olayuk Akasuk, Chairman

CC:

Honourable Bernadette Jordan, Minister of Fisheries & Oceans

Peter Keenainak, Vice President, QC

Jerry Ward, Director of Fisheries, QC Fishery division

August 7, 2020

Cumberland Sound Fisheries Ltd.

Pangnirtung Fisheries Ltd.

Box 611

Pangnirtung, Nunavut

Nunavut Wildlife Management Board

1106 Ikaluktuutiak Drive

Box 1379, Iqaluit, NU

AOA OH0

Dear Daniel,

Hope you are well and safe. Cumberland Sound Fisheries Ltd. and Pangnirtung Fisheries Ltd. is currently in the process of completing the Allocation and Access submission. However, we have been faced with several extreme challenges as a result of the Covid 19 pandemic. Our manager, Todd Johnson has not been available to assist in any information preparation or procurement. He has been in Nova Scotia for the past eight weeks and could not access files remotely. An additional two weeks in quarantine further complicated this situation. As Todd

is also the accountant for operations and also has access to the majority of required information, some information is not possible to obtain to meet the deadline. Many key items will be missing.

To date Sakiassie has been helping a fisheries consulting firm prepare the submission, however he cannot access key parts including payroll summaries, employment summaries, operations information, etc. There has also been a delay in the preparation of updated and audited financial statements. Despite a request to the accountant, they will not be ready in time. Todd also must be part of this, supplying information to the accountant.

Our organization strives to maximize employment, social and economic benefits to our communities. However, we find ourselves in a weak position trying to meet the August 17, 2020 deadline due to events that were out of our control. While we do have a good draft ready, it unfortunately lacks some key information. We therefore request an extension of two months. This will allow Todd upon his return in two weeks to help us especially to provide information to our accountant to prepare the audited financial statements.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Peter Kilibuk", with a large, stylized flourish at the end.

for

Peter Kilibuk

Chairperson

From: sakiasie sowdloopik <sowdloopik@hotmail.com>
Sent: Tuesday, August 11, 2020 1:25 PM
To: 'jakearok@nwmb.com'
Cc: Peter Kilabuk2005; nunavoot@gmail.com; pangfish@qinq.com; Chris Daley
Subject: Re: Letter to NWMB

Good day Jason,

I am sending letter on behalf of the Cumberland Sound Fisheries Ltd. since both the Peter Kilabuk, Chairman, and vice chairman is out on the land hunting.

I have been working with Chris Daley for some time, since our General Manager, Todd of is away on holiday and Covid-19 cause us the delay getting important information on financial audited, in which I have no access to Pangnirtung Fisheries Ltd. accounts and audited information.

CSFL is asking for extension for 2 months, this will allow our General Manager to prepare the information.

I look forward to hearing from you soon.

Thank you.

Sakiasie Sowdloopik
Sec. Treasurer
CSFL

From: Chris Daley <cdaley@idgi.ca>
Sent: August 11, 2020 11:07 AM
To: sowdloopik@hotmail.com <sowdloopik@hotmail.com>
Subject: FW: Letter to NWMB

From: Chris Daley [mailto:cdaley@idgi.ca]

Sent: August 7, 2020 10:02 AM

To: sowdloopik@hotmail.com; Peter Kilabuk2005 (peterkilabuk2005@qiniq.com); nunavoot@gmail.com

Subject: Letter to NWMB

Good Morning,

We are completing the draft now and will send it within next few days. The draft however is lacking key information including audited financial statements , payroll expenses, employment data, etc. We have proved that list to you with what is missing. Todd is the only one that can access some of this accounting data and work with you accountants.

Hopefully this letter will get an extension.

Without an extension we are afraid that the submission will be rejected.

Please sign and send it to Daniel at NWMB.

Also can you find out when the audited financial statements will be ready. We have asked for this on other occasions. If you can get a letter from your accountant stating when they will be ready, this may help.

Thank you

Chris

From: Harry Earle <harry@arcticfisheryalliance.com>
Sent: Friday, October 16, 2020 1:36 PM
To: Jason Akearok <jakearok@nwmb.com>
Cc: Jaypetee Akeegok <Jaypetee@arcticfisheryalliance.com>; Lootie Toomasie <ltoomasie@arcticfisheryalliance.com>; Taqialuq Sataa <tsataa@nwmb.com>
Subject: AFA's Audited Financial Statements for 2019

Dear Jason:

I am writing to explain why AFA has not been able to date to submit its audited financial statements by the end of September.

As we noted in our multi-year application, our efforts to purchase the Icelandic longliner "Stormur" was suddenly terminated by the vessel owner in late July, 2020. This sudden development resulted in us having to change how our auditors had treated the expenses that we had incurred to purchase Stormur in a different manner than they had originally listed them in the draft statements they had prepared. Since we had devoted a huge amount of effort and expense in acquiring this new vessel it resulted in a major change having to be made in the draft statements. This resulted in a substantial delay that was beyond our control.

We are now very close to having the required changes satisfactorily resolved and should have the revised statements finalized within this coming week and will forward them to NWMB.

We apologize for this delay but hope NWMB will understand that this was not anticipated and was beyond our control as it took some time to determine what the impact this change was going to have on AFA's financial position.

Regards,
Harry Earle

From: Harry Earle <harry@arcticfisheryalliance.com>
Sent: Friday, October 23, 2020 6:27:53 PM
To: Jason Akearok <jakearok@nwmb.com>
Cc: Jaypetee Akeegok <Jaypetee@arcticfisheryalliance.com>; Lootie Toomasie <ltoomasie@arcticfisheryalliance.com>; Taqialuq Sataa <tsataa@nwmb.com>
Subject: RE: AFA's Audited Financial Statements for 2019

Good evening Jason,

We received our 2019 audited statements less than an hour ago from PWC.

I am now pleased to finally forward them to you, together with the attached enclosure letter.

Regards,
Harry

From: Jason Akearok <jakearok@nwmb.com>
Sent: Friday, October 16, 2020 6:00 PM
To: Harry Earle <harry@arcticfisheryalliance.com>
Cc: Jaypetee Akeegok <Jaypetee@arcticfisheryalliance.com>; Lootie Toomasie <ltoomasie@arcticfisheryalliance.com>; Taqialuq Sataa <tsataa@nwmb.com>
Subject: RE: AFA's Audited Financial Statements for 2019

Hello Harry,

Thank you for your email.

We have not received AFA's audited financial statements. We are waiting for those statements.

I have forwarded your email to the Fisheries Advisory Committee.

Have a good weekend.

From: Harry Earle <harry@arcticfisheryalliance.com>
Sent: Friday, October 16, 2020 1:36 PM
To: Jason Akearok <jakearok@nwmb.com>
Cc: Jaypetee Akeagok <Jaypetee@arcticfisheryalliance.com>; Lootie Toomasie <ltoomasie@arcticfisheryalliance.com>; Taqialuq Sataa <tsataa@nwmb.com>
Subject: AFA's Audited Financial Statements for 2019

Dear Jason:

I am writing to explain why AFA has not been able to date to submit its audited financial statements by the end of September.

As we noted in our multi-year application, our efforts to purchase the Icelandic longliner "Stormur" was suddenly terminated by the vessel owner in late July, 2020. This sudden development resulted in us having to change how our auditors had treated the expenses that we had incurred to purchase Stormur in a different manner than they had originally listed them in the draft statements they had prepared. Since we had devoted a huge amount of effort and expense in acquiring this new vessel it resulted in a major change having to be made in the draft statements. This resulted in a substantial delay that was beyond our control.

We are now very close to having the required changes satisfactorily resolved and should have the revised statements finalized within this coming week and will forward them to NWMB.

We apologize for this delay but hope NWMB will understand that this was not anticipated and was beyond our control as it took some time to determine what the impact this change was going to have on AFA's financial position.

Regards,
Harry Earle

Fisheries Advisory Committee

Initial Report

Appendix 1: FAC's Initial Report

As per the *NWMB Allocation Policy for Commercial Marine Fisheries (Allocation Policy)*, the Allocation Application timeline states that applicants will be provided with the preliminary scoring of applications, including an indication of possible reduction or termination of allocation by October 24. As such, the Fisheries Advisory Committee (FAC) provides this initial report.

In conducting the review, the FAC strived to adhere strictly to the policy and the directions for scoring contained therein. The scoring associated with individual applications is based on the information provided or not provided. In the case of failure to provide information, the application was scored reflective of the directions in the Allocation Policy scoring table.

We remind all applicants of the mandatory requirement—referenced repeatedly in the policy—that applicants must score a minimum of 60% in **each and every section** from section 7.3 through 7.6. Failure to include mandatory materials for Business Governance will result in a score of zero (0) for section 7.3, Good Governance. Failure to achieve the minimum 60% in **each and every** section from section 7.3 through 7.6 results in the FAC rejecting the application in full.

The scoring included in the table below is tentative. You will have an opportunity to provide any outstanding documentation by October 30, 2020. The FAC will not consider any materials or documents received past October 30, 2020, at 5:00 pm EDT.

As per the NWMB's Allocation Policy for Commercial Marine Fisheries, the NWMB is required to notify each applicant of (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/ terminations, if any, to the applicant's current allocation(s), by October 24.

Please note scoring criteria have been simplified for the purposes of scoring feedback.

Scoring Criteria (S. 7)	Applicant's Score	Maximum Score	Clarification Required by FAC
7.1 Mandatory Requirements (No Score)			
Compliance with DFO policies and licensing conditions	No Score (NS)		
Compliance with TC policies and licensing conditions	NS		
Compliance with self-reporting Mandatory Requirements	NS		
7.2 Ecological Stewardship (2 points total)			
7.2.1 Voluntary measures to reduce industry impact/improve the natural environment.	1	2	
7.3 Good Business Governance (33 points total) (Application is missing Audited Financial Statement, 7.3 receives a score of zero)			60% minimum threshold not met
7.3.1a. Provide an organogram with Board structure.	Section cannot be scored as per the policy because mandatory documents are missing.		
7.3.1b. Provide Board TOR, Board appointments, company and board by-laws.			
7.3.1c Provide detail how the organization has the experience and management capacity to be successful.			

7.3.2a. Evidence of quarterly or bi-annual Board meetings.			
7.3.2b. Evidence of recent Board meeting minutes.			
7.3.2c. Provide a list of the applicant company's Board of Directors, affiliations and, company positions.			
7.3.3a. Demonstrate annual AGM including meeting minutes from last 5 years.			
7.3.3b. Evidence of engagement strategy and other required materials.			
7.3.4a. Enterprise's benefits decisions are linked to needs/wants of the shareholders and communities.			
7.3.4b. Demonstrate incorporation of shareholder/ Board input into corporate decision- making.			
7.3.4c. Demonstrate incorporation of shareholder/ Board/community involvement in the management or operational decisions			
7.3.5a. Demonstrate quota transfers with other groups			
7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last Application			
Total Score (%)	0	33	0%
7.4 Special Considerations (37 points total).			60% minimum threshold not met

7.4.1a. Inuit employment as % of total employment and employment expenses.	1.66 (for 2019)	10	
7.4.1b. Nunavummiut employment as % of total employment and employment expenses.	0	5	Missing Table D. 2A
7.4.1c. Improvements made in Inuit and Nunavummiut employment levels.	0	3	
7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities.	0	4	
7.4.2a. Demonstrate shareholder communities are from the Region of the fishery.	10	10	
7.4.3a. Demonstrate profitability of the fishing enterprise.	0	1	Missing financial statements
7.4.3b. Demonstrate an average profit over the past 5 years, or provide an explanation for no profit.	0	4	Missing financial statements
Total Score (%)	11.66	37	31.51%
7.5 Inuit Ownership and Sponsorship (21 points total)			60% minimum threshold not met
7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities that own or sponsor the enterprise.	0	12	Missing documents
7.5.1b. Provide Inuit Firm Registry (IFR) registration	0	1	Missing documents
7.5.2a. Provide a list of all of the fishery-related assets and percentage of ownership by Inuit.	0	3 + 3	Missing documents
7.5.2b. Demonstrate Improvements in Inuit Vessel ownership since the last allocation.	0	1	Missing documents

7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.	0	1	Missing documents
Total Score (%)	0	21	0%
7.6 Reinvesting for Benefits (19 points total)			60% minimum threshold not met
7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders (in dollars and % or profits)	0	0	Missing financial statements
7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder	NS	NS	Missing financial statements
7.6.2a. Identify all non-cash forms of benefits from profits to the community/shareholders	0	0	Missing financial statements
7.6.3 a. Identify your role in leveraging funds to benefit fisheries/community economic development.	0	0	Missing financial statements
7.6.4 a. Summarize all investments in the enterprise	0	0	Missing financial statements
Total Score (%)	0	19	0%

Mandatory and Scoring Materials: It has been noted that not all materials have been included in your application or were unidentifiable by FAC/NWMB. The following necessary pieces of information are missing:

Mandatory Materials Missing:

1. Current Business plan (7.3.4 a, 7.3.6 a, and 7.6.4 a)
2. Previous Business plans, explanation of what targets you met and what targets you did not (7.3.6 a and 7.6.4 a).
3. Audited financial statements from 2015-2019 (income statement, balance sheet and cash flow statements) from all associated companies and trusts (listed on the organogram).

Materials Missing for Scoring:

1. Legal filing and legal registries of all businesses, corporations, trusts and groups listed in organogram (7.3.1 a).
2. Board Terms of Reference (7.3.1 b).
3. Proof of information shared with board for all years (2015-2019) including shortened financial statements, copy of fishing activities that were approved by board and meeting minutes to show the vote, engagement strategy (7.3.3 b).
4. Correctly populated Table D.2A (7.4.1 b).
5. List of all assets and proof of % Inuit ownership, proof of % Nunavut ownership from the last allocation cycle to present (7.5.2 a).
6. Legal registries or proof of % Inuit ownership for all associated businesses and trusts, proof of Inuit Firm Registry for all businesses and trusts that qualify (7.5.1 a).
7. Proof of links between community requests for profit sharing and proof of how profits were shared with the community (7.3.4 a).
8. Write up to prove the benefits received by all parties involved in the transfer of quota collaborations from 2015-2019 (7.3.5 a).

Outstanding Performance Targets: Prior to your 2020 application, you had outstanding performance targets. The FAC will expect clarifying information as to why these performance targets have not been met and the steps you are taking to meet them. The following are the remaining outstanding performance targets:

- Audited financial statements for 2015 and 2016 remain outstanding. The 2017 and 2018 audited financial statements are **not** final financial statements as they are marked **“FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT NOT TO BE FURTHER COMMUNICATED.”**
- Specific landing information including tonnage of harvest for all vessels.
- The business rational between AFA ApS and AFA remains unclear; the justification provided did not explain the relationship.
- Audited financial statements from Arctic Fishery Alliance ApS remain outstanding.
- Board approved engagement plan.
- It remains unclear to the FAC how the remaining balance of \$1.4 million from communities was “cleared”. As stated in the NWMB letter from December 2019: *“...provide proof that the amounts currently owing by communities for groceries and supplies \$1.4 million) have been nullified...[including how financially that is reflected in audited financial statements.”*

Face-to-Face Meeting with the Fisheries Advisory Committee: The FAC looks forward to discussing your application, and in particular, the clarifying points noted above. Your meeting with the FAC is scheduled for **November 4, 2020**, from **9:00 – 11:00 am**. **Please inform the NWMB within 2 days of receipt of this letter if an alternative date/ time is required.** As the meeting is limited to 2 hours, please come prepared with responses and/or supporting information if needed. After this meeting, the FAC will be providing recommendations to the NWMB by November 21, 2020.

The meeting will allow one hour to present/ clarify missing information and one hour for FAC to ask questions.

The purpose of the meeting is to discuss the applicant's *Application for Allocation*; if the applicant faces reductions or termination of their allocation, this is the opportunity to question, discuss and respond to the FAC's evidence, analysis and initial recommendation.

Due to COVID-19 related travel restrictions, this meeting can occur remotely or through a combination of a face-to-face meeting and connecting remotely. The NWMB will arrange a remote set up through the Zoom videoconferencing platform. For those connecting through Zoom, the NWMB will send the link to connect onto Zoom. Please contact the NWMB with your preferred meeting format (face-to-face, remote, or a combination of these) at least one week before your November 4, 2020 meeting to ensure the logistics can be arranged.

Potential for quota recommendations for reductions/terminations: Due to the **missing mandatory materials, scores below the 60% threshold, and lack of progress towards outstanding performance targets**, you may not be eligible to receive any allocation under the NWMB's Allocation Policy.

The FAC provides advice to the NWMB. The NWMB will consider the FAC advice in making final allocation decisions and recommendations. The NWMB cautions applicants that no action should be taken on allocation decisions and recommendations until they are finally addressed by the Minister of Fisheries and Oceans according to the terms of the *Nunavut Agreement*.

NUNAVUT WILDLIFE MANAGEMENT BOARD
P.O. Box 1379, Iqaluit, NU X0A 0H0
Phone: (867) 975-7300
Fax: (888) 421-9832
Email: receptionist@nwmb.com

Fisheries Advisory Committee

Initial Report

Appendix 1: FAC's Initial Report

As per the *NWMB Allocation Policy for Commercial Marine Fisheries (Allocation Policy)*, the Allocation Application timeline states that applicants will be provided with the preliminary scoring of applications, including an indication of possible reduction or termination of allocation by October 24. As such, the Fisheries Advisory Committee (FAC) provides this initial report.

In conducting the review, the FAC strived to adhere strictly to the policy and the directions for scoring contained therein. The scoring associated with individual applications is based on the information provided or not provided. In the case of failure to provide information, the application was scored reflective of the directions in the Allocation Policy scoring table.

We remind all applicants of the mandatory requirement—referenced repeatedly in the policy—that applicants must score a minimum of 60% in **each and every section** from section 7.3 through 7.6. Failure to include mandatory materials for Business Governance will result in a score of zero (0) for section 7.3, Good Governance. Failure to achieve the minimum 60% in **each and every** section from section 7.3 through 7.6 results in the FAC rejecting the application in full.

The scoring included in the table below is tentative. You will have an opportunity to provide any outstanding documentation by October 30, 2020. The FAC will not consider any materials or documents received past October 30, 2020, at 5:00 pm EDT.

As per the NWMB's Allocation Policy for Commercial Marine Fisheries, the NWMB is required to notify each applicant of (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/ terminations, if any, to the applicant's current allocation(s), by October 24.

Please note scoring criteria have been simplified for the purposes of scoring feedback.

Scoring Criteria (S. 7)	Applicant Score	Maximum Score	Clarification Required by FAC
7.1 Mandatory Requirements (No Score)			
Compliance with DFO policies and licensing conditions	NS		
Compliance with TC policies and licensing conditions	NS		
Compliance with self-reporting Mandatory Requirements	NS		
7.2 Ecological Stewardship (2 points total)			
7.2.1 Voluntary measures to reduce industry impact/improve the natural environment.	1	2	
7.3 Good Business Governance (33 points total)			60% minimum threshold met
7.3.1a. Provide an organogram with Board structure.	1	1	
7.3.1b. Provide Board TOR, Board appointments, company and board by-laws.	1	1	
7.3.1c Provide detail how the organization has the experience and management capacity to be successful.	1	3	Missing documents
7.3.2a. Evidence of quarterly or bi-annual Board meetings.	1	1	
7.3.2b. Evidence of recent Board meeting minutes.	1	1	

7.3.2c. Provide a list of the applicant company's Board of Directors, affiliations and, company positions.	1	1	
7.3.3a. Demonstrate annual AGM including meeting minutes from last 5 years.	0	1	Missing documents
7.3.3b. Evidence of engagement strategy and other required materials.	4	4	
7.3.4a. Enterprise's benefits decisions are linked to needs/wants of the shareholders and communities.	0	4	Missing documents
7.3.4b. Demonstrate incorporation of shareholder/ Board input into corporate decision- making.	4	4	
7.3.4c. Demonstrate incorporation of shareholder/ Board/community involvement in the management or operational decisions	4	4	
7.3.5a. Demonstrate quota transfers with other groups	3	4	
7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last Application	0	4	Missing documents
Total Score (%)	21	33	63.6%
7.4 Special Considerations (37 points total)			60% minimum threshold not met
7.4.1a. Inuit employment as % of total employment and employment expenses.	4.6	10	
7.4.1b. Nunavummiut employment as % of total employment and employment expenses.	0	5	Table D. 2A incomplete.
7.4.1c. Improvements made in Inuit and Nunavummiut employment levels.	0	3	Incomplete information
7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities.	2	4	
7.4.2a. Demonstrate shareholder communities are from the Region of the fishery.	10	10	
7.4.3a. Demonstrate profitability of the fishing enterprise.	1	1	

7.4.3b. Demonstrate an average profit over the past 5 years, or provide explanation for no profit.	4	4	
Total Score (%)	21.4	37	57.8%
7.5 Inuit Ownership and Sponsorship (21 points total)			60% minimum threshold met
7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities that own or sponsor the enterprise.	12	12	
7.5.1b. Provide Inuit Firm Registry (IFR) registration	1	1	
7.5.2a. Provide a list of all of fishery-related assets, and percentage of ownership by Inuit.	5	3 + 3	
7.5.2b. Demonstrate Improvements in Inuit Vessel ownership since the last allocation.	1	1	
7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.	1	1	
Total Score (%)	20	21	95.2%
7.6 Reinvesting for Benefits (19 points total)			60% minimum threshold not met
7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders (in dollars and % of profits)	5	10	
7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder	NS	NS	
7.6.2a. Identify all non-cash forms of benefits from profits to the community/shareholders	0	3	Missing materials
7.6.3 a. Identify your role in leveraging funds to benefit fisheries/community economic development.	3	3	
7.6.4 a. Summarize all investments in the enterprise	3	3	
Total Score (%)	11	19	57.9%

Mandatory and Scoring Materials: It has been noted that not all materials have been included in your application or were unidentifiable by FAC/NWMB. The following are the missing, necessary pieces of information:

Mandatory Materials Missing:

- No missing Mandatory Materials

Materials Missing for Scoring:

1. Resumes for five key management personnel (7.3.1 c).
2. AGM minutes from 2015 (7.3.3 a).
3. Community support letter from Kimmirut (7.3.4 a; 7.6.2 a).
4. Business plans for 2015 and 2016 (7.3.6 a).
5. Table D2A shows no Nunavummiut employees. Per definition in the Policy, Inuit residing in Nunavut are Nunavummiut (7.4.1 b).
6. Improvements made in Inuit and Nunavummiut employment levels (Figure 9, Page 58) should show Inuit/Nunavummiut employees as a percentage of total BFC employees, not as percentage of positions for which the enterprise considers those employees eligible (7.4.1 c).
7. Letters of good standing from the legal registry for each HTO/Shareholder or an explanation of why this cannot be provided (7.6.1 b).
8. Clearly identify all non-cash benefits to communities/shareholders (7.6.2 a).

Outstanding Performance Targets:

Prior to your 2020 application, you had no outstanding performance targets.

Face-to-Face Meeting with the Fisheries Advisory Committee: The FAC looks forward to discussing your application, and in particular, the clarifying points noted above. Your meeting with the FAC is scheduled for **October 30, 2020**, from **9:00 – 11:00 am**. *Please inform the NWMB within 2 days of receipt of this letter if an alternative date/ time is required.* As the meeting is limited to 2 hours, please come prepared with responses and/or supporting information if needed. After this meeting, the FAC will be providing recommendations to the NWMB by November 21, 2020.

The meeting will allow one hour to present/ clarify missing information and one hour for FAC to ask questions.

The purpose of the meeting is to discuss the applicant's *Application for Allocation*; if the applicant faces reductions or termination of their allocation, this is the opportunity to question, discuss and respond to the FAC's evidence, analysis and initial recommendation.

Due to COVID-19 related travel restrictions, this meeting can occur remotely or through a combination of a face-to-face meeting and remotely. The NWMB will arrange a remote set up through the Zoom videoconferencing platform. For those connecting through

Zoom, the NWMB will send the link to connect onto Zoom. Please contact the NWMB with your preferred meeting format (face-to-face, remote, or a combination of these) before your October 30, 2020 meeting to ensure the logistics can be arranged.

Potential for quota recommendations for reductions/terminations: Due to the **scores below the 60% threshold**, you **may not** be eligible to receive any allocation under the NWMB's Allocation Policy.

The FAC provides advice to the NWMB. The NWMB will consider the FAC advice in making final allocation decisions and recommendations. The NWMB cautions applicants that no action should be taken on allocation decisions and recommendations until they are finally addressed by the Minister of Fisheries and Oceans according to the terms of the *Nunavut Agreement*.

NUNAVUT WILDLIFE MANAGEMENT BOARD
P.O. Box 1379, Iqaluit, NU X0A 0H0
Phone: (867) 975-7300
Fax: (888) 421-9832
Email: receptionist@nwmb.com



ᓄᓇᓂᓄᓂ ᐅᐱᓕᓂᓂᓄᓂᓄᓂᓄᓂ ᐅᓂᓂᓂᓄᓂ
Nunavunmi Anngutighatigut Aulapkaijitkut Katimajiat
Nunavut Wildlife Management Board

ᐱᓄᓂᓄᓂᓄᓂᓄᓂ ᐅᐱᓕᓂᓄᓂ ᐱᓂᓄᓂᓄᓂᓄᓂ ᐱᓄᓂᓄᓂ ᓂᓄᓂᓄᓂᓄᓂᓄᓂ ᐱᓄᓂᓄᓂ ᓂᓄᓂᓄᓂᓄᓂᓄᓂ ᓂᓄᓂᓄᓂᓄᓂᓄᓂ
Tammaqtailinahuarniriit anngutighat atuqhugit Inuit qaujimajatuqangillu ilihimaniillu ilitquhiannin
Conserving wildlife through the application of Inuit Qaujimajatuqangit and scientific knowledge

October 24, 2020

Peter Kilabuk
Chairperson
Cumberland Sound Fisheries Ltd.

Dear Mr. Kilabuk

Re: Initial Scores from the Fisheries Advisory Committee for the 2020 Applications for Allocation

Thank you for your Application for Allocation. As per the *Nunavut Wildlife Management Board's 2019 Allocation Policy for Commercial Marine Fisheries* (Allocation Policy), the Nunavut Wildlife Management Board (NWMB) is forwarding to each applicant, the Fisheries Advisory Committee's (FAC) preliminary scoring of applications including any indication of possible allocation reduction or termination.

Attached to this letter is the FAC's initial scoring report of your application for allocation (Appendix A). **Your organization has until 5 p.m. (Iqaluit time) on October 30, 2020 – to submit outstanding documentation identified in the initial scoring report.** The FAC has also scheduled a meeting with your organization to clarify missing information.

Following the meeting, the FAC will review all additional information provided and make final recommendations to the NWMB. The NWMB will consider the FAC's final recommendations, as per the Allocation Policy timeline.

If you have any questions, please do not hesitate to contact the NWMB.

Sincerely,

Jason Akearok
Executive Director
Nunavut Wildlife Management Board

c.c. Sakiasie Sowdloopik, Acting Executive Director of Cumberland Sound Fisheries-Pangnirtung Fisheries Partnership; and
Trevor Taylor, Chairperson, Fisheries Advisory Committee.

Fisheries Advisory Committee

Initial Report

Appendix 1: FAC's Initial Report

As per the *NWMB Allocation Policy for Commercial Marine Fisheries* (Allocation Policy), the Allocation Application timeline states that applicants will be provided with the preliminary scoring of applications, including an indication of possible reduction or termination of allocation by October 24. As such, the Fisheries Advisory Committee (FAC) provides this initial report.

In conducting the review, the FAC strived to adhere strictly to the policy and the directions for scoring contained therein. The scoring associated with individual applications is based on the information provided or not provided. In the case of failure to provide information, the application was scored reflective of the directions in the Allocation Policy scoring table.

We remind all applicants of the mandatory requirement—referenced repeatedly in the policy—that applicants must score a minimum of 60% **in each and every section** from section 7.3 through 7.6. Failure to include mandatory materials for Business Governance will result in a score of zero (0) for section 7.3, Good Governance. Failure to achieve the minimum 60% **in each and every section** from section 7.3 through 7.6 results in the FAC rejecting the application in full.

The scoring included in the table below is tentative. You will have an opportunity to provide any outstanding documentation by October 30, 2020. The FAC will not consider any materials or documents received past October 30, 2020, at 5:00 pm EDT.

As per the NWMB's Allocation Policy for Commercial Marine Fisheries, the NWMB is required to notify each applicant of (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/ terminations, if any, to the applicant's current allocation(s), by October 24.

Please note scoring criteria have been simplified for the purposes of scoring feedback.

Scoring Criteria (S. 7)	Applicant Score	Maximum Score	Clarification Required by FAC
7.1 Mandatory Requirements (No Score)			
Compliance with DFO policies and licensing conditions	NS		
Compliance with TC policies and licensing conditions	NS		
Compliance with self-reporting Mandatory Requirements	NS		
7.2 Ecological Stewardship (2 points total)			
7.2.1 Voluntary measures to reduce industry impact/improve the natural environment.	0	2	
7.3 Good Business Governance (33 points total) (Application is missing Audited Financial Statement, 7.3 receives a score of zero)			60% minimum threshold not met
7.3.1a. Provide an organogram with Board structure.	Section cannot be scored as per the policy because mandatory documents are missing.		
7.3.1b. Provide Board TOR, Board appointments, company and board by-laws.			

7.3.1c Provide detail how the organization has the experience and management capacity to be successful.	
7.3.2a. Evidence of quarterly or bi-annual Board meetings.	
7.3.2b. Evidence of recent Board meeting minutes.	
7.3.2c. Provide a list of the applicant company's Board of Directors, affiliations and, company positions.	
7.3.3a. Demonstrate annual AGM including meeting minutes from last 5 years.	
7.3.3b. Evidence of engagement strategy and other required materials.	
7.3.4a. Enterprise's benefits decisions are linked to needs/wants of the shareholders and communities.	
7.3.4b. Demonstrate incorporation of shareholder/ Board input into corporate decision-making.	
7.3.4c. Demonstrate incorporation of shareholder/ Board/community involvement in the management or operational decisions	

7.3.5a. Demonstrate quota transfers with other groups			
7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last Application			
Total Score (%)	0	33	0%
7.4 Special Considerations (37 points total).			60% minimum threshold met
7.4.1a. Inuit employment as % of total employment and employment expenses.	10	10	
7.4.1b. Nunavummiut employment as % of total employment and employment expenses.	5	5	
7.4.1c. Improvements made in Inuit and Nunavummiut employment levels.	3	3	
7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities.	2	4	
7.4.2a. Demonstrate shareholder communities are from the Region of the fishery.	10	10	
7.4.3a. Demonstrate profitability of the fishing enterprise.	0	1	Missing financial statement

7.4.3b. Demonstrate an average profit over the past 5 years, or provide explanation for no profit.	0	4	Missing financial statement
Total Score (%)	30	37	81.1%
7.5 Inuit Ownership and Sponsorship (21 points total)			60% minimum threshold met
7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities that own or sponsor the enterprise.	12	12	
7.5.1b. Provide Inuit Firm Registry (IFR) registration	1	1	
7.5.2a. Provide a list of all of fishery-related assets, and percentage of ownership by Inuit.	6	3 + 3	
7.5.2b. Demonstrate Improvements in Inuit Vessel ownership since the last allocation.	1	1	
7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.	1	1	
Total Score (%)	21	21	100%
7.6 Reinvesting for Benefits (19 points total)			60% minimum threshold not met
7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders (in dollars and % or profits)	0	10	Missing financial statement

7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder	NS	NS	Missing documents
7.6.2a. Identify all non-cash forms of benefits from profits to the community/shareholders	0	3	Missing financial statement
7.6.3 a. Identify your role in leveraging funds to benefit fisheries/community economic development.	3	3	
7.6.4 a. Summarize all investments in the enterprise	3	3	
Total Score (%)	6	19	31.6%

Mandatory and Scoring Materials: It has been noted that not all materials have been included in your application or were unidentifiable by FAC/NWMB. The following are the missing, necessary pieces of information:

Mandatory Materials Missing:

1. Audited financial statement, 2019/20 (s. 7.3).
2. Past business plan (7.3.6 a).
3. Copy of the business plans (past and current versions) that is sent to shareholder communities and HTO/RWO/ or DOIs (7.3.3b).

Materials Missing for Scoring:

1. Board terms of reference (7.3.1 b).
2. Identification of five key personnel and explanation of how they are capable of running a successful enterprise (7.3.1 c).
3. Annual AGM meeting minutes from last five years (7.3.3 a).
4. A copy of each of the following: fishing activities; shortened financial sheet showing EBIDTA and profitability of the business; and an engagement strategy showing how this information is/has been shared with shareholders and HTO/RWO/ or DOIs (7.3.3 b).

5. Letter of good standing from the legal registry for each HTO/Shareholder (7.6.1 b)

Outstanding Performance Targets:

Prior to your 2020 application, you had outstanding performance targets, as listed below. The FAC will expect clarifying information as to why these performance targets have not been met, and the steps you are taking to meet them.

1. Audited financial statement, 2018/19.

Face-to-Face Meeting with the Fisheries Advisory Committee: The FAC looks forward to discussing your application, and in particular, the clarifying points noted above. Your meeting with the FAC is scheduled for **November 6, 2020**, from **2:00 – 4:00 pm**. **Please inform the NWMB within 2 days of receipt of this letter if an alternative date/ time is required.** As the meeting is limited to 2 hours, please come prepared with responses and/or supporting information if needed. After this meeting, the FAC will be providing recommendations to the NWMB by November 21, 2020.

The meeting will allow one hour to present/ clarify missing information and one hour for FAC to ask questions.

The purpose of the meeting is to discuss the applicant's *Application for Allocation*, if the applicant faces reductions or termination of their allocation, this is the opportunity to question, discuss and respond to the FAC's evidence, analysis and initial recommendation.

Due to COVID-19 related travel restrictions, this meeting can occur remotely or through a combination of a face-to-face meeting and connecting remotely. The NWMB will arrange a remote set up through the Zoom videoconferencing platform. For those connecting through Zoom, the NWMB will send the link to connect onto Zoom. Please contact the NWMB with your preferred meeting format (face-to-face, remote, or a combination of these) at least one week before your November 6, 2020 meeting to ensure the logistics can be arranged.

Potential for quota recommendations for reductions/terminations: Due to the **missing mandatory materials, scores below the 60% threshold, and lack of progress towards outstanding performance targets**, you **may not be eligible to receive any allocation under the NWMB's Allocation Policy.**

The FAC provides advice to the NWMB. The NWMB will consider the FAC advice in making final allocation decisions and recommendations. The NWMB cautions applicants that no action should be taken on allocation decisions and recommendations until they are finally addressed by the Minister of Fisheries and Oceans according to the terms of the *Nunavut Agreement*.

NUNAVUT WILDLIFE MANAGEMENT BOARD
P.O. Box 1379, Iqaluit, NU X0A 0H0

Phone: (867) 975-7300
Fax: (888) 421-9832
Email: receptionist@nwmb.com

Fisheries Advisory Committee

Initial Report

Appendix 1: FAC's Initial Report

As per the *NWMB Allocation Policy for Commercial Marine Fisheries* (Allocation Policy), the Allocation Application timeline states that applicants will be provided with the preliminary scoring of applications, including an indication of possible reduction or termination of allocation by October 24. As such, the Fisheries Advisory Committee (FAC) provides this initial report.

In conducting the review, the FAC strived to adhere strictly to the policy and the directions for scoring contained therein. The scoring associated with individual applications is based on the information provided or not provided. In the case of failure to provide information, the application was scored reflective of the directions in the Allocation Policy scoring table.

We remind all applicants of the mandatory requirement—referenced repeatedly in the policy—that applicants must score a minimum of 60% **in each and every section** from section 7.3 through 7.6. Failure to include mandatory materials for Business Governance will result in a score of zero (0) for section 7.3, Good Governance. Failure to achieve the minimum 60% **in each and every section** from section 7.3 through 7.6 results in the FAC rejecting the application in full.

The scoring included in the table below is tentative. You will have an opportunity to provide any outstanding documentation by October 30, 2020. The FAC will not consider any materials or documents received past October 30, 2020, at 5:00 pm EDT.

As per the NWMB's Allocation Policy for Commercial Marine Fisheries, the NWMB is required to notify each applicant of (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/ terminations, if any, to the applicant's current allocation(s), by October 24.

Please note scoring criteria have been simplified for the purposes of scoring feedback.

Scoring Criteria (S. 7)	Applicant Score	Maximum Score	Clarification Required by FAC
7.1 Mandatory Requirements (No Score)			
Compliance with DFO policies and licensing conditions	NS		
Compliance with TC policies and licensing conditions	NS		
Compliance with self-reporting Mandatory Requirements	NS		
7.2 Ecological Stewardship (2 points total)			
7.2.1 Voluntary measures to reduce industry impact/improve the natural environment.	1	2	
7.3 Good Business Governance (33 points total) (Add something about missing financial statement)			60% minimum threshold met
7.3.1a. Provide an organogram with Board structure.	1	1	
7.3.1b. Provide Board TOR, Board appointments, company and board by-laws.	1	1	
7.3.1c Provide detail how the organization has the experience and management capacity to be successful.	3	3	

7.3.2a. Evidence of quarterly or bi-annual Board meetings.	1	1	
7.3.2b. Evidence of recent Board meeting minutes.	1	1	
7.3.2c. Provide a list of the applicant company's Board of Directors, affiliations and, company positions.	1	1	
7.3.3a. Demonstrate annual AGM including meeting minutes from last 5 years.	0	1	Missing documents
7.3.3b. Evidence of engagement strategy and other required materials.	4	4	
7.3.4a. Enterprise's benefits decisions are linked to needs/wants of the shareholders and communities.	4	4	
7.3.4b. Demonstrate incorporation of shareholder/ Board input into corporate decision- making.	4	4	
7.3.4c. Demonstrate incorporation of shareholder/ Board/community involvement in the management or operational decisions	4	4	
7.3.5a. Demonstrate quota transfers with other groups	3	4	
7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last Application	3	4	
Total Score (%)	30	33	90.9%
7.4 Special Considerations (37 points total).			60% minimum threshold met
7.4.1a. Inuit employment as % of total employment and employment expenses.	3	10	

7.4.1b. Nunavummiut employment as % of total employment and employment expenses.	2	5	
7.4.1c. Improvements made in Inuit and Nunavummiut employment levels.	3	3	
7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities.	2	4	
7.4.2a. Demonstrate shareholder communities are from the Region of the fishery.	10	10	
7.4.3a. Demonstrate profitability of the fishing enterprise.	1	1	
7.4.3b. Demonstrate an average profit over the past 5 years, or provide explanation for no profit.	4	4	
Total Score (%)	25	37	67.6%
7.5 Inuit Ownership and Sponsorship (21 points total)			60% minimum threshold not met
7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities that own or sponsor the enterprise.	0	12	Missing documents
7.5.1b. Provide Inuit Firm Registry (IFR) registration	0	1	Missing documents
7.5.2a. Provide a list of all of fishery-related assets, and percentage of ownership by Inuit.	5	3 + 3	
7.5.2b. Demonstrate Improvements in Inuit Vessel ownership since the last allocation.	1	1	
7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.	1	1	
Total Score (%)	7	21	33.3 %

7.6 Reinvesting for Benefits (19 points total)			60% minimum threshold met
7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders (in dollars and % or profits)	5	10	
7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder	NS	NS	Missing documents
7.6.2a. Identify all non-cash forms of benefits from profits to the community/shareholders	3	3	
7.6.3 a. Identify your role in leveraging funds to benefit fisheries/community economic development.	3	3	
7.6.4 a. Summarize all investments in the enterprise	3	3	
Total Score (%)	14	19	73.7%

Mandatory Materials: It has been noted that not all materials have been included in your application or were unidentifiable by FAC/NWMB. The following are the missing, necessary pieces of information:

Mandatory Materials Missing:

- No missing Mandatory Materials

Materials Missing for Scoring:

1. AGM minutes for all of past five years (7.3.3 a).
2. Proof of Inuit Firm Registry registration (7.5.1 a, 7.5.1 b).
3. Letter of good standing (QIA) from legal registry (7.6.1 b).

Outstanding Performance Targets:

Prior to your 2020 application, you had no outstanding performance targets.

Face-to-Face Meeting with the Fisheries Advisory Committee: The FAC looks forward to discussing your application, and in particular, the clarifying points noted above.

Your meeting with the FAC is scheduled for **October 30, 2020**, from **2:00 – 4:00 pm**. Please inform the NWMB within 2 days of receipt of this letter if an alternative date/ time is required. As the meeting is limited to 2 hours, please come prepared with responses and/or supporting information if needed. After this meeting, the FAC will be providing recommendations to the NWMB by November 21, 2020.

The meeting will allow one hour to present/ clarify missing information and one hour for FAC to ask questions.

The purpose of the meeting is to discuss the applicant's *Application for Allocation*, if the applicant faces reductions or termination of their allocation, this is the opportunity to question, discuss and respond to the FAC's evidence, analysis and initial recommendation.

Due to COVID-19 related travel restrictions, this meeting can occur remotely or through a combination of a face-to-face meeting and connecting remotely. The NWMB will arrange a remote set up through the Zoom videoconferencing platform. For those connecting through Zoom, the NWMB will send the link to connect onto Zoom. Please contact the NWMB with your preferred meeting format (face-to-face, remote, or a combination of these) before your October 30, 2020 meeting to ensure the logistics can be arranged.

Potential for quota recommendations for reductions/terminations: Due to the **scores below the 60% threshold**, you **may not** be eligible to receive any allocation under the NWMB's Allocation Policy.

The FAC provides advice to the NWMB. The NWMB will consider the FAC advice in making final allocation decisions and recommendations. The NWMB cautions applicants that no action should be taken on allocation decisions and recommendations until they are finally addressed by the Minister of Fisheries and Oceans according to the terms of the *Nunavut Agreement*.

NUNAVUT WILDLIFE MANAGEMENT BAORD
P.O. Box 1379, Iqaluit, NU X0A 0H0
Phone: (867) 975-7300
Fax: (888) 421-9832
Email: receptionist@nwmb.com

Fisheries Advisory Committee

Initial Report

Appendix 1: FAC's Initial Report

As per the *NWMB Allocation Policy for Commercial Marine Fisheries (Allocation Policy)*, the Allocation Application timeline states that applicants will be provided with the preliminary scoring of applications, including an indication of possible reduction or termination of allocation by October 24. As such, the Fisheries Advisory Committee (FAC) provides this initial report.

In conducting the review, the FAC strived to adhere strictly to the policy and the directions for scoring contained therein. The scoring associated with individual applications is based on the information provided or not provided. In the case of failure to provide information, the application was scored reflective of the directions in the Allocation Policy scoring table.

We remind all applicants of the mandatory requirement—referenced repeatedly in the policy—that applicants must score a minimum of 60% **in each and every section** from section 7.3 through 7.6. Failure to include mandatory materials for Business Governance will result in a score of zero (0) for section 7.3, Good Governance. Failure to achieve the minimum 60% **in each and every section** from section 7.3 through 7.6 results in the FAC rejecting the application in full.

The scoring included in the table below is tentative. You will have an opportunity to provide any outstanding documentation by October 30, 2020. The FAC will not consider any materials or documents received past October 30, 2020, at 5:00 pm EDT.

As per the NWMB's Allocation Policy for Commercial Marine Fisheries, the NWMB is required to notify each applicant of (i) the FAC scores for that applicant, (ii) any outstanding issues with its application (i.e. the need to clarify parts of the application); and (iii) FAC-proposed decreases/ terminations, if any, to the applicant's current allocation(s), by October 24.

Please note scoring criteria have been simplified for the purposes of scoring feedback.

Scoring Criteria (S. 7)	Applicant Score	Maximum Score	Clarification Required by FAC
7.1 Mandatory Requirements (No Score)			
Compliance with DFO policies and licensing conditions	NS		
Compliance with TC policies and licensing conditions	NS		
Compliance with self-reporting Mandatory Requirements	NS		
7.2 Ecological Stewardship (2 points total)			
7.2.1 Voluntary measures to reduce industry impact/improve the natural environment.	0	2	
7.3 Good Business Governance (33 points total) (Application is missing Audited Financial Statement, 7.3 receives a score of zero)			60% minimum threshold not met
7.3.1a. Provide an organogram with Board structure.	Section cannot be scored as per the policy because mandatory documents are missing.		
7.3.1b. Provide Board TOR, Board appointments, company and board by-laws.			
7.3.1c Provide detail how the organization has the experience and management capacity to be successful.			

7.3.2a. Evidence of quarterly or bi-annual Board meetings.			
7.3.2b. Evidence of recent Board meeting minutes.			
7.3.2c. Provide a list of the applicant company's Board of Directors, affiliations and, company positions.			
7.3.3a. Demonstrate annual AGM including meeting minutes from last 5 years.			
7.3.3b. Evidence of engagement strategy and other required materials.			
7.3.4a. Enterprise's benefits decisions are linked to needs/wants of the shareholders and communities.			
7.3.4b. Demonstrate incorporation of shareholder/ Board input into corporate decision- making.			
7.3.4c. Demonstrate incorporation of shareholder/ Board/community involvement in the management or operational decisions			
7.3.5a. Demonstrate quota transfers with other groups			
7.3.6a. Demonstrate adherence to and achievement of business plan goals and objectives since the last Application			
Total Score (%)	0	33	0%
7.4 Special Considerations (37 points total).			60% minimum threshold not met

7.4.1a. Inuit employment as % of total employment and employment expenses.	0	10	
7.4.1b. Nunavummiut employment as % of total employment and employment expenses.	0	5	
7.4.1c. Improvements made in Inuit and Nunavummiut employment levels.	0	3	
7.4.1d. Present a plan to improve Inuit and Nunavummiut employment opportunities.	2	4	
7.4.2a. Demonstrate shareholder communities are from the Region of the fishery.	10	10	
7.4.3a. Demonstrate profitability of the fishing enterprise.	0	1	
7.4.3b. Demonstrate an average profit over the past 5 years, or provide explanation for no profit.	2	4	
Total Score (%)	14	37	37.8%
7.5 Inuit Ownership and Sponsorship (21 points total)			60% minimum threshold not met
7.5.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities that own or sponsor the enterprise.	0	12	Missing documents
7.5.1b. Provide Inuit Firm Registry (IFR) registration	0	1	Missing documents
7.5.2a. Provide a list of all of fishery-related assets, and percentage of ownership by Inuit.	0	3 + 3	
7.5.2b. Demonstrate Improvements in Inuit Vessel ownership since the last allocation.	0	1	

7.5.2c. Demonstrate increases in capital assets inside of Nunavut since the last allocation application.	0	1	
Total Score (%)	0	21	0%
7.6 Reinvesting for Benefits (19 points total)			60% minimum threshold not met
7.6.1a. Demonstrate cash and cash-equivalent returns to shareholders (in dollars and % or profits)	0	10	
7.6.1b Provide a letter of good standing from the legal registry for each HTO/Shareholder	NS	NS	Missing documents
7.6.2a. Identify all non-cash forms of benefits from profits to the community/shareholders	0	3	
7.6.3 a. Identify your role in leveraging funds to benefit fisheries/community economic development.	0	3	
7.6.4 a. Summarize all investments in the enterprise	0	3	
Total Score (%)	0	19	0%

Mandatory and Scoring Materials: It has been noted that not all materials have been included in your application or were unidentifiable by FAC/NWMB. The following are the missing, necessary pieces of information:

Mandatory Materials Missing:

1. Audited financial statements (income statement, balance sheet and cash flow statements) from all associated companies and trusts (listed on the organogram).

Materials Missing for Scoring:

1. A maximum 2-page summary describing the org chart (organogram) and legal filings and percentage ownership of the enterprise (7.3.1 a)

2. Identification of five key personnel and explanation of how they are capable of running a successful enterprise (7.3.1 c).
3. The dates, locations and list of attendees for all board meetings held within the last 12 months (7.3.2 a)
4. Meeting minutes from the most recent board meeting (7.3.2 b)
5. Annual AGM including meeting minutes from the last 5 years (7.3.3 a)
6. Inuit Firm Registry (7.5.1a; 7.5.1 b)
7. Letter of good standing from the legal registry for each HTO/Shareholder (7.6.1 b)

Outstanding Performance Targets:

Prior to your 2020 application, you had no outstanding performance targets.

Face-to-Face Meeting with the Fisheries Advisory Committee: The FAC looks forward to discussing your application, and in particular, the clarifying points noted above. Your meeting with the FAC is scheduled for **November 6, 2020**, from **9:00 – 11:00 am**. **Please inform the NWMB within 2 days of receipt of this letter if an alternative date/ time is required.** As the meeting is limited to 2 hours, please come prepared with responses and/or supporting information if needed. After this meeting, the FAC will be providing recommendations to the NWMB by November 21, 2020.

The meeting will allow one hour to present/clarify missing information and one hour for FAC to ask questions.

The purpose of the meeting is to discuss the applicant's *Application for Allocation*, if the applicant faces reductions or termination of their allocation, the opportunity to question, discuss and respond to the FAC's evidence, analysis and initial recommendation.

Potential for quota recommendations for reductions/terminations: Due to the **missing mandatory materials and scores below the 60% threshold**, you **may not be eligible to receive any allocation under the NWMB's Allocation Policy.**

The FAC provides advice to the NWMB. The NWMB will consider the FAC advice in making final allocation decisions and recommendations. The NWMB cautions applicants that no action should be taken on allocation decisions and recommendations until they are finally addressed by the Minister of Fisheries and Oceans according to the terms of the *Nunavut Agreement*.

Due to COVID-19 related travel restrictions, this meeting can occur remotely or through a combination of a face-to-face meeting and connecting remotely. The NWMB will arrange a remote set up through the Zoom videoconferencing platform. For those connecting through Zoom, the NWMB will send the link to connect onto Zoom. Please contact the NWMB with your preferred meeting format (face-to-face, remote, or a combination of these) at least one week before your meeting to ensure the logistics can be arranged.

NUNAVUT WILDLIFE MANAGEMENT BAORD
P.O. Box 1379, Iqaluit, NU X0A 0H0
Phone: (867) 975-7300
Fax: (888) 421-9832
Email: receptionist@nwmb.com

We require this evidence in order to be properly prepared for our conference with NWMB as the future of our organization hangs in the balance of the meeting's outcome.

We respectfully disagree with NWMB's interpretation of this section and believe that in the current circumstances NWMB does have the discretion, if not an obligation, to release scoring and recommendations as "reasonable disclosure" and to ensure a fair process. We note that, due to delays in submission of required information primarily caused by the onset of Covid-19, AFA has never received any score or recommendation from FAC, not even on a preliminary basis.

At a minimum, NWMB should provide the reasons and evidence relied upon by FAC in arriving at its recommendations.

We recall that Step 10 was added to the *Policy* when it was revised in 2019 as an appeal mechanism for the quota applicant to the NWMB after the applicant received the FAC's preliminary recommendation but before the NWMB presented its final recommendation to the DFO Minister. We ask: how can an appeal provision in the *Policy* be considered as fair, open and transparent when the applicant is denied access to the very FAC recommendation it is appealing, the evidence relied upon and its reasons?

AFA accepts NWMB's offer for an in-person meeting but we require more time to prepare for the meeting after we receive the information requested in accordance with the *Policy* that guides this process.

Sincerely,



Jaypetee Akeeagok, Executive Chairman

cc: Trevor Taylor, Fisheries Advisory Committee, Chairperson
Lootie Toomasie, President & CEO, AFA
Harry Earle, General Manager, AFA

allocations for Nunavut-based fishers, “... **the *Allocation Policy* ties continued access and allocations to the development and achievement of performance goals and targets.**” (p. 1)

After hearing from you on January 14, 2021, the NWMB will consider whether the issues identified by the FAC with your application and outstanding performance targets justify a lower allocation or not – the situation you currently face. Please be advised the January 14, 2021, at 10AM Eastern (Iqaluit) Time discussion will focus on the issues the FAC identified as not sufficiently addressed as outlined in the NWMB’s December 14 notice.

Sincerely,

A handwritten signature in blue ink that reads "Daniel Shewchuk". The signature is fluid and cursive, with a long horizontal stroke at the end.

Daniel Shewchuk
Chairperson
Nunavut Wildlife Management Board

cc. Trevor Taylor, Fisheries Advisory Committee
Lootie Toomasie, Arctic Fishery Alliance
Harry Earle, Arctic Fishery Alliance

Given the seriousness of this issue and the potential consequences to our operations and our four owner communities, we feel it is essential to clarify this issue again in advance of NWMB's multi-year quota recommendation to the Minister.

AFA has always recognized the seriousness of this issue and has demonstrated a commitment to improving its Inuit and Nunavummiut employment numbers through time, both at-sea and land-based positions, in terms of the number of positions as well as wages. These efforts have yielded positive results (see materials submitted November 16th, 2020) and AFA has a Board-approved plan in place to ensure Inuit employment grows significantly in the immediate future.

Since its last application for allocations (2015-2019), AFA has made progress in the following relevant areas:

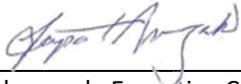
- Increasing Inuit crew employment levels and wages.
- Creating new, high-level Inuit positions within its organization
 - Community Development Officer
 - Community Liaison Officers (4)
 - Director of Community Relations
- Identifying the need for a new vessel per our Strategic Plan that will provide a more suitable expanded work environment for AFA to hire more Inuit crew and to provide more training opportunities at sea
 - Delayed due to Covid-19 pandemic, as previously described
- Adopting a new engagement strategy to further the goal of maximized Inuit employment

To ensure that growth in the numbers of Inuit employees across all categories continues to improve through time, AFA has used an internal Inuit Training Plan to help guide the training efforts of AFA's Inuit staff and build in-house capacities. This evergreen plan has been a useful tool for AFA as it continues to work toward its aim of increasing Inuit employment and the retention of same within the organization. As well, the plan clearly identifies the pathways needed to progress at AFA and also serves as a roadmap for employees when considering their own career growth goals. The Inuit Training plan also has the aim of facilitating succession within the organization, ensuring that staff are adequately trained and have the skills needed to operate the business from all aspects. This is a key component that will positively contribute to the longevity, success and expansion of Inuit employment at all levels of the organization to ensure the growth of AFA's business. AFA is committed to maximizing Inuit employment, for the benefits of its four Inuit owner communities and Nunavut overall.

We do not believe that the honorable intentions of the creators of this employment section of the policy were to fail anyone at all, indeed not; however, this is the circumstances that AFA faces at the onset of the implementation of the revised Allocation Policy. We therefore believe that this section should be waived in terms of having to achieve a score of 60% when FAC makes its recommendations to NWMB and when NWMB considers AFA's application for quota. AFA hopes that the weakness and disadvantages of this section will be reviewed and discussed later with a view to changing or improving it to ensure all allocation applicants are treated fairly and equally by this section of the Policy.

Based on the information we have presented in the past and reiterated today, it is very clear to us that this section of the Allocation Policy is inherently unfair and does not provide a meaningful grading of our progress and commitment towards improved levels of Inuit and Nunavummiut employment.

Sincerely,



Jaypetee Akeeagok, Executive Chairman

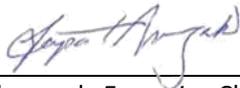
cc: Trevor Taylor, Fisheries Advisory Committee, Chairperson
Lootie Toomasie, President & CEO, AFA

Harry Earle, General Manager, AFA

Throughout the five documents listed above, AFA believes it has addressed the issues and outstanding performance targets, in many instances on several occasions. If our submissions and/or explanations were determined to be insufficient, it was not made clear by the FAC why (despite requesting clarification on these issues). The following document will detail where in the five previous submissions NWMB can locate references to the issues and performance targets included in the December 14, 2020 letter.

Furthermore, during its Zoom conference with NWMB (January 14, 2021), additional questions were posed to AFA that were not listed in the December 14, 2020 letter. Responses to these questions and where to find responses in AFA's previous five submissions referenced above are also detailed in the attached document.

Sincerely,



Jaypetee Akeeagok, Executive Chairman

cc: Trevor Taylor, Fisheries Advisory Committee, Chairperson
Lootie Toomasie, President & CEO, AFA
Harry Earle, General Manager, AFA



Post January 14, 2021 Zoom Conference Submission to NWMB

References & Citations to Past AFA Reports

December 14, 2020 Letter & Responses to New Questions Posed During the
January 14, 2021 Zoom Meeting.

January 22, 2021

2018 Annual Report

Table 1. Table summarizing items outstanding/issues noted by the FAC in the December 14, 2020 letter addressed to AFA from NWMB relating to its 2018 Annual Report.

Outstanding Performance Targets from 2018 Annual Report (December 19, 2019 FAC Letter)			
Issue	Item(s) Outstanding	AFA Explanation/Rationale	Prior Submission(s) to NWMB and/or FAC
A. Governance Plan Update	1. A copy of the engagement plan.	<ul style="list-style-type: none"> An engagement plan was not submitted to FAC with AFA's 2018 Annual Report, as it was not a requirement under the Allocation Policy in effect during the year on which activities were reported. AFA committed to developing a formalized Plan and has done so. A draft Plan has since been submitted to NWMB/FAC, twice; it will be presented for Board approval at AFA's next AGM when possible to safely do so given Covid-19. 	<ul style="list-style-type: none"> 2018 Annual Report: Section 6E, pg. 24 2018 Annual Report FAC Response: Governance, pg. 19 2021-2025 Application for Allocation: Section 3.9 (pg. 55-56), Appendix 13 Response to FAC's Review of Application for Allocation: Section 7.3.3b (pg. 10), Appendix 5
B. Detailed Financial Information	1. Clarify where the subsidiaries of AFA are reported on in the audit or provide their audits.	<ul style="list-style-type: none"> In its 2018 Annual Report, AFA provided a copy of its 2018 December 31 year-end audited financial statements covering Arctic Fishery Alliance Limited Partnership Group of Companies. The "Group" is defined in the auditor's report. AFA clarified this issue, stating all subsidiaries are presented in a combined audited statement prepared by PwC, per GAAP principles. Subsequently, per the FAC's request, copies of AFA L.P. Group of Companies audited, final financial statements (2015-2019) and AFA ApS' audited financial statements were also provided to the FAC for all years (2017-19). 	<ul style="list-style-type: none"> 2018 Annual Report: pg. 25-28 & Appendix 2 2018 Annual Report FAC Response: pg. 20 & Appendix 6 2021-2025 Application for Allocation: Section 3.4a, pg. 45 & Appendix 3 Response to FAC's Review of Application for Allocation: 2015-2019 Dec. 31 year-end final audited financial statements for AFA Group of Companies (pg. 41-42, Appendix 8) Response to FAC's Review of Application for Allocation: 2017-2019 year-end AFA ApS final audited financial statements (pg. 49, Appendix 11)
C. Benefits Plan Update	1. Clarify if \$84,000 was given to each HTO or if that was the total given to all HTOs.	<ul style="list-style-type: none"> AFA stated in its Annual Report (2018) that \$80,000 in cash was provided in total to the HTAs of its owner communities. (\$20,000 each) AFA provided clarity to the FAC on this issue in its response document to comments made on its 2018 Annual Report. \$84,000 refers to the total equity distribution provided to AFA's 4 owner communities in equal portions in 2017. (\$21,000 each) 	<ul style="list-style-type: none"> 2018 Annual Report: Section 9D, pg. 38 2018 Annual Report FAC Response: pg. 23.
	2. Provide a breakdown of the \$56,388 stated for the value of supplies. Clarify if the	<ul style="list-style-type: none"> AFA presented data on non-cash benefits provided in its 2018 Annual Report, including supplies and caribou. A categorized breakdown of the \$56,388 [sic: \$56,338] supply delivery benefit, information on the \$42,598 caribou benefit (how it was purchased and by 	<ul style="list-style-type: none"> 2018 Annual Report: Section 9E, pg. 39 2018 Annual Report FAC Response: Benefits Plan, pg. 25.

<p>communities purchased the caribou from their shareholder profits (\$42,598) and, if not, how the caribou was purchased and by whom. Please clarify why AFA refers to benefits as “donations.” Any benefits derived from profits should be shown to come from earnings, and not considered donations.</p>	<p>whom), and discontinued use of the term “donation” was provided to the FAC in response to its review of the 2018 Annual Report.</p> <ul style="list-style-type: none"> • Note: this term has not been used in submissions since Feb 2020. 	
<p>3. Provide a breakdown of the costs incurred to total ██████ in Kiviug ship time benefits counted as a cash equivalent.</p>	<ul style="list-style-type: none"> • AFA presented data on non-cash benefits provided in its 2018 Annual Report, including Kiviug ship time. • A breakdown of the ██████ Kiviug ship time benefit was provided in response to FAC’s review of the 2018 Annual Report. • 	<ul style="list-style-type: none"> • 2018 Annual Report: Section 9E, pg. 39 • 2018 Annual Report FAC Response: Benefits Plan, pg. 26.
<p>4. Provide a copy of the Community Benefits Plan, meeting minutes showing decisions by communities to outline how they wish to receive their benefits and provide proof that the amounts currently owing by communities for groceries and supplies (\$1.7 million) has been nullified.</p>	<ul style="list-style-type: none"> • AFA introduced its revised Benefits Plan in its 2018 Annual Report as a subsection of its draft Strategic Plan, to be presented for Board approval at the next (2019) AGM. • AFA also introduced nullification of the \$1.7 million owing in supplies as an upcoming commitment in its 2018 Annual Report • AFA then provided a copy of its draft Benefits Plan to the FAC in its response package to their comments on the 2018 Annual Report. • Meeting minutes demonstrating the Board-approved decision on benefits to be distributed was also presented in the 2018 Annual Report Fac Response. The Board is composed of community members and it is their role to voice the wishes of their respective communities. • The nullification of the \$1.7 million was explained further in AFA’s Response to FAC’s comments on its 2018 Annual 	<ul style="list-style-type: none"> • 2018 Annual Report: <ul style="list-style-type: none"> ○ Draft Benefits Plan: Section 6F, pg. 24 ○ \$1.7 million: Section 9G, pg. 41 • 2018 Annual Report FAC Response: <ul style="list-style-type: none"> ○ Draft Benefits Plan: Benefits Plan, pg. 28 Appendix 5 ○ Meeting Minutes: Benefits Plan, pg. 28, Appendix 4 ○ Proof of \$1.4 million: Benefits Plan, pg. 28-29, Appendix 6 & 7 • 2021-2025 Application for Allocation: Section 3.13, pg. 60 & in 2018 audited financial statements (Appendix 3). • Response to FAC’s Review of Application for Allocation: Outstanding Perf. Targets #7, pg. 49-50 and in audited financial statements (Appendix 8)

<p>Note: FAC's original comment issued Dec. 19, 2019 referenced \$1.4 million. As such, in AFA's Feb 2020 response to the FAC, \$1.4 million was referred to.</p>	<p>Report and supported through AFA's December 31 year-end 2018 audited financial statements and a Board resolution guiding this activity.</p> <ul style="list-style-type: none"> • The \$1.7 million has been explained subsequent times, because there appears to be confusion as to how this took place. AFA on multiple occasions detailed the process to the FAC, again, in its Application for Allocation & Response to FAC's comments on the Application for Allocation. 	
<p>5. Demonstrate current levels of Inuit employment inside and outside of Nunavut including details about the number of trips per employee.</p>	<ul style="list-style-type: none"> • Table D.1A (2019 Allocation Policy) was submitted to FAC in AFA's 2018 Annual Report. Table D.2A (2019 Allocation Policy) was not submitted to FAC, in error. • Details on the number of trips per employee is not required under the Policy. • Subsequently, AFA reported 2019 & 2020 Inuit and Nunavummiut employment data. 	<ul style="list-style-type: none"> • 2018 Annual Report: Section 9C, pg. 37. • Response to FAC's Review of Application for Allocation: Section 7.4.1a-b, pg. 24-25
<p>6. Provide a full Training and Career Growth Plan and demonstrate adherence to that plan.</p>	<ul style="list-style-type: none"> • AFA presented its Inuit Training and Career Growth plan in its 2018 Annual Report. • In response to questions posed by the FAC on the 2018 Annual Report, AFA provided a copy of the Plan. • This Plan is actively in use and evergreen, with amendments regularly approved by the Board. • Given Covid-19, most recent edits have not yet been approved due to delays in the 2020 AGM. 	<ul style="list-style-type: none"> • 2018 Annual Report: Section 9B, pg. 35 • 2018 Annual Report FAC Response: Benefits Plan (pg. 29-32) & Appendix 3. • Resubmitted description Aug 17, 2020 to 2021-2025 Application for Allocation: Section 4.3, pg. 64-65 • Response to FAC's Review of Application for Allocation: Section 7.41.D (pg. 30) & Appendix 7

2021-2025 Application for Allocation

Table 2. Table summarizing items outstanding/issues noted by the FAC in the December 14, 2020 letter addressed to AFA from NWMB relating to its 2021-2025 Application for Allocation.

Outstanding Issues with Current Application for Allocations (per Dec 14, 2020 FAC letter)			
Issue	Item(s) Outstanding	AFA Explanation/Rationale	Prior Submission(s) re this Issue(s) to NWMB and/or FAC
Section 7.3: Good Business Governance	1. Ensuring a clear engagement strategy on how enterprise information is shared with shareholder communities and evidence that necessary materials have been provided to shareholder communities	<ul style="list-style-type: none"> • AFA’s draft Engagement Plan has been submitted to NWMB/FAC twice (Application for Allocation, Response to FAC review of Application for Allocation). • The Plan will be presented for Board approval at AFA’s next AGM when possible to safely do so given Covid-19. • Interim engagement activities per the draft strategy have not been possible due to COVID-19. Consultations & engagement via internet or electronic means are not feasible in AFA’s owner communities due to band width constraints. • AFA plans to hire a replacement DCR & additional CLOs to administer the Plan once it is safe to complete a recruitment mission. 	<ul style="list-style-type: none"> • AFA’s 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 3.9 (pg. 55-56) ○ Section 3.14 (pg. 61) ○ Appendix 13 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.3.3b (pg. 10) ○ Appendix 5
	2. Evidence of enterprise decisions regarding community benefits are linked to the requests made by the communities	<ul style="list-style-type: none"> • AFA has always relied on owner community input to direct how benefits are allocated. • This is supported in AFA’s new Benefits Policy. • This is completed through in-person meetings (including AGM), letters, emails, and telephone correspondence. • AFA provided FAC with emails and letters showing requests from communities and appreciation of benefits in its Application for Allocation, Response to FAC review of Application for Allocation. • A special presentation to the Board (“The Way Forward – Benefits”, 2016) and Board resolution (2018) confirming continued support of ongoing Benefits distribution and activities was presented to the FAC as well. 	<ul style="list-style-type: none"> • AFA’s 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 5.4B (pg. 78-79) ○ Appendix 14 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.3.4a (pg. 11-12) ○ “The Way Forward” Benefits presentation, Appendix 6 • A copy of the 2018 Board resolution is included on pg. 8.



April 9, 2018

April 9, 2018

AFA Board Resolution: Community Benefits

Resolved:

On this day, April 9th, 2018 the board and trustees would like to acknowledge the efforts made by previous boards and trustees on the distribution of benefits to the communities. To date, the communities are very pleased with the benefits structure.

The current board and trustees would like to continue with the policies laid out last year during the AGM and continue to take steps to help communities with overall community economic development objectives.

The board and trustees considers these matters critically important to AFA's mission and overall mandate. To be clear, the board and trustees would like to pass a motion continue the following community benefits as developed by previous boards as follows:

- Community supplies/food deliveries by Kiviuq and by air
- Community reefers
- Community hunts
- Community boats
- Carlton University Scholarship Program
- Project management services to initiate and implement community economic development projects
- Reindeer deliveries from Greenland
- Trade with Greenland in country food
- Special events donations and sponsorships, such as Christmas feasts and Fishing Derby
- Equity contributions towards Economic Development Projects
- Other assistance to the communities eg search and rescue

Moved by: Philip

Seconded by: Jobie

in Favour 4

Against 0

Abstained 0

Motion unanimously carried

The Policies noted in the motion above are referred to as "The Way Forward- Benefits", a presentation first given to attendees during AFA's 2016 AGM (and in subsequent years). The presentation was well received by the meeting attendees. A copy of this presentation is included in AFA's Response to the FAC's Review of its 2021-2025 Application for Allocation (Section 7.3.4a (pg. 11-12) & Appendix 6).

	<p>3. Evidence of shareholder/ Board/ Community in management or operational decisions of the enterprise</p>	<ul style="list-style-type: none"> • AFA provided both explanation and evidence related to this issue to the NWMB and the FAC in its Application for Allocations and subsequent response to the FAC’s initial comments. • AFA is 100% Inuit owned and controlled, with its Board overseeing all major management and operational decisions, guiding the business. • Internal policies and plans (e.g. Governance Plan) stipulate Board & community involvement through information sharing (in person e.g. AGM, teleconference e.g. Executive Committee meetings, and digital e.g. secure document sharing portal). • AFA is committed to ensuring this continues, to be guided by hiring four new positions (Director of Community Relations, Community Liaison Officers). 	<ul style="list-style-type: none"> • AFA’s 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 3.11 (pg. 57-59) ○ Appendix 10 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.3.4b (pg. 13) ○ Appendix 5, 7
	<p>4. Achievement of past business plan goals and objectives</p>	<ul style="list-style-type: none"> • AFA provided a table of its past Business Plan commitments (2015-2019) in its Application for Allocation & the status of each. • AFA has either met its Business Plan goals or they have been adopted as ongoing practices. • In a few instances, past Business Plan goals have been abandoned as they were not aligned with the 2019 Board-approved Strategic Plan. • A copy of AFA’s full Business Plan from the previous Application for Allocations and subsequent Business Plan Updates presented through the Annual Reporting process was submitted in its 2021-2025 Application. • This information was resubmitted with additional detail to the FAC to add further clarity as part of AFA’s response to the FAC’s preliminary comments on its Application. 	<ul style="list-style-type: none"> • AFA’s 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 3.3 (pg. 42-44) ○ Appendix 6 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.3.6a (pg. 15-20)
<p>Section 7.4: Inuit/ Nunavummiut Employment</p>	<p>1. Low Inuit and Nunavummiut employment levels</p>	<ul style="list-style-type: none"> • AFA is committed to increasing its Inuit employment levels throughout the organization. • We have worked hard to improve this throughout the last quota cycle and this metric has shown positive growth. • AFA’s vessel size and gear type limit its ability to hire high numbers of Inuit 	<ul style="list-style-type: none"> • 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 4.4b, pg. 65-69 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.4.1, pg. 21-30) ○ Appendix 7

		<p>employees and there is inherent bias in the scoring of this section, favouring mobile gear enterprises.</p> <ul style="list-style-type: none"> • Despite this, AFA has worked tirelessly to create new, high-level positions to be held by individuals from its four owner communities (Director of Community Relations, Community Liaison Officers). • AFA also has taken significant steps to improve its Inuit employment capacity via a new vessel, capable of accommodating a larger crew, also enabling at-sea training. This follows AFA’s Board-approved Strategic Plan. • This information has been presented to NWMB and the FAC in AFA’s 2021-2025 Application for Allocation, Response to FAC’s Review of the Application, and in supplementary documentation requested by the FAC following the November 2020 Zoom meeting. 	<ul style="list-style-type: none"> • Resubmitted in AFA’s opening remarks to its FAC/NWMB Zoom meeting (Nov. 9, 2020) <ul style="list-style-type: none"> ○ A copy was provided to FAC for its records • Resubmitted information following November 9, 2020 Zoom meeting <ul style="list-style-type: none"> ○ Pg. 9-11
	<p>2. Evidence of a plan to improve Inuit and Nunavummiut employment levels</p>	<ul style="list-style-type: none"> • AFA follows a Board-approved Inuit Employment Plan to ensure continued growth of Inuit employment levels and to guide training and career growth within the organization. • This is an evergreen document that has been in use for over four years. • The plan has been provided to NWMB & FAC in the past and a version was resubmitted for consideration in fall 2020 (pending Board approval when possible due to COVID-19 at the next AGM). 	<ul style="list-style-type: none"> • 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 4.4, pg. 68-69. • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.4.1 (pg. 21-30) ○ Appendix 7
<p>Section 7.6: Reinvesting Benefits</p>	<p>1. Clear identification of cash (and cash equivalent) returns to shareholders and evidence of shareholder requests</p> <p>&</p> <p>2. Clear identification of non-cash benefits and</p>	<ul style="list-style-type: none"> • In its Application for Allocations and response to the FAC’s initial review, AFA clearly outlined cash and cash equivalent benefits provided to its owner communities. • This data is presented in each Annual Report AFA has submitted. For convenience, a table summarizing all cash/cash equivalent benefits from 2015-19 is appended to this document. • Further, AFA submitted evidence of Board approval and community requests for these benefits and confirmation that they wished to continue receiving benefits in this manner, per October 2020 submission. • This included letters and emails requesting benefits, a special 	<ul style="list-style-type: none"> • AFA’s 2021-2025 Application for Allocations <ul style="list-style-type: none"> ○ Section 5.4 (pg. 75-77) ○ Section 5.4B (pg. 78-79) ○ Appendix 14 • Response to FAC’s Review of Application for Allocation: <ul style="list-style-type: none"> ○ Section 7.3.4a (pg. 11-12) ○ Section 7.6.1a, pg.38-39 ○ Appendix 6

	direct requests from each community	<p>presentation to the Board, and a Board resolution.</p> <ul style="list-style-type: none"> Community input directing benefits distribution is also a part of AFA's new Benefits Policy (approved in principle by Board, finalization to take place once community consultation is completed). 	
	3. Clear role in leveraging funds for fisheries/community development with links to audited financial statements and summary of activities and partner leveraging	<ul style="list-style-type: none"> In its Application for Allocations and response to the FAC's initial review, AFA outlined its leveraging activities that took place via partnerships (e.g. NFA research). NFA's annual charter of the Kiviuq (2019 charter fee to NFA was ██████ per 2019 audited financial statements) provides employment for Inuit fishers and financial support for communities as well as allowing NFA to leverage additional funds from government for research. 	<ul style="list-style-type: none"> AFA's 2021-2025 Application for Allocations <ul style="list-style-type: none"> Section 5.4a (pg. 77-78) Response to FAC's Review of Application for Allocation: <ul style="list-style-type: none"> Section 7.6.3a, pg. 39

Table 3. Summary of cash and cash equivalent benefits distributed to AFA's four owner communities, by category, from 2015 to 2019. Note: this is a compilation of data presented to NWMB through the Annual Reporting Process.

Arctic Fishery Alliance HTA & Community Benefits Paid in Cash, 2015 to 2019 (Inclusive)						
Cash Benefits (CAD)	2019	2018	2017	2016	2015	Totals
Benefits Paid Out in Cash and Included in AFA Expenses, per Audited Financial Statements	247,139	254,234	235,189	159,085	51,881	947,528
Nullification of Partners' Accounts Receivable for Supplies & Groceries for 2010-2018 (no further payment required)	-	1,726,955	-	-	-	1,726,955
Drawings - Cash and cash equivalent payments made to/on behalf of:						
HTAs and Communities:						
- Community Freezers - supply, install and maintain						
- Caribou supply and airline delivery costs						
- Fishing derby - Cash payment	156,354	218,960	280,005	180,565	463,774	1,299,658
- Christmas Feasts - Cash payment						
- Carlton University - Scholarship						
- Turbot training program						
- Fishing gear						
- Bait						
Total HTA and Community Benefits Paid Out, by Year	403,493	2,200,149	515,194	339,650	515,655	3,974,141
Total HTA and Community Benefits paid out as a % of total net operating earnings over the last allocation cycle of 2015 to 2019						41%

Questions Posed January 14, 2021

The following are questions posed to AFA during the January 14, 2021 Zoom meeting with NWMB. Some were included in the December 14, 2020 letter whereas others were not. Where relevant, AFA provides reference to previous submissions to NWMB/FAC. If the question was entirely new, a response is included, below.

1. **Can you explain AFA's corporate structure and flow of benefits?**

- This question was not included in the December 14, 2020 letter.
- AFA provided a verbal explanation during the Zoom meeting, stating that Masiliit Corporation is the managing partner of Arctic Fishery Alliance Limited Partnership and its Board of Directors guides and oversees AFA's activities and operations.
- This L.P. structure was adopted for tax purposes and has been transparently explained to NWMB on several occasions.
- A complete explanation of all entities and their function in AFA's organogram was included in the 2021-2025 Application for Allocation:
 - Section 2.5, Figure 4, pg. 49
- The question regarding "flow of benefits" is revisited in #10, below, for brevity.

2. **How does engagement with communities takes place? What mechanisms or platforms are used?**

- This question was not included in the December 14, 2020 letter although it is directly related to AFA's Engagement Plan.
- During the Zoom meeting, AFA was able to explain verbally that community engagement occurs via community visits, the annual general meeting, and other meetings throughout the year (e.g. regular Board meetings) from which dissemination of information into the owner communities occurs, as well as via its website.
- AFA has also presented its formalized Engagement Plan for review by NWMB and the FAC and provided accompanying explanations:
 - AFA's 2021-2025 Application for Allocations
 - Section 3.9 (pg. 55-56)
 - Section 3.14 (pg. 61)
 - Appendix 13
 - Response to FAC's Review of Application for Allocation:
 - Section 7.3.3b (pg. 10)
 - Appendix 5

3. What opportunities do communities and the Board have to participate in decision-making?

- Similar to #2 above, this question was verbally explained and in writing in AFA's past submissions.
- Since its last quota application, AFA also created an Executive Committee that meets monthly to review operations and deal with community input on decision-making.
 - This was submitted to NWMB/FAC as part of AFA's 2017 Annual Report as a Governance Commitment.
- In addition, we would like to point out the minutes from all AGMs held during the past quota allocation cycle as further evidence of the Board's participation in decision making related to benefits and operations overall.
 - AFA's 2021-2025 Application for Allocations
 - Appendix 12

4. What is the role of the CLOs?

- This question was not included in the December 14, 2020 letter.
- During the Zoom meeting, AFA was able to explain verbally the general job description of a CLO and their function within the organization.
- As well, the challenges of retaining employees was noted. AFA explained how funding from Kakivak Association is being sought to make the positions fulltime in an effort to improve retention.
- In terms of day-to-day activity, the CLO maintains office hours, interacts and engages with their respective community (one of AFA's owner communities), works with AFA's Community Development Officer and Director of Community Relations.
- The local CLOs maintain clear and open lines of communication between AFA's Board of Directors, its Community Trustees, the management team and the public.
- This encourages two-way dialogue between the partnership and its owners to ensure the best possible benefits are delivered by AFA on the basis of direct input from each hamlet.
- The CLOs report to AFA's Community Development Officer Mark Akeegok.
- A CLO's daily activities include:
 - Monitoring equipment such as community freezers
 - Recording meeting minutes as required
 - Translation when needed
 - Assisting with grocery and supply orders by ensuring that orders are accurate and the same as requested by the communities

- Dialogue with head office and St. John's office re distribution of supplies and community benefits
- Assisting the community with inventory pricing and management of same
- Assisting with crew hiring and travel arrangements for same
- This has been provided in AFA's:
 - 2017 Annual Report
 - 2018 Annual Report: Section 9B, pg. 34
 - 2021-2025 Application for Allocations: Section 4.1 (pg. 62-63, 68, 70), Appendix 2
 - Response to FAC's Review of 2021-25 Application for Allocations: Section 7.1c (pg. 28)

5. Requested an explanation as to why many of AFA's self-set Business Plan goals are not met.

- This question was included in the December 14, 2020 letter.
 - This is detailed in the 2021-2025 Application for Allocation table per December 14, 2020 letter, Section 7.3 #1, in the preceding section.
 - AFA's 2021-2025 Application for Allocations
 - Section 3.3 (pg. 42-44)
 - Appendix 6
 - Response to FAC's Review of Application for Allocation:
 - Section 7.3.6a (pg. 15-20)
- AFA sought clarification from NWMB as to which commitments were not met. An answer was not provided.
- AFA further indicated that it believed the majority were met or ongoing as a matter of good business governance.
- In some instances, business commitments changed as a result of the new strategic direction approved by the Board.
- Fundamentally, the business model is sound, as AFA has been profitable every year since its formation and is able to provide benefits to its owner communities, per its mission statement. It was pointed out that AFA has been successful in its business plan operation since 2011 and has accumulated \$10 million in equity for its community owners.

6. Questioned AFA's low Inuit employment numbers and noted the lack of advancement or succession to higher roles.

- This question was included in the December 14, 2020 letter.
 - This is addressed in the 2021-2025 Application for Allocations table above (Section 7.4, items #1-2).
- Previously explained multiple times & verbally on Jan 14.
 - 2021-2025 Application for Allocations.

- Section 4.4b, pg. 65-69
 - Response to FAC’s Review of Application for Allocation:
 - Section 7.4.1, pg. 21-30)
 - Appendix 7
 - Resubmitted in AFA’s opening remarks to its FAC/NWMB Zoom meeting (Nov. 9, 2020).
 - A copy was provided to FAC for its records.
 - Resubmitted information following November 9, 2020 Zoom meeting.
- AFA is submitting a separate letter on this issue to the NWMB for its consideration. It is not feasible for AFA to meet the minimum scoring requirement in this section of the Allocation Policy and the bias used in the scoring calculation may have serious implications on AFA’s quota application success.
- As a result, AFA will be addressing this critical issue separately.

7. Requested detail on Greenland vessel plan falling through and the trawler chartered in 2020.

- This question was not included in the December 14, 2020 letter.
- AFA was able to verbally explain the need to charter a vessel given the unforeseen events relating to F.V. Stormur and the effects caused by the Covid – 19 pandemic.
- AFA explained that under the Covid-19 protocols it was not safe to operate its existing vessel the Suvak because of its small size and all crew accommodations having to be shared.
- [REDACTED]
- In the interim, AFA needed a vessel of sufficient capacity to harvest its remaining 2020 quota after Covid-19 pandemic caused the Stormur deal to fall through and to accommodate crew in accordance with pandemic protocol requirements in place.
- This decision involved registering a foreign vessel in Canada [REDACTED]
- In the meantime, this enabled AFA to hire significantly more Inuit crew than on its vessel, Suvak, and compared to other trawlers operating in the NU fishing industry.
- AFA provided this information to NWMB and the FAC.
 - 2021-2025 Application for Allocation:
 - Introduction, pg. 2-3
 - Section 1.5f, pg. 30
 - Appendix 2
 - Response to FAC’s Initial Review of 2021-2025 Application for Allocation:

- Section 7.4.1, pg. 21-22, 29-30
- Outstanding Performance Targets #4, pg. 48

8. NWMB questioned why AFA's professional and consulting fees are very high and AFA's returns to shareholders are low.

- This question was not included in the December 14, 2020 letter, however a question related to professional and consulting fees was voiced by the FAC during the November 9, 2020 Zoom conference.
- AFA was able to explain to the FAC that the higher than usual professional fees and consulting fees incurred in 2019 were related to the purchase of Stormur.
- Consulting fees include outside expertise, including legal and engineering, on which AFA relied as part of the Stormur deal and to advise on operations.
 - In 2019, ██████ in consulting fees were related to the purchase of Stormur, leaving a residual of ██████ in other consulting fees. This was less than in 2018 ██████.
 - In 2019, ██████ out of a total of ██████ in professional fees were related to the purchase of Stormur: in addition, professional fees included ██████ in commissions paid out on the sale of the Atlantic halibut quota. This leaves ██████, which is ██████ less than in 2018.
 - The one-time cost of absorbing the loss of the Stormur negatively impacted 2019 returns to our owners. The recovery of these costs from the vessel's owner is currently being arbitrated.
- AFA has a lean management team and thus utilizes outside consulting services to assist.
- This question, when posed by the FAC, was responded to November 9, 2020 during the Zoom meeting and in writing afterward in a package presented by AFA to the FAC and NWMB (dated November 16, 2020).
 - Submitted information following November 9, 2020 Zoom meeting (pg. 4-6).

9. Statement: AFA's audited financial statements are very complex and this is perceived as being not transparent.

- This question was not included in the December 14, 2020 letter.
- AFA's audited financial statements are prepared by PricewaterhouseCoopers per ASPE (Accounting standards for private enterprises) These are stringent reporting standards and are supported by AFA's in-house accounting expertise (Controller, Paul Crummell and General Manager, Harry Earle).

- The subsidiaries included in the “Group of Companies” is included in the opening statement of the audited statements themselves and in the text of AFA’s submissions to NWMB and the FAC this has also been explained.
 - 2018 Annual Report FAC Response: pg. 20 & Appendix 6
- A complete explanation of all entities and their function in AFA’s organogram was included in the 2021-2025 Application for Allocation:
 - Section 2.5, Figure 4, pg. 49

10. How does money flow through AFA from fish to the owner communities (in the form of fisheries development or community development)?

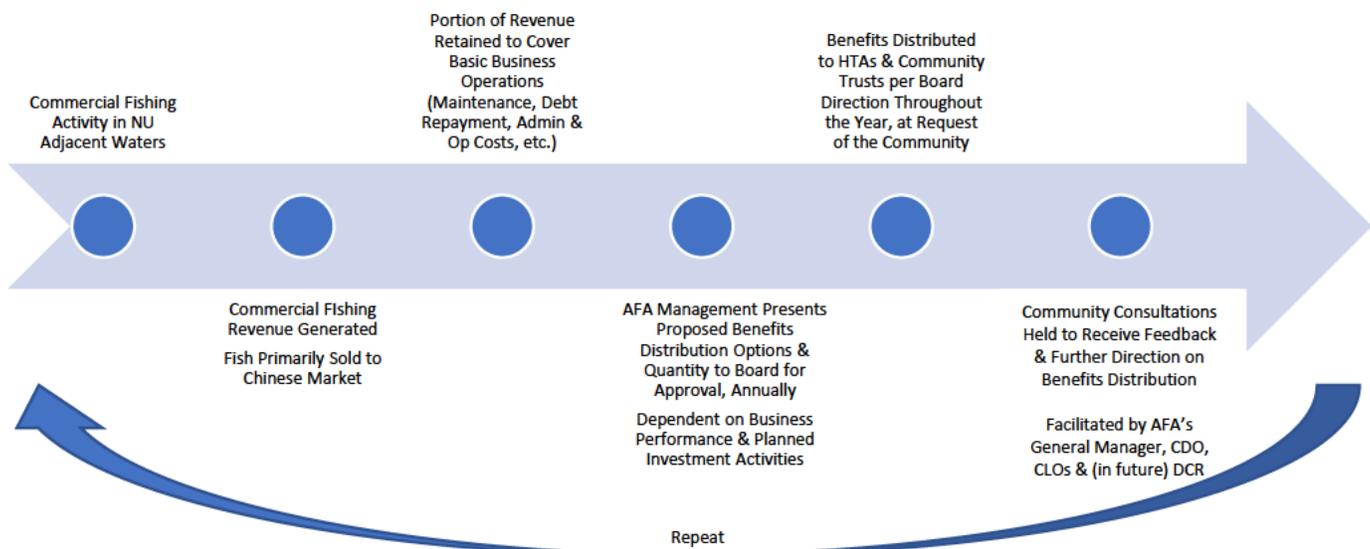
- This question was not included in the December 14, 2020 letter.
- AFA stated during the January 14, 2021 Zoom call that, due to its complexity, it was not possible to orally respond to this question in the five minutes remaining during the conference.
- This procedure is referenced in AFA’s 2021-205 Application for Allocations in Section 3.5 (pg. 47-50) and 3.10 (pg. 56-57; Appendix 14) and is reiterated below.

AFA is 100% Inuit owned and controlled by the HTAs (AFA General Partnership) and Community Trusts (AFA Community Holdings Inc.) of each of AFA’s four owner communities. Collectively with Masiliit Corporation (the general/managing partner), these entities form AFA Limited Partnership. As such, each HTA and each Community Trust is entitled to an equal share of AFA’s profits (equity) on a yearly basis (see Table 3 “Summary of cash and cash equivalent benefits). Some benefits are considered “partner draws” or an extraction of the partner’s equity in the business, akin to a dividend in a corporation. This has been a mixture of tangible (cash) benefits, cash-equivalent benefits, and in-kind since AFA’s formation. In each case, benefits are used for community development and/or fisheries development initiatives.

AFA has operated a profitable business since its establishment over 10 years ago through its offshore commercial fishing activity, including turbot and (in the past) Atlantic halibut. A portion of profits is retained to fund the basic function and operation of the business (operating costs, fleet expansion, maintenance, debt repayment) and the remainder is distributed equally to the HTAs and Community Trusts. 41% of AFA’s profits were distributed over the last allocation cycle to its owners as per Table 3 on page 9. In the past, issues were encountered wherein HTAs and Community Trusts requested differing amounts of benefits. AFA’s Board passed a resolution in 2019 to adjust outstanding balances owing on December 31, 2018 for past supply delivery and have adopted, in principle, a new Benefits Policy that will mitigate this issue moving forward.

AFA has always relied on community and Board input on the method in which benefits were distributed. This represents the voices of AFA’s owner communities and serves to bring their wishes, concerns, and directives forward to management. The Annual General Meeting provides a good opportunity to discuss this matter each year in addition to specific requests received via letters and emails from both the HTAs and Community Trusts. For example, the April, 2018 Board resolution passed during AFA’s AGM confirmed benefits requests from each of the four communities.

Community visits to collect information and benefits requests are also conducted regularly. At this time, these visits are facilitated by AFA’s General Manager and Community Development Officer (CDO) with assistance from Community Liaison Officers (CLOs). In the future, this process will be spearheaded by the new position created in the organization: Director of Community Relations (DCR). A more formal benefits request system is incorporated into AFA’s revised Benefits Policy.



11. Can you elaborate on your assertion that AFA is unique from other quota applicants in how it was impacted by Covid-19?

- This question was not included in the December 14, 2020 letter.
- AFA was able to verbally respond to NWMB’s question with the following points:
 - AFA operates using fixed gear, with space and berths significantly smaller than trawlers used by other quota applicants, and not in strict compliance with Covid-19 protocols.
 - Small management team focused on survival of the enterprise during Covid-19 pandemic.

- Vessel acquisition strategy (Board-approved) was being implemented concurrent with the onset of the Covid-19 pandemic.

The purchase of the Stormur was cancelled due to problems and delays caused by Covid-19.

- AFA has provided some of this information to NWMB and the FAC in previous submissions on the general issues relating to the Covid-19 pandemic and the Nunavut fishing industry as well as concerns specifically related to AFA.
 - May 8, 2020 letter to NWMB from AFA's Executive Chairman.
 - 2021-2025 Application for Allocations, Introduction, pg. 1-7.
 - Supplemental information provided to NWMB and FAC following November 9, 2020 Zoom meeting (submitted November 16, 2020).
 - Opening remarks delivered by AFA's Executive Chairman during the January 14, 2021 Zoom meeting with NWMB (orally and written forms, submitted January 14, 2021).

ALLOCATION, ASSIGNMENT AND MANAGEMENT AGREEMENT

THIS AGREEMENT is effective as of the 31st day of August, 2017,

BETWEEN:

QIKIQTANI FISHERIES ALLIANCE, a not-for-profit corporation incorporated under the laws of Canada,

(“QFA”)

- and -

QIKIQTAAALUK CORPORATION, a corporation incorporated under the laws of Canada,

(“QC”)

WHEREAS a Memorandum of Understanding was entered into between Sanikiluaq Hunters & Trappers Association, Hall Beach Hunters’ and Trappers’ Association, Igloodik Hunters’ and Trappers’ Association and Aiviq Hunters & Trappers Association (the “**Alliance Communities**”) and QC dated February 12, 2016 (the “**MOU**”).

WHEREAS QC is the business arm of Qikiqtani Inuit Association and has responsibility for working towards increasing the growth and sustainability of economic activity in all Qikiqtani communities, including the four Alliance Communities.

WHEREAS the Alliance Communities do not currently have the capacity to harvest fishing allocations and, therefore, have formed QFA in collaboration with QC wherein QC will receive an assignment of any allocations received by the Alliance Communities in exchange for QC’s obligation to manage and harvest the allocations and provide QFA with an agreed upon royalty on the sale revenues from the harvested allocations.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Parties hereto covenant and agree as set forth below.

ARTICLE 1 **INTERPRETATION**

1.1 Defined Terms

Where used in this Agreement (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings ascribed to them as follows:

"Agreement" means this allocation, assignment and management agreement, including the Schedules attached hereto, as it or they may be amended, restated or supplemented from time to time.

"Business" means the harvesting of fishing allocations issued to QFA and the sale of harvested fish.

"Business Day" means any day other than a Saturday, Sunday or a statutory holiday in the Territory of Nunavut.

"Damages" shall mean any and all (a) obligations (including corrective and remedial obligations), (b) liabilities, (c) damages (including injury to or death of Persons (including employees of the indemnitee)) and damages to or destruction or loss of property (including to the environment and natural resources), (d) fines, (e) penalties, (f) losses, (g) actions, (h) suits, (i) claims, (j) judgments, orders, directives, injunctions, decrees or awards of any federal, provincial, or local court or administrative or governmental authority, bureau or agency, and (k) costs and expenses (including attorneys' fees, court costs and expert witness fees).

"FOB" means the net amount received by QC for all quota sold after deducting freight, insurance and commissions.

"GAAP" means the generally accepted accounting principles from time to time established by the Canadian Institute of Chartered Accountants, or any successor institute, in the **"CICA Handbook"**, applicable as of the date on which a calculation or determination is made, or required to be made, in accordance with generally accepted accounting principles.

"Parties" means, collectively, QFA and QC, and includes their respective successors and permitted assigns, as the case may be, and **"Party"** means any one of them.

"Person" includes any individual, corporation, limited liability company, partnership, joint venture, trust, governmental entity, aboriginal band or other incorporated or unincorporated association or organization or any trustee, executor, administrator or other legal representative.

"Regulations" means all statutes, laws, rules, orders, directions and regulations in effect from time to time and made by governmental entities having jurisdiction, as applicable, over the Parties, the assets of QFA or the Business.

ARTICLE 2

TERM

2.1 Term of Agreement

The term of this Agreement (the **"Term"**) shall be [REDACTED] commencing on the date hereof with an option exercisable by both QFA and QC [REDACTED] unless terminated earlier in accordance with this Agreement or renewed by agreement of

the Parties, shall terminate on the occurrence of a Termination Event.

2.2 Termination Event

A "Termination Event" shall occur in the following circumstances:

- (a) the date this Agreement is terminated by written agreement of the Parties;
- (b) the date on which QFA is wound up, liquidated or dissolved, whether voluntarily or involuntarily;
- (c) the date on which either Party: (i) acknowledges that it is insolvent or unable to pay its debts as they become due; (ii) makes an assignment for the benefit of its creditors generally; (iii) appoints or allows the appointment of any receiver, receiver-manager, trustee, liquidator or other Person acting in a similar capacity; or (iv) institutes any proceeding seeking to have it adjudicated, or is otherwise so adjudicated, a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or *Companies' Creditors Arrangements Act* (Canada) or similar legislation relating to a compromise or arrangement with creditors or claimants; or

2.3 Termination

- (a) Notwithstanding the occurrence of a Termination Event, QC shall be entitled to receive payment in accordance with the terms hereof of any fees or compensation which it shall have become entitled to receive prior to such termination, together with any GST payable thereon.
- (b) Upon termination or expiration of this Agreement, QC shall forthwith, but in any event within 60 days following such expiration or termination, deliver to QFA all records, documents and books of account which are in the possession or control of QC and relate to the Services and all materials and supplies for which QC has been paid by QFA or otherwise which were purchased exclusively for the provision of the Services as are in its possession or control. The obligations of QC under this Section 2.3 shall survive the expiration or termination of this Agreement.
- (c) From and after the date of termination in accordance with this Article 2, this Agreement shall be of no further force and effect except for Section 5.1 and Section 5.3, which shall survive termination.

ARTICLE 3
ALLOCATIONS / QUOTAS / LICENSES

3.1 Allocations / Quotas

QFA shall use commercially reasonable efforts to obtain fishing quotas and allocations from NWMB and, if successful, to use commercially reasonable efforts to obtain renewals of the same from time to time.

3.2

QFA hereby agrees to grant to QC [REDACTED] on the condition that QC is not in material breach of any of the terms and conditions of this Agreement.

3.3

QFA shall be responsible for payment of [REDACTED] as and when they become due. The parties mutually agree that QC may, if necessary, advance funds to QFA for the payment of [REDACTED] and deduct same from the Fees made to QFA as and when same becomes due.

ARTICLE 4
PROVISION OF SERVICES

4.1 Services

- (a) QFA hereby retains QC, as an independent contractor, to provide the following services (collectively, the "Services") for and on behalf of, and in the name and as agent of, QFA in respect of the Business:
 - (i) the harvesting and related services described in Schedule "A" hereto;
 - (ii) QC is hereby authorized to make all decisions and take, or cause to be taken, all actions as may be necessary to perform the responsibilities and obligations of QFA in respect of the Business, provided that:
 - (A) QC is hereby authorized to cause QFA to incur directly all costs and expenses associated with carrying out the Business; and
 - (B) QFA agrees to reimburse QC for any such costs and expenses it incurs in performing the Services; and
 - (iii) any such other services to which the Parties may otherwise mutually agree

in writing during the Term.

- (b) QC hereby accepts the above appointment and agrees to provide or cause to be provided the Services to QFA on and subject to the terms and conditions herein contained.

4.2 Duties

- (a) QC agrees that it shall exercise its powers and discharge its duties under this Agreement diligently, in good faith and in the best interests of QFA.
- (b) The rights and duties herein granted to and assumed by QC are those of an independent contractor only. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, trust or other association of any kind, each Party being individually responsible only for its obligations as set forth in this Agreement.

4.3 General Obligations

- (a) During the Term, the Parties shall cooperate with each other to the extent reasonably required with respect to the performance of the Services. Throughout the Term, QFA hereby authorizes QC to have full and complete access to the books, records and business premises and to whatever other information and material of QFA that QC may consider necessary or desirable to discharge its duties hereunder.
- (b) All Services performed hereunder shall be carried out in accordance with the general policies, procedures and guidelines of QC to the extent applicable to the Services and not inconsistent with the terms hereof.

ARTICLE 5 **REMUNERATION AND FINANCIAL MATTERS**

5.1 Compensation for Services

As compensation to QFA for providing quotas and allocations to QC as referred to herein, QC shall pay to QFA a fee (the "Fee") [REDACTED]

[REDACTED] The Fee shall be payable monthly in arrears, within ten (10) days of receipt of notice of the actual Fee amount for the preceding month from QC.

In addition to the Fee, QC agrees to manage the allocations for which QFA will pay QC [REDACTED]

5.2 Taxes

The Fees are inclusive of all taxes other than applicable goods and services tax ("GST") imposed pursuant to the *Excise Tax Act* (Canada) or any similar, replacement or additional value added or sales or use tax under applicable legislation on the amounts invoiced pursuant to this Agreement, which GST (or other sales tax) shall be paid by QFA with each Fee payment.

5.3 Audit Rights

QFA, at its own request, shall have the right, on reasonable notice at all reasonable times during normal business hours, to audit, examine and make copies of extracts from those portions of the books and records of QC relating to the provision of the Services. Such right may be exercised through any employee of the requesting party to QFA or by an outside independent chartered accountant designated by the party to QFA exercising such right. The party to QFA exercising such right shall bear all expenses incurred in any such examination. The provision of this Section 5.3 shall survive the expiration or termination of this Agreement.

5.4 Financial Contributions:

QFA agrees:

- (a) to [REDACTED] for corporate administration;
- (b) to apply the majority of the Fee referred to herein for a 'Community Development Fund';
- (c) to make contributions to both the Nunavut Fisheries and Marine Training Consortium and to the Nunavut Offshore Allocation Holders Association, based on the percentage that QFA's turbot allocation is to the total turbot allocation in fishing areas 0A and 0B.

ARTICLE 6 **LIABILITY AND INDEMNIFICATION**

6.1 Limitation of Liabilities

- (a) QC shall not be liable for:
 - (i) any action taken or failure to act which does not constitute or result from fraud, wilful misconduct, gross negligence, bad faith, a violation of applicable Regulations or a breach of this Agreement; or
 - (ii) any action or inaction arising from reliance upon the opinion or advice as

to legal matters of legal counsel or as to accounting matters of chartered accountants selected by any of them with reasonable care.

- (b) No Party shall in any event be liable to the other Party for any incidental, consequential or indirect Damages of any kind or character howsoever arising under this Agreement, including loss of use, loss of profit, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

6.2 Indemnification

- (a) QFA hereby agrees to indemnify, defend, save and hold harmless QC and each of its directors, officers, employees, shareholders, counsel, auditors, accountants, agents, advisors and other representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively the "**QC Indemnitees**"), from and against any and all Damages of any kind which are caused by, arise from, are incurred in connection with or relate in any way to the Services to be provided to QFA by QC under or pursuant to this Agreement; provided, however, this indemnity shall not apply to Damages caused by any action taken or failure to act which constitutes or results from gross negligence or wilful misconduct.
- (b) QC hereby agrees to indemnify, defend, save and hold harmless QFA, and its partners, officers, employees, members, counsel, auditors, accountants, agents, advisors and other representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**QFA Indemnitees**"), from and against any and all Damages of any kind which are caused by, arise from, are incurred in connection with or relate in any way to any action taken or failure to act by QC in the performance of the Services which constitutes or results from gross negligence or wilful misconduct.

6.3 Third Party Beneficiaries

QC shall hold the benefits of this Article 6 for its own benefit and in trust on behalf, and for the benefit, of QC Indemnitees and QC may enforce same on its and QC Indemnitees' behalf. QFA shall hold the benefits of this Article 6 for its own benefit and in trust on behalf, and for the benefit, of QFA Indemnitees and each MOU Party may enforce same on its and QFA Indemnitees' behalf.

ARTICLE 7 FORCE MAJEURE

7.1 Force Majeure

In this Section 7.1, the term "**Force Majeure**" means any event or occurrence which is beyond the reasonable control of the Party affected thereby, provided such event or occurrence is not due to the affected Party's sole negligence, and including:

- (a) floods, earthquakes, storms, lightning, fires, epidemics, wars, explosions, riots,

acts of public enemy, acts of civil or military authority, acts of terrorism, civil disturbances, disobedience, blockades, strikes, lockouts, or other similar events;

- (b) accidents, vandalism, sabotage, ruptures, and breakage of or damage to any facilities, machinery or equipment;
- (c) inability to obtain or the curtailment of supplies of any materials or equipment, shortage of labour and government restraint, action, delay or inaction, material changes to or application of the Regulations or other lawful requirements of governmental entities; and
- (d) failure or inability to obtain a decision from a governmental entity in a timely manner,

provided that lack of finances will not under any circumstances be considered an event of Force Majeure.

If QC or QFA is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement by reason of Force Majeure, then, upon written notice to the other Party, the affected provisions and/or other requirements of this Agreement shall be suspended during the period of such disability and the affected Party shall have no liability to the other Party or any other Person in connection therewith. The affected Party shall use all commercially reasonable efforts to remove such disability as soon as possible.

ARTICLE 8 **MISCELLANEOUS**

8.1 Notices

Any notice required or permitted to be given by any Party shall be sufficiently given if delivered by hand, by facsimile transmission, by prepaid courier service or by certified or registered mail, postage prepaid and return receipt requested to the other Parties at its address set forth below:

- (a) if to QFA:

922 Niaqunngusiaq Road
Box 1228
Iqaluit NU X0A 0H0
Attention: President & CEO

- (b) if to QC:

922 Niaqunngusiaq Road
Box 1228
Iqaluit NU X0A 0H0

Attention: President
Email: hflaherty@qcorp.ca

or to such other address as such Party may hereafter designate by notice in writing from time to time. Notices shall be deemed to have been given (i) upon delivery, if delivered by hand or courier, (ii) on receipt, if mailed, and (iii) on the next Business Day following receipt of an appropriate electronic confirmation, if by facsimile transmission.

8.2 Time of the Essence

Time is of the essence in this Agreement.

8.3 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

8.4 Waiver

A waiver by any Party of the strict performance by the other Party of any term, covenant or provision herein contained shall not of itself constitute a waiver of any subsequent breach of such term, covenant or agreement set out in this Agreement.

8.5 Severability

If any term, covenant or provision of this Agreement or the application thereof to any Party or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or application of such term, covenant or provision to a Party or circumstance other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or provision of this Agreement shall be valid and shall be enforced to the full extent permitted by law.

8.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Nunavut and the laws of Canada applicable therein.

8.7 Successors and Assigns

This Agreement is binding on and enures to the benefit of the Parties and their respective

successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by either Party without the prior written consent of the other Party.

8.8 Third Party Beneficiaries

The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties. No Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person.

8.9 Amendments

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by all of the Parties.

8.10 Headings

The division of this Agreement into articles, sections, paragraphs or schedules and the insertion of headings used throughout this Agreement are solely for convenience of reference and are not to be used as an aid in the interpretation of this Agreement. The words "section" or "schedule" followed by a number or a letter means or refers to the specified section or schedule to this Agreement.

8.11 Single, Plural, Gender and Derivations

In this Agreement words importing the singular number include the plural and vice versa and words importing gender include the masculine and feminine genders and the neuter. If a term is defined in this Agreement, a derivative of that term shall have the corresponding meaning.

8.12 Generally Accepted Accounting Principles

Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, the same shall be done in accordance with GAAP applied on a consistent basis except where the application of such principles is inconsistent with, or expressly limited by, the terms of this Agreement.

8.13 Counterparts

This Agreement may be executed in any number of counterparts, and/or by facsimile or e-mail transmission of Adobe Acrobat files, each of which will constitute an original and all of which, taken together, will constitute one and the same instrument. Any Party executing this Agreement by fax or PDF file will, immediately following a request by any other Party, provide an originally executed counterpart of this Agreement provided,

however, that any failure to so provide will not constitute a breach of this Agreement except to the extent that such electronic execution is not otherwise permitted under the *Electronic Commerce Act* (Nunavut).

[remainder of page left blank with signature page to follow]

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

QIKIQTANI FISHERIES ALLIANCE

Per: 
Name:
Title:

Per: 
Name:
Title:

We have authority to bind the Corporation.

QIKIQTAAALUK CORPORATION

Per: 
Name:
Title:

I have authority to bind the Corporation.