

NUNAVUT WILDLIFE MANAGEMENT BOARD ALLOCATION POLICY FOR COMMERCIAL MARINE FISHERIES

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).

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.

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 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) - 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 - 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 DFO and Transport Canada; 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 his or her 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 *Agreement* Article 5 (*Agreement* 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 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; 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 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

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. In verifying compliance with the requirements, the NWMB will primarily rely upon annual *Verification Reports* prepared by DFO and Transport Canada (see section 14.3 of the

² The only exception to this legal rule is *Presumption as to Needs* wildlife, identified in *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 12th 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 *Agreement*).

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) Transport Canada Legislation/Policy: Each allocation holder must comply with all of Transport Canada'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, as requested by the NWMB or DFO, 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 coral 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 gill nets; 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 NUNVUT'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 five values and guidelines set out below in deciding upon individual commercial marine fisheries allocations. The guidelines are organized as a cumulative point system, with a maximum possible score of 103 points. **Every applicant will be required to meet all requirements under Guideline 7.0 and achieve a minimum of (60%) in each of Guidelines 7.2 through 7.5 in order to remain eligible to receive any allocation.** In addition, within Guideline 7.2, every applicant will be required to demonstrate open, transparent and accountable operations, subject to relevant confidentiality and privacy concerns.

All applicants for allocations 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 Transport Canada. 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.

SCORING VALUES:

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 all 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.

SCORING GUIDELINES:

7.0 Mandatory Requirements for Responsible Stewardship

In order to qualify for allocation, all criteria under section 7.0 must be reasonably met in alignment with section 6 of the policy. In order to report on Mandatory requirements, please refer to table 7.0.1 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 7.0.2, and may result in less allocation than was allocated at the commencement at the last allocation cycle.

Table 7.0.1 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 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)
6.1a,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 7.0.2)	Provide a verification report from DFO to demonstrate a history of compliance with DFO policies in the following respects	Relevant legislative and policy requirements of DFO (6.1a)		See table 7.0.2	N/A
		Licensing Conditions (6.1a)		See table 7.0.2	N/A
		Regulations (6.1a)		See table 7.0.2	N/A
		Management Plans (6.1a)		See table 7.0.2	N/A
		Conservation Harvesting Plans (6.1a)		See table 7.0.2	N/A
		Encounter protocols (6.1a)		See table 7.0.2	N/A
		All applicable SARA measures for marine species at risk (6.1c)		See table 7.0.2	N/A
6.1b History of compliance with relevant Transport Canada 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 7.0.2)	Provide a verification report from TC 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 Transport Canada's relevant environmental stewardship requirements for fishing vessels (6.1b)		See table 7.0.2	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)		N	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 verification report
		Each allocation holder must provide relevant Inuit Qaujimagatuqangit – as requested by the NWMB or DFO - 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 research 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 coral 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 verification reports from TC to identify issues of non-compliance (TC deficiencies) for 6.4 criteria (in Table 7.0.2). 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 7.0.2	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 7.0.2	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 lost gill nets 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 gillnets. 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 7.1.1a.

Table 7.0.1 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 gill nets (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						

7.1: Ecological Stewardship

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. In addition to the Mandatory Requirements (7.0), the following scorable criteria will be considered, if and only if all Mandatory Requirements in section 7.0 are sufficiently met:

7.1.1 Voluntary measures and/or contributions to reduce industry impact on ecosystems, or improve the natural environment

7.1.1a Demonstrate evidence of voluntary measures and/or contributions to reduce industry impact on ecosystems, or improve the natural environment (2 points).

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).	
2 points possible: 0=no voluntary measures, 1= some measures, 2= Exceptional contributions to improving stewardship and resource sustainability.	/2

7.2 Good Business Governance

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

7.2.0 Mandatory Materials: The following materials are required to be included in your Application for Allocation in order to be scored on any part in section 7.2. Failure to include mandatory materials will result in a score of 0 for section 7.2

7.2.0a: Current Business plan (see Appendix A for complete Business Plan Materials)

7.2.0b: Previous Business Plan

7.2.0c: 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).

7.2.1. Demonstrate Proper Board and Governance Structure (2 points total)

7.2.1a. Provide an organogram (organizational chart) and with Board structure; (Include all divisions, subsidiaries, joint ventures and partnerships specifying (where applicable) legal structure, province/territory/country of registration, percentage ownership, etc.) (1 point)

Provide a max 2 page summary describing the org chart and legal filings [eg; 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)	/1
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1 point possible: 1= provided all materials listed in 7.2.1a including legal registration, 0=did not provide all materials listed	
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7.2.1b. Provide Board TOR (terms of reference) and appointment (position on the Board and other positions held), company and board by-laws

1 point possible: 1= provided all materials listed in 7.2.1b, 0=did not provide all materials listed	/1
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7.2.1c. Illustrate and detail how the company/organization has obtained the experience and management capacity to establish/run a successful fishing enterprise.

Identify 5 key personnel and how they are capable of running a successful enterprise. 3= 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.	/3
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7.2.2. Demonstrate holding the adequate number of Board meetings. (3 points total)

7.2.2a. 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. 1 point possible: 1= provided all materials listed in 7.2.2a, 0=did not provide all materials listed Note: Teleconference meetings are eligible, if referencing shareholder agreement instead of by-laws, include a copy of the shareholder agreement.	/1
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7.2.2.b. Provide meeting minutes from most recent Board meeting (must be within the last calendar year)

1 point possible: 1= provided all materials listed in 7.2.2b 0=did not provide all materials listed	/1
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7.2.2c. Provide a list of the applicant company/group's Board of Directors, their affiliations and/or company positions

1 points possible: 1= provided all materials listed in 7.2.2c, 0=did not provide all materials listed	/1
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7.2.3 Demonstrate regular and ongoing sharing of information with shareholders (5 points total)

7.2.3a. 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 1 points possible: 1= provided all materials listed in 7.2.3a, 0=did not provide all materials listed	/1
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7.2.3b. 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>Need to include:</p> <ol style="list-style-type: none"> 1. A copy of fishing activities that is sent to shareholder communities and HTO/RWO/ or DIOs [Note: how each company does this is 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>4 points possible: 4=Provides all materials, demonstrates transparency in information, Clear engagement strategy that has been shared with all communities represented. 2=Provides all materials, demonstrates transparency in information (i.e. matches with past and current applications and financial information), Clear engagement strategy that has been shared with some communities represented 0=did not provide all materials listed, or engagement strategy is unclear</p>	/4
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7.2.4 Demonstrate receipt and consideration of shareholder input in corporate decision-making.

7.2.4a. Describe how the enterprise's decisions about what benefits they are delivering linked to needs/wants of the shareholders and communities.

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	/4
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<p>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>4 points= all materials provided, business plan aligns with community requests for benefits. 2 points= all materials provided but weak connection between community requests and benefits provided. 0=Incomplete materials (letter missing) or no links between community requests and benefits provided.</p>	
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7.2.4b. 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>4 points possible= 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</p>	/4
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7.2.4c. 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, Board are involved in the management of the enterprise. Include the meeting minutes from the most recent board meeting (AGM) (requested in 7.2.2b) 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>1 point possible: 4= provided all materials listed in 7.2.4c and Strong evidence the community and/ or Board was involved in decision-making, 2= provided all materials listed in 7.2.4c and some evidence the community was involved in decision-making. 0=did not provide all materials listed, or did not demonstrate community links.</p>	/4
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7.2.5a. 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>Full utilization of your allocation=4 points Allocated to a Nunavut enterprise, with no net loss= 4 points Allocated to a Nunavut enterprise, with net loss=2 points Allocated to a Southern enterprise, with no net loss =3 points Allocated to a Southern enterprise, with net loss = 0 points</p>	/4
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7.2.6. Demonstrate adherence to and achievement of business plans, goals, and objectives

7.2.6a. 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. Explain any 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 past and current business plans.</p> <p>% of goals met: 0 points= no or few goals met 1 point= met 60% or more of goals 2 points = met 80% or more of goals 3 points= met 90% or more of goals 4 points=met all goals set out in previous application</p>	/4
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7.3 Special Considerations

Recalling Principle 3a: In allocating commercial marine fisheries resources, preference needs to be given to Nunavummiut and to operations providing direct benefits to Nunavut's economy (NLCA S.5.6.45), the following allocation criteria will be applied:

7.3.1 Identify Employment of Nunavummiut, especially Inuit

7.3.1a Demonstrate Inuit employment as percentage of total employment, Inuit employment expenses as percentage of total employment expenses. See Appendix D: Table 1

<p>Using Appendix D: Table 1 fill in either version A, B, or C for your enterprise and note the employment levels of Inuit Points: See Appendix D for formula Scoring for each category of workers 1 point 25-50% of Inuit Employment 2 points 51-85% of Inuit Employment 3 points >85% (or representative workforce levels) Score for all categories is rescaled to 10 points</p>	/10
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7.3.1b. Demonstrate Nunavummiut employment as percentage of total employment, Nunavummiut employment expenses as percentage of total employment expenses. Using Appendix D: Table 1 fill in either version A, B, or C for your enterprise and note the employment levels of Nunavummiut.

<p>Using Appendix D: Table 1 fill in either version A, B, or C for your enterprise and note the employment levels of Nunavummiut</p> <p>Points: 5 total. See Appendix D for formula</p> <p>Scoring for each category of workers</p> <p>1 point 25-50% of Nunavummiut Employment</p> <p>2 points 51-85% of Nunavummiut Employment</p> <p>3 points >85% (or representative workforce levels)</p> <p>Score for all categories is rescaled to 5 points</p>	/5
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7.3.1c. Demonstrate Improvements made in Inuit and Nunavummiut employment

<p>Demonstrate in Table 7.3.1c how your numbers in Inuit and Nunavummiut employment have improved over the last allocation cycle.</p> <p>3 Points total:</p> <p>2 points if Inuit employment has increased >15% since last application for allocation, 0 points if increase below 15% threshold</p> <p>1 point if Nunavummiut employment has increased >15% since last application for allocation, 0 points if increase below 15% threshold</p>	/3
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7.3.1d. Present plan to improve employment opportunities and promotion within your enterprise for Inuit, Nunavut, and senior employment (2 points)

<ul style="list-style-type: none"> • 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 into senior management positions. • Reflect on any previous plans (last allocation application), and how you have or have not met your goals for Inuit/ Nunavummiut employment. • Identify Inuit (and/or Nunavummiut) employee retention levels. <p>2 points= clear, well thought out plan included, with reference to past plans (if applicable). 1 point= complete plan, but needs improvement. 0 points= poor plan, or plan not included.</p>	/2
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7.3.2. Adjacency

Recalling Principle 3b: In allocating commercial marine fisheries resources, preference needs to be given to: Communities within the region adjacent to the resource, particularly within the NSA (NLCA S.15.3.7), the following allocation criteria will be considered:

7.3.2a. Demonstrate that shareholder communities are from the region.

Where region equals any of the three regions within Nunavut (Qikiqtaaluk, Kivalliq, or Kitikmeot) in which the fishery is located.

10 points= Shareholder communities are in the region the fishery is located 5 points= Share holder communities are fully or partially located in other regions within Nunavut, 0 points=shareholders are outside of Nunavut.	
Example, 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.	/10

7.3.3. Profitability

Recalling Principle 3c: In allocating commercial marine fisheries resources, preference needs to be given to: Economically viable fishing enterprises, the following allocation criteria will be considered:

7.3.3a. Demonstrate profitability of the fishing enterprise (1 points)

Present enterprise earnings and profits as per EBIDTA (Earnings Before Interest, Taxes, Depreciation and Amortization) over the past allocation cycle.	
1 points for presenting materials clearly in audited financial statement	/1

7.3.3b: Demonstrate the company has recorded an average profit over the past 5 years, or provide explanation for no profit. Demonstrate a plan to become or maintain profitable (2 points)

In 500 words or less, highlight the profitability of your company. If enterprise is not profitable, present a plan how your enterprise plans to become or increase profitability in the future. Refer to 7.3.3a or 7.5.1a (cash or non-cash benefits) if necessary.	
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.	/4

7.4 Inuit Ownership and Sponsorship (12 points)

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 (NLCA S.5.1.3(a)(iii) and 5.6.39), the following allocation criteria will be considered

7.4.1 Identify degree of ownership/ sponsorship by RWOs, HTOs, or Nunavut Communities

7.4.1a. Provide a list of all RWOs, HTOs, or Nunavut Communities⁵ that own or sponsor the enterprise.

Identify the % ownership by RWOs, HTOs, and Communities Should be identified on organizational chart (refer to materials in section 7.2.1a to clarify if necessary). Provide all other owners of the company 0=<50.9% ownership by RWOs/ HTOs/ Nunavut Communities 1= 51-74.9% ownership by RWOs/ HTOs/ Nunavut Communities 2=75-99.9% ownership by RWOs/ HTOs/ Nunavut Communities 3=100% ownership by RWOs/ HTOs/ Nunavut Communities In accordance with NNI Policy guidelines and IFR	/3
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7.4.1b. Provide Inuit Firm Registry (IFR) registration to demonstrate business operations are conducted within Nunavut and meet NNI guidelines

Attach copies of any/ all IFR registrations 1=registration provided, 0= registration not provided	/1
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7.4.2 Demonstrate Level of Enterprise Asset Ownership by Inuit inside the Territory (8 points total)

7.4.2a. Provide a list of all of the enterprise's fishery-related assets, including vessels, and identify the percentage of ownership by Inuit. (6 points)

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. Up to 3 points for percentage of Inuit ownership of assets 0= <50.9% ownership of Assets by Inuit 1= 51-74.9% ownership of Assets by Inuit 2=75-99.9% ownership of Assets by Inuit 3=100% ownership of Assets by Inuit	/6
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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."

Up to 3 points for percentage of assets located in Nunavut Add Note Vessel and vessel related assets are considered in the territory if the vessel is registered in the territory. 0= <50.9% of Assets located inside Nunavut 1= 51-74.9% of Assets located inside Nunavut 2=75-99.9% of Assets located inside Nunavut 3=100% of Assets located inside Nunavut	
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7.4.2b. Demonstrate Improvements in Inuit Vessel Ownership since the last allocation application

Identify % Inuit ownership during the last allocation application, and current % Inuit ownership. The difference is the increase. 1 point if already at 100% or increased >15% since the last Application for Allocation	/1
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7.4.2c Demonstrate increases in capital assets inside of NU since the last allocation application (1 point)

Identify % asset ownership in Nunavut during the last allocation application, and current % ownership in Nunavut. The difference is the increase. Identify % asset ownership in Nunavut during the last allocation application, and current % ownership in Nunavut. The difference is the increase. 1 point if already at 100% or 1 point for increased assets inside of Nunavut >15% since the last Application for Allocation or 1 point for increased assets outside of Nunavut >15% since the last Application for Allocation, 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.	/1
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7.5 Reinvesting for Benefits (15 points)

Recalling Value 5a: 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;

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

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

7.5.1a. 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 (7.2.4a). 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 7.2.4a in addition to 7.5.1a 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>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.</p> <p>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.</p> <p>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.</p>	/10
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7.5.1b. 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
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7.5.2. Demonstrate other (non-cash) benefits provided to Nunavut owner(s)/ community(ies)/industry(ies) in total dollars and percentage of total fisheries related profits

7.5.2a. Clearly identify all non-cash forms derived from profits of benefits 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 and 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 7.2.4a if applicable). Outline the benefits to the communities. Link to your audited financial statement.</p> <p>[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 with clear links to audited financial statements. Letters from each community receiving non-cash benefits demonstrating their request for benefits provided.</p> <p>1 point= All information provided with clear links to audited financial statements. Letters from some communities receiving non-cash benefits demonstrating their request for benefits provided.</p> <p>0 points= Missing information, does not provide sufficient evidence this request came from the communities receiving the benefits.</p>	/3
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7.5.3. Demonstrate your participation in using your fisheries related profits in leveraging funds for activities related to fisheries and community economic development in Nunavut

7.5.3a. 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.</p> <p>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>1 point= A clear well organized summary of all leveraged activities with references to your audited financial statement and a clear benefit to Nunavut outlined.</p>	/1
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7.5.3b. Identify your direct financial contribution (in dollars) and In-kind contributions for leveraged activities.

<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.</p>	/4
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<p>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.</p> <p>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>3 Points = A 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> <p>2 Points = A 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 = A 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>	
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7.5.4. Demonstrate (in dollar amounts) investments in enterprise enhancement through fleet improvement, processing capacity, additional quotas, etc., (positive average over five years). (1 point total)

7.5.4a. Summarize all investments in the enterprise (1 point)

<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: 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>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
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7.6 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. In order 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.7.2.3b)
- (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 –

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 *Agreement*).

through *Annual Reports* from allocation holders and *Verification Reports* from DFO and Transport Canada. 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 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 increase 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) 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 NFA to determine proposed reductions 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 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)

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*. 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 May 15th

In most cases, the NWMB will issue a Call for Applications and a request for submission of *Verification Reports* for established fisheries by no later than June 15th of the preceding year. The Call for Applications will, at a minimum, be sent to the relevant RWOs, all current Nunavut fishing

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.

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 requesting verification reports from DFO and TC.

Step 2: No later than June 30th

No later than six weeks after the Board issues its request for submission for Applications and *Verification Reports*, Completed Application Forms (Annex 1), an *Application for Allocation* (Appendix B), and *Verification Reports* from DFO and Transport Canada 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 *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 July 31st (see Step 5)

Step 3: No later than July 7th

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

Step 4: No later than July 31st

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 July 31st

Final audited financial statements will be accepted until July 31st, only if a complete or near complete financial statement was provided with the initial application. Audited statements will be submitted to the NWMB, and the NWMB will forward to the FAC within 1 business day.

Step 6: No later than August 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 Aug 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 Sept 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 Sept 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. Following these recommendations, the NWMB has 2 options:

1. If all fishing enterprises are in good standing, meaning they are not in jeopardy of receiving less allocation than the last allocation period, 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 Sept 30th

The NWMB will send out a confidential letter to any enterprise in jeopardy of receiving a lower allocation 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 Oct 30th

Should an enterprise accept the NWMB's invitation, the NWMB will hold a face-to-face meeting with the enterprise in jeopardy. The NWMB will also arrange for one or more FAC representatives to attend the meeting.

Step 12: No later than Dec 21st

The NWMB will make its allocation decisions and recommendations by no later than December 21st 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. The NWMB will notify all applicants by electronic and regular letter mail that it has forwarded its decisions/recommendations to the Minister.

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 are required to request and submit annual verification reports from DFO on their own behalf to the NWMB, and provide Transport Canada with relevant information (vessel names, ID#s, C#s) to prepare a verification report, and allow TC to release this information to the NWMB. 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 June 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 for established fisheries.

Step 2: No later than July 31st

Allocation holders are required to submit an *Annual Report* (Appendix C) and verification reports from TC and DFO for the previous year by no later than six weeks after the Call is issued. The Annual Report must fully detail the previous year's operations and how they have met the commitments identified in their Application for Allocation.

Step 3: No later than Aug 7th

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

Step 4: No later than Oct 7th

The FAC conducts an evaluation of the Annual Reports and Verification Reports. 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. Following a complete review, the FAC will make one of three recommendations to the NWMB:

- A. A recommended status-quo, based upon the success of the allocation recipient in meeting its objectives.

- B. A recommended warning 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 at the time of the next Allocation Application; and
- For failure to comply with previous performance targets within the specified time period, the outstanding issues will be transferred to the current year's performance targets. Transferred performance targets that remain unaddressed will be heavily weighted at the next Allocation Application.
- C. In 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 among existing allocation holders. The allocation, or part thereof, may become subject to a new Call for Applications for the following season.

Step 5: No later than Oct 25th

Following receipt of the FAC's 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 recommendations and reasons for recommendations. The NWMB will also provide each allocation holder with the FAC's analysis and resulting recommendations, performance targets (if applicable), and reason(s), as well as all relevant parts of the *Verification Reports*, concerning that applicant. In the event of very serious issues pertaining to Annual Reports (i.e., Step 4: Option C), the NWMB will issue a confidential letter to every affected enterprise. Each letter will provide reasonable notice and disclosure - including the reasons and evidence relied upon by the FAC for its recommendation(s) - as well as an invitation to meet in person with the NWMB at its December quarterly meeting to discuss. The Board will also arrange for one or more FAC representatives to attend the meeting.

Step 6: No later than Dec 21st

The NWMB will consider all of the information received, including the FAC recommendations and reasons for performance targets, responses from allocation holders and steps taken by relevant enterprises to address or remedy issues 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. 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.

⁸ Culpable negligence "...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]"

14.3 Verification Reports (submitted every year)

Following the completion of each fishing season, Verification Reports will be prepared by DFO and Transport Canada concerning the performance of allocation holders in Nunavut's commercial marine fisheries. Each enterprise is required to request this information from DFO and TC 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 Transport Canada'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*.

DRAFT FOR REVIEW

ANNEX 1: Application Form for Commercial Marine Fisheries Allocations

Fishery Applied For:

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

Shrimp: SFA 1 Com _____ Davis Strait East _____

Nunavut East _____ Nunavut West _____

Davis Strait West _____

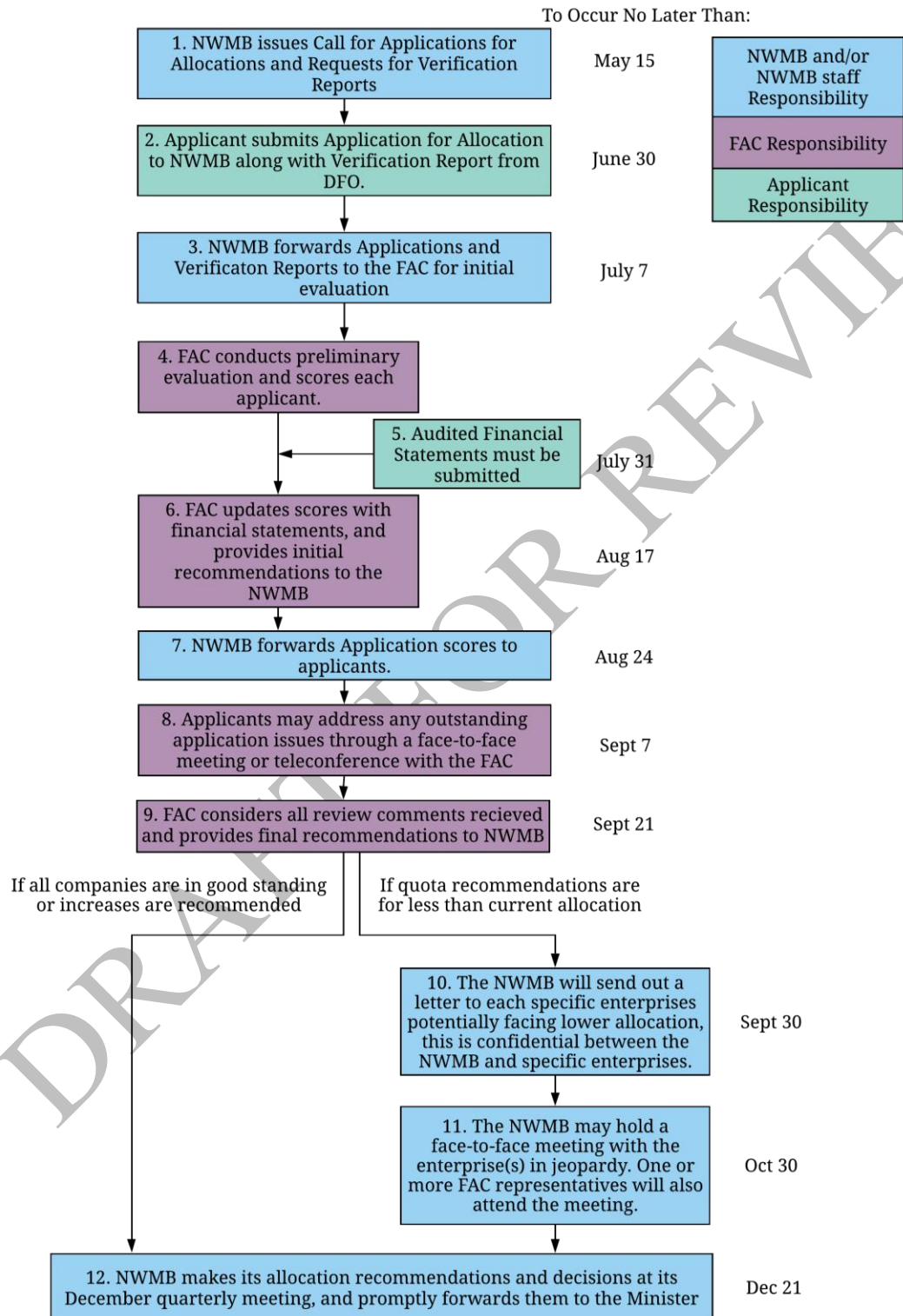
Other Species: _____ **Location:** _____

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

<u>Name of Applicant:</u>	<u>Address:</u>		
<u>E-mail Address:</u>			
<u>Phone #</u>	<u>Fax #</u>		
<u>What percentage of the business is Inuit-owned?</u>			
Indicate % Inuit ownership: _____			
If not 100% Inuit owned, are non-Inuit partners Nunavut residents?			
Yes _____ No _____			
<u>In what community(s) is the business based?</u>			
<u>Where is the Head Office Located?</u>			
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)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Allocation(s) requested this year (MT):</i>			

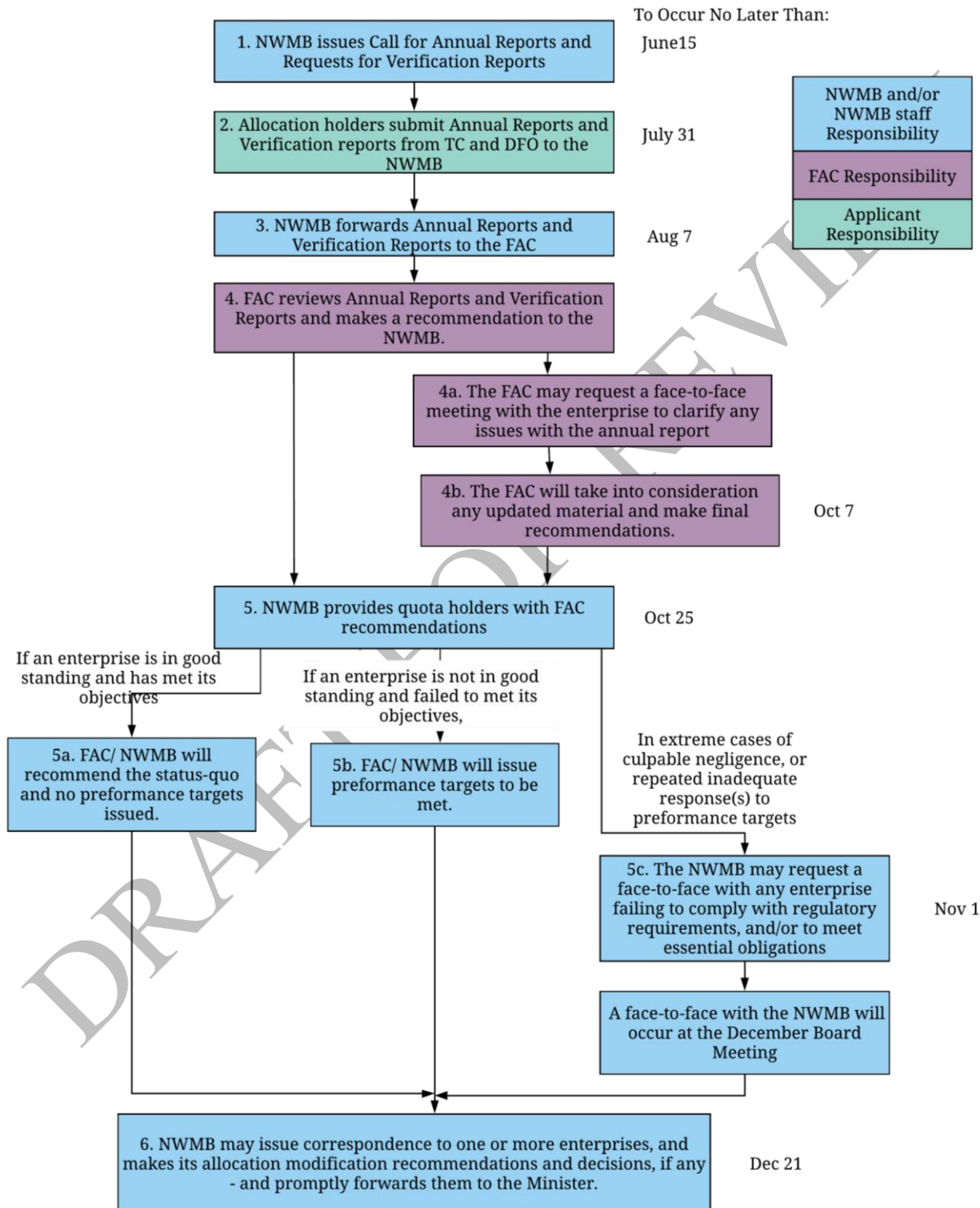
ANNEX 2: Application Flow Chart and Key Dates

Allocation Application Flow Chart (Conducted once every 5 years)



ANNEX 3: Annual Report Flow Chart and Key Dates

**Annex 3: Annual Report Flow Chart
(Conducted in the years between Allocation Applications)**



APPENDIX A TO THE NUNAVUT WILDLIFE MANAGEMENT BOARD ALLOCATION POLICY FOR COMMERCIAL MARINE FISHERIES: 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;
- 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 NFA may 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 Term 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.

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.

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.

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 the Department of Fisheries and Oceans Canada and Transport Canada. This process involves a preliminary review of materials, identification of missing application materials, a face-to-face meeting with enterprises, 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, based upon a substantial failure to comply with regulatory requirements (Section 14.3).

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 favor 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, Aboriginal Affairs and Northern Development Canada, DFO, Kakivak and the Nunavut Fisheries Training Consortium) provide financial assistance to help offset the additional costs.

<p style="text-align: center;">SCHEDULE I TO THE TERMS OF REFERENCE FOR THE FISHERIES ADVISORY COMMITTEE</p>

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 TO THE NUNAVUT WILDLIFE MANAGEMENT BOARD ALLOCATION POLICY FOR COMMERCIAL MARINE FISHERIES: 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.

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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 7.0.1 and 7.0.2. 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 7.0.2]
- 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 7.0.1]
- Provide records and reports of fishing operations as required by the DFO/NWMB [6.2b, Table 7.0.1]
- Demonstrate inclusion of IQ in fishing operations and/or fisheries research [6.2c, Table 7.0.1]
- Demonstrate compliance with all DFO/NWMB responsible habitat and ecosystem protection. Report on any DFO occurrences [6.3a,b,c,d, Table 7.0.1]
- Demonstrate sound waste management practices [6.4a, Table 7.0.1]
- Demonstrate minimizing of emissions and dangerous substances from fishing operations [6.4b, Table 7.0.1]
- Demonstrate appropriate training for all crew members with respect to harvesting sustainably [6.4c, Table 7.0.1]

- Demonstrate minimizing gear loss and identify your recovery plan for lost gear [6.5a, Table 7.0.1]
- Demonstrate minimizing the harvest of by-catch species, marine mammals, and juvenile fish [6.5b, Table 7.0.1]

Scored Criteria for Ecological Stewardship

- Demonstrate evidence of voluntary measures and/or contributions to reduce industry impact on ecosystems, or improve the natural environment [7.1.1a, Table 7.0.1]

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 (S7.2)

- Current business plan for the 5 year application period (B5.3 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 [7.3.3a]
 - Inuit and Nunavummiut employment costs [7.3.1a,b]

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.

- Demonstrate cash and cash-equivalent returns to shareholders and/or owners in total dollars and % of profits, [7.5.1a]
- Identify all non-cash forms derived from profits or benefits to the community/shareholders that are derived from profits [7.5.2a]
- Identify your direct financial contribution (in dollars) and In-kind contributions for leveraged activities [7.5.3b]
- Detail investments in fisheries assets [7.5.4a]

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 [7.2.1a]
- 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) [7.2.1a]
- Provide a copy of your shareholder agreement [7.2.1a]
- Provide a copy of the company/group's internal governance regulations/by-laws, and board terms of reference [7.2.1b]
- 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 [7.2.1c]
- 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 [7.2.2a]
- Provide a copy of the meeting minutes from the most recent board meeting [7.2.2b]
- 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 [7.2.2c]
- Provide relevant information to demonstrate holding an annual AGM with shareholders (date, location, meeting minutes) for the last 5 years [7.2.3a]
- 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 [7.2.3b]
- Provide a community benefits plan identifying benefits and outlining how benefits provided to shareholders. Include a summary of proposed profit sharing and/or royalty arrangements [7.2.4a]
- Provide letters from shareholders identifying requests for benefits, and identify how this information is used to inform business decisions regarding benefits [7.2.4a]
- Demonstrate how shareholder input has impacted major decisions made by the company by providing 3 examples over the last 5 years [7.2.4b]
- Demonstrate community, shareholder, board involvement in the business and/or operational decisions made by the enterprise, and how benefits are determined [7.2.4c]
- 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 [7.2.5a]
- Demonstrate your business adhered to its business plan goals and objectives [7.2.6a]

- Provide evidence that applicants are either partially or wholly Inuit-owned. Provide a list of all owners and include percent ownership of RWOS, HTOs, communities, and other owners [7.3.2, 7.4.1a]
- Provide Inuit Firm Registry (IFR) registration if applicable [7.4.1b]

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 [7.3.1a,b]
- Demonstrate improvements in Inuit and Nunavummiut employment levels [7.3.1c]
- Present a plan to improve Inuit and Nunavummiut employment levels, with reference to improving Inuit into senior management positions, and how you have/ have not met previous employment goals [7.3.1d]

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 [7.3.3a]
- Present a plan to keep the fishing enterprise profitable, or present a plan to make fishing enterprise profitable. [7.3.3b]
- Provide a list of all fishery related assets and identify the percent Inuit ownership and location of each asset [7.4.2a]
- Identify improvements in Inuit Vessel Ownership since the last allocation cycle [7.4.2b]
- Identify increases in capital assets located in Nunavut since the last allocation cycle [7.4.2c]
- 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 [7.5.1a]
- Provide a letter of good standing from the legal registry for each HTO/Shareholder represented by the fishing enterprise [7.5.1b]
- 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 [7.5.2a]

- Clearly identify your role in leveraging funds to benefit fisheries and community economic development [7.5.3a]
- Identify your direct financial contribution (in dollars) and In-kind contributions for leveraged activities [7.5.3b]
- Detail investments in fisheries assets, and the benefits to Nunavut to be derived from these investments. [7.5.4a]

DRAFT FOR REVIEW

APPENDIX C TO THE NUNAVUT WILDLIFE MANAGEMENT BOARD ALLOCATION POLICY FOR COMMERCIAL MARINE FISHERIES: 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 31st.

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 issued will be an important factor in determining commercial fisheries allocations at the next full application year (See Sections 7.6 and 14.2).

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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 report from Fisheries and Oceans Canada
- Verification report from Transport Canada
- 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 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:

- A. 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]

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.

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.
- D. Identify investments in fisheries assets: Describe investments in fishing operations and the benefits for Nunavummiut derived from these investment.
- 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.
- E. 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 % of 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

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.

financial contributions from all other contributors (if any). Reference community requests if applicable.

- E. Identify employment and financial benefits for the upcoming season, and any plans for how you intend to meet them.

3. Tables for Annual reports:

Table C3.1 Species Harvested	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 three different scoring tables, one for mobile gear vessels, one for fixed gear vessels, and one for inshore fish plant operations. Each enterprise will choose one to report employment criteria for 7.3.1a and 7.3.1b, for the duration of the allocation period for consistency in reporting. Each enterprise will provide employment rates twice: once for Inuit

(7.3.1a) and once for Nunavummiut (7.3.1b), using the same table. Each cell in the table will be filled in to receive a score on the table as a whole. Total Expenses (blue cells in the table) must match reported values on audited financial statements. Scoring equations are presented at the bottom of each table, as recommended by NFA. Please note the equations and weighting for tables do differ, and equations are provided for the calculations of each criterion to report back to 7.3.1a and 7.3.1b.

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Table D1: Mobile and/or Fixed Gear Vessel Employment Reporting for Inuit Employees (7.3.1a). Each cell in the table must be filled in to receive a score on the table as a whole. Repeat this table for Nunavummiut Employment rates (to receive a score in 7.3.1b)					
Mobile Gear VESSELS	Number of Inuit employee trips	Inuit Trips as % of total trips	Inuit Employment expense	Inuit Employment expense as % of total employment expense	Total vessel employment Expense
Entry level positions	#	A1%	#	A3%	#
Advanced positions	#	A2%	#	A4%	#
Total	#	%	#	%	Total tied back to income statement
OFFICE	Number of Inuit employee months worked	Inuit months as % total employee months	Total Inuit Employment Expense	Inuit Employment expense as % of total employment expense	Total admin employment Expense
Admin and Support staff (non-senior Management Positions)	#	B1%	\$	B3%	\$
Senior Management	#	B2%	\$	B4%	\$
Total	#	%	\$	%	Total tied back to income statement
<u>Mobile/ Fixed Gear vessel owners to provide listing of crew positions and which should be considered entry level versus advanced positions;</u>					
<p>Scoring for criteria 7.3.1a is based on the percentage of Inuit employment on vessels A1-A4 and in office positions B1-B4. For each percentage of Inuit employment, the scoring applied will be: 0 points (<25% Inuit Employment), 1 point 25-50% Inuit Employment, 2 points 51-85% Inuit Employment, 3 points >85% (or representative workforce levels).</p> <p><u>To score 7.3.1a (10 points total): Weighting to each category is as follows:</u></p> <ul style="list-style-type: none"> Vessel score= $0.417 \times (A1 + A2 + A3 + A4)$ for a maximum of 5 points for Inuit vessel employment Office score= $0.417 \times (B1 + B2 + B3 + B4)$ for a maximum of 5 points for Inuit office employment The total of these 2 scores (sum) will serve as the score for 7.3.1a (Inuit employment) <p><u>To score 7.3.1b (5 points total): Points are based off the same percentage as Inuit scores above, with weighting to each category is as follows:</u></p> <ul style="list-style-type: none"> Vessel score= $0.208 \times (A1 + A2 + A3 + A4)$ for a maximum of 2.5 points for Nunavummiut vessel employment Office score= $0.208 \times (B1 + B2 + B3 + B4)$ for a maximum of 2.5 points for Nunavummiut office employment The total of these 2 scores (sum) will serve as the score for 7.3.1b (Nunavummiut employment) 					

Table D2: Inshore Employment Reporting for Inuit Employees (7.3.1a). Each cell in the table must be filled in to receive a score on the table as a whole. Repeat this table for Nunavummiut Employment rates (to receive a score in 7.3.1b)

Inshore Plant/ Harvest	Number of Inuit employees	Inuit as % of total employees	Inuit Employment expense	Inuit Employment expense as % of total employment expense	Total vessel employment Expense
Fish plant positions – entry	#	A1%	#	A4%	#
Fish plant positions - advanced	#	A2%	#	A5%	#
Harvesters	#	A3%		A6%	
Total	#	%	#	%	Total tied back to income statement
OFFICE	Number of Inuit employee months worked	Inuit months as % total employee months	Total Inuit Employment Expense	Inuit Employment expense as % of total employment expense	Total admin employment Expense
Admin and Support staff (non-senior Management Positions)	#	B1%	\$	B3%	\$
Senior Management	#	B2%	\$	B4%	\$
Total	#	%	\$	%	Total tied back to income statement

Inshore operators to provide listing of positions and which should be considered entry level versus advanced positions in the fish plant;

Scoring for criteria 7.3.1a is based on the percentage of Inuit employment in plants/ harvesting A1-A6 and in office positions B1-B4. For each percentage of Inuit employment, the scoring applied will be: 0 points (<25% Inuit Employment), 1 point 25-50% Inuit Employment, 2 points 51-85% Inuit Employment, 3 points >85% (or representative workforce levels).

To score 7.3.1a (10 points total): Weighting to each category is as follows:

- Plant score= $0.278 \times (A1 + A2 + A3 + A4 + A5 + A6)$ for a maximum of 5 points for Inuit vessel employment
- Office score= $0.417 \times (B1 + B2 + B3 + B4)$ for a maximum of 5 points for Inuit office employment
- The total of these 2 scores (sum) will serve as the score for 7.3.1a (Inuit employment)

To score 7.3.1b (5 points total): Points are based off the same percentage as Inuit scores above, with weighting to each category is as follows:

- Plant score= $0.139 \times (A1 + A2 + A3 + A4 + A5 + A6)$ for a maximum of 2.5 points for Nunavummiut plant employment
- Office score= $0.208 \times (B1 + B2 + B3 + B4)$ for a maximum of 2.5 points for Nunavummiut office employment

- The total of these 2 scores (sum) will serve as the score for 7.3.1b (Nunavummiut employment)

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