



Procedure



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Appendix A: White Rose Field Safety Zone

Appendix B: Fisheries Damage Compensation Program Claim Process

1. Introduction

Purpose This procedure describes Cenovus Energy Inc.’s (“Cenovus”) Fisheries Damage Compensation Program (the “Program”) developed to handle claims arising from commercial fish harvesters, aquaculturists, and fish processors relating to fisheries gear and vessel damage that are directly attributable to Cenovus’s operations in Newfoundland and Labrador.

This Program is an alternative to making a claim through the Courts or to the C-NLOPB, pursuant to the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* (the “*Accord Act*”) and its Regulations. Although claims for loss or damage can be made under the laws of Canada, this Program offers a simpler, less expensive process for obtaining appropriate compensation. Its purpose is to provide a mechanism for a fair and swift resolution of all legitimate claims, and the opportunity for all parties to minimize costs.

A claimant therefore has at several opportunities to present a claim:

- Cenovus’s Fisheries Damage Compensation Program
- The Canadian Association of Petroleum Producers’ (“CAPP”) Non-attributable Fisheries Damage Compensation Program¹
- C-NLOPB Compensation Guidelines
- Judicial system²

Scope This procedure applies to Cenovus’s Atlantic Region Business Unit and its activities (operations, drilling and seismic) in Newfoundland and Labrador. Claims processed through the C-NLOPB Guidelines Respecting Damages Relating to Offshore Petroleum Activity (the “Board Compensation Guidelines”) or the judicial system are not within the scope of the Program. This Program does not cover claims for loss of life; personal injury; or claims for loss sustained as a result of a vessel or gear being in a designated or statutory safety zone, as defined by regulations made pursuant to the *Accord Act*.

The Program is intended to provide fair and timely compensation for actual loss because of damage to fishing gear or vessels due to Cenovus’s activities or by oil spills caused by Cenovus or one of its contractors.

¹ <https://www.capp.ca> – Resources – Publications – search “Fisheries Damage Compensation”
https://www.capp.ca/wp-content/uploads/2019/11/Canadian_East_Coast_Offshore_Operators_Nonattributable_Fisheries_Damage_Compensation_Progr-117754-.pdf

² The goal of the Program is to resolve claims quickly but until the claim is settled, a resolution satisfactory to the claimant is not guaranteed. As a result, the claimant must pay careful attention to any legal limitation periods or similar conditions for bringing legal action and take care to preserve those rights until a settlement is reached. Cenovus does not assume any responsibility to any claimants for preserving any rights to bring legal action.

2. Loss Resulting From Gear/Vessel Damage or Oil Spills

Cenovus recognizes the need to compensate fisheries industry participants fully and fairly for all actual loss it may cause, with the aim of leaving fisheries industry participants in no worse or better a position than before the damage occurred.

Fisheries industry participants who use this Program do so voluntarily. The first recourse for making a claim is directly to Cenovus. Should a claim be rejected by Cenovus, the claimant may choose to submit the claim to the C-NLOPB through its Board Compensation Guidelines.

Participation in this Program by Cenovus and the fisheries industry does not admit any legal obligation on either party, or any rights to fisheries industry participants or Cenovus, other than those specifically granted under the terms of this Program.

Application

The Program will operate throughout the life of Cenovus’s operations, including exploration, development, production, and decommissioning, and claims can continue to be initiated under the Program for one year after the termination of Cenovus’s activities. Any claims made within this timeframe can be carried through to completion.

The Program applies to actual losses for fish harvesters, aquaculturists, and fish processors, from:

- Damage to fishing gear and vessels resulting from interactions with Cenovus Energy’s vessels (contracted or otherwise) and/or debris resulting from Cenovus’ operations. “Debris” as defined in the *Accord Act* s160(3) means any installation or structure that was put in place in the course of any work or activity required to be authorized under paragraph 138(1)(b) and that has been abandoned without such authorization as may be required by or pursuant to this Part, or any material that has broken away or been jettisoned or displaced in the course of any such work or activity. Damage includes the complete or partial destruction of fishing gear or fishing vessels and the associated actual losses. Fishing gear also includes docks and wharves; or
- Spills originating from Cenovus related production or drilling operations, or from contracted vessels (excluding tankers) in support of the Cenovus operations. A “spill” as defined in the *Accord Act* s 160 (1) means a discharge, emission or escape of petroleum, other than one that is authorized under the regulations or any other federal law or that constitutes a discharge from a vessel to which Part 8 or 9 of the *Canada Shipping Act, 2001* applies or a ship to which Part 6 of the *Marine Liability Act* applies.

For the purposes of the Program, “actual losses” includes loss of income, including future loss of income, and, with respect to any Aboriginal peoples of Canada, loss of hunting, fishing and gathering opportunities but does

not include any income recoverable under subsection 42(3) of the *Fisheries Act* (R.S.C. 1985, c F-14).

Claims may not be made under this Program for loss sustained as a result of a fishing vessel being within Cenovus's approved Safety Zone (Appendix A).

This Program cannot be used to settle a claim against Cenovus already initiated under another process (such as through the Courts), unless agreed by both Cenovus and the Claimant.

No part of a claim under this Program can be for loss resulting from loss of life or personal injury. There is no limit on the amount of compensation that may be agreed between Cenovus and a Claimant.

Claims or claimants not eligible under this Program should proceed through the Courts or other processes, such as the Board Compensation Guidelines or the CAPP East Coast Operators Non-Attributable Fisheries Damages Compensation Program (the "CAPP Non-attributable Compensation Program").

Oil spill related claims arising from losses associated with tanker operations are not covered under this Program.

With the exception of those limits specified by statute, time limits and/or deadlines specified in this Program may be lengthened by the mutual consent of the Claimant and Cenovus.

Eligible Claimants

Those eligible to make claims under this Program are duly licensed and/or registered commercial fish harvesters, aquaculturists and fish processors who believe that they have sustained actual loss because of damage to fishing vessels and/or gear resulting from Cenovus activities. Claims may only be made by the holder of the relevant license (e.g. fishing license or processing license).

If, for any reason, and at any time, the Claim or Claimant is found to be ineligible under the Program, the Claimant is free to pursue the Claim through another avenue, such as through the C-NLOPB, the CAPP Non-attributable Compensation Program or the Courts.

Where a single incident affects more than one Claimant, with Cenovus's approval, Claimants may choose to make claims jointly through an "initiating Claimant." Any claim payments will be made directly to the individual Claimants. In this Program, *Claimant* means either the eligible Claimant or a person duly authorized by the Claimant to represent him/her.

Coverage

This Program covers:

- All actual loss related to damage to fishing gear or equipment, including (but not limited to) the cost of:
 - Repair;
 - Cleaning; and/or
 - Replacing gear or equipment, which is lost or damaged beyond repair.
- All actual loss related to damage to a fishing vessel and related equipment, including (but not limited to) the cost of:
 - Repair;
 - Cleaning;
 - Towing;
 - Dry-docking;
 - Renting or leasing a substitute vessel; and/or
 - Replacing a vessel which is lost or damaged beyond repair.
- All actual loss to the harvester resulting directly from gear or vessel damage, including:
 - The estimated landed value (i.e. value at point of landing) of the fish caught and lost by a fishing vessel;
 - The estimated landed value of the fish not caught because a vessel could not fish;
 - The reduction in the quantity of catch landed because the vessel could not fish as efficiently; or
 - The reduction in landed value of fish caught which deteriorated or spoiled as a result of the damage.
- All actual loss to a fish processor resulting directly from a gear or vessel damage incident.
- Actual loss of fishing income resulting from:
 - Loss of access to a fishing area directly affected by an oil spill;
 - Reduced value of catch (to harvesters/processors) because of taint or spoiling by an oil spill; and/or
 - The inability to fish because of damage to fishing gear or vessel(s) due to contact with an oil spill.

A portion of the claim may include reasonable expenses incurred directly by a Claimant in discovering and assessing the damage.

After sustaining damage, it is expected that harvesters and processors will make genuine efforts to mitigate the damage and any subsequent loss, with due allowance for safety (e.g. by continuing to fish, if possible).

3. Incident Reporting and Claim Process

If an Incident Occurs

If a potential Claimant discovers damage which is believed to have been caused by Cenovus, they should without delay:

- Take all reasonable action to prevent further or continuing damage and/or loss, without risking the safety of the vessel or crew;
- If it can be done safely, secure any materials (e.g. oiled nets), or other information (e.g. photographs of damage) which may be used as evidence to support a claim;
- As soon as possible after discovering the damage, and no later than 72 hours afterwards, notify Cenovus either by radio (VHF channel 16 or 74) if in the vicinity of a Cenovus owned/operated installation or by telephone (1-709-724-3900: Environmental Assurance Specialist) that a damage incident has occurred (refer to Appendix B); and
- Complete a Damage Report Form (AR-HSE-FT-0727) and deliver, mail or fax it to Cenovus as indicated on the form. This is to be done within thirty (30) days of knowledge of the potential incident.

Making a Claim

To make a claim:

- As soon as possible, the Claimant should secure any documents or records (e.g. fish plant settlement sheet/buyer's sales slip) which may be used as evidence to support a claim;
- The Claimant must complete the Loss Claim Form (AR-HSE-FT-0728) / Processor Loss Claim Form (AR-HSE-FT-0729) and submit it within one year of the occurrence or discovery of the damage; and
- The Claimant will then be contacted by Cenovus, and at that time may be asked to supply more information, or evidence to support the claim.

Evidence

It is the responsibility of the Claimant to show that gear or a vessel was damaged, and to provide evidence that the damage was attributable to Cenovus activities.

A copy of any evidence the Claimant has been able to collect and/or record (e.g. photographs) should be presented with the initial claim.

If the Claim is Accepted by Cenovus

After examining the information presented by the Claimant, Cenovus will meet and discuss the matter with the Claimant to determine whether it accepts that:

- The Claimant is eligible to make a claim under this Program;
- The claim is eligible under this Program;
- The claim is valid and justified; and

- The amount of the claim is appropriate.

Cenovus will make its decision as soon as possible after the claim is filed, but, unless by mutual consent, no later than 14 days after the filing of the Loss Claim Form. The Claimant will be notified of Cenovus Energy’s decision in writing. If a mutually acceptable agreement is reached, Cenovus will pay the Claimant within 14 days of the signing of an End of Claim Release Form (AR-HSE-FT-0730).

If Failure to Reach Agreement or the Claim is Rejected by Cenovus

If Cenovus accepts the eligibility and validity of the claim but agreement cannot be reached on the amount of the claim, or Cenovus rejects the claim, the reasons will be stated on the written notification to the Claimant. The Claimant may then:

- Drop the claim; or
- Proceed with a claim through any other available avenue, such as:
 - the CAPP Non-attributable Compensation Program;
 - the C-NLOPB; or
 - the courts.

4. Responsibilities

Senior Legal Counsel

Atlantic Region’s Senior Legal Counsel is responsible for reviewing and providing decisions on all claims.

Environmental Assurance Specialist

The Environmental Assurance Specialist is responsible for the coordination of Fisheries Damage Compensation claims in the Atlantic Region and the maintenance of this procedure.

5. Referenced Forms

[Damage Report Form](#) (AR-HSE-FT-0727)

[Loss Claim Form](#) (AR-HSE-FT-0728)

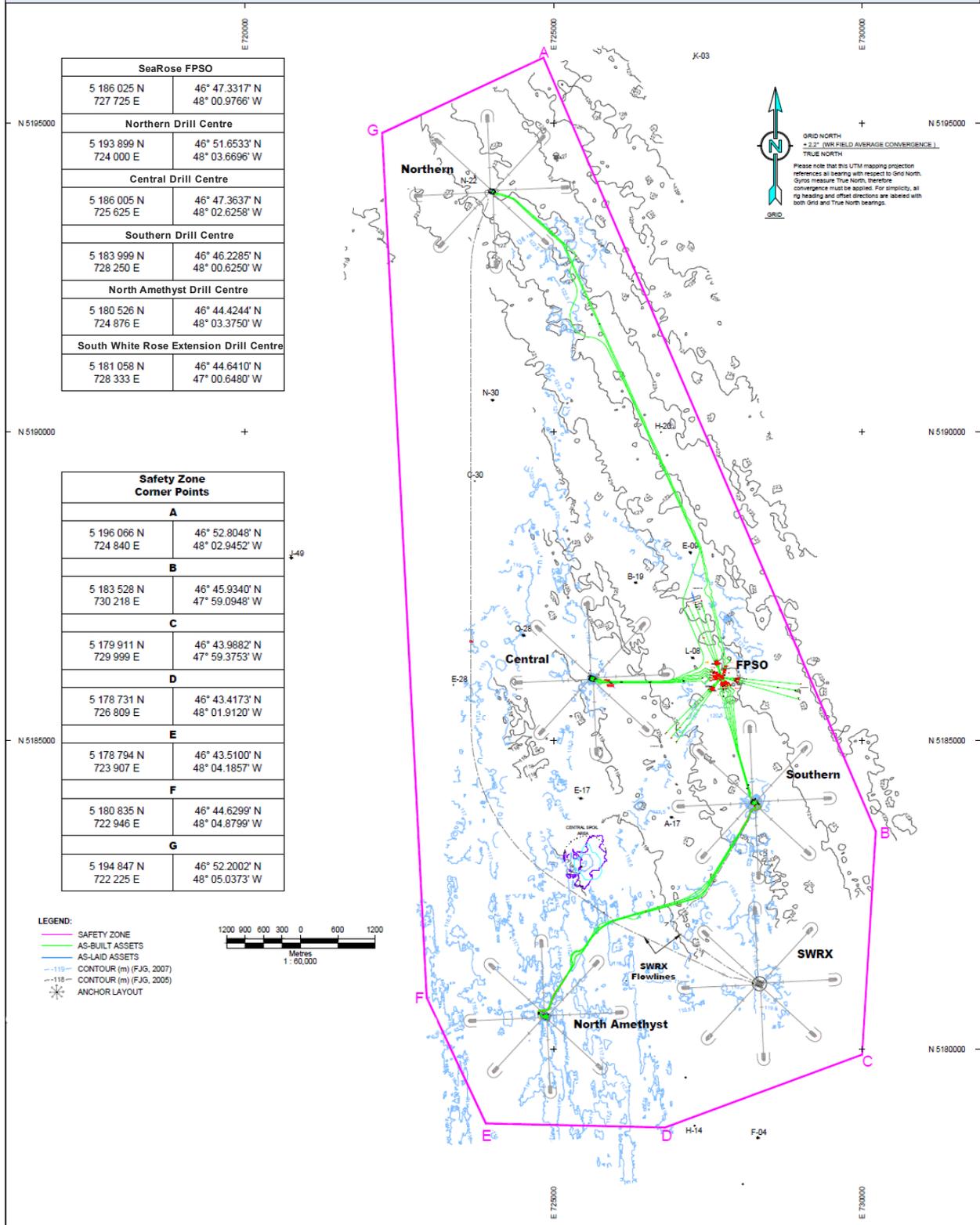
[Processor Loss Claim Form](#) (AR-HSE-FT-0729)

[End of Claim Release Form](#) (AR-HSE-FT-0730)

6. Revision History

Revision Number	Description of Change	Reason for Change	Reference
E5	Formatted as Cenovus Energy Formatted as Management System document Removed "Further Proceedings" section	Relevant to 'Compensation Committee' in other programs	

Appendix A: White Rose Field Safety Zone



Appendix B: Fisheries Damage Compensation Program Claim Process

