

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

February 20, 2014

AGENDA

1. Constitution of Meeting and Approval of Agenda
2. Minutes of Previous Meeting
3. Business Arising from the Previous Minutes
4. *In Camera* Session
5. Report from the Siting Committee
6. Report from the Audit, Finance & Risk Committee
7. Report from the Advisory Council Meeting
8. President's Report
9. Update on APM Siting Process
10. Update on APM Technical Work
11. Disposition of Independent Technical Review Group Recommendations
12. Interface with Members
13. Interface with CNSC
14. Five year Review of APM Lifecycle Costs
15. Business Risk
16. Occupational Health & Safety Review and Statistics
17. Update on L&ILW DGR
18. Next Meeting of the Board
19. *In Camera* Session

Conclusion of Meeting

MINUTES
OF THE MEETING
OF THE BOARD OF DIRECTORS OF THE
NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO) /
SOCIÉTÉ DE GESTION DES DÉCHETS NUCLÉAIRES (SGDN)

convened in Toronto, ON
on February 20, 2014
commencing at 9:00 a.m. EST

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Ron Jamieson	Director
Darren Murphy	Director
Ken Nash	Director, President & CEO
Deborah Poff	Director
Ian Ross	Director
Josée Pilon	Director (via conference call)
Wayne Robbins	Director

Staff in attendance:

Paul Gierszewski	Director, Repository Safety (except items 1-4)
Chris Hatton	Director, APM Repository Design Development (except items 1-4)
Michael Hung	Chief Financial Officer (except items 1-4)
Mark Jensen	Director DGR Geoscience & Research (Item 11)
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary (except item 4)
Sean O'Dwyer	VP, Human Resources (except items 1-4)
Sean Russell	Director, Environmental Assessment (except items 1-4)
Kathryn Shaver	VP, APM Engagement & Site Selection (except items 1-4)
Derek Wilson	VP, L&ILW DGR Design & Construction (except items 1-4)

Guests:

The Hon. David Crombie Chair, NWMO Advisory Council (item 7, via conference call)

1. Constitution of Meeting and Approval of Agenda

Notice of the meeting having been given to all of the Directors of the Company in accordance with the by-laws and a quorum being present, the Chair declared the meeting duly constituted for the transaction of business and called the meeting to order at 9:00 am.

The agenda for the February 20, 2014 meeting was approved.

The Board Chair formally welcomed and introduced Wayne Robbins to the Board of Directors.

2. Minutes of Previous Meeting

The minutes and *in camera* minutes of the meeting of the Board of Directors held on December 4, 2013, copies having been sent to each member of the Board, were approved.

3. Business Arising from the Previous Minutes

Pat Moran reviewed the status of the action items from previous meetings.

4. In Camera Session

The Board convened an *in camera* session to receive the report from the Chair of the Human Resources and Compensation (HRC) Committee.

5. Report from the Siting Committee

Mr. Jamieson provided a report from the Siting Committee meeting held on February 18, 2014. Mr. Jamieson reported that the Committee discussed the following:

- the status of the APM site selection process and the communities presently engaged in the process;
- the Phase 1 preliminary assessments underway in ten communities, anticipated to be completed by the end of 2014. Mr. Jamieson reported that the Committee's review of these Phase 1 preliminary assessments will be a key item for the Committee's attention in 2014;
- the start of Phase 2 preliminary assessments for the four communities that entered that phase, and early plans for field work;
- written reports on NWMO's engagement program;
- findings tabled by management from an independent survey commissioned to interview mayors for their respective views and experiences with NWMO's delivery of the site selection process; and
- review of the Siting Committee Evaluation and Charter Review, in an *in camera* session with Committee members. No changes to the charter were proposed. Pat Moran reviewed the responses on the Siting Committee's evaluation with Committee members. The committee decided to proceed with annual evaluations in future.

6. Report from the Audit, Finance & Risk (AFR) Committee

Mr. Ross provided a report from the Audit, Finance and Risk Committee meeting held on February 19, 2014.

Mr. Ross reported that the AFR Committee reviewed the 2013 audited financial statements and the auditor's report. It was noted that there were no changes in accounting policies from 2012. Mr. Ross reported that no significant issues were identified by Deloitte during the course of their audit and Deloitte will provide a signed audit report once the financial statements have been approved by the Board. The AFR Committee recommended that the Board approve the 2013 audited financial statements.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the AFR Committee, the Board approves the 2013 Financial Statements for the NWMO fiscal year ended December 31, 2013 as audited and presented by the external auditors, Deloitte LLP.

The motion was made, seconded and unanimously passed.

Mr. Ross summarized other items reviewed by the AFR Committee at its February meeting, including:

- the regular review of any changes to key risks for the APM program as well as the Licensing Phase and Design & Construction Phase of OPG's L&ILW DGR Project;
- a discussion of NWMO's internal governance and audit systems;
- a status report on the pension fund;
- a review of the lifecycle liability management work programs;
- regular management reports which cover: financial results; a cash flow forecast and a compliance report;
- a review of the Chair and President's expenses (no issues were noted); and
- a discussion of the AFR Committee self-evaluation and charter review – no changes to the charter were proposed and the committee decided to proceed with annual evaluations in future.

7. Report from the Advisory Council

The Honourable David Crombie reported on the Council's February 3, 2014 meeting of the Advisory Council which included the following:

- an update from the President covering recent engagement activities and developments in nuclear waste management nationally and internationally;
- Council members' review of the risk report since the November meeting;
- a status update on the APM site selection process;
- NWMO's report on building relationships which included a report on the external landscape, an engagement report, a report on the Council of Elders and a media analysis;
- at Council's request, a presentation by management on financial surety;
- at the Council's request, a presentation on Aboriginal Resource Law by Dr. Dan Longboat, Director of the Indigenous Environmental Studies Program at Trent University;
- a presentation on findings of the Independent Technical Review Group's (ITRG) 2013 report;
- an update on the APM technical program and a disposition report on the comments of the 2013 ITRG report;
- at the request of Council, discussion of how environmental integrity is being addressed in the APM program; and
- an update on NWMO's work on the OPG low and intermediate level waste deep geologic repository.

8. President's Report

Mr. Nash reported on NWMO's activities since the last Board meeting;

- NWMO's meeting with the Ontario Ministry of Energy, which has a coordinating role for NWMO's work with other Ontario government ministries;
- the steady progress with the APM site selection process, and the work planned for 2014 to conclude Phase 1 assessments for another ten communities;
- in the APM technical program, the safety case for a DGR in sedimentary rock was submitted to CNSC in December;
- NWMO successfully completed its organizational transition after the retirement of three key staff. NWMO recently made important staff additions to build its capabilities on transportation;
- the terms of reference and membership of the Advisory Council that are up for review by year-end and will be brought forward to the Board for consideration in June;
- on NWMO's work on the OPG L&ILW DGR four additional information requests were received by OPG from the Joint Review Panel;
- an update was provided on developments in the Canadian nuclear industry;
- internationally, NWMO is hosting officials visiting from Korea's waste management organization KORAD (Korea Radioactive Waste Agency).

Directors asked about developments in the U.S. program.

9. Update on the APM Siting Process

Ms. Shaver reported on the status of the APM site selection process.

Directors were briefed on the ten communities for which Phase 1 desk-top assessments are continuing in 2014. Ms. Shaver reported that management will provide an update on the assessments to the Siting Committee and Board at its 2014 meetings, along with updates on anticipated timelines for completion and release of the assessment findings.

It was reported that in January 2014 the NWMO initiated Phase 2 work with four communities that had advanced to that next phase of assessment and dialogue. Ms. Shaver reviewed the objectives of Phase 2. She outlined the work plan for initiating field work and broadening the engagement with the interested communities, neighbouring communities and Aboriginal peoples.

Following the report, Directors discussed:

- the airborne geophysical surveys and development of the technical specifications;
- whether there would be helpful information coming from the airborne surveys that NWMO could share with the communities for their own reference and use. Management confirmed that NWMO would be leaving the results of all survey work with the respective communities; and
- how NWMO's narrowing-down decisions have been received by communities to date.

10. Update on APM Technical Work

Chris Hatton updated the Board on the submission of the NWMO safety cases and their review by the Canadian Nuclear Safety Commission (CNSC) in 2014. Mr. Hatton also reviewed the work underway to prepare NWMO's proof testing plan for Mark I and

Mark II container designs including an international peer review and review by the CNSC.

Mr. Hatton also discussed the analysis conducted to review the Swedish regulator's comments and to provide NWMO with their plan to address those comments in relation to NWMO's program.

Derek Wilson updated the Board on the status of the design development and proof testing project plan. He provided an overview of the Mark 2 proof testing business case and the implementation of project tools, controls and reporting through 2014

Directors discussed NWMO's configuration management plan and various software programs that will be employed. Directors also discussed the composition of the international peer review team (in essence an independent external project oversight function) and timelines for its review of the design development and proof testing project. A Director suggested that it might be helpful for the AFR Committee and the Board to interface with the international peer review group.

Directors also discussed the plan for reviewing the risks in advance of making a decision to proceed with the Mark 2 program. A Director asked that information be presented progressively at each meeting so that Directors have time to absorb the information and make an informed decision. Directors discussed NWMO's timelines for review with the CNSC.

11. Disposition of Independent Technical Review Group (ITRG) Recommendations

Mark Jensen reviewed the six 2013 recommendations of the ITRG and NWMO's responses to their recommendations. NWMO accepted all of the ITRG's recommendations.

12. Interface with Members

Mr. Nash provided the Board with an overview of the processes used to systematically identify and incorporate the interest of NWMO member organizations (Ontario Power Generation, Hydro-Québec, NB Power) and AECL in APM implementation. Mr. Nash asked the Board for suggestions of other ways NWMO might interact with the Members.

A Director suggested that this item be put on the Members meeting agenda for June with the objective of seeking input from Members as their financial contributions to NWMO's work will grow substantially in the coming years.

13. Interface with CNSC

Paul Gierszewski reported that in 2008, NWMO and CNSC established a pre-project agreement for the involvement of CNSC in APM implementation activities prior to NWMO making a formal license application to construct a repository. This agreement is currently being updated. Mr. Gierszewski reviewed the proposed activities in this area for 2014.

Directors expressed support for NWMO working with the CNSC early in the process.

Directors also discussed timing for the project and what licences will be required over the CNSC's review process.

14. Five Year Review of Lifecycle Cost Estimate for APM

Ken Nash reported that the need and process for re-evaluating the APM lifecycle cost and associated risks and opportunities were reviewed at the 2013 June, September and December meetings of the Board. It was noted that the approved APM lifecycle cost estimate is used for several purposes, including defining contributions to the Nuclear Fuel Waste Act Trust Fund and the ONFA funds, for CNSC financial guarantees and for establishing liabilities on member financial statements. Year end 2016 is the required date for completing and finalizing the updated cost estimate. Staff outlined key considerations identified in these reviews.

A Director asked about the decision-making process for confirming economic assumptions in the estimate. Staff reported that the input of all Member organizations would be gathered before decisions are made. Directors also discussed the alignment of the cost estimate with NWMO's business plan. Mr. Nash reported that the business plan will be fully aligned with the new cost estimate. Directors also discussed the in service date currently being used for financial planning purposes only.

15. Business Risk

Michael Hung reviewed the summary of high level risks in both the APM program and NWMO's work on the OPG L&ILW DGR.

Directors discussed some of the risks associated with both projects.

16. Occupational Health & Safety Review and Statistics

Pat Moran reviewed the NWMO's performance on occupational health and safety and environmental protection in 2013. It was noted that the Board first approved the Occupational Health and Safety Policy on April 12, 2011 and the Environmental Protection Policy on February 16, 2011. These policies, along with a suite of supporting procedures were developed in preparation for the planned commencement of fieldwork by the NWMO at the OPG L&ILW DGR site in Kincardine.

Since then, the NWMO has carried out fieldwork at the DGR site in Kincardine and has also carried out public engagement activities as part of the APM siting process. The Board reviewed a report on the NWMO's health and safety performance related to those activities as well as at head office.

17. Update on OPG L&ILW DGR

Derek Wilson updated the Board on NWMO's work on the OPG L&ILW DGR.

On the Regulatory Approvals work, Mr. Wilson reported that the Joint Review Panel sent an additional Information Request package to OPG in November after the Hearings, containing four requests. The responses to those requests will be completed in early April. The Panel has indicated that it will allow hearing participants to comment on the additional information before closing the record for the process.

On the work underway in the Design and Construction phase, Mr. Wilson reported that work progresses in accordance with the business plan.

18. Upcoming Meetings

The next meeting of the Board will be held on:

Thursday, June 12, 2014

9:00 am – 3:00 pm EDT

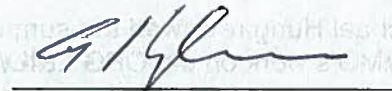
19. In Camera Session

Board Members held an in camera session.

Conclusion of Meeting

There being no other business, the Chair declared the meeting adjourned at 1:45 pm

(*) Denotes actions to be taken.


Pat Moran
Corporate Secretary
Dr. Gary Kugler
Chair