

MINUTES
FROM 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 22, 2008
commencing at 11:00 a.m.

Present

Gary Kugler	Director, Chairman
Pierre Charlebois	Director
Ron Jamieson	Director
Sharon MacFarlane	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director

Staff in attendance

Kathryn Shaver	Vice President, Corporate Affairs and Corporate Secretary (except item 2 and 20)
Frank King	Vice President, Science & Technology (except items 2 and 20)
Sherry Adams	Director, Human Resources (except items 2 and 20)
Gillian Adshead	Assistant Board Secretary (except items 2 and 20)
Angelo Castellan	Chief Financial Officer (except items 2 and 20)
Elizabeth Dowdeswell	Special Advisor to the Board (items 10 and 11 only)
Jo-Ann Facella	Senior Advisor (items 10 and 11 only)
Pat Moran	Director, Legal Services (except items 2 and 20)
Pat Patton	Manager, Engagement & Aboriginal Relations (items 10 and 11 only)
Jamie Robinson	Director, Communications (except items 2 and 20)

1. Approval of Agenda and Constitution of Meeting

Dr. Kugler chaired the February 22, 2008 Board meeting.

Dr. Kugler welcomed and introduced a new member of the NWMO Board of Directors, Mr. Pierre Charlebois, who was appointed by Ontario Power Generation. Mr. Charlebois is the Executive Vice-President and Chief Operating Officer, Ontario Power Generation Inc.

Mr. Nash introduced the new members of NWMO's senior management team: Sherry Adams, Director of Human Resources; Pat Moran, Director of Legal Services; and Jamie Robinson, Director of Communications.

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 Chairman declared the meeting duly constituted for the transaction of business and called the meeting to order at 11:00 a.m.

With one minor modification, the agenda for the February 22, 2008 meeting was approved.

2. In Camera Session

The Board reviewed the future role of the Special Advisor - Siting Project.

3. Minutes of Previous Meeting

Copies of the minutes of the meeting of the Board of Directors held on November 9, 2007, having been sent to each member of the Board, were approved.

4. Business Arising from the Previous Minutes

Ms. Shaver reviewed the outstanding actions arising from the previous Board meeting. All of the actions were reported to be either on the current Board agenda for discussion or completed.

5. Report from the Siting Committee

Mr. Ron Jamieson, Chair of the Siting Committee, reported on the Committee meeting convened on February 22, 2007.

Mr. Jamieson reported that the Committee held in-depth discussions on preparing for the dialogue on the design of the siting process which included a review of the outline of the overall plan and critical path, lessons learned from current engagement initiatives, and a review of social research underway. The Committee also discussed the communications plan and materials needed to support the dialogue on siting. Ms. Dowdeswell discussed various elements of preparatory work to ensure readiness for moving forward to engage citizens on the siting process design discussion document.

6. Report from the Audit, Finance and Risk Committee

Mr. Ian Ross, Chair of the Audit, Finance and Risk Committee reported to the Board on the meetings convened on December 14, 2007 and February 21, 2008.

Mr. Ross reported that at the December 14th meeting the Committee reviewed with the appointed auditors, Deloitte & Touche LLP, the proposed audit service plan and their terms of engagement for the 2007 year-end audit.

Mr. Ross reported that the Committee met on February 21 to receive the findings from the auditors on the 2007 audit and review of the 2007 financial statements. An in camera session was held with the auditors where they commented favourably on NWMO's performance.

7. Audited Financial Statements

The Chair of the Audit, Finance and Risk Committee presented the 2007 financial statements for NWMO's fiscal year ending December 31, 2007. He reported that the Committee is recommending Board approval of the statements as presented by the external auditors, Deloitte & Touche LLP, in their January 25, 2008 Auditor's report.

Mr. Ross invited the Board for comment on the financial statements.

IT IS HEREBY RESOLVED THAT:

Further to the recommendation of the Audit, Finance and Risk Committee:

The 2007 Financial Statements for the NWMO's fiscal year ending December 31, 2007, as audited by the external auditors Deloitte & Touche in their January 25, 2008 Audit Results Report, are hereby approved.

The motion was made, seconded, and unanimously passed.

8. President's Report

The Chairman of the Board reported that Industry Canada has approved the NWMO's Supplementary Letters Patent which outline the new objects of the corporation setting NWMO's mandate. Dr. Kugler reviewed the new objects of the corporation with the Board.

The Chairman invited the President to present his report. Mr. Nash updated the Board on NWMO's activities since the November 9, 2007 Board meeting:

Engagement / Building Long-term relationships

- The NWMO continued to build relationships and meet with interested organizations and individuals. Mr. Nash reported on meetings held with provincial and federal governments, Aboriginal groups, non-governmental organizations and municipal organizations.

- The NWMO visited the UK to meet with representatives of their municipal organization, NuLeaf, and NWMO is currently reviewing a possible structure for its own municipal liaison.

Research and Development:

- The technical program is proceeding as planned. Four international agreements to systematically exchange technical information are in place.
- As part of the social research program, work has been initiated on the topic of community well-being to examine both domestic and international practices through the lens of key participants involved in past development projects.

Financial Surety:

- Work was completed on the funding formula and, with final Board approval, it will be included in the Annual Report for approval by the Minister of Natural Resources.

Governance:

- The NWMO Advisory Council has been reconstituted with three new members broadening Council expertise in Aboriginal Traditional Knowledge, geoscience, and strategic communications.
- Work has begun to identify candidates for NWMO's Technical Review Group.

Building the Organization's Capability

- NWMO has recently hired a number of employees with Masters or PhD degrees including those with expertise in geosciences, geology, hydrogeology and geomechanics.
- An additional graduate trainee has been hired to support NWMO's Aboriginal engagement program.

Collaborative design of the siting process

- Elizabeth Dowdeswell continues to lead this work and will meet with the Board to provide an in-depth update on the collaborative design of the siting process.

Adjusting and developing plans

- Reviewing and adjusting plans, as required, is a key component of Adaptive Phased Management. A key decision will be taken by the Board in June to decide whether NWMO is ready to begin the public dialogue on the collaborative design of the siting process.

The Board was invited to ask questions or comment on the President's report. Several questions were asked with respect to building the organizational capacity and adjusting and developing plans.

9. Update on Technical Program

Mr. King provided an update on NWMO's Technical Research and Development program summarizing progress in the four main areas of the program:

- international co-operation on research and development;
- geoscience, safety assessment, used fuel storage and repository engineering;
- regulatory interface; and
- technical support to collaborative development of the siting process.

Mr. King reported that NWMO is currently investigating access to the research program underway in the underground research laboratory at Mont Terri, Switzerland.

The Board asked a number of questions relating to international research, information sharing and the U.S. programs at Yucca Mountain and Carlsbad Waste Isolation Pilot Plant. The President noted that NWMO also has a relationship with all of the major international waste organizations through its membership in EDRAM. The Board discussed and emphasized the importance of staying abreast of international standards.

A Board member asked about the technical research budget and the cost-sharing coordination between NWMO and OPG.

10. Phase 1 Engagement Activities

Ms. Shaver reviewed NWMO's recent period of public engagement.

She noted that consistent with the 2008-2012 Business Plan, NWMO's engagement in its early implementation mandate is being conducted through several phases. She noted that Phase 1 of engagement encompassed activities since the June 2007 government decision to select Adaptive Phased Management. She reviewed the objectives of this round of dialogue: to reintroduce the organization; to review the government decision, and elements of APM; and to have initial conversations about expectations for NWMO as implementer. During these discussions, NWMO invited comment on its draft planning objectives, and invited people to express key issues and expectations for the implementation process and plans.

It was reported that NWMO sought to invite views/perspectives from a wide range of organizations and individuals: governments; municipal and community organizations; NGOs, Industry, research community; Aboriginal organizations; and citizens in each of the 4 nuclear provinces.

In this period of engagement NWMO convened many face-to-face meetings with individuals and organizations; two rounds of Citizen Panels and staff participated in over 50 seminars, workshops and engagement activities. Web-based engagement invited further opportunity for comment, using deliberative surveys and comments invited on a concept paper on preparing for implementation.

NWMO received a clear message of confidence in the organization and its processes. The organization was advised to continue its commitment to openness and transparency. There is an expectation that NWMO will continue to work in a collaborative way, inviting input and multiple perspectives as it moves forward with implementation. Many organizations expressed interest in working with NWMO. Many emphasized the importance of involving youth in NWMO's work in light of the intergenerational nature of the program. NWMO was advised of the scope of information requirements to support its process and found many issues to be of particular public interest, such as financial surety, transportation, governance and regulatory oversight and community impacts.

Ms. Shaver reported that the input received will be taken into account in drafting a five-year implementation plan. This plan will be produced for public review and input.

Discussion ensued as Ms. Shaver invited the Board's questions and comments. In providing comment, directors commended the organization for the extensive breadth of outreach in this initial phase of re-engaging with interested organizations and individuals.

The Board sought elaboration on Aboriginal engagement, youth engagement, NGOs, and other issues raised in discussions.

11. Preparing for the Dialogue on Siting Process

Elizabeth Dowdeswell, the Special Advisor to the Board, joined the meeting to outline a plan for preparing for engaging citizens on the development of a process for site selection.

She reviewed the status of key elements in preparing for the dialogue on the siting process including:

- The status of the discussion document;
- Lessons from current engagement activities;
- Design of the engagement plan;
- Background social research;
- Communications / media plan; and
- Readiness criteria

Ms. Dowdeswell reported that the Siting Committee met to discuss in greater detail these activities for preparing for the dialogue on the collaborative development of the siting process.

She reviewed the key items on the critical path and workplan, explaining the purpose of this phase of engagement activity is to seek input into designing the process for site selection, and to ensure confidence in NWMO continues to be built.

It was reported that a multi-disciplinary staff team has been formed and is undertaking activities to ensure readiness for a public dialogue. The team will be examining the

lessons learned from phase 1 of engagement and determining information requirements going forward. Ms. Dowdeswell emphasized the need for inviting multiple perspectives and the intention to sustain and build upon the existing NWMO relationships. The team will also be reviewing and assessing readiness criteria to proceed.

It was noted that relevant background material is being prepared to support the discussion document on siting. A key element of the plan is to ensure thorough training of the engagement team, which will involve many NWMO staff. Ms. Shaver outlined a number of social research projects relating to specific topics identified in Phase 1 of engagement. Topics include how other countries have addressed the subject of community well-being, case studies on capacity building, and international case studies on the siting of large projects.

Mr. Robinson reported that he will be developing the communications plan in preparation for the dialogue on the siting process. He will begin by conducting a communications audit to take stock of how effectively NWMO currently communicates with individuals and organizations and what improvements can be made.

Ms. Dowdeswell invited Board discussion and comment on the elements of the plan presented.

12. Funding Formula

Mr. Castellan introduced the proposed funding formula to be included in the 2007 Annual Report for submission to the Minister of Natural Resources as required by the *Nuclear Fuel Waste Act*. The Minister of Natural Resources is required to approve the funding formula.

Mr. Castellan updated the Board on the progress on the funding formula since the last Board meeting in November. He outlined the briefings held between NWMO and federal government officials to review the development of the funding formula, the expert panel review, and NWMO's Advisory Council's input.

A Board member proposed one minor editorial change, which was accepted by the Board (*). The Board also discussed AECL's role as it relates to the funding formula.

IT IS HEREBY RESOLVED THAT:

The Board of Directors approves the submission of the funding formula report to the Minister of Natural Resources Canada pending one minor revision.

The motion was made, seconded, and unanimously passed.

13. Expert Panel on Funding Formula

Mr. Castellan introduced the topic of the expert panel on the funding formula and NWMO's disposition of the comments and suggestions made in the report.

The Chairman invited Board comments or questions on the funding formula. In the ensuing discussion, the Board sought clarification on several of the recommendations made by the panel. The Board also discussed the public release of the Panel Report and NWMO's response to its recommendations. The Board agreed that public release of the review and NWMO's response to its recommendations are important to maintaining the public's trust on the important issue of financial surety and agreed that both should be released to provide continuing transparency. It was agreed that the release coincide with the public release of NWMO's 2007 annual report at the end of March. Staff were directed to proceed with plans for public release of the documents.

14. Annual Report

Ms. Shaver was invited to introduce the discussion of the 2007 Annual Report presented for Board approval.

In introducing the item, Ms. Shaver noted submission of an annual report is a requirement of the *Nuclear Fuel Waste Act*. Ms. Shaver reminded the Board that the Minister must table the NWMO Annual Report in Parliament within 15 sitting days after receiving the report and must make a public statement on the Annual Report within 90 days of receiving it.

Board members were invited to discuss the Annual Report. The Board offered some editorial suggestions and commented favourably on the look and design of the 2007 report. The Board confirmed support for the Annual Report, which is intended to accurately reflect the work undertaken by the NWMO in the 2007 fiscal year.

The Chairman noted his appreciation to the staff for their efforts on the Annual Report and looks forward to its submission to the Minister in March.

IT IS HERBY RESOLVED THAT:

The Board of Directors approves the 2007 Annual Report of the NWMO.

The motion was made, seconded, and unanimously passed.

15. 2008 NWMO Performance Objectives

The President introduced the 2008 NWMO performance objectives, consistent with the 2008 business plan, for Board approval. The 2008 performance objectives will be used by the Board to measure the performance of the organization and the CEO. The CEO will also use the performance objectives as the basis to measure the performance of senior management and, in turn, the performance measures for each member of staff.

The Chairman invited the Board to comment on the performance objectives. The Board discussed the objectives and the complexity of determining performance measures for some of the objectives.

IT IS HEREBY RESOLVED THAT:

The Board of Directors approves the 2008 performance objectives as written.

The motion was made, seconded, and unanimously passed.

16. Management Cost Summary Report (2007)

Mr. Castellan tabled the 2007 year-end financial statement. He reported that NWMO expenditures in 2007 were approximately \$12.0 million, below the mid-year projection of \$13.7 million and the approved budget of \$15.7 million. The unused funds for 2007 will be returned to the Member companies, as required in the Membership Agreement.

The Board was invited to comment on the management cost summary report. The Board discussed NWMO's staffing capacity and ability to manage and find appropriate contractors in order to meet its work program and 2008 budget.

17. NWMO Staffing

The President introduced the item of NWMO staffing, noting that NWMO is seeking Board approval in principle for NWMO to employ its own staff and, in light of the commonality of the work and resultant efficiencies, to provide services to OPG for developing and licensing OPG's Deep Geologic Repository (DGR) for Low and Intermediate Level Waste (L&ILW).

The Board held a lengthy discussion regarding the implications of NWMO employing its own staff and taking on the role as a service provider. The President assured the Board that this path is not contrary to the objects of the corporation.

IT IS HEREBY RESOLVED THAT:

The Board agrees in principle:

- a) For OPG staff working on NWMO programs and OPG's DGR for L&ILW to become NWMO employees.
- b) For NWMO to provide services to OPG to develop and license OPG's DGR for L&ILW and other lifecycle management services as may be mutually agreeable.
- c) For Management to work with OPG to develop detailed proposals and to seek Board approval prior to completing any agreements to transfer staff or to provide services to OPG.

The motion was made, seconded, and unanimously passed.

18. Outline Plan for Human Resources

Sherry Adams, Director of Human Resources, was invited to initiate the discussion on developing a human resource plan for NWMO. She emphasized that to maximize organizational capability, it is critical that NWMO establish high quality human resource practices and to plan for both short- and long-term needs.

Board discussion was invited on the scope of the topics to be included in the more developed human resource plan to be brought forward for Board discussion in April.

A Director suggested that NWMO Board may require a Human Resources Committee in the near future. The Chairman asked NWMO management to draft a potential terms of reference for a human resources committee for presentation to the Board at a future meeting (*).

19. Status of Legal Challenge to Government Decision

Pat Moran, NWMO's Director of Legal Services, reviewed with the Board the status of the challenge launched against the Federal Government's decision to approve the Adaptive Phased Management approach recommended by the NWMO in its Final Study.

20. In Camera Session

The Board evaluated the performances of the President and of the Special Advisor - Siting Project.

21. Next meeting of the Board

2008 Meeting #2

Thursday, April 10, 2008

Location: NWMO Office, 22 St. Clair Avenue East, 6th Floor, Toronto

Conclusion of Meeting

There being no other business, the Chairman declared the meeting terminated at 4:30 pm.

(*) Denotes actions to be taken.

Kathryn Shaver
Corporate Secretary

Dr. Gary Kugler
Chairman