

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 November 9, 2007
commencing at 8:30 a.m.

Present

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

In attendance

Kathryn Shaver	Vice President, Corporate Affairs and Corporate Secretary (except item 21)
Gillian Adshead	Assistant Board Secretary (except item 21)
Angelo Castellan	Treasurer, Chief Financial Officer (except item 21)
Frank King	Vice President, Science & Technology (except item 21)

Members of Niigani:

Gordon Williams	(item 2 only)
Elmer Courchene	Chairman, Niigani
Mary Richard	
Jim Sinclair	
Mary Magiskan	
Donna Augustine	
Thomas Mattinas	
Mike McGuire	
Chris Lafontaine	

1. Approval of Agenda and Constitution of Meeting

Dr. Kugler chaired the November 9, 2007 Board meeting.

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 8:30 a.m.

The Agenda for the November 9, 2007 meeting was approved. Dr. Kugler welcomed Sharon MacFarlane to the Board of Directors.

2. Meeting with Niigani (Aboriginal Working Group)

Through mutual request and agreement the Board of Directors and the members of Niigani, the working group of the NWMO Aboriginal Elders' Forum met to share their views with one another.

Board Chairman Dr. Kugler welcomed members of Niigani to the meeting and invited Elder Elmer Courchene to conduct the opening prayer. Dr. Kugler invited Board members to introduce themselves, and in response, Niigani Chairman Gordon Williams then invited the Elders to introduce themselves.

Niigani Chairman Gordon Williams presented to the Board Niigani's logo, designed by an Aboriginal artist. He reported that the name of the working group, Niigani, was determined during a traditional ceremony and means "leading the way". The logo comprises seven geese flying in formation, symbolizing all people working together.

Dr. Kugler reviewed the establishment of the NWMO consistent with the *Nuclear Fuel Waste Act* which requires the nuclear energy corporations to establish the NWMO to undertake the long-term management of Canada's used nuclear fuel. He noted that NWMO does not take a position on nuclear power and that NWMO's role is to ensure the used fuel is properly managed for the long-term in an environmentally and socially acceptable way.

Dr. Kugler reviewed the Board of Director's main responsibilities: to provide oversight, guide strategy and direction, ensure required resources are available to NWMO, identify and mitigate risks, and ensure financial surety. Dr. Kugler assured Niigani that NWMO management has the full support of the NWMO Board of Directors and that management regularly informs the Board on all aspects of its work.

During their introductions and in the discussion that followed, Niigani members stressed the following points:

- the importance of Elders being involved in NWMO's process;
- their appreciation for the work that has been led by Mr. Nash and the NWMO staff in keeping Niigani and the Elders informed;

- the importance of truth and honesty in building the relationship with NWMO;
- the importance of NWMO respecting Aboriginal rights, treaties and land claims;
- the personal commitment made by each Niigani member to assisting the NWMO; noting members' credibility with their people is of great importance;
- they see their main role as being communicators, to ensure Aboriginal communities are educated and able to make informed decisions;
- Niigani's hopes that its work with NWMO will create a working model for future processes that others may follow in engaging Aboriginal people;
- an important component for NWMO's future work with Aboriginal communities is to recognize the need for revenue-sharing with affected communities in order that communities realize the long-term benefit of a project such as this;
- the importance of Aboriginal communities being involved in the decision making processes; and
- Niigani's desire for some autonomy and the necessary resources to allow for meetings they might hold with various groups and meetings on their own as issues arise in order that they are able to advise the NWMO appropriately.

In the discussion that followed, Niigani provided the Board with some Aboriginal prophecies and history. Members of Niigani asked the Board a number of questions pertaining to the year-to-year operating funding for the NWMO and the long-term funding for the project.

Niigani thanked the Board for the opportunity to meet with them. Mike McGuire presented Dr. Kugler, Mr. Nash, and Pat Patton with a Métis sash as a small token of Niigani's appreciation.

Dr. Kugler thanked all of the members from Niigani for meeting with the NWMO Board of Directors. In closing he said that the Board understands that NWMO must take the time to let the process unfold and that ultimately the host for the site selected will be a willing and fully informed community.

The Niigani members withdrew from the Board meeting.

3. Minutes of Previous Meeting

Copies of the minutes of the meeting of the Board of Directors held on September 27, 2007, having been sent to each member of the Board, were approved with one minor amendment.

4. Business Arising from the Previous Minutes

The President 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, completed, or in progress.

5. Report from the Siting Committee

Mr. Ron Jamieson, Chair of the Siting Committee, reported on the Committee meeting convened on November 8, 2007.

Mr. Jamieson reported that the Siting Committee received a briefing and provided comments on a draft of the discussion document being developed to initiate dialogue on the collaborative design of the process for selecting a site. The Committee received a presentation with preliminary thoughts on engagement for this stage of the collaborative siting process project. Also reviewed and discussed was how NWMO might determine readiness of both NWMO and the Canadian public to begin a discussion on a process to select a site. Mr. Jamieson invited Board questions and comments.

The Board discussed the need to review the type and nature of public engagement for discussing the document. The Board underscored the importance of having fully developed plans and resources in place to support the public dialogue. The President noted that the Board will be reviewing these issues more fully at its February 2008 Board meeting. By that time, feedback will be available from the current round of engagement activities, an evolved engagement plan will be developed, and criteria to determine readiness will also be further developed. (*)

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 meeting convened October 25, 2007 for the purpose of receiving a presentation from members of the expert panel that peer reviewed the NWMO's draft funding formula.

Mr. Ross reported that two members of the expert panel met with the Committee and opportunity was provided for full discussion. It was agreed amongst the Committee that a periodic review of the funding formula will be necessary to confirm the validity of the underlying assumptions. The Committee recognized that developments in the nuclear industry might precipitate other waste producers being involved in the future. Considerable discussion was also had with the panel members regarding the construction start dates

presented in the formula. The Board commended management for establishing the expert review panel.

The President committed to discuss the finalized expert panel report and NWMO's disposition of the panel's suggestions with the Board at its February 2008 meeting. (*)

7. Funding Formula

The President introduced the funding formula brought forward to the Board. Mr. Nash noted that Board approval of the funding formula is required in advance of submission to the Minister of Natural Resources in NWMO's 2007 annual report as required by the *Nuclear Fuel Waste Act*. In support of the preparation of the funding formula, an expert panel had been struck to review and comment on its reasonableness.

Mr. Nash reported that the formula incorporates the original cost estimates prepared by external experts. Chief Financial Officer, Angelo Castellan explained that NWMO's methodology for the funding formula had recently been reviewed by an independent expert panel from the fields of finance, economics, nuclear regulation, and international waste management. The panel has made comparisons with international practice and judges the formula to be reasonable.

Mr. Castellan reported to the Board that NWMO staff had met with several government departments in October to brief them on the draft funding formula. Staff also met with Hydro-Québec officials to discuss specific elements of the formula. He also noted that discussions will be held with NWMO Members to follow up on the disposition of recommendations of the expert panel.

The Board Chairman opened the floor to questions. As Board discussion ensued, directors raised questions with respect to: timelines for updating the underlying cost estimates; the need for Board re-approval if there are changes to the funding formula in the future; and the recommendations of the expert panel. Ms. Pilon expressed her appreciation for the briefing on the funding formula provided by Angelo Castellan to Hydro-Québec staff.

Following discussion the Board provided direction on follow-up for the funding formula. The Chief Financial Officer committed to following up on the items discussed and e-mailing the revisions to the Board. (*)

The Board agreed to defer final approval of the funding formula to its February 2008 meeting. (*)

8. Report from the Advisory Council

At the request of the Chairman of the Advisory Council, Kathryn Shaver provided a report on the November 8 Advisory Council meeting, noting the following were among items discussed by Council: the draft discussion document in preparation for the future collaborative design of the siting process; NWMO's approach to transparency; the funding formula under development; and engagement plans to support the next phase of work.

It was reported that the Council met with some invited guests as part of its meeting. Council met with Niigani, the Aboriginal Working Group of NWMO's Elders' Forum, receiving presentations from three Elders and one of the youth representatives. Council also agreed that they would like to meet with Niigani from time to time on specific items. Mr. Charles Caccia met with Council to present his views on implementation to the Council discussing the social and political challenges NWMO will face.

Board discussion ensued as the Directors asked questions regarding different items from the Council meeting.

9. President's Report

The President updated the Board on NWMO's activities since the September 27, 2007 Board meeting, highlighting the following:

- NWMO continues building relationships and providing briefings on request. Mr. Nash outlined NWMO's numerous briefings of Aboriginal groups, government officials, nuclear organizations and municipal groups. NWMO continues, on request, to make presentations to colleges and universities. Dialogues planned for the new year will invite further input on NWMO's planning process and strategic objectives;
- NWMO recently participated in the CARL workshop (a social science research project into the effects of stakeholder involvement on decision-making in radioactive waste management) in Sweden which explored approaches to municipal engagement. It was reported that NWMO had participated in the International Conference on Geological Repositories in Switzerland in October which took stock of international political and strategic developments that have taken place in recent years in the field of geological disposal of radioactive waste; and
- As reported earlier, NWMO continues to work towards finalizing the funding formula for submission to the Minister of Natural Resources in March 2008.

Discussion ensued as Board members reflected on the range of input received thus far by NWMO regarding its implementation planning and strategic objectives and timelines. The Board discussed the need for NWMO to continually adapt its plans to changes as they arise, and noted impacts on NWMO that may arise through possible developments in the nuclear industry. The Board also confirmed the importance of NWMO continuing to meet with government officials in all four nuclear provinces.

10. Update on Social Research and Engagement

An update on the Social Research and Engagement activities was provided to the Board outlining key meetings and work completed. The update included a report on research being conducted through citizen panels to explore attitudes and perspectives with representative citizens in four nuclear provinces. Also highlighted was the planning for the

multi-party dialogues expected to begin in 2008 to input into NWMO's implementation planning.

11. Update on Technical Program

An update on NWMO's Technical Research and Development program was provided to the Board summarizing international co-operation, and work being conducted with universities to support geosciences, safety assessment of used fuel storage and repository engineering research activities. Developments in the technical research area include the signing of the fourth international agreement.

The Chairman invited Board comments or questions relating to either the Social Research and Engagement or Technical program.

12. Performance Measures for Strategic Objectives

The President introduced the work in progress to develop performance measures to support reporting against the NWMO 2008 business plan. Mr. Nash described work in progress to draft performance measures against each strategic objective that will be amenable to assurance testing and verification.

During the ensuing Board discussion, the Chairman underscored the Board's interest in having performance measures established. The Board took the report as received and requested that management review and refine these measures for discussion with the Board at the February 2008 meeting. (*)

13. Five-Year Business Plan and Budget (2008 – 2012)

The President introduced NWMO's five-year business plan and budget.

Mr. Nash confirmed that the proposed business plan is aligned with the strategic objectives reviewed with the Board in June and the key directions reviewed by the Board at its September 27, 2007 meeting. The plan provides for further relationship and capacity building with Canadians and Aboriginal people, research and development, planning for financial surety, adapting to change, improvements in corporate governance, building organizational staffing capacity and the development and implementation of a process for site selection.

The President reviewed the areas of change from the draft business plan tabled in September, including the finalization of staffing levels and the projected cost impacts in 2009 and beyond. The staffing levels have been reviewed and it is projected NWMO will require 48 full time equivalent staff by the end of 2008. Criteria are being developed to assess readiness for NWMO to move to each phase of work planned for the early years of implementation. The President noted that the timelines in the business plan are illustrative only and may change based on the NWMO's determination of readiness for the next phase.

The Chairman invited the Board to discuss the business plan. The Board cautioned management to move forward in a measured way with public dialogue at each step. Caution was noted in initiating dialogue on the design of the siting process which risks being misconstrued as the beginning of a site selection process. The Board agreed to review NWMO's progress on engagement at the February meeting to assess readiness to move to the next phase of dialogue. The Board also discussed the projected staffing levels and requested further contextual elaboration and clarification in the plan. Suggestions were put forward to provide clarity in the presentation of the budget numbers. (*)

Following discussions, the Chairman sought Board approval on NWMO's five-year business plan and budget (2008-2012).

IT IS HEREBY RESOLVED THAT:

the NWMO Board of Directors approves the 2008 five-year business plan subject to minor adjustments as discussed at the November 9, 2007 Board meeting, including a budget envelope of \$26.6 million for 2008.

The motion was made, seconded and unanimously passed.

14. Funding for Office Expansion and 2008 Work Program Contingency

Mr. Castellan, Chief Financial Officer reviewed the funding requirements to support office expansion and a proposed work program contingency for 2008.

He reviewed a recommendation made by management to establish a contingency fund for 2008. The definition of the engagement program to be implemented next summer continues to be a work in progress and will evolve in early 2008. Currently no provision for contingency exists in the 2008 business plan.

Mr. Castellan noted that with NWMO's planned expansion of staff, further office space will be required. NWMO plans to expand its premises to part of another floor at 22 St. Clair Avenue East and will require funds to complete leasehold improvements. NWMO therefore proposes a budget amendment to fund the office expansion and allow for a program contingency.

Board discussion ensued as Directors sought clarification regarding the office space, staffing plans, and the appropriate process for providing funding for the identified purposes. Directors agreed that a budget amendment for 2008 would be the desirable approach to providing this supplementary funding. Management confirmed this process. It was confirmed that remaining 2007 funds, unspent at year end, would be applied to Members' financial contributions for 2008 consistent with the Membership Agreement.

IT IS HEREBY RESOLVED THAT:

The NWMO Board of Directors approves a budget amendment of \$1M, in order to provide for office expansion and a contingency fund in 2008.

The motion was made, seconded and unanimously passed.

15. Quarterly Financial Statement

Mr. Castellan provided the Board with a financial update for the third quarter of 2007. He noted that the report had been previously reviewed by the Audit, Finance and Risk Committee.

In addressing the year-end projections, Mr. Castellan noted that NWMO expects to be under-spent for 2007. The Chairman invited questions from the Board.

16. Advisory Council Terms of Reference and Appointments

The Board Chairman, Dr. Kugler, introduced the item to approve the Advisory Council Terms of Reference and member appointments and their terms for the next phase of operation.

Ms. Shaver noted that the Terms of Reference, updated to reflect the implementation mandate of Council, proposes staggered appointment terms and reflects a modest increase in the annual honoraria. There were only minor editorial changes from the draft approved in principle by the Board in June. The Chairman noted that the proposed staggered terms would ensure continuity and overlap through the triennial reporting period. The Chairman invited Board comments on the Advisory Council Terms of Reference. The Terms of Reference were accepted as written.

With regard to appointments, Ms. Shaver reported that seven of the existing nine Council members agreed to renew their terms and three new members are proposed to be added. The goal is to build upon existing membership strength by adding three new members with competencies in the areas of Traditional Aboriginal Knowledge, strategic communications and geosciences. The Board expressed strong support for Mr. Crombie remaining as Chair of the Council as proposed. The Chairman noted that the intent has been confirmed by both Hydro-Québec and New Brunswick Power to renew their appointed members respectively on the Advisory Council.

The Board discussed direction on Council membership as provided in the *Nuclear Fuel Waste Act* and concurred with the broadening of expertise as proposed. The Board directed NWMO to communicate the Board's decision on Council membership for the next phase by way of correspondence to the Minister of Natural Resources. (*)

IT IS HEREBY RESOLVED THAT:

1. Terms of Reference

The accepted Terms of Reference for the Advisory Council will be as written.

2. Chair

Effective January 1, 2008, David Crombie will be re-appointed to hold the office of Chair of the Advisory Council for a further period of 4 years.

3. Membership

Effective January 1, 2008, the following Council members will be re-appointed for a term of 3 years, with possibility of re-appointment:

David Cameron
Fred Gilbert
Eva Ligeti
Derek Lister (as approved by NB Power)
Donald Obonsawin
Daniel Rozon (as approved by Hydro-Québec).

Effective January 1, 2008, the following individuals will be appointed for a term of 4 years, with possibility of re-appointment:

Marlyn Cook
Rudyard Griffiths
Dougal McCreath.

The motion was made, seconded and unanimously passed.

17. Terms of Reference for Independent Technical Review Group

Mr. Frank King introduced the item seeking Board approval on the Terms of Reference for an Independent Technical Review Group. The review group's role will be to assess NWMO's ongoing and future research and development activities in the areas of geoscience, safety assessment and engineering technology development. The Board reviewed and discussed an initial proposal for independent technical review at its September 27, 2007 meeting. Mr. King noted that the comments provided by the Board made at the September meeting have been incorporated into the revised Terms of Reference.

The proposed Terms of Reference stipulate that a standing independent review group be initially composed of four or five persons. The review group would present annual written and verbal reports to both the NWMO Advisory Council and the NWMO Board.

The Board discussed whether an approval of the Terms of Reference should be made before the participants of the group are appointed. Mr. King noted that there is a provision in the Terms of Reference for them to be modified once members have been appointed.

IT IS HEREBY RESOLVED THAT:

The Terms of Reference for an Independent Technical Review Group be approved as written.

The motion was made, seconded and unanimously passed.

18. Development of a Sustaining Organization

The President reviewed a refined staffing plan to further develop NWMO into a sustaining organization with a full range of capabilities to implement Adaptive Phased Management. He reported that the total staff complement had risen from eight full time equivalents in December 2006 to the current level of 25. It is expected that staffing levels will increase to 38 by April 2008.

Mr. Nash reported that growth in 2007 was essentially accomplished by incorporating the technical staff, expanding social research and engagement and broadening finance and administration. As NWMO moves forward, the organization will seek to expand with a mix of experienced staff and recent graduates, as well as technical staff who can participate in public engagement and communications. There will be a focus on training and development activities once a human resources director is recruited.

The President outlined the staffing plan and staff development strategies. He also noted that negotiations are now underway to acquire additional office space to accommodate the proposed expansion.

The Board discussed the proposed expansion and advised that NWMO seek to secure additional space within the current building for expansion in the years ahead as it would be least disruptive as well as prudent for the company to remain in its current central location in order to retain existing staff. The Board also discussed methods for recruiting new staff and sought confirmation from the President that recruitment can proceed as quickly as planned.

19. Labour Relations

The President updated the Board on deliberations regarding NWMO's long-term staffing plans. He reported to the Board that the direction discussed at the September meeting has not changed but that working through the details has brought to light the complexity of the issue.

Regardless of the path chosen, the Board emphasized the importance of ensuring the rights and benefits of all employees in the long-term.

20. Next Meeting

The Board was advised of the next meetings of the Board of Directors;

CONFERENCE CALL

February 13, 2008

2:00 – 3:00 pm

To comment on Draft Annual Report

2008 MEETING #1:

February 22, 2008

11:00 AM – 5:00 PM EST

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

21. In-Camera Session of the Board

The Board members met in-camera. The President brought forward a recommendation that Mr. Frank King be appointed to the office of Vice-President. The Board was in agreement.

IT IS HEREBY RESOLVED THAT:

effective November 12, 2007, Frank King will hold the office of Vice-President.

The motion was made, seconded and unanimously passed.

Conclusion of Meeting

There being no other business, the Chairman declared the meeting terminated at 2:30 pm.

(*) Denotes actions to be taken.

Kathryn Shaver
Corporate Secretary

Dr. Gary Kugler
Chairman