

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

February 16, 2011

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. President's Report
6. Report from the Siting Committee
7. Report from the Audit, Finance & Risk Committee
8. Report from the DGR Committee
9. Report from the Advisory Council
10. APM Siting
11. Communications Strategy
12. In Camera Session
13. In Camera Session
14. Re-Development of the Elders' Forum
15. Disposition of the Independent Technical Review Group Recommendations
16. Business Risk
17. APM Cost Estimates Update
18. Financial Risk Assessment
19. Approval of Health & Safety Policy
20. Approval of Environment Policy
21. Legal / Corporate Secretary report
22. Next Meeting of the Board

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 16, 2011
commencing at 9:00 a.m. EST

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director (via teleconference)
Ian Ross	Director

Regrets:

Darren Murphy	Director
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Guests:

David Crombie	NWMO Advisory Council Chair (Item 9 – by teleconference)
Albert Sweetnam	OPG, Executive Vice President

Staff in attendance:

Angelo Castellan	VP Environmental Assessment & Corporate Support
Steve Cavan	VP Finance, Chief Financial Officer
Paul Hader	Manager, Quality Assurance (Items 19-20)
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary
Sean O'Dwyer	VP, Human Resources
Pat Patton	Director, Aboriginal Relations (Item 14)
Ian Pritchard	VP, Design and Construction
Jamie Robinson	Director, Communications
Sean Russell	Director, Repository Engineering
Kathryn Shaver	VP, APM Engagement and Site Selection

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 a.m.

The agenda for the February 16, 2011 meeting was approved.

2. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on December 2, 2011, copies having been sent to each member of the Board, were approved with minor editorial changes.

3. Business Arising from the Previous Minutes

Mr. Moran reviewed the list of action items from the last Board meeting. Additional information for two actions was provided to the Board: additional information requested on planning for feasibility studies and additional information related to community impacts.

The Chair also noted an Advisory Council request for further information. Mr. Nash committed to follow up with the Advisory Council Chair on the request (*).

4. In Camera Session

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

Mr. Ross, the Committee Chair reported that the Committee had reviewed proposed changes to the NWMO's Code of Conduct. Based on that review, the Committee was recommending two further changes. With those changes the Committee was prepared to recommend that the Board approve the Code of Conduct.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the Human Resources and Compensation Committee, the Board approves the revised Code of Conduct subject to incorporation of the two further changes recommended by the Committee.

The motion was made, seconded and unanimously passed.

Mr. Ross reported that the HRC Committee reviewed its charter and was recommending one addition. The Board was asked for approval of the addition to the Charter.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the Human Resources and Compensation Committee, the Board approve the inclusion of a new subsection (c) Section 4 of the HRC Charter as follows:

“The Committee will review and provide guidance on the overall labour relations strategy from time to time in relationship to corporate needs and objectives.”

The motion was made, seconded and unanimously passed.

The Board also discussed the Board evaluation results and the results of the Committee reviews of their respective Charters. Mr. Moran noted that the charters for the Audit, Finance & Risk, Siting, Human Resources & Compensation, and DGR Committees required one small housekeeping change for consistency with current Board practice:

IT IS HEREBY RESOLVED THAT:

The text in the Siting, Audit, Finance & Risk, Human Resources & Compensation Committee and DGR Committee Charters relating to review of charters and committee assessments be revised as follows:

The Committee shall conduct annual reviews of this Charter or as otherwise required by the Board. The Committee shall also conduct an assessment of its performance and report the results to the Board on an annual basis, or as otherwise required by the Board.

The motion was made, seconded and unanimously passed.

5. President's Report

Mr. Nash updated the Board on developments since the last Board meeting. He reviewed:

- APM relationship building and communications activities;
- recent activities in the APM siting process;
- progress in the APM technical program;
- an update on the APM cost estimates;
- NWMO's work on OPG L&ILW DGR;
- work underway in the Lifecycle Liability Management group;
- governance with respect to compliance with CSA Z1000 and ISO 14001;
- staffing; and
- developments in international nuclear waste management programs.

6. Report from the Siting Committee

Mr. Jamieson provided a report to the Board on the February 15, 2011 Siting Committee meeting. He reported that the Committee received an update from management on activities under way in the siting process. The Committee had a lengthy discussion about the communities engaged in the process.

The Committee also reviewed the site selection activities planned for 2011 and was supportive of the plan. Also reviewed were plans for additional work to support site selection in 2011. The Committee also conducted its annual review of its charter and was satisfied that no changes were required at this time.

7. Report from the Audit, Finance & Risk Committee

Mr. Ross provided a report from the Audit, Finance and Risk Committee meetings held on February 14 and 15, 2011.

Mr. Ross reported that at an earlier meeting of the AFR Committee, it was agreed to replace the existing pension investment manager due to poor performance. On February 14, the Committee interviewed a short list of three managers. The Committee evaluated the managers on a number of criteria and agreed to appoint a new pension investment manager.

Mr. Ross reported that at the February 15 meeting, the AFR Committee reviewed the 2010 audited financial statements and auditor's report. It was reported that no significant findings, unadjusted differences or internal control deficiencies arose during the audit. Mr. Ross reported that an *in camera* session had been held with the auditors and Committee members, in the absence of management, and no further issues had been identified.

The AFR Committee recommended that the Board approve the 2010 audited financial statements.

IT IS HEREBY RESOLVED THAT:

Further to the recommendation of the Audit, Finance & Risk Committee:
The Board approves the 2010 Financial Statements as audited by Deloitte and Touche LLP for the fiscal year ended December 31, 2010.

The motion was made, seconded and unanimously passed.

The Committee also discussed: the APM DGR cost estimates; financial risk assessment; a risk review; a report on sole source activity and regular management reviews and updates. The Committee also reviewed its Charter, the compliance report and completed the semi-annual review of the Chair and President's expenses.

8. Report from the OPG L&ILW DGR Project Oversight (DGR) Committee

Gary Kugler, Chair of the DGR Committee provided a report to the Board on the Committee's February 14, 2011 meeting.

Dr. Kugler reported that the Committee discussed the following related to NWMO's work on OPG's L&ILW DGR:

- an update on activities underway in the regulatory review phase;
- readiness for the submission of the environmental assessment and licensing;
- review of proposed health and safety and environmental policies which the Committee is recommending for Board approval;

- a review of the health, safety and environment plan and associated procedures for upcoming field work which the Committee has asked management to do more work on; and
- a review of business risks related to the project.

9. Report from the Advisory Council on their Triennial Report Comments

The Hon. David Crombie, Chair of the Advisory Council, provided his report to the Board on the comments made for inclusion in NWMO's triennial report.

Mr. Crombie highlighted some of the Advisory Council's recommendations included in the triennial report, recommending that NWMO should:

- continue to maintain its high standards of engagement;
- maintain its broad engagement program and continue an active communications outreach at all levels;
- increase its Aboriginal personnel and provide more flexible work options;
- share its strong values systems with its partners, contractors and in its agreements;
- work to create a strategic plan that encompasses the work on OPG's L&ILW DGR;
- consider transportation plans early in the siting process; and
- in light of the changing external landscape, maintain an active communications program.

Mr. Crombie also discussed the Advisory Council's view of its mandate as it relates to NWMO's work on OPG's L&ILW DGR and the implications that work has for APM.

The Board Chair asked Mr. Crombie to send his appreciation to the Council for its extensive work on completing their comments for inclusion in the NWMO's Triennial Report.

10. APM Siting

Ms. Shaver provided the Board with an update on developments in the APM Siting Process.

a) Plans for 2011 for APM Siting

Ms. Shaver outlined the focus for 2011 site selection activities:

- supporting communities as they deepen understanding of the APM project and engage citizens and surrounding communities as they explore interest;
- conduct initial screenings to evaluate potential site suitability at the request of communities; and
- develop strong foundations for the feasibility study phase to support the initiation of feasibility studies in collaboration with communities.

The Board discussed the potential involvement of Crown land in the siting process.

b) APM Siting Performance Measure update

In response to a request by the Board, Ms. Shaver provided a modified performance objective for the 2011 APM site selection process. The Board discussed and agreed with the revised performance objective.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the Human Resources and Compensation Committee, the Board approves the inclusion of the revised APM siting objective in the 2011 performance objectives.

The motion was made, seconded and unanimously passed.

11. 2011 Communications Strategy

Jamie Robinson reported on NWMO's review of its communications strategy at the request of the Board of Directors.

Mr. Robinson discussed the external landscape and how it has changed with the considerable media coverage of Port Hope and also the transportation of steam generators. Mr. Robinson outlined the communications strategy which considers the siting process and raising NWMO's national profile. He also discussed the role of social media within NWMO's communications.

The Board provided some specific feedback on the communications strategy. Board members also discussed the role of social media in NWMO's communications. Engagement in Quebec was discussed and the Hydro-Québec Board member asked to be kept abreast of NWMO's engagement activities with the Quebec provincial government. The Board also discussed the importance of coordination of communications with OPG in relation to the work on OPG's L&ILW DGR project.

The Board endorsed the NWMO communications plan as presented.

12. (In Camera)

The Board convened an *in camera* session.

13. (In Camera)

The Board convened an *in camera* session.

14. Re-Development of the Elders Forum

Staff discussed with the Board a proposed process by which the NWMO Elders Forum might be redeveloped over the course of 2011. As the NWMO prepared for and initiated the site selection process, the NWMO, its Advisory Council and the Elders Forum began to see the value in reflecting on the structure and the role of the Elders Forum for the next phase of NWMO's work. Ms. Shaver reported that the Elders Forum had suggested that consideration be given to the re-development of the Forum. In response, NWMO will consult a number of organizations on the re-development of

the Elders Forum during the course of 2011 and make specific proposals to the Board before year end. During this time, NWMO will continue with the existing Elders Forum and hold at least one meeting during the year to receive input on the re-development process from the existing Elders.

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

On December 2, 2010, the Board was presented with the recommendations of the ITRG for 2010. Sean Russell presented NWMO's disposition of the comments and recommendations made in that report. He reported that NWMO has accepted all of the recommendations made by the ITRG.

The Board discussed NWMO's disposition of the ITRG recommendations, in particular, those recommendations related to work on container development.

16. Business Risk

Mr. Cavan reported that the NWMO's business risk review is conducted semi-annually by the Audit, Finance & Risk Committee as well as the Board of Directors. Mr. Cavan focused on risks considered to be at medium or high levels for both APM and the work on OPG's L&ILW DGR project in both the regulatory approvals and design and construction phase. Mr. Cavan reported no major changes in the APM risks since the last risk review by the Board.

The Board was invited to discuss Mr. Cavan's report. Directors discussed the consequences in the future of unexpected project delays and when they should be woven into the risk review.

17. APM Cost Estimate

Ian Pritchard reviewed the progress on developing an updated cost estimate for APM which includes the construction and operation of the used fuel deep geological repository. Mr. Pritchard noted that the next steps in finalizing the cost estimates include an overall review and refinement of the financial risk assessment. The Board will review the final cost estimates at its next meeting.

The Board discussed the development of the cost estimates and potential impacts to the waste owners. The Board also discussed the work underway relating to both crystalline and sedimentary rock.

18. Financial Risk Assessment

Mr. Cavan presented the preliminary results of a financial risk assessment (FRA) conducted on the APM cost estimate. The FRA assessed the confidence in the present value of the cost estimate that will be used as part of the funding formula to determine contribution to the *Nuclear Fuel Waste Act* Trust Fund. Mr. Cavan noted that the FRA will be further refined once the cost estimates have been finalized.

Directors discussed the assumptions used in the assessment.

19. Health & Safety Policy

Paul Hader, NWMO's Quality Assurance manager, reported that the proposed Health & Safety policy is an overall corporate policy and that more specific policies and procedures are being developed in preparation for fieldwork.

Pat Moran noted that the Health & Safety Policy was reviewed by the DGR Committee which requested that the draft policy be revised and brought back to the Committee for further review. The Committee wanted to see additional emphasis given to the importance of worker safety and striving for zero incidents that could lead to harm. Dr. Kugler, the DGR Committee Chair, indicated that the policy would be brought back to the Board after the Committee has reviewed the next version.

20. Environment Policy

Mr. Hader presented the draft Environment Policy for consideration and Board approval. The policy was internally reviewed, is compliant with ISO 14001 and is intended to be a corporate Environment Policy. The DGR Project Oversight Committee reviewed the policy and is recommending it for Board approval, subject to changes that were discussed at the Committee meeting.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the OPG DGR Project Oversight Committee, the Board approves the Environment Policy, subject to incorporation of the changes recommended by the DGR Committee.

The motion was made, seconded and unanimously passed.

Directors discussed mechanisms for regular review of the policy.

21. Legal / Corporate Secretary Update

Pat Moran reviewed the status of the Mushkegowuk judicial review application.

Mr. Moran updated the Board on the Canada Revenue Agency's ruling in relation to CPP contributions for members of NWMO's Advisory Council.

Mr. Moran reported on preparations for the Directors' continuing education visit to NWMO sister organizations: SKB in Sweden and Posiva in Finland. Preparations are well underway for Directors to conduct site and facility visits and to discuss common issues.

22. Upcoming Meetings

The Next meetings of the Board will be held as follows:

- DGR Committee Meeting – June 1, 2011
- Committee Meetings – Tuesday, June 14

- Board Meeting – Wednesday, June 15
- AGM – Thursday, June 16 (to be confirmed with Members)

23. *In Camera Session*

It was agreed that an additional *in camera* session was not required.

Conclusion of Meeting

There being no other business, the Chair declared the meeting adjourned at 2:00 p.m.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair