

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

February 15, 2012

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. NWMO Support to the Construction Phase of the L&ILW DGR
9. Report from the Advisory Council
10. APM Timelines: Expressions of Interest Phase
11. Re-Development of the Elders Forum
12. Strategy on Consultation and Accommodation of Aboriginal Peoples in Site Selection
13. Business Risk
14. Rolling List of Strategic Decisions
15. Container Material for Sedimentary Rock Safety Case
16. Disposition of Advisory Council Advice
17. Disposition of Independent Technical Review Group (ITRG) Recommendations
18. APM Technical Report
19. Update on OPG L&ILW DGR
20. Legal and Corporate Secretary Report
21. Next Meeting of the Board
22. *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 15, 2012
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
Ian Ross	Director

Guests:

David Crombie	Chair, NWMO Advisory Council (via teleconference, Item 9)
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Regrets:

Darren Murphy	Director
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Staff in attendance:

Angelo Castellan	VP Environmental Assessment & Corporate Support
Jo-Ann Facella	Director, Social Research & Dialogue (Items 9-12)
Michael Hung	Chief Financial Officer
Chris Hatton	Director, APM Repository Design Development
Mark Jensen	Director, DGR Geoscience and Research (Item 17)
Frank King	VP and Chief Engineer
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary
Sean O'Dwyer	VP, Human Resources
Pat Patton	Director, Aboriginal Relations (Items 9-12)
Jamie Robinson	Director, Strategic Communications
Sean Russell	Director, Repository Engineering
Kathryn Shaver	VP, APM Engagement and Site Selection
Bob Watts	Director, Aboriginal Community Relations (Items 9-12)
Derek Wilson	VP, L&ILW DGR Design & Construction

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 15, 2012 meeting was approved.

2. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on December 1, 2011, 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 outstanding action items from previous meetings.

The Chair suggested that the Human Resources & Compensation Committee and the Siting Committee meeting in September overlap for a half an hour to discuss the Siting objectives for 2013. (*)

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. Directors also discussed the results of Board Committee evaluation and the review of the Committee charters.

5. President's Report

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

- NWMO recently presented to the Senate Committee on Energy, the Environment and Natural Resources;
- NWMO provided a briefing to the new Minister and Deputy Minister of Natural Resources Canada;
- the re-structuring of the Elders Forum is proceeding as planned;
- a meeting was held with the Inter-jurisdictional Used Nuclear Fuel Transportation Planning Group;
- NWMO was in the media with articles in the Ottawa Citizen and Globe and Mail;
- the site selection process continues to proceed well with 15 communities publicly declaring interest; a number of Aboriginal organizations have publicly voiced opposition to locating a DGR in their traditional territories;
- work on the APM technical program continues and NWMO is working with members organizations to consider options for moving used fuel from existing storage to an APM DGR;
- work is underway on the 5th case study postclosure safety assessment;
- the Joint Review Panel was appointed to review the Environmental Impact Statement, Preliminary Safety Report and supporting documents for the OPG L&ILW DGR project;

- design work is progressing for the design and construction phase of the OPG L&ILW DGR;
- NWMO is preparing for CSA Z1000 health and safety certification;
- NWMO continues to grow its staff with several new hires;
- Natural Resources Canada is seeking expressions of interest on how to manage the remaining parts of AECL; and
- NWMO continues planning for the International Conference on Geological Repositories in September.

Board members discussed the Independent Technical Review Group's (ITRG) recommendation for NWMO to increase its international cooperation activities. A Director suggested NWMO might consider a more formal cooperation agreement with the U.S. in the future for the purpose of sharing information.

6. Report from the Siting Committee

Mr. Jamieson provided a report to the Board on the February 13, 2012 Siting Committee meeting. Siting Committee topics included:

- an extensive update on communities involved in the various stages of the site selection process and emerging interest from new communities;
- a key discussion on the timelines for closure of the Expressions of Interest phase of the NWMO siting process;
- a discussion of activities underway to build relationships in support of siting and manage risks in the external landscape;
- an update on the re-structuring of the Elders Forum. The Committee discussed the proposed Terms of Reference and provided specific feedback to management. The Siting Committee supported the new name of "Council of Elders";
- a briefing regarding consultation and accommodation of Aboriginal peoples in the Site Selection process; and
- a discussion regarding the Siting Committee self-evaluation and proposed changes to the Committee Charter.

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

Mr. Ross provided a report from the Audit, Finance and Risk Committee meeting held on February 13, 2012.

Mr. Ross reported that at the February 13 meeting, the AFR Committee reviewed the 2011 audited financial statements and auditor's report. Deloitte & Touche identified no significant findings, unadjusted differences or internal control deficiencies 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.

Mr. Ross commended the Finance group on achieving a very clean audit.

The AFR Committee recommended that the Board approve the 2011 audited financial statements.

IT IS HEREBY RESOLVED THAT:

Further to the recommendation of the Audit, Finance & Risk Committee:
The Board approves the 2011 Financial Statements for the NWMO fiscal year ended December 31, 2011 as audited by the external auditors Deloitte and Touche.

The motion was made, seconded and unanimously passed.

At its February 13 meeting, the Committee also discussed:

- a review of risks;
- an update on the ONFA Reference plan and other lifecycle liability management programs; and
- regular management reviews and updates.

The Committee reviewed proposed changes to its Charter and completed the semi-annual review of the Chair and President's expenses, which were found to be satisfactory. Mr. Ross also discussed the status of the transfer of pension assets from OPG, for former OPG employees who transferred to NWMO.

The Committee reviewed a proposal to address a problem with the company's corporate credit card, American Express, not being widely accepted by businesses in rural areas where a significant portion of the siting and engagement activities are taking place. Management proposed issuing Visa corporate cards to selected employees to rectify this situation. A corporate banking resolution was required to implement the change. The motion was made, seconded and unanimously passed

8. NWMO Support to the Construction Phase of the OPG L&ILW DGR

Ken Nash reported that NWMO was working with OPG to understand the design requirements for meeting OPG's governance needs for operating facilities. It was noted by a director that it was important to resolve this issue as soon as possible, given the potential for impact on the cost and schedule for the work currently to be carried out by NWMO.

Mr. Nash informed the Board that management will report in June on the resolution of the outstanding questions related to the potential need to change design requirements to align with OPG's operational governance requirements and the potential impacts of that change.

Management advised that significant progress has been made on managing the identified challenges and recommended that planning to provide for construction management services should continue. The Board agreed with Mr. Nash's assessment.

IT IS HEREBY RESOLVED THAT:

NWMO continue to plan to provide for construction management services during the construction phase to OPG pursuant to the EPCM agreement between the two parties.

The motion was made, seconded and unanimously passed.

9. Report from the Advisory Council

David Crombie, Chair of the NWMO Advisory Council, reported on the Council's discussion during its February 6, 2012 Advisory Council meeting. Council discussed the following:

- a review of the Advisory Council section of the Annual Report;
- finalization of the Council's annual letter to the Minister of Natural Resources;
- a review of the Council's annual tracking report of advice and recommendations and how the advice has been dispositioned by NWMO staff;
- a review of areas of potential business risk relevant to near-term activities in APM implementation;
- a report on the evolving external landscape;
- an in-depth discussion on the status of the site selection process.

Mr. Crombie reported on Council's in-depth discussion on the proposal to close the expressions of interest phase for the siting process. The Council supported NWMO's proposed communication and the idea of closing the expressions of interest at the end of September while retaining the right to re-open pending results of future feasibility studies. Mr. Crombie reviewed the Council's discussion on this topic with the Board.

The Board Chair noted that he was impressed with the range of advice provided by the Advisory Council through 2011 as outlined in the tracking matrix of advice presented.

10. APM Siting Timelines: Expressions of Interest Phase

Ms. Shaver reported that the APM site selection process has been advancing well, with a high level of community interest. A greater than expected number of communities have entered the site selection process; several have already moved into the feasibility study phase; and more communities appear poised to enter the process. The growing number of communities engaged is expected to stretch NWMO and contractor resources supporting the siting process. As a result, management has proposed that there be a communication in early 2012 about the duration of the "expressions of interest phase" of the APM siting process.

Jamie Robinson reviewed the status of the work in the 15 communities engaged in the different stages of the siting process. It was reported that communities in the process are asking questions about when NWMO is going to close the expressions of interest phase.

A Director noted that early on, there were concerns that APM might be confused with the OPG L&ILW DGR project in Kincardine and questioned whether this had occurred since a number of communities from that area have entered the siting process. Management reported that communications have been very clear and that the public in that area appears to have a good understanding that the projects are distinct and separate.

Directors discussed how best to manage closing the siting process to new communities while ensuring that NWMO can effectively resource the siting process. A Director suggested that NWMO might continue to allow communities to come forward and into Step 1 of the process, but then be kept on a waiting list in case initial communities either drop out of or are screened out of the process. This will acknowledge that NWMO only has the resources to work in a certain number of communities at a time. A Director noted that it will be important for NWMO to ensure that allowing further communities to enter the process does not discourage existing communities from continuing in the process.

The Board agreed with the need to provide a six month notice to indicate that NWMO will be at capacity with the number of communities in the process and would begin a waiting list at the end of September, thus not shutting further interested communities completely out of the process. A Director mentioned that providing the six month notice might encourage a number of additional interested communities to emerge before the deadline.

The Board Chair commended NWMO management for providing very consistent messaging in all communications and news articles.

11. Re-development of the Elders Forum

Bob Watts reviewed the process developed over the last year to re-structure the Elders Forum. He noted that input has been provided by the Advisory Council, Aboriginal Organizations and other experts in the area. Based on this advice a Terms of Reference was created. All members of the Elders Forum were updated on the plan. The Elders Forum was formally disbanded as of December 31, 2011 with the majority of the existing Elders being supportive of the process. Elders were invited to put their names forward if they wished to participate on the new Council of Elders.

Board members discussed the budget for the Council of Elders and how members will be selected. A Director noted that the Terms of Reference does not provide a process for dissolution of the Council should it no longer be required at some point in the future. Management was asked to explore this matter and report back to the Siting Committee in June. (*)

Directors also discussed the Council of Elders role in providing advice and it was noted Elders will not be expected to speak on NWMO's behalf.

12. Strategy on Consultation and Accommodation of Aboriginal Peoples in Site Selection

Pat Moran reviewed the current law on constitutionally protected aboriginal rights and whether First Nation consent is required before a repository can be sited in traditional territory and the history of the treaty making process in Canada.

The APM siting process is based on an approach that allows a community to express interest in learning about what it might mean to be a host community for the APM DGR and deciding for itself whether it wishes to be a host. The siting process recognizes the need to engage communities at a regional level, including neighbouring Aboriginal communities. He also noted that it is possible that an Aboriginal community itself may opt to be a host community. Currently there are two Aboriginal communities in the siting process along with several municipalities in Saskatchewan and Ontario.

The NWMO's engagement program will be key to building regional support for moving forward with a willing host community. The engagement process is intended to ensure that any impacts to Aboriginal rights that may result from the APM project will be identified and properly accommodated.

13. Risk Review

Michael Hung reviewed the high and medium-level risks related to implementing APM, making note of any changes since the last Board meeting. He also reviewed risks relating to the Licensing and Design and Construction phases of the L&ILW DGR.

14. Rolling List of Strategic Decisions

The Board was provided with an updated rolling list of items that are expected to be reviewed with the NWMO Board over the business plan period 2012-2016. The President noted that the items will be brought forward to appropriate Board Committees and Board meetings in a timely way to ensure full consideration and discussion.

Directors discussed the expected timing of the establishment of the used fuel container demonstration facility.

15. Container Material for Sedimentary Rock Safety Case

Sean Russell discussed NWMO's plan to submit a postclosure safety case for a deep geological repository in sedimentary rock to the CNSC for a pre-project review beginning in 2013. The reference geosphere for the 5th Case Study postclosure safety assessment is the deep, low permeable and highly saline limestone sedimentary rock in southwestern Ontario. The 5th Case Study will examine both steel and copper containers.

Directors asked questions about the work under way to investigate the possible use of a copper-coated steel container. Questions were asked about the use of "hot cells" (a shielded nuclear radiation containment chamber) and if they would be required in the re-packaging of the used fuel. The Chair requested further information on hot cells which will be available in the fall. (*)

16. Disposition of Advisory Council Advice

Ms. Shaver reviewed NWMO's disposition of the Advisory Council's advice in 2011. Council had the opportunity to review the table at its February 6, 2012 meeting and offered only minor editorial suggestions. Consistent with past practice, the table will also be made public through posting on the NWMO website.

A Director asked a question about how the NWMO is addressing Advisory Council's advice on providing institutional continuity for communities in the Learn More activities. Ms. Shaver reported that Mayors in the communities have been encouraged to bring in citizens and other officials from the community to meetings, not just elected officials. It has also been suggested communities involve chambers of commerce and other community groups.

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

Sean Russell reviewed NWMO's response and action plan for the 2011 report of the Independent Technical Review Group. Mr. Nash introduced Mark Jensen, the Director of DGR Geoscience and Research and noted, going forward, Mark would be working with the ITRG as Sean Russell focuses on assisting with the feasibility studies.

Sean Russell highlighted some of the recommendations made by the ITRG and NWMO's dispositioning of those recommendations.

The Board asked questions about some of the ITRG's recommendations, related to: investigating the use of a ramp versus shaft access to the repository; the preparation of more detailed work on retrievability; and the NWMO's level of involvement with relevant international activities.

18. APM Technical Report

Sean Russell noted that the interim report on the 4th case study postclosure safety assessment in crystalline rock was submitted to the CNSC for a high-level review in December 2011.

Chris Hatton reported on the design development plan adding that an independent review was undertaken by SKB International and their comments are being incorporated into the plan. He also reported that

- work continues to investigate methods for transferring fuel from the reactor sites to the repository facility;
- investigations into copper coating technology continue;
- research is being conducted into the design for closure welds for the repository containers; and
- an analysis of the radiological risk assessment during transportation continues.

A Director asked that a description of the radiological risk be put into terms that assist public understanding of the risk, through appropriate comparisons.

19. Update on OPG L&ILW DGR

On the work related to the regulatory approvals phase for the OPG L&ILW DGR, it was reported that the three member Joint Review Panel (JRP) was appointed on January 24, 2012. The JRP announced the start of a six-month public review period of the Environmental Impact Statement (EIS) and OPG's application for a Licence to Prepare the Site and Construct the DGR.

The Board was updated on OPG's ongoing work with the Saugeen Ojibway Nations, Métis Nation of Ontario and Historic Saugeen Métis in relation to the OPG L&ILW DGR.

Derek Wilson reported on the work on the design and construction phase of the OPG L&ILW DGR. Work underway includes:

- progression of the engineering to 50% design completion and preparation of the 50% design review packages;

- preparing for the 2012 field investigations and for the grouting verification program to begin in May; and
- reviewing the terms and conditions of the EPCM contract with OPG.

20. Legal / Corporate Secretary Report

Pat Moran reviewed key components of the recently proclaimed federal not-for-profit legislation and the transition plan for complying with it. The transition involves reviewing the existing letters patent, membership agreement and by-laws; drafting articles of continuance and new by-laws for approval by members at the next AGM in June and submitting them to Corporations Canada, which in turn will issue a Certificate of Continuance.

Some of the key changes in the Act relate to:

- explicit statements in the legislation regarding the role of directors and officers;
- terms of directors must not exceed four years; and
- disclosure by Directors of conflicts of interest.

Directors discussed some of the changes to the new Not-For-Profit Act. One director noted that, in the past, Directors noted any conflict of interest but were still allowed to vote. A Director expressed concern that this change might have far reaching consequences not anticipated by the legislators. It was noted that existing Directors could stay on for indefinite terms, but when an opening became available the Director would have to be appointed for a specific term of up to four years.

21. Next Meeting of the Board

The next meeting of the Board will be in Montreal on Thursday, June 14, 2012.

22. In Camera Session

An additional *in camera* session was held without the presence of management or staff.

Conclusion of Meeting

There being no other business, the Chair declared the meeting adjourned at 2:10 p.m.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair